

How Merit Works

at Georgia Tech

The process of giving and receiving merit is extensive and multi-faceted. It begins more than a year before an employee receives a salary increase and includes direction from the State of Georgia, the University System of Georgia (USG), Georgia Tech’s Budget Office, Georgia Tech Human Resources, and campus units. Along with these government and Georgia Tech entities, a key component of merit is each employee’s performance review with their manager.



In this Guide

1. Key things to know
2. What merit is and isn’t
3. The process
4. What influences merit
5. Situational examples
6. Reminders

Resources

- [2018 Merit Rules](#)
- [Staff Compensation policy](#)
- [Research Faculty Compensation policy](#)
- [Salary Determinations for Tenure-Track Faculty](#)
- [Georgia Tech Budget Office](#)



Key things to know:

1. Budget for merit increases comes from the state legislature and the Institute.
2. There are specific rules on how merit dollars can be distributed, including how much and to whom.
3. Merit increases can only be awarded based on measurable performance goals.
4. Merit is not the only form of a compensation increase.
5. Receipt of merit depends on:
 - a. The budget of the state legislature, the Institute, and your department;
 - b. The parameters established by an employee and manager, and how those expectations are met;
 - c. How fairly compensated an employee is in relation to market value.

Defining Merit

Merit is...

- Designed to reward and retain employees for meritorious performance.
- Defined by a rule-set provided by Institute leadership.
- An inclusive process involving managers, unit finance, and HR leaders.
- Merit is a permanent increase of salary.

Merit is not...

- Guaranteed or fixed. The budget is subject to change or disappear each year.
- An incentive payment, promotion, or cost-of-living adjustment
- Available to all employees (some employees are ineligible)

Merit Process:

Phase I

The Georgia Legislature and the University System of Georgia (USG) review the annual budget and then set aside available funds specifically for merit. Those funds are divided and distributed among the USG's 28 institutions.



With the money comes specific rules about how the money can be used. (Any exception to these rules must be approved by the President's Office and/or Board of Regents, which governs the USG.)

Phase II

When Georgia Tech receives its merit allotment, it may choose to add additional resources and rules.



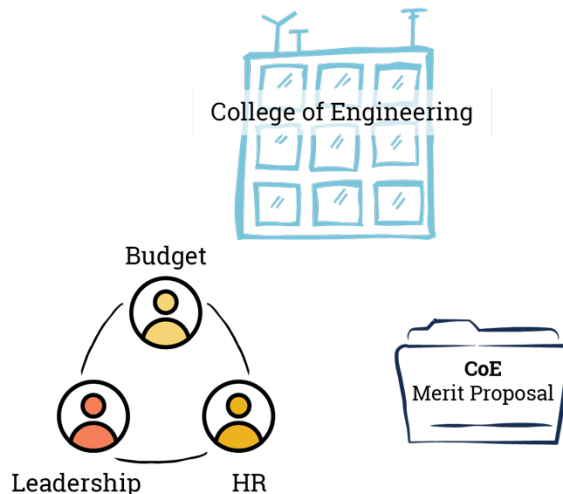
Once the amount and rules are finalized, the Institute distributes merit budgets to each college and department based on operations and staff size.

Phase III

When a college or department receives its merit budget, its leadership begins the process of determining how the funds will be distributed.

The finance officer, HR representative, and managers evaluate their needs in conjunction with a number of factors, including annual performance reviews.

Following the USG and Institute rules, they create a merit proposal containing who they wish to award merit to and how much.



Phase IV

Merit proposals from each unit are sent to Georgia Tech Human Resources (GTHR) for review. These are often included as part of the larger unit budget submissions.

GTHR assesses each proposal for compliance with the merit rules.

It also reviews employee eligibility and any special exceptions the President's Office and/or BOR will need to review.

Phase V

Sometimes it is necessary for GTHR to return the proposal to a unit for additional clarification.

