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TO: Academic Deans and Vice Presidents

FROM: Ron Fricker, Vice Provost for Faculty Affairs Signed by: Ron Fricker 31F932000299458
Tim Hodge, Associate Vice President for Budget and Financial Planning DocuSigned by: Tim Hodge SF789478E5E4F0...

SUBJECT: 2025-26 Faculty Merit Process

The proposed state budget includes a 3.0 percent compensation program that would be effective June 10, 2025, for all full-time salaried state employees.

Consistent with last year, the 3.0 percent pool will be allocated for performance-based merit adjustments for faculty and staff. In alignment with our approach for the 2024 fiscal year, the university also aspires to implement a national distinction program for teaching and research faculty at a later date, pending budgetary considerations.

The 3.0 percent merit program is intended to recognize the scholarly achievements of faculty members and their contributions to the tripartite mission of the university. Merit increases are expected to be awarded differentially based on performance, as evaluated by an appropriate assessment of annual Faculty Activity Reports (FARs) and other relevant performance-related information, clearly distinguishing between excellent, average, and low performance.

While individually assigned employee increases are expected to vary based on performance, the total for all merit recommendations in a Senior Management Area (SMA) must equal 3.0 percent before submitting for university review. See the attached "Unit Special Adjustment by Faculty Type Report" as an example.

Increases will be effective June 10 for calendar year (CY) faculty and Aug. 10 for academic year (AY) faculty, contingent upon final budget approvals by the state and university, both of which are expected in June.

The FACSAL system will open on March 17; the last day to make entries in the system will be April 18. For additional information on the 2025-26 faculty merit program, see the following process document and schedule. If there are any changes to the program, information will be communicated to campus.

Please note, the proposed state budget includes a 1.5% bonus. If approved, additional information about the bonus, eligibility, and implementation will be shared separately. Thank you for your support and leadership.

Attachments: 2025-26 Faculty Compensation Process and Schedule (Attachment 1)
Unit Special Adjustment by Faculty Type Report Example (Attachment 2)

cc: Timothy Sands, Cyril Clarke, Amy Sebring, Simon Allen, Bryan Garey, Fiscal Officers, HR Advisory Committee, HR Division Directors, HR Practitioners



2025-26 Faculty Merit Process and Schedule

The faculty merit process provides leaders with the opportunity to reward faculty members for their performance over the past year. This process enables department heads and SMA leadership to evaluate the performance of each faculty member in the context of their individual goals and areas of expertise, and to apply a flexible approach that recognizes excellence.

For the 2025-26 faculty process, a 3.0 percent merit pool will be available to use. While individual faculty increases are expected to vary based on performance, the total for all merit recommendations in a SMA must equal 3.0 percent before submitting for university review. The 3.0 percent average includes positions that are split funded, restricted, and those that are not eligible for an increase. The total SMA percentage can be viewed on the Unit Summary Meeting Report in FACSAL.

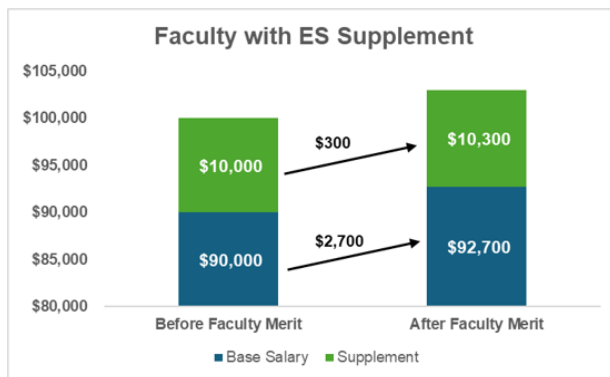
Eligibility Criteria

- T&R faculty hired on or before Dec. 10, 2024, are eligible for the merit program.
 - For the purposes of this program, T&R faculty consist of tenured and tenure-track faculty, collegiate faculty, clinical faculty, professors of practice, instructors, and research faculty, as well as faculty holding A/P appointments but with tenure homes in academic colleges and departments.
- A/P faculty hired on or before March 10, 2025, are eligible for the program, except those included as T&R faculty as described above.
- State transfers from other agencies that start after the dates listed above are considered new Virginia Tech hires and are NOT eligible for merit increases.

