

**2016-17 Staff Merit Process****FINANCE AND AUDIT COMMITTEE****May 20, 2016****Status of Compensation Actions in the 2016-18 State Budget**

The commonwealth has approved a three percent average compensation program for staff employees for 2016-17, contingent upon the state meeting 2015-16 revenue targets. The compensation action is scheduled to become effective on November 10, 2016, impacting employee's paychecks on December 1, 2016.

Language in the 2016 Appropriation Act authorizes institutions of higher education to utilize performance and other employment-related factors in the implementation of staff salary increases, as long as increases do not exceed three percent on average. This authorization includes all classified and university staff at institutions of higher education.

**Compensation Planning**

Understanding the importance of recognizing employee performance and in accordance with the state's approved compensation plan, the university is developing a comprehensive staff compensation program for implementation in 2016-17. This process will encourage the utilization of employee performance to the extent possible, providing flexibility to senior management areas to recognize individual staff performance within their organization with differentiated salary actions. Salary adjustments are based on merit and are not automatic.

For 2016-17, this merit process will include all eligible classified and university staff. The university has planned for a three percent average staff salary increase in the university budget development process.

**RECOMMENDATION**

That the university implement the staff compensation process as a merit process, consistent with state authorization, effective November 10, 2016, and subject to achievement of the revenue target established by the state.

June 6, 2016