

# Annual Increase Guidelines FY 2025

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 2025 salary increases is to reward performance, make needed market adjustments, and retain benefited employees (staff and faculty) while still managing your salary budget.

The State Board of Higher Education (SBHE) Budget and Finance Committee approved the salary budget guidelines on May 23<sup>rd</sup>, 2023, for both 2024 and 2025.

The Performance (merit/market) pool of money is the aggregate salary increase dollars provided by the legislature. This pool represents 4% of base appropriation for staff and faculty including vacant positions within your specific unit. This funding can be used for merit and/or market adjustments for employees and will be distributed based on feedback from supervisors and area leadership. **All eligible employees will receive a minimum salary increase of 2%.** 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 4% of all eligible employee's base salaries including vacant lines. **All eligible employees will receive a minimum salary increase of 2% with a maximum increase of 6%.** This increase can be a combination of merit and market if appropriate.

### Eligibility:

- To be eligible for any increase, benefited employees, both faculty and staff, must have a current evaluation on file and must have a "meet" in all areas of their evaluation.
- Probationary Staff or those with no annual evaluation on file are not eligible for an increase.

### Process:

- Eligible benefited employees (staff or faculty) must receive a minimum of a 2% increase.
- With the remaining available 2% of pool money, leaders may award up to 6% total (including the mandatory 2%) for an individual who is a top performer or to make appropriate market adjustments.
- Leaders may not give an eligible employee an increase over 6% or under 2% without first discussing with:
  - Their Divisional Human Resources Partner (see list below). Documented justification must be provided for these instances.
  - Once justifications have been discussed with the appropriate divisional HR Partner, HR will notify the area vice president of such a request, discuss and seek approval.
- Departments must include a minimum 2% market increase in vacant positions and may increase vacant positions up to 6% of the salary amount as market.

- Increasing vacant position lines ensures adequate salary dollars are available for future needs.

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

The information you use to write annual evaluations, which you measure daily, is the most important factor when determining salary increases. 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 employee who is 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**

- Based on years of service in the position, is the employee's relative salary in alignment with the market percentage appropriate for that position? Work with your divisional Human Resources 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?

Employees coming off probation by June 30<sup>th</sup> are eligible for the 2% required minimum or higher, provided their evaluation has been completed and submitted to Human Resources.

Please remember the following:

- All employees may not receive the same or across-the-board increases after the 2% is applied.
- A key concept is that the 4.0% merit pool does not mean that 4.0% = average performance. It only means that we take 4.0% 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 divisional Human Resources Partner:**

Academic Affairs: Becca Bergee: 7-6830

Facilities Management: Corbyn Bjerk: 7-2595

School of Medicine & Health Sciences: Jill Sackenreuter: 7-0870

Marketing & Communications: Nathan Ellingson: 7-4367

Research & Economic Development: Nathan Ellingson: 7-4367

Student Affairs, Finance: Nathan Ellingson: 7-4367

President's Area: Peggy Varberg, 7-4802

Athletics: Peggy Varberg, 7-4802

Department of Campus Safety/UPD: Peggy Varberg, 7-4802