Merit Pay Principles

- Reward progressively positive performance with progressively higher salary increases.
- Accomplished by tying performance appraisal ratings with authorized salary increases.
- Methodologies exist on a spectrum.
- In consultation with the Chancellor, the Vice Chancellors, Deans, and Cabinet, UCM will adopt a Structured Methodology.
Structured Methodology

- **Overview**
  - Divisions receive their respective 3% salary pool; increases are administered according to prescribed distribution matrix
    - Distribution must be tied to performance rating
    - Total divisional distribution cannot exceed 3.00%

- **Pros**
  - Predictability = Greater Consistency
  - Results in Greater Staff Buy-In
  - Although prescriptive, a degree of flexibility exists within the distribution matrix
  - Exceptionalism Is Not Felled By Incrementalism

- **Cons**
  - The lingering ATB mindset: campus must adopt new attitude regarding pay (e.g., Meeting Expectations ≠ a +3.00% increase)
  - Locus of control over salary pool cannot be localized to immediate supervisor, creating logistical challenges & potential managerial resistance

- **RECOMMENDED AND ADOPTED APPROACH**
## Structured Methodology Matrix

<table>
<thead>
<tr>
<th>Overall Performance Appraisal Rating</th>
<th>Corresponding Salary Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – Unacceptable Performance</td>
<td>0.00% Increase Permitted</td>
</tr>
<tr>
<td>2 – Partially Meets/Needs Improvement</td>
<td>0.00% to 2.00% Increase Permitted</td>
</tr>
<tr>
<td>3 – Meets Expectations</td>
<td>2.25% to 3.25% increase Permitted</td>
</tr>
<tr>
<td>4 – Far Exceeds Expectations</td>
<td>3.50% to 6.00% Increase Permitted</td>
</tr>
</tbody>
</table>

• **FOR ILLUSTRATION PURPOSES ONLY**

• Reminder: Total Divisional Distribution Cannot Exceed the 3.00% Salary Pool

• Key Consideration: How Far Down to Push the Money

• Key Consideration: The Higher Up the Control over the Salary Pool Money, the Greater the Need for Intra-Divisional Communication to Prevent Going Over-Budget
Merit Pay “To Do’s”

✓ Methodology

- Internal Control Points (meaning within each division; where to delegate distribution authority)

- Communications/Messaging Plan

✓ One requirement: consistent methodology across campus (e.g., by-division approaches disallowed)
END: MERIT PAY AT UC MERCED
FULFILLING THE PRESIDENT’S COMMITMENT TO PAY FOR PERFORMANCE
LEADERSHIP COUNCIL – 19 FEBRUARY 2016
General HR Updates

- Equity Program, Year 2
- Telecommuting Policy
- Workforce Planning
- Recruiting Enhancements
  - Implementing the Hiring Audit Recommendations
  - Adding Executive Recruiting to our Portfolio
- Halogen 2.0
  - Moving Beyond the “Test Drive”: The Value of Listen Tour & Feedback Forums
-General HR Updates (continued)

Priority Takeaways:

- What will Merit Pay look like?
- Streamline/Make the SOA and Form More User-Friendly
- Similarly, Design the SOA and Form to Be More Complimentary and to Facilitate the Performance Appraisal Conversation

A Range of Training Needs:

- from SOA & Core Competency Use
- to Quantifying Feedback
- to Using the Full Suite of Management Tools in the Halogen System