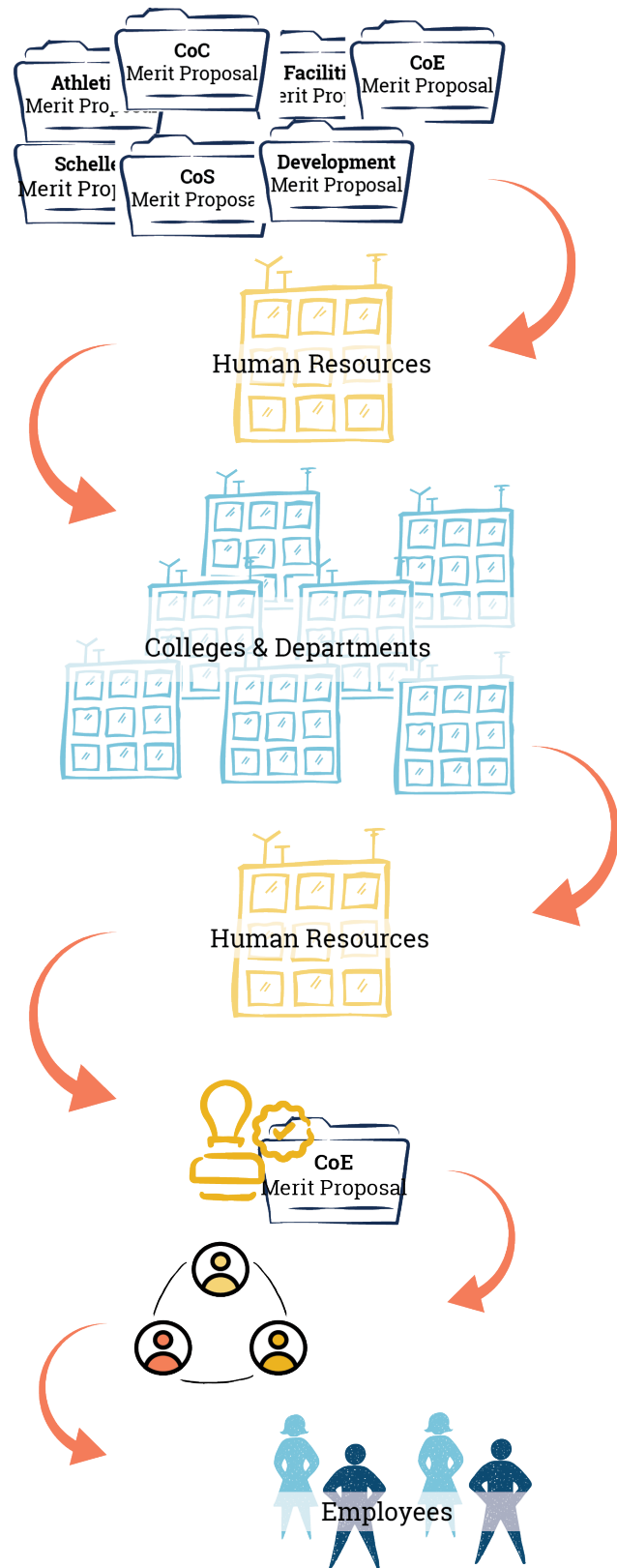
The unit then amends the proposal and resubmits it to GTHR.

GTHR compiles all of the proposals and submits entire merit plan to campus leadership for approval.

Phase VI

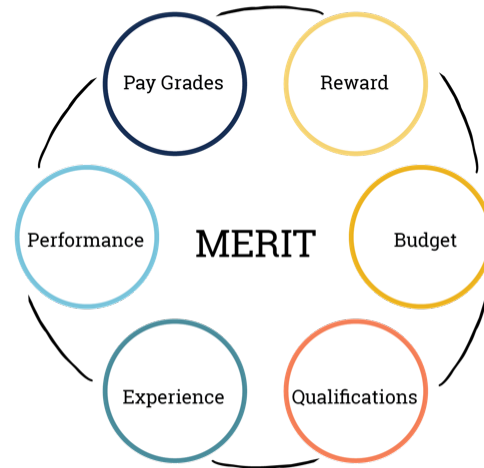
Once merit proposals are final and approved, GTHR returns them to unit HR representatives.

