

UNIVERSITY OF MICHIGAN HEALTH SYSTEM

MEMORANDUM

**TO:** Assistant Deans  
Associate Deans  
Department Administrators  
Department Chairs  
Executive Director's Forum  
Operations & Administrative Committee-MS

**FROM:** Ora Pescovitz, M.D.  
Executive Vice President for Medical Affairs

Douglas L. Strong  
Director & CEO UMHHC

James Woolliscroft, M.D.  
Dean, Medical School

**DATE:** June 17, 2011

**SUBJECT:** 2011-2012 University of Michigan Health System Salary Program Guidelines

With the approval of the FY12 budget by the Board of Regents, we are pleased to provide information about the plans for this year's Salary Program for Health System faculty (excluding LEO faculty) and staff who reside in the University's Career Family Classification System. Following are the 9/1/2011 merit program and processing guidelines and fiscal year 2012 UMHS Salary Program Guidelines (that guide adjustments throughout the year, effective 7/1/2011). Guidelines are posted here: <http://www.med.umich.edu/umhshr/supervisor/salary.html> for future reference.

**For Staff:**

Components of the 9/1/11 merit program include:

1. Merit based salary program of 2%. Departments, units, and ACUs are also expected to meet various Unit of Service and P&L targets established by Health System leadership.
2. Market adjustments for targeted classifications, effective 1/1/2012.

**For Faculty:**

Components of the 9/1/11 merit program include:

- Merit based salary program of 3%.

Considerations:

- Individual merit increases will vary and are determined on the basis of an evaluation of the performance of each faculty and staff member relative to the requirements of his or her position.
- Performance evaluations must be done annually for all faculty and staff as part of our performance management process and should be completed prior to allocation of an individual's merit increase.
- Merit program distribution's averages for FLSA exempt staff in the Professional or Managerial job roles may not exceed FLSA non-exempt staff in the Professional job role.
- Management performance evaluations should consider FY11 outcomes on financial and operational indicators (including patient and/or customer satisfaction), as well as outcomes on employee satisfaction and other leadership competencies.
- The evaluation forms for UMHS management and staff are available on-line at: <http://www.med.umich.edu/umhshr/supervisor/performance-planning.html>.
- The format for faculty evaluations is at the discretion of the department.

cc: R. Winfield, M.D; J. Bell; D. Komorowski

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**Eligible Faculty and Staff:**

1. Faculty and Staff on the active payroll as of 9/01/11 (bi-weekly and monthly).

**For staff, an individual merit increase (September 1, 2011) may consist of:**

1. An adjustment to base salary up to 4%;
2. A one-time Salary Supplement up to 4%; or
3. A combination of base and one-time Salary Supplement up to 4%.
4. Individual increases greater than 4% have to be approved by your Corporate Officer/Dean's Office prior to the submission of the merit program worksheet to UMHS Compensation.
5. Market adjustments **will not** be processed as part of the 9/1/2011 merit program process.

**For faculty, the following applies regarding an individual merit increase (September 1, 2011):**

1. Based on the financial situation of your department, the faculty program may be limited to less than a 3% program.
2. The individual increase may be reflected in the Academic Salary, Supplement, Incentive, one-time Salary Supplement, or a combination of all components.
3. The overall average for the department's faculty merit program is 3%, excluding faculty promotions.
4. The range for increases can be 0-10%, excluding Incentive.
5. For faculty being promoted effective 9/1/2011, base increases are limited in accordance with your department Faculty Salary Structure and should be determined based on the guidelines you have utilized in the past when setting promotional increases.
6. Exception letters are required for faculty increases that exceed 10% and should be submitted with your salary worksheet.
7. LEO faculty increases should be in accordance within the union contract once finalized. For questions on the details of the LEO contract, please contact Deb Komorowski.

**Exception Considerations:**

A merit base pay increase and/or one-time Salary Supplement should be deferred for a faculty or staff member:

- Hired on or after March 1, 2011; or
- Who is new to the role and/or whose 2010 -2011 performance could not yet be assessed; or
- Who has consistently not met his/her job expectations over the course of the last fiscal year and will receive an overall performance rating of "Not Met"; or
- Who is currently on a performance improvement plan and/or under disciplinary action; or
- On a leave of absence status prior to the program effective date (but on the active payroll as of the program effective date)

Faculty and staff whose RIF, LOA, retirement, or termination status is effective prior to or on 9/1/11 are not eligible. If a faculty or staff member on RIF status is subsequently placed, the unit may determine whether or not to provide a base pay increase and/or one-time Salary Supplement during the remainder of the fiscal year.

