This document will guide you through how to utilize the performance pool to reward performance and retain employees while still managing your salary budget.
INTENTION

The intention of FY 2024 salary increases are to reward performance and retain benefited employees (staff and faculty) while still managing your salary budget.

The State Board of Higher Education (SBHE) Budget and Finance Committee preliminarily approved the salary budget guidelines on May 17, 2023. They will be presented to the full SBHE for approval on May 23rd, 2023. Due to the very short turnaround time for budget preparation, we are sending these guidelines out prior to approval of the SBHE. If in a rare exception, the SBHE would make any changes to the recommendations, we will notify you of these changes immediately following the meeting on May 23, 2023.

The Performance (merit/market) pool of money is the aggregate salary increase dollars provided by the legislature. This pool represents 6% of base appropriation for staff and faculty including vacant positions within your specific unit. This funding can be used for merit and/or market issues for employees and will be distributed based on feedback from supervisors and area leadership. **All eligible employees will receive a minimum salary increase of 4%**. However, not all employees will receive the same percentage increase.

Below is more detailed information about the process for allocating this pool of salary dollars across your units.

**Performance Pool Dollars (Merit/Market)**

The aggregate salary increase pool for each area is 6% of all eligible employee’s base salaries. **All eligible employees will receive a minimum salary increase of 4%**. This increase could be a combination of merit and market if appropriate.

**Eligibility:**

- To be eligible for any increase, staff must have a current evaluation on file and must have a “meet” in all areas of their evaluation.
- Faculty must have a current evaluation and meet the standards outlined in the Faculty Handbook and College guidelines.
- Probationary employees are not entitled to increases.

**Process:**

- Each benefited employee (staff or faculty) must receive a minimum of a 4% increase.
  - This may be given solely on the basis of merit or may be a combination of merit and market where adjustments need to be made.
- With the remaining available 2% of pool money, leaders may award up to 7% total for an individual who is a top performer, or may use those funds to make appropriate market adjustments that were not able to be addressed through the market equity pool provided to area
Vice Presidents (FYI if employee received an OMB market equity adjustment, these were made June 30th, 2023 in HRMS).

- Leaders may not give an employee an increase over 7% without approval from the area Vice President in conjunction with the Associate Vice President for Human Resources. Proper documented justification should be provided for these instances.
- Departments must include a 4% market increase on vacant positions and may increase vacant lines up to 6% of the salary amount coded as market.

**If providing increases for merit reasons the following can assist you in those thoughts.**

The most important factor when determining salary increases is what you measure daily, which is the information you use to write annual evaluations. Here are a few tangible ways to closely examine performance:

**CONSIDERATIONS FOR MERIT INCREASES**

It is important to review both the individual performance and contributions to the team that each employee makes. Ask yourself a few questions:

- Are standards met?
  - Be honest, and don’t gloss over performance challenges.
  - As hard as it is, giving lower increases is often the right thing for under-performing employees.
  - You are underselling your top performers when you divert rewards to those that may not deserve it.
  - Have a frank conversation with an under-performing employees who’s receiving a minimal merit increase. This is vital to ensure that we are paying for results and employees understand the rationale behind salary increase amounts.

- Are team and individual goals being met?
  - How did they contribute and collaborate towards those team goals?

- How does this year compare to last year for this employee?
  - Everyone should be continually seeking to improve from year to year.
  - If there were performance gaps in the past, have they been corrected?
CONSIDERATIONS FOR MARKET INCREASES

• After Equity pool increases, are there compression issues for employees with longer years of service in the position, in relation to their salary compared to newer employees?
• Based on years of service in the position, is the employee’s relative salary in alignment with the market percentage appropriate for that position? You may work with your divisional HR partner to understand what markets look like for employees in your area.
• Is there equity among employees in the same position relative to years of experience and performance levels?

For those just coming off probation, (by June 30th—and their evaluation has been completed and submitted to Human Resources) they are eligible for the 4% required minimum.

*Please remember the following:*

The 2023 legislative assembly, in 2023 house bill 1003 provided funding for general salary increases for the 2024-2025 fiscal year as follows:

• Increases are not to be the same percentage increase for each employee.
• A key concept is that the 6.0% merit pool does not mean that 6.0% = average performance. It only means that we take 6.0% of the base appropriation for staff and faculty including vacant lines to calculate the total pool of dollars which can be distributed for merit and market purposes.

Need help? Call your designated Human Resources Partner:

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