Adjustment Process

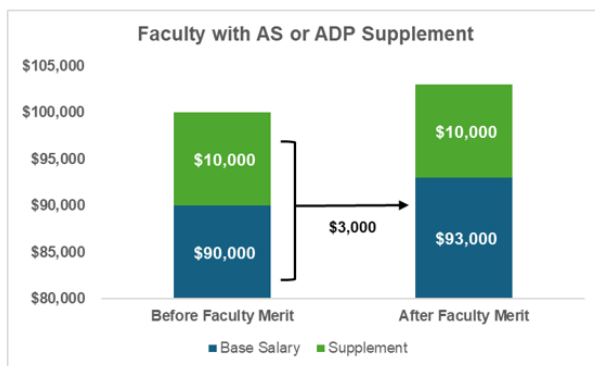
- The university's total allocation for faculty merit increases will be based on 3.0% of E&G salary budget, distributed to colleges as part of the PIBB allocation and to other SMAs through the traditional process.
- Merit increases are expected to be awarded differentially based on faculty performance evaluated by an appropriate assessment of annual FAR and other relevant performance-related information and clearly distinguish between excellent, average, and low performance.
- For T&R faculty, promotion and tenure (P&T) adjustments will be effective July 1, 2025, for CY faculty or Aug. 10, 2025, for AY faculty. Promotion adjustments will occur after the merit adjustment through a separate process. Consistent with recent years, funding will be provided for P&T through a separate allocation and granted as follows:
 - \$5,000 for promotion to assistant professor, collegiate assistant professor, assistant professor of practice, clinical assistant professor, Extension agent or Extension specialist, or advanced instructor.
 - \$7,000 for promotion to associate professor, collegiate associate professor, associate professor of practice, or clinical associate professor, senior Extension agent or Extension specialist, or senior instructor
 - \$10,000 for promotion to professor, collegiate professor, professor of practice, or clinical professor.

- VPs/Deans along with UDPs/ADPs will be removed from their home SMA in the FACSAL system. Merit increases for these roles will be managed at the executive level.
 - Units are expected to achieve a total average of 3.0% merit across all faculty who remain in their unit in FACSAL.
 - Units should plan to fund 3.0% merit increases for their VPs/Deans and ADP/UDPs. To the extent that increases for those individuals exceed the 3.0% program, additional resources will be provided to the unit.
- The FACSAL database will contain salaries that are effective in Banner on March 14, 2025.
- For faculty appointed to endowed chairs, professorships, or fellowships who receive a salary supplement (ES) as part of their endowed appointment, salary adjustments shall be based upon the faculty member’s total salary and be applied to both the base salary and the ES supplement at the same rate. For example:



Faculty member makes \$90,000 plus an additional \$10,000 ES. A 3.0% merit increase is applied, resulting in a post-merit base of \$92,700 and a post-merit ES supplement of \$10,300 for a combined total salary of \$103,000.

- For faculty receiving an administrative supplement (AS) or an alumni distinguished professor supplement (ADP), adjustments shall be based upon the faculty member’s total salary yet be applied in whole to the base salary. The same guidance applies for a Cost-of-Living Adjustment (COLA). For example:



Faculty member makes \$90,000 plus an additional \$10,000 administrative stipend (AS) or alumni distinguished professor (ADP) supplement. A 3.0% merit increase is applied, resulting in a post-merit base of \$93,000 and no change to the stipend/supplement of \$10,000.

Special Salary Adjustments

- This field provides an opportunity to recommend adjustments for reasons outside of the merit program such as internal alignment, market, or change of responsibilities. When the faculty member is informed of their new salary, it is recommended that merit and special adjustments are reported separately. This is helpful documentation to prevent overstating the merit portion of the increase.

