MEMORANDUM

TO: Assistant Deans
    Associate Deans
    Department Administrators
    Department Chairs
    Executive Director’s Forum

FROM: Dr. Michael M.E. Johns, M.D.
      Interim Executive Vice President for Medical Affairs

T. Anthony Denton
Acting Chief Executive Officer, UMHHC

James Woolliscroft, M.D.
Dean, Medical School

DATE: June 20, 2014


With the approval of the FY15 budget by the Board of Regents, we are pleased to provide information about the plans for the 2014 Salary Program for Health System staff who reside in the University’s Career Family Classification System. Following are the details of the 2014 UMHS Salary/Merit Program and processing guidelines, and the fiscal year 2015 Salary Program Guidelines that guide adjustments throughout the year, effective 7/1/2014. For future reference, guidelines will be posted here: http://www.med.umich.edu/umhshr/supervisor/salary.html and http://www.med.umich.edu/totalreward (Pay Administration tab).

For Faculty:
    The Medical School will be distributing the guidelines for the Faculty 2014 salary program to the departments on July 14th.

For Staff:
Components of the 2014 salary program include:
    1. Merit based salary program of 2.25%, effective September 2014
    2. Market adjustments for targeted classifications, effective January 2015

Considerations:
    • Departments, units, and ACUs are also expected to meet various Unit of Service and P&L targets established by Health System leadership.
    • Individual merit increases will vary and are determined on the basis of an evaluation of the performance of each staff member relative to the requirements of his or her position.
    • Merit program distribution averages for FLSA exempt staff in the Professional or Managerial job roles may not exceed FLSA non-exempt staff in the Professional job role.
    • Performance evaluations must be done annually for all staff as part of our performance management process and should be completed prior to allocation of an individual’s merit increase.
    • Management performance evaluations should consider FY14 outcomes on financial and operational indicators (including patient and/or customer satisfaction), as well as outcomes on employee satisfaction and other relevant performance measures.

cc: R. Winfield, M.D; J. Bell
2014-2015 UMHS Salary Program Guidelines

For staff, the following applies:

1. Eligible staff members are non-bargained for, regular staff members, as well as staff in the Nurse Practitioner job classifications, that are on active payroll as of UMHS annual merit program effective date.
2. The overall average for the department’s staff merit program can be no more than 2.25% without Corporate Officer/Dean’s Office approval.
3. An individual merit increase may consist of:
   • An adjustment to base salary up to 4.5%
   • A one-time Salary Supplement up to 4.5%; or
   • A combination of base and one-time Salary Supplement up to 4.5%
4. Individual increases greater than 4.5% require approval by your Corporate Officer/Dean’s Office prior to the final submission of the merit program worksheet.
5. Staff members with a full time rate greater than the 9/1/2014 pay zone maximum assigned to their respective market/job title are eligible only for a one-time Salary Supplement, in lieu of an increase to base. Exceptions require approval by a Corporate Officer/Dean’s Office. All exception letters should be submitted with your merit program worksheet.
   • Departments who have staff members paid on sponsored projects and required to use the one-time Salary Supplement may charge the sponsored project at a percent equal to their current effort distribution.
6. Market adjustments will be processed separately, effective (monthly paid 1/1/2015 and bi-weekly paid 1/04/2015).
7. The evaluation forms for UMHS management and staff are available on-line at: http://www.med.umich.edu/umhshr/supervisor/performance-planning.html.

Considerations:

• A merit base pay increase should be deferred for a staff member who:
   o Was hired on or after March 1, 2014; and/or
   o Who is new to the role and/or whose annual (fiscal year) performance could not yet be assessed;
   o Who has consistently not met his/her job expectations over the course of the last fiscal year; and who received an overall performance rating of “Not Met”; or
   o Staff members that were on a leave of absence status prior to the program effective date (and on the active payroll as of the program effective date).
   o Staff whose RIF, LOA, retirement, or termination status is effective prior to or on the program effective dates are not eligible. If a 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.
DATE | WHAT HAPPENS
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6/19/2014 | Regents’ approval of FY15 Budget.  
6/20/2014 | 2014-2015 Staff Salary Program Guidelines are located here: [http://www.med.umich.edu/umhshr/supervisor/salary.html](http://www.med.umich.edu/umhshr/supervisor/salary.html) and [http://www.med.umich.edu/totalreward](http://www.med.umich.edu/totalreward)  
8/16/2014 | Performance evaluations (name and employee I.D. typed/printed on each page) due to Human Resources.  
7/14/2014 | Distribution of Faculty Worksheets.  
7/21/2014 | Distribution of Staff Worksheets.  
8/8/2014 | Completed Staff Merit Program Worksheets (electronic file) due to your Human Resource Business Unit Partner. Please attach all Exception Request Letters/Emails in the submission email.