The representatives are then clear to communicate merit increases to their teams.



What Influences a Merit Increase?

- The primary purpose is to reward meritorious performance.
- The Institute’s and the individual college or unit’s merit budget.
- How an employee compares to qualifications, experience, performance, and pay grade for their job.
- How other employees in the position compare to their job responsibilities and pay



Influencers: Job Description & Performance

To evaluate meritorious performance there must be a standard measurement. The Institute uses job descriptions, employee goals, and annual performance evaluations to determine performance. Merit, as it relates to performance, considers:

- How an employee meets expectations of the position laid out in the job description on a day-to-day, monthly, and annual basis
- How an employee adds value to their position
- Where an employee stands compared to the pay grade for the position, market value, and others on campus within the same job description
- How much experience an employee brings to the role

Influencers: Salaries & Expectations

Consistent application of merit may mean that not all high-performing employees will receive a merit increase. For example, an employee receiving an exceptional performance rating who is low in the salary grade range would be eligible for a greater merit increase than an employee receiving an exceptional performance rating who is already high in the grade range.

Employees Ineligible for Merit:

- Employees rated as “Needs Improvement” or “Unsatisfactory” in their performance review.
- Employees in their six-month probationary hiring period.
- Employees who failed to complete the Compliance Campaign.
- Employees in Retired-but-Working positions and other temporary employees.

Additional restrictions are released with the merit rules each year.

Examples

Example 1: Assuming performance is the same, a person who is low in the range could receive a higher merit increase than a person who is high in the range.

- John and Mary work in the same department and have similar years of experience in their roles.
- Mary has a “Strong” performance rating and is in the low end of the salary range.
- John has a “Strong” performance rating and is in the high end of the salary range.
- Mary should receive a higher merit increase due to her current salary being lower in the range.

Example 2: High performer at or near the maximum salary level for the grade.

- Joe consistently and substantially exceeds requirements.
- Joe's base pay is already high in relation to the maximum of the salary level or grade, current market data and/or salaries of peers.
- If Joe's Manager recommends a merit increase that exceeds the salary range maximum, it will require approval by the Office of the President.

Example 3: Small department composed of all high performers. The following should be considered for differentiation.

- Individual performance during the most recently completed calendar year.
- Individual's current salary compared to the salary range for the job or place in range (PIR).
- Consideration of salaries and qualifications of peers in comparable positions.

Example 4: Example of a top performer, Mia

- Mia consistently and substantially exceeds requirements.
- She frequently seeks opportunities to accomplish additional goals and transformational goals with significant impact.
- She performs at maximum levels of effectiveness, while producing exceptional quality and meeting challenging demands.
- She exhibits role-model level behaviors consistent with Institute values.
- She brings new ideas and innovation to own work and department, which benefit the Institute, and pro-actively and creatively solves problems resulting in positive change.
- Her performance is frequently described as "Role model," and often receives "Distinguished," "Remarkable," "Extraordinary," "Consistently exceeds expectations," "Exceptional" reviews.
- Mia should be considered for higher merit.

Manager Reminders

- Salary increases should not be communicated to employees until departmental/unit calibration has occurred and increases have been approved by leadership.
- Aim to differentiate levels of performance demonstrated by employees, and recognize differences through performance evaluations.
- Maintain accurate, up-to-date documentation on employee performance to support the performance review cycle and possible merit increases.
- Communicate the following information to their subordinate employees:
 - The performance management process,
 - The relationship of performance to pay,
 - Salary potential for the employee's position,
 - Eligibility to receive overtime payments based on exempt or non-exempt status under the
 - FLSA designation determined by job evaluation
 - Job descriptions and the employee's strategic objectives supporting the organization.

Employee Reminders

- Regularly review your job description, at least annually.
- Meet with your manager regularly to discuss:
 - Performance - your perspective and theirs
 - Needs - compensation, continuing education or flexibility
 - Goals for your present and future work