- **For special salary adjustments, SMAs may supplement the 3.0% merit pool by reallocating existing resources.** No incremental resources will be provided to units for special adjustments.
- Only one special salary adjustment per faculty is permitted; therefore, select the most appropriate footnote for the special salary adjustment and enter the amount of the proposed special adjustment in the appropriate space. Eligible footnotes include:
 1. **Adjustment for Internal Alignment:** May be awarded when a faculty member's salary needs to be adjusted to an equitable level of salary paid to employees engaged in similar work or at the same rank within the university.
 2. **Adjustment for External Market Competitiveness:** May be awarded when a faculty member's salary needs to be adjusted to more closely align with the external market rate for similar work. External market data and salary studies can be useful in assessing the appropriate salary level.
 3. **Increased Responsibility:** May be awarded when a faculty member's salary needs to be adjusted to reflect a reassignment of duties and growth in responsibility level. Often adjustments in this category reflect an after-the-fact evaluation of significant changes in level or responsibility and/or employee performance over a significant period of time.
 4. **Adjustment for Retention:** May be awarded in cases where the loss of a faculty member to the private sector, another institution, or retirement is *likely* and where his or her expertise is critical to university programs. Retention offers may be "preemptive" where department heads have *well-founded concerns* about the potential loss of a key faculty member or administrator.

Faculty on Leave and Other Appointment Considerations

- Faculty on leave without pay (LWOP) should be in your pool and should be considered for a merit increase if appropriate, although they will not receive the increase until their return. Like other employees, merit decisions for faculty on LWOP must be based upon performance.
- Faculty on leave with pay (e.g., research leave) should be included at their full salary. Correct these in the system as needed.
- Faculty on 10, 11, or 12-month research conversions should be shown at their 10, 11, or 12-month salary with the raise proportional to the current salary. Do not change the base salary back to the AY equivalent.
- Research faculty, including postdocs, should be included in FACSAL and included in this annual merit program.
- If the faculty member is on sponsored grants or contracts, or on recovered facilities and administration (F&A) costs, there must be available funding for the proposed raise. If funds are not currently available, but will be within a reasonable timeframe (no later than one year from the effective date of this action), the raise may be proposed but delayed. See explanation for footnote 5 below.
- Faculty members on restricted appointments are included in the FACSAL listing. Those whose appointments are expected to continue after June 10 should be included in this merit program. If they are not eligible for an adjustment because of a short-term appointment, then use the low merit footnote 6 to remove them from the process.

Employee Administration Blackout Period

- To process merit increases, there will be an **Employee Administration blackout period on all Personnel Action Form (PAF) actions, with the exception of faculty and staff separations, and P3A actions for full-time faculty and staff from May 26 – June 10.**
- This blackout period includes changes to supervisors, pay, funding, and any other action requiring a PAF and P3A.
- Full-time faculty and staff actions submitted with effective dates between May 26 and June 10 will be processed after June 10.
- Faculty or staff who accept a new position may remain eligible for merit. To ensure accuracy of processing, offer amounts to university employees who are transferring or being promoted within the university during the blackout period should be inclusive of merit.
- Offer letters to university employees who are transferring or being promoted within the university during the blackout period should be specific that the salary for the new role is inclusive of merit.
- If an action results in an overpayment, Employee Administration will consider processing the change on an exception basis.
- This blackout does not apply to wage actions.

Additional Considerations

- T&R faculty hired after Dec. 10, 2024, and A/P faculty hired after March 10, 2025, are NOT eligible for a merit increase and are included in the FACSAL database with a “0.0%” increase preloaded.
- If a faculty member’s salary is adjusted outside of the faculty merit process and before the merit increase is applied (June 10 for CY faculty and Aug. 10 for AY faculty), the percentage merit amount recommended will be applied to the most current base salary.
- Split-funded faculty will appear in all departments paying a portion of their salary. Though split-funded faculty appear on two or more SMA lists, there is only one FACSAL record per faculty member and thus unequal percentages may not be awarded. **It is critical that supervisors of split-funded faculty consult with each other to reach a consensus on a merit adjustment and determine who will be responsible for informing the faculty member.**
- All faculty records in FACSAL must be reviewed and saved, even if no merit increase is being awarded. Please ensure that each record has been reviewed prior to finalizing submissions. The FACSAL system provides an “Unreviewed Faculty” report to help with this step of the process.