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<b>DATE</b>	<b>WHAT HAPPENS</b>
<b>6/16/11</b>	Regents' approval of FY12 Budget.
<b>6/17/11</b>	2011-2012 Faculty and Staff Salary Program Guidelines are located here: <a href="http://www.med.umich.edu/umhshr/supervisor/salary.html">http://www.med.umich.edu/umhshr/supervisor/salary.html</a>
<b>6/29/11</b>	Distribution of <b>Faculty</b> Worksheets.
<b>7/25/11</b>	Completed <b>Faculty</b> Worksheets (electronic file) due to Faculty Affairs.
<b>7/25/11</b>	Distribution of <b>Staff</b> Merit Program Worksheets and Sample Employee Notification Letters/Merge Instructions.
<b>8/2/11</b>	For <b>Faculty</b> , Additional Pay Worksheets are located in Department Folders.
<b>8/8/11</b>	For <b>Faculty</b> , completed Additional Pay Worksheets due to Faculty Affairs.
<b>By 8/12/11</b>	Completed <b>Staff</b> Merit Program Worksheets (electronic file) <b>due</b> to Human Resources.
<b>By 8/12/11</b>	Performance evaluations (name and employee I.D. typed/printed on each page) due to Human Resources. Faculty evaluations should be completed and placed in the faculty file.
<b>Two-day notice prior to file upload</b>	Supervisors should notify staff of merit increases as soon as possible. Staff will be able to view merit increase information in Wolverine Access after department file is uploaded.
<b>8/21/11</b>	Effective date of increase for bi-weekly-paid staff
<b>9/09/11</b>	Bi-weekly paychecks reflect new rates
<b>9/01/11</b>	Effective date of increase for monthly-paid staff
<b>9/30/11</b>	Monthly paychecks reflect new rates
<b>Determined by Department</b>	Salary Supplemental Payment

**Important Notes:**

- If there are issues with your returned staff worksheet, your HR Consultant will notify your department. If there are issues with your faculty worksheet, you will be contacted by Deb Komorowski or Cherie Saunders from the Faculty Affairs Office.
- UMHS staff performance evaluation forms are available at: <http://www.med.umich.edu/umhshr/supervisor/performance-planning.html>. The format for faculty evaluations is at the discretion of the department.
- Confidentiality Statement form for faculty to read and sign will be placed in your department's HR Merit folder at <\\umms-filebucket.umms.med.umich.edu\administration\budget>

**PROCESSING FOR STAFF:**

*Submit the following to Human Resources no later than August 12, 2011.*

1. **Completed Salary/Merit Program Reporting Worksheets** – send electronic submission to: [UMHS-Compensation@med.umich.edu](mailto:UMHS-Compensation@med.umich.edu).

**Note:** If unable to use electronic worksheet, please send submittal form(s) to HR no later than 9/1/11 (for bi-weekly staff) and 9/17/11 (for monthly staff).

2. **Completed Performance Evaluations** (name and employee I.D. typed/printed on each page)

Directed to: N. Campus Administrative Complex (NCAC)  
**Carol Gibson** 2901 Hubbard/SPC 2435

**OR**

Hand-deliver to: N. Campus Administrative Complex, 1<sup>st</sup> Floor Reception Area  
(located to the right when you enter bldg.). A directional map to NCAC  
can be found at: <http://www.umich.edu/~newsinfo/umnc2.html>

**For Medical School, MSA, Basic Science Department, Surgery, Orthopedic Surgery, Neurosurgery, and Urology staff,** performance evaluations should be delivered to **Jerilyn Lowe** at the Medical School Staff HR Office, MBNI address: 205 Zina Pitcher Place Room 1051, Ann Arbor, MI 48109-5720,

**Additional Information:**

- Processing of the **base increases and/or Salary Supplements** will occur via electronic worksheets (See UMHS Salary Program Worksheet Instructions) which will be issued on 7/25/2011.
- Processing of the **staff performance rating of 2 (solid) and 3 (exemplary)** can occur via the electronic worksheets which will be issued on 7/25/2011. Performance ratings of 0 (Not Met), 1 (Approaching), 4 (Not Eligible), and 5 (N/A) cannot be processed via the electronic worksheet and must be entered via Manage Competencies.
- **Appointment changes** (including funding changes) may not be processed on program worksheets and will require use of appropriate submittal form from Wolverine Access.
- **Split Funding:** When an employee is paid from more than one funding source, the same base pay percentage increase must be given for each funding source. Note: This needs to be coordinated between departments and submitted by the appointing department.