Two-day notice prior to file upload | Supervisors should notify staff of merit increases as soon as possible, once notified of approval by HR, as Staff will be able to view merit increase information in Wolverine Access after department file is uploaded.
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8/31/2014 | Effective date of increase for bi-weekly-paid staff  
9/19/2014 | Bi-weekly paychecks reflect new rates  
9/1/2014 | Effective date of increase for monthly-paid staff  
9/30/2014 | Monthly paychecks reflect new rates  
9/1/2014 | Staff Salary Supplemental Payment  
8/31/2014 | • Effective date of increase for monthly paid staff  
 | • Effective date of increase for bi-weekly paid staff

**Important Notes:**
- If there are issues with your returned staff worksheet, your HR Business Unit Manager will notify your department.
- UMHS staff performance evaluation forms are available at: [http://www.med.umich.edu/umhshr/supervisor/performance-planning.html](http://www.med.umich.edu/umhshr/supervisor/performance-planning.html).

**PROCESSING FOR STAFF:**
Submit the following to Human Resources no later than August 16, 2014.

**Completed Performance Evaluations** (name and employee I.D. typed/printed on each page)  
Directed to: N. Campus Administrative Complex (NCAC)  
2901 Hubbard/SPC 2435  
**OR**  
Hand-deliver to: N. Campus Administrative Complex, 1st 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](http://www.umich.edu/~newsinfo/umnc2.html)

- **Additional Information:** Staff Performance ratings will be entered via the electronic Salary/Merit program worksheets issued on 7/21/2014.
- Processing of the **base increases and/or salary supplements** will occur via electronic worksheets (See UMHS Salary Program Worksheet Instructions) issued on 7/21/2014.
- **Appointment changes** (including funding changes) may not be processed on program worksheets and will require the use of an appropriate submittal form from Wolverine Access.
• **Split Funding:** When an employee is paid from more than one funding source, the same percentage increase must be given for each funding source. Note: This needs to be coordinated between departments and submitted by the appointing department.

**STAFF FUNDING:**

• Funding for eligible staff must be funded by the department or unit.
FREQUENTLY ASKED QUESTIONS

**Q:** Do performance evaluations need to be completed annually?

**A:** Yes. 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](http://www.med.umich.edu/umhshr/supervisor/performance-planning.html) and they are due to **HR no later than August 16, 2014.** The performance planning and evaluation process should include both the employee and supervisor assessment.

**Q:** Will the staff merit program worksheets accept staff performance ratings?

**A:** The staff merit program worksheet will accept **ALL** staff performance ratings and the associated reasons. Documented reasons are required by providing further information when a staff member is rated as either Does Not Meet (0) or Needs Improvement/Approaching (1). If a performance rating of 4 (Not Eligible) is selected, a Not Eligible Reason Code must be selected.

This functionality does not prevent you from utilizing the same process you have used in the past of entering ratings directly into 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. Exceptions to this guideline require 1) review by your HR Manager 2) approval by your Corporate Officer/Dean’s Office, prior to final submission of the merit program worksheet. Exception letters or emails indicating approval should be sent with the merit program worksheet upon submittal.

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:** Mid-year merit base salary adjustments are ONLY allowed for those staff for which the merit increase was deferred in September 2014. FY adjustment guidelines do provide additional ways to reward staff with a Spot Award.

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

**A:** No. Market increases will be processed in January 2015.

**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. Staff members on sponsored projects with a full time rate greater than the 9/1/2014 pay zone maximum are required to use the one-time Salary Supplement. This will allow the sponsored project to be charged at a percent equal to their current effort distribution.