Merit Comments

- Comments are required in FACSAL to explain especially high merit increases (greater than 5.0%) and low merit increases (less than 1.0%).
 - These thresholds require that comments be added to explain actions to senior leadership and guide their review of the merit process.
 - 5.0% should not be considered a “ceiling” for merit actions and 1.0% should not be considered a “floor” for merit actions.
 - One of the following Low Merit footnotes is required in the FACSAL system to explain increases of less than 1.0%.
 1. **Faculty record not yet reviewed:** When the FACSAL system opens, all faculty records show a proposed merit increase of zero dollars so this footnote will be

- selected by default. The system will require a different note to be selected if a merit increase is proposed.
2. **Recent salary action; no merit increase proposed.**
 3. **Poor performance:** An explanation for poor performance is *required* in the comment field. Do not use the term “unsatisfactory” performance in the comment; use “poor performance” or some other term so the proposed action can be clearly distinguished from unsatisfactory performance (see the next footnote).
 4. **Unsatisfactory performance leading to post-tenure review:** This category is reserved for faculty performance sufficiently substandard that it, upon a second unsatisfactory rating, would lead to a post-tenure review per section 3.7 of the Faculty Handbook. Faculty receiving an unsatisfactory rating or comments including “unsatisfactory performance” will not be eligible for a salary adjustment and a “0%” increase amount must be entered in FACSAL.
 5. **Insufficient funds for increase; recommended delayed raise:** The recommended merit and/or special adjustment will be provided if sponsored funds become available no later than one year from the effective date of this action.
 - Occasionally grant funds are not sufficient or not yet available to provide a merit adjustment for special research faculty by June 10. If the individual is being recommended for a merit adjustment to be delayed until funds are available, indicate 0 (or amount now available) on the main screen and provide the percentage increase in the comment space, along with any appropriate explanation.
 - When the funding becomes available, prepare and submit a [P3A form](#) to implement the approved adjustment. Attach a copy of FACSAL to the P3A form; no further signatures or approval are required.
 6. **Separated from university before action is effective:** Indicate with a comment that the faculty member has or will have separated from the university prior to the June 10, 2025, effective date of the increase.
 7. **Separated from senior management:** Indicate with a comment that the faculty member has or will have separated from the senior management area prior to the June 10, 2025, effective date of the increase.
 8. **Other:** Use this footnote and the comment space to indicate any other changes or explanations appropriate for the individual case.

Merit Process Review

- Faculty Affairs and the Office of Budget and Financial Planning will review the outcome to ensure that the general expectations of this merit process were met, including adherence to the expectations that:
 - Merit was distributed based upon performance, including that differentiation was used to recognize high performers.
 - Such differentiation was also effectively balanced with achieving equity and fairness between faculty of similar ranks and performance levels.
 - Those receiving merit increases above 5% or below 1% are appropriately explained and justified.
- If expectations noted above are not met, follow-up discussions may occur to enhance final recommendations.
- As a reminder, the merit recommendations for the entire SMA should equal the 3.0% average, inclusive of all positions in the SMA regardless of eligibility or funding.

- “Attachment 2” displays an example of the Unit Summary tab on the Meeting Report that achieves the targeted merit increases for each faculty group. The Meeting Report is available at any time within the FACSAL system and should be consulted to determine if the SMA has achieved the expected results before final recommendations are submitted.
- The results of the merit program will also be reviewed by the university’s executive leadership. Follow-up discussions may occur to enhance final recommendations.
- Human Resources will notify SMAs once merit increases are approved.

2025-26 Faculty Merit Process Schedule and Training

See the full schedule below for this year’s faculty merit process. Following are key dates, deadlines, and important notes for this year’s process.

- The university’s FACSAL system will be used for collecting merit data.
 - Access to this system is granted by the university’s [Office of Budget and Financial Planning](#).
 - For 2025 as part of a system review, all users who need access are asked to fill out and submit the [FACSAL – StaffSal Access Request form](#).
 - Once requests are reviewed, users will receive an email granting access, which will also contain a link to on-demand system training.
 - Additional information and access to the FACSAL system will be available via the [Budget Office website](#) when the system goes live.
 - A summary of recommendations will be available within the submission spreadsheet.
- **FACSAL will open for entries on March 17.** Once FACSAL is open, it is important to review your unit’s faculty listing carefully and verify the following:
 - Are all your faculty members on the list?
 - Are there any faculty members on your list that do not belong there?
 - Is each faculty member shown with the correct full annual salary? It is especially important that faculty on leave are shown at full pay, even though they may currently be on half pay. Faculty split with another unit must be shown at full pay in both areas. There should be no partial salaries listed anywhere in FACSAL.
 - Are the title, rank, and appointment (9, 10, 11, or 12-month) correct for each faculty member?
- Users of the FACSAL system will have editing privileges to adjust starting salaries and titles. If a salary adjustment is made outside of the FACSAL process, update the faculty record accordingly. Variance reports will be provided to units if edited salaries conflict with Banner.
- **Merit recommendations must be entered in FACSAL by April 18.** This deadline is firm to implement increases for the June 10 pay period.
- Unless the date is changed by the General Assembly, raises will be effective:
 - June 10 for CY faculty; the resulting increase will appear in the July 1 paycheck.
 - Aug. 10 for AY faculty; the resulting increase will appear in the Aug. 29 paycheck.

