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**Merit Information**

Each division will be allocated a pool of resources for fiscal 2017/2018 to be utilized for all salary adjustments and promotions throughout the year. This allocation will be communicated to departments by the Dean or Vice President of the area. The allocation is based on all positions within a department; including filled and open staff positions, student, contingency and other pooled positions.

Departments must determine merit increases using the allocated funds from their Dean/Vice President and based on the performance of each employee. Funding from restricted accounts or other sources should not be used to provide increases higher than the merit guidelines. This is important to ensure equity across departments and to abide by the Uniform Guidance for Federal Awards government guidelines which stipulate … “Compensation for services provided must be in accordance with institutional policy and procedure and federal statute.”

Other pay adjustments for July 1, 2017, which are consistent with the compensation policy, must be approved by the appropriate Dean or Vice President of the area. Further adjustments, such as equity, require HR Compensation review. If your department/division has these situations please contact either HR Compensation or your HR Consultant.

These Staff Merit Guidelines include the following information:

- Merit Guidelines for Exempt and Non-Exempt Staff
- Merit Matrix
- Important Dates for Merit Processes
- Lump Sum Payment Information
- Performance Rating Categories
- Student Compensation for 2017-2018
Merit Guidelines for Notre Dame Exempt and Non-Exempt Staff

In setting salaries for fiscal 2017/2018, use the following considerations:

- As the university continues its goal to create a performance culture, individual performance impacts merit pay; therefore, managers must assess employees’ performance for the year prior to determining merit pay for their area. Holding recommended performance calibration sessions provides a method to compare employees’ relative contributions and how it equates to merit increases. Year-end staff performance reviews are due no later than May 15, 2017 and the Workforce Planning tool for Staff closes May 22, 2017.

- Merit Matrix: The Merit Matrix Chart can be found on page 6. The chart is a guideline to assist you in establishing merit increases based on performance, as assessed through the performance management system. The merit increase for each staff employee may not exceed the merit matrix unless there are other adjustments approved in advance by HR Compensation. A detailed analysis will be performed on the data to make sure the merit matrix and performance ratings are in accord.

- The University strives to create and maintain an environment that emphasizes the importance of relating work performance to University goals and values. ND Voice survey results told us that employees desire and expect differentiation in the performance management process. As a general guideline, based on the performance rating scale being utilized by the University, we would expect to see the distribution of merit increases within a given department as follows:
  - 56% of employees in the center box of matrix (valued / valued employees)
  - 35% of employees in the three top right boxes of matrix (high performing employees – top/top employees and top/valued employees)
  - 9% of employees falling into the remaining boxes of the matrix (developing and requires improvement and any combination of those ratings categories)

Merit Distribution Considerations:

- The location of an individual’s current salary within the market reference range should impact whether the increase is at the low or the high end of the merit increase guidelines.
  - For example, assuming performance is the same, a person who is low in the range should receive a higher merit increase than a person who is high in the range. Here is a specific example:
    - John and Mary work in the same department and have similar years of experience in their roles
    - John has a valued/valued performance rating and is in the low end of the market reference range
    - Mary has a valued/valued performance rating and is in the high end of the market reference range
    - John should receive a higher merit increase due to his current salary being lower in the market reference range, regardless of the fact that their performance is the same

- Employees whose salaries are at, near or above the maximum of their market reference range may be eligible for a base pay increase and/or a merit lump sum depending on their performance rating. Please refer to the Lump Sum Payment information on page 8.
• A current performance review must be submitted through the performance management system by May 15, 2017 for all employees as documentation supporting the merit increase request. You will not be able to submit an increase without a current performance review unless a specific exception has been made and approved through HR.

• If a requested merit amount is greater than 5.8% a memo of explanation needs to be attached in the notes section of Workforce Planning prior to its closing on May 22, 2017.

• Merit increases are given once annually and are effective July 1 of each year; any salary increase outside of the July 1 annual merit cycle requires HR/Compensation approval.

**Merit Distribution Restrictions**

• Individuals hired between April 1 and July 1, 2017 are not eligible for merit increases until July 1, 2018.

• Individuals promoted to a new position between April 1 and July 1, 2017 are not eligible for a July 1 increase; therefore, when setting the promotional salary, keep in mind the employee will not be eligible for a merit increase until July 1, 2018.

• Other than a Merit Increase, the following need to be handled outside Workforce Planning through the use of a Staff Personnel Action form: a change in hours; return from a leave; or a position change after Workforce Planning has opened. Here is the link to the form: [http://hr.nd.edu/assets/20190/staff_paf10.xls](http://hr.nd.edu/assets/20190/staff_paf10.xls)

• Salary increases should not be communicated to individual employees until departments/divisions are notified by HR Compensation that audits have been completed and the labor budget distributions are approved.