**PROCESSING FOR FACULTY:**

Submit the following to the Faculty Affairs Office no later 7/25/2011

1. **Completed Faculty Salary Reporting Worksheet** – Return your worksheet to your department's HR Merit Folder at [umms-filebucket.umms.med.umich.edu/administration/budget](http://umms-filebucket.umms.med.umich.edu/administration/budget)
2. **Complete Performance Evaluations** for all faculty and have them Read and Sign the Confidentiality Statement. A copy of the Confidentiality Statement can be found in your Department's HR Merit Folder.
3. **Submittal Forms** will be used for any Job Data changes that are unable to be processed via the electronic upload process.
4. Additional Pay Workflow will also need to be processed for all Supplement (INC) and Incentive (INT) that are not able to be uploaded via the Additional Pay Spreadsheets.

**FACULTY AND STAFF FUNDING:**

- Funding for eligible faculty and staff must be funded by the department or unit.

**FREQUENTLY ASKED QUESTIONS**

***Q: What's new this year?***

***New functionality of salary/merit program worksheets!***

**A:** This year's merit program worksheets details three (3) years of performance ratings for staff (if previously entered and stored in Manage Competencies).

In addition, the merit program worksheet will also accept the 2010-2011 staff performance rating **if the rating is a 2 (Solid) or a 3 (Exemplary)**. The worksheet does not accept ratings of 0 (Not Met), 1 (Approaching), 4 (Not Eligible), and 5 (N/A) because these ratings also require documented reasons for that rating. Therefore, these performance ratings have to be entered directly in to Manage Competencies, as in the past.

This new functionality was designed to continue efforts towards streamlining our processes and allow you to enter the merit increase at the same time as the performance rating. This new functionality does not prevent you from utilizing the same process you have used in the past of entering ratings directly in to Manage Competencies. Missing performance ratings for prior years cannot be entered retrospectively via this process.

***Q: Does the merit program have to be distributed evenly?***

**A:** No. However, program distribution averages for exempt staff in Professional or Managerial job roles may not exceed the average of non-exempt staff in Professional job roles. The merit spreadsheet allows management to see staff members who are considered FLSA exempt versus FLSA non-exempt and their role within the University system.

***Q: Can my department reward a staff member's performance later in the fiscal year?***

**A:** Yes. Mid-year merit base salary adjustments are an option for those staff for which the merit increase was delayed or to recognize exceptional performance mid-year. In addition, "spot" performance awards in the form of a discretionary one-time salary supplement can be an effective reward strategy to employ in your unit.

***Q: Can I provide other types of base increases during the 9/1/11 merit program?***

**A:** No.

***Q: Can I provide a merit increase to staff funded by Grant or Gift accounts?***

**A:** Yes. A merit increase to a staff member on a Grant or Gift fund will need to be managed within the respective Grant or Gift fund.

**Q: *Can I provide a merit increase to a Post-Doctorate Research Fellow?***

**A:** Yes, on their anniversary date.

**Q: *When are annual staff performance evaluations due?***

**A:** Performance evaluations are required annually for all UMHS staff. Supervisors can obtain the performance evaluations at: <http://www.med.umich.edu/umhshr/supervisor/performance-planning.html> and they are due on or before the merit worksheets are submitted to HR no later than 8/12/2011. The performance planning evaluation process should include both the employee and supervisor assessment.

**Q: *How are Salary Supplements taxed?***

**A:** At a flat rate, regardless of normal withholdings. The tax rates are: 25% Federal, 4.35% State, & 7.65% FICA.

**Q: *What if a staff member has split funding on their appointment?***

**A:** The same percentage increase to base pay must be given on each funding source. Where different supervisors are involved for the same person, it is the supervisor's responsibility to discuss and determine the appropriate increase. The appointing department head will have responsibility for ensuring that the same percentage increase is given for each account. Some exceptions may be allowed where different program rules are in effect between funding sources.

**Q: *What if I have additional questions not addressed here?***

<b>A:</b> Program Guidelines/Processing Questions/ Worksheet Technical Assistance for staff	<a href="mailto:UMHS-Compensation@med.umich.edu">UMHS-Compensation@med.umich.edu</a>
Program Guidelines/Processing Questions Worksheet Technical Assistance for faculty	Deb Komorowski or Cherie Saunders
UMHS Finance	Financial Consultant
Performance Feedback Process/ Competency Assessments	UMHS HR Consultant
Program Exceptions	Corporate Officer/Dean's Office

**Web Resources:**

- <http://careernavigator.umjobs.org/> (includes Career Family Navigator Market Descriptions)
- <http://www.med.umich.edu/umhshr/supervisor/performance-planning.html> (UMHS performance evaluation forms and "blue" performance management folders)
- <http://www.med.umich.edu/i/mandatories> (to complete competency assessments via MLearning)
- <http://wolverineaccess.umich.edu/> (to submit individual salary adjustment through Wolverine Access)
- <http://www.hr.umich.edu/hrris/reports/jobclass.html> (includes listings of University job classifications)
- <http://www.med.umich.edu/i/quality/action/goals.html> (UMHHC Goals and Objectives)