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

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

A: Program Guidelines/Processing Questions/ UMHS-Compensation@med.umich.edu
Worksheet Technical Assistance for staff

UMHS Finance

Financial Consultant

Performance Feedback Process/

UMHS Business Unit HR Manager

Competency Assessments

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/totalreward (Compensation related resources- pay zone maximums)
Please utilize these guidelines to initiate decision-making related to salary adjustment decisions throughout the fiscal year, starting 7/1/14. Please read the entire document, including the approval process.

UMHS is committed to maintaining a compensation program that attracts and retains a highly qualified and diverse workforce. Within the boundaries of financial feasibility, employee compensation will be externally competitive and internally equitable.

UMHS’s pay administration policies, plans, and programs are administered without regard to age, race, color, sex, gender identity, gender expression, religion, disability, height, weight, marital status, national origin or ancestry, sexual orientation, or veteran status. We administer compensation policies and programs that support competitive and equitable pay based on like duties and responsibilities, comparability of backgrounds, performance contributions, and available resources.

Staff 2015 Fiscal Year Guidelines (July 1, 2014 - June 30, 2015)

- Staff members are to be paid at least $22,320 effective with this year’s salary program dates as aligned with the University minimum full time rate for regular staff members.

- One-time supplemental, discretionary, performance payments (or spot awards) are limited to $1000 cumulatively for the 2015 fiscal year.

- Throughout the 2015 fiscal year, exclusive of 9/1/14 merit increase adjustments and 1/1/15 market adjustments, base pay and salary supplement increases cannot exceed 8% (on the base salary as of 7/1/14) without Corporate Officer/ Dean’s Office approval.

  - A promotional increase is generally defined as an increase in base pay to recognize a significant change in a staff member's job responsibilities and the subsequent assignment of a new market title with a higher pay range.

  - An Administrative Differential and Added Duties Differential increase is generally used to recognize a temporary but significant increase in the level of responsibilities.

  - An equity increase is defined as an increase to ensure an equitable internal pay relationship between staff members based on a comparison of duties and responsibilities, comparability of backgrounds, and performance contributions. Equity between staff members should be based on relevant factors, within the context of a central or unit-level salary setting approach approved by UMHS Human Resources.

  - A market adjustment is defined as an adjustment to recognize a significant market movement and/or to address significant recruitment/retention concerns, and approved by Human Resources.
A mid-year merit increase is only allowed for those staff for which the most recent merit increase was deferred (September 2014). Therefore, a mid-year merit increase cannot exceed the 2014 merit increase guidelines without Corporate Officer approval.

A differential of at least 5% should be maintained between the supervisor’s salary and the average salary of staff supervised.

Split funding for an individual requires coordination between funding departments to determine the amount of any base pay adjustment or Salary Supplement.

Staff 2015 Fiscal Year Approval Process

- To ensure an efficient process, all base pay adjustment increases, one-time Salary Supplements, or a combination thereof that require Corporate Officer/Dean’s Office approval per the guidelines, require review by your UMHS HR Business Unit Manager prior to submission for final approval to the appropriate Corporate Officer/Dean’s Office.

- All formal (non-discretionary) departmental incentive programs require annual review and approval by your UMHS HR Business Unit Manager and your Corporate Officer/Dean’s Office to ensure regulatory compliance, use of appropriate earnings code, and alignment with UMHS compensation program objectives. Please forward a copy of your department incentive program description for re-approval to your UMHS HR Business Unit Lead and Corporate Officer/Dean’s Office by 8/08/2014.

- All exception requests related to Additional Compensation for Additional Work Hours for Non- Bargained for FLSA Exempt Staff Members require annual review by your UMHS HR Business Unit Manager and (re) approval by 8/08/2014 to ensure regulatory compliance and alignment with UMHS compensation program objectives.

UMHS guidelines on Additional Compensation for Additional Work Hours for Non- Bargained for FLSA Exempt Staff Members are located here: [http://www.med.umich.edu/umhshr/doc/7_1_2009_UMHS_Gdlines_Comp_Add_WorkHrs_ExemptStaff.pdf](http://www.med.umich.edu/umhshr/doc/7_1_2009_UMHS_Gdlines_Comp_Add_WorkHrs_ExemptStaff.pdf). Exception request/approval forms can be provided by your UMHS HR Business Unit Lead or by emailing UMHS-Compensation@med.umich.edu

If you need assistance regarding salary equity concerns or working with the merit increase procedures, for staff contact the appropriate Human Resources Office.