**Reports and Audits**

Once an area completes their salary setting in Workforce Planning, HR Compensation will be performing various audits to ensure merit adjustments are within the merit guidelines and compensation policy. Departments/divisions should review all reports available to ensure compliance prior to submitting the salaries for review.
### Merit Matrix for Non-Exempt and Exempt Staff

<table>
<thead>
<tr>
<th>Consistently exceeds expectations</th>
<th>Top</th>
<th>0% Top/Requires Improvement</th>
<th>0%-1.3% Top/Developing</th>
<th>0% – 3.8% Top/Valued</th>
<th>2.8% – 5.8% Top/Top</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>↑ How ↓</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Gaining proficiency in meeting expectations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Developing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requires Improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requires Improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requires Improvement/Improvement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requires Improvement/Improvement</td>
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<td></td>
</tr>
</tbody>
</table>

Remember, based on the performance rating scale being utilized by the University, we would expect to see the distribution of merit increases within a given department as follows:

- 56% of employees in the center box of matrix colored **orange** (valued / valued employees)
- 35% of employees in the three top right boxes of matrix colored **green** (high performing employees – top/top employees and top/valued employees)
- 9% of employees falling into the remaining twelve boxes of the matrix colored **blue** (developing and requires improvement and any combination of those ratings categories)

Requires Improvement” performance rating in the “How” or the “What” results in a 0% increase. Individuals with this rating are not meeting either individual goals and/or behavioral expectations.

**Salary increases should not be communicated to individual employees until departments/divisions are notified by HR Compensation that audits have been completed and the labor budget distributions are approved.**
## Important Dates for Merit Process

<table>
<thead>
<tr>
<th>Task</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 9</td>
<td>• Workforce Planning opens for Staff and Faculty</td>
</tr>
<tr>
<td>April 1</td>
<td>• Employees newly hired or promoted on or after this date are not eligible for an increase on July 1, 2017. They are not eligible until July 1, 2018.</td>
</tr>
<tr>
<td>May 15</td>
<td>• Endeavor Closes - Staff Performance Review Year-End deadline.</td>
</tr>
</tbody>
</table>
| May 22          | • Workforce Planning locked for all campus units  
  ◦ Some departments will have an earlier lock out date for completing their work, based on the needs of the department/division officer.  
  • Documentation to HR Compensation is needed for the following:  
    ◦ over 5.8% merit increases  
    ◦ promotions  
    ◦ in-range pay increases  

| June 1          | • Last day to submit a Personnel Action Form (PAF) to process a change in merit and/or hours worked with an effective date of 7/1/2017 to be reflected in first payroll in July. Personnel Action Forms (PAF) submitted after this date will result in a change as of the second payroll in July (28th for hourly, 31st for salaried) |
| June 23-July 31 | • Staff Salary Notifications available online  
  • Note: Notifications will not be available for employees on leave without pay.                                                                                                                     |
| July 1          | • Merit increases are effective                                                                                                                                                                          |
| After July 1    | • Merit increases are given once annually and are effective July 1 of each year; any salary increase outside of the July 1 annual merit cycle requires HR/Compensation approval.                                   |
Lump Sum Payments

This information will assist in addressing employees with base pay that is at, near, or over the maximum of the market reference range. All staff increases, including lump sum payments, must abide by allocated budget and merit guidelines. The employee’s performance rating influences the options available.

Pay at or above the maximum of the market reference range:

a. **Top/Top Performer:** An employee at or above the maximum of the range may be eligible for a base salary increase if they receive a top/top performance rating for that merit cycle and are not more than 15% above the market reference range.
   ◦ Enter the base salary increase in Workforce Planning, select “Max of Range” for reason.

b. **Top/Top Performer above the maximum of market reference range by more than 15%** may be eligible for a lump sum payment with the approval of the Dean/Vice President of their division. This will not result in an increase in base salary. Follow steps in item e. below to process this lump sum.

c. **All Performance Ratings other than Top/Top:**
   ◦ An employee at or above the maximum of the market reference range may be eligible for a lump sum payment with the approval of the Dean/Vice President of their division. This will not result in an increase in base salary, follows steps in item e. below to process lump sum payments.
   ◦ If an employee is near the maximum of the range, the merit increase may be split between a base pay increase and a lump sum. Follow steps in item d. below to process. The base pay increase can only take the person to the maximum of the range (unless the employee is a Top/Top performer – see item a. above. The remaining increase, if applicable, should be provided in a lump sum amount

d. **Steps to Process Base Pay Increase & Lump Sum**
   ◦ Enter base salary increase in Workforce Planning.
   ◦ Follow steps in item e. below to process lump sum amount unless the employee falls under item a. above.

e. **Steps to Process Lump Sum Payments**
   ◦ Enter the base salary increase of 0% in Workforce Planning, select “Max of Range” for reason.
   ◦ Enter the lump sum amount on the **I/P Comp Items** tab in Workforce Planning for the July 2017 period. This information is for budgeting and reporting purposes and must be accompanied by an Additional Pay Form to generate the payroll transaction.
   ◦ **An Additional Pay Form should be completed for the lump sum increase, and it must be submitted to addpay@nd.edu on or before June 1, 2017.**
   ◦ If a large group of employees (greater than 10) within a department have lump sum payments, an Excel spreadsheet can be provided to HR Compensation Department in lieu of separate Additional Pay forms. The spreadsheet must include ND ID, Name, Position Number, and the Lump Sum Payment Amount. These forms are due no later than June 1, 2017.
<table>
<thead>
<tr>
<th>Performance Rating Categories</th>
<th>Description</th>
</tr>
</thead>
</table>
| Requires Improvement               | • Regularly fails to meet established standards and goals.  
  • Fails to use resources appropriately.  
  • Lacks required skills/knowledge.  
  • Lacks willingness or capability to perform job properly.  
  • Fails to recognize effect on others and or does not make necessary changes when advised of the need.  
  • Behaviors not consistent with University values.  
  • May already be under corrective action or a performance improvement plan.  
  • Immediate and sustained improvement required for staff in this category.  
  Possible descriptions: “Unreliable.” “Uncooperative.” “Unwilling to learn.” |
| Developing                         | • Learning aspects of the job to become fully functional and is progressing at the expected pace.  
  • Due to the newness of the position gaining proficiency in certain skills, knowledge, processes, and job standards.  
  • Growing at the expected levels.  
  • Substantial change in existing job.  
  Possible descriptions: “Gaining in proficiency at the expected pace.” “Engaged in and motivated by learning.” “Coachable” |
| Valued Performer                   | • Consistently meets all job requirements and occasionally goes beyond job requirements in terms of quality, quantity, innovation and initiative.  
  • Achieves established goals and sometimes exceeds them and/or accomplishes additional goals as opportunities arise.  
  • Applies creativity & problem-solving skills in certain situations and willingly implements and adapts to new processes or enhancements.  
  • Performs in manners that result in ongoing achievement of established standards.  
  • Successful in carrying out regular job duties while behaving in ways consistent with University values.  
  Possible descriptions: “Solid.” “Dependable and reliable.” “Fully knowledgeable.” “Responsible.”“Core team member.” |
| Top Performer                      | • Consistently and substantially exceeds requirements.  
  • Frequently seeks opportunities to accomplish additional goals and transformational goals with significant impact.  
  • Performs at maximum levels of effectiveness which by producing exceptional quality while meeting challenging demands.  
  • Exhibits role model level behaviors consistent with University values.  
  • Brings new ideas and innovation to own work and department which benefit the University.  
  • Proactively and creatively solves problems resulting in positive change.  
  Possible descriptions: “Role model.”“Distinguished.”“Remarkable.” “Extraordinary.” “Consistently exceeds expectations.”“Exceptional.” |
Student Compensation

The wage rates for Notre Dame Student employees have changed for 2017/2018 and are as follows:

**Regular Payroll Jobs:**
Effective with the 2017/2018 academic year

<table>
<thead>
<tr>
<th>Level</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>$8.08</td>
</tr>
<tr>
<td>Intermediate</td>
<td>$8.49</td>
</tr>
<tr>
<td>Skilled</td>
<td>$8.90</td>
</tr>
</tbody>
</table>

The following definitions should be used to determine the student rate of pay:

**Basic:** Initial employment opportunities for students should be paid at the basic rate. Only positions with responsibilities as outlined below should be considered for the higher rates. The majority of student employment positions are paid at this rate.

**Intermediate:** Positions involving a lead role (providing direction to other students) or requiring substantial working knowledge of applicable systems/processes may be considered for this rate.

**Skilled:** This rate is reserved for exceptional circumstances involving one or more of the following responsibilities:

- Primary role is managing other student employees
- Research/analysis support (requiring graduate course work) in an academic program
- Work that requires advanced computer systems or programming knowledge
- Work of the nature that requires advanced foreign language competence
Notes