NOTE: Faculty members should NOT be informed of their recommended adjustments until the program is formally approved by the state and university, and that approval is communicated to units by Human Resources. Assuming approval, faculty communication **may not begin before June 11, 2025.**

Full Faculty Merit Process Schedule

Date	Action
March 14	FACSAL system data is populated with Banner salary data.
March 17	FACSAL database opens to fiscal officers and HR representatives.
March 17-21	SMA's verify employee information in FACSAL.
March 17- April 18	Deans and VPs review merit adjustment recommendations with department heads and enter into FACSAL. NOTE: While individual employee increases are expected to vary based on performance, the merit recommendations for SMA's must achieve the 3.0% average for the entire SMA before submitting.
April 18	Last day to enter proposed increases into FACSAL; SMA's affirm final data.
April 21-25	Finance produces summary reports.
April 28	University leadership reviews increase recommendations.
May 9	Deadline for report to university executive leadership.
May 26 – June 10	Employee Administration blackout period; no salary actions with effective dates of May 26 – June 10 for full-time faculty and staff will be processed during this time.
May 30	HR form submittal deadline for the May 25 effective date.
June 2-3	University approves faculty and staff merit recommendations.
June 10	CY faculty merit actions applied.
June 11	Notification to SMA's that merit recommendations are approved. Department heads notify faculty and staff of merit increases that will be effective June 10, 2025.
July 1	Merit increases appear in CY faculty paychecks.
July 1	Promotion and tenure increases applied for CY faculty.
August 10	Merit and promotion and tenure increases applied for AY faculty.
August 29	Merit and promotion and tenure increases appear in AY faculty paychecks.

- Visit the [FACSAL system information page](#) on the Budget Office's website for more information.
- For questions about the FACSAL system contact [Kris Buhrdorf](#).

Unit Special Adjustment by Faculty Type Report Example

Faculty Compensation Process

- Merit actions should be differentiated on the basis of individual performance.
- The university's total allocation for faculty increases will be based on 3% of E&G salary budget
- Distributed to colleges as part of the PIBB allocation and to other SMAs through the traditional process.
- Senior Management Areas may not supplement the 3.0% merit component.

Special Adjustment by Faculty Type Report

This example demonstrates a unit achieving the minimum targets outlined above.
 Report may be generated by user at any time from the "Reports" screen by selecting "Special Adjustment by Faculty Type" from the drop-down menu.
 Pay particular attention to the "Unit Totals" section at the bottom of the report.



Appointment Type	Starting salary	Merit incr.	Merit incr. %	Adjustment for Retention	Adjustment for Retention %	Internal Alignment	Internal Alignment %	Market Competitiveness	Market Competitiveness	Natl. Distinction / Outstanding Contr.	Natl. Distinction / Outstanding Contr. %	New salary	New salary %
<i>Department 1</i>													
Teaching / Research	\$1,548,622	\$49,556	3.20%	\$6,969	0.45%	\$0	0.00%	\$0	0.00%	\$0	0.00%	1,605,147	3.65%
Research Faculty	\$254,214	\$5,084	2.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	259,298	2.00%
Admin / Professional	\$655,478	\$19,337	2.95%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	674,815	2.95%
T/R and Research	\$1,802,836	\$54,640	2.03%	\$6,969	0.39%	\$0	0.00%	\$0	0.00%	\$0	0.00%	1,864,445	3.42%
Department Total	\$2,458,314	\$73,977	3.01%	\$6,969	0.28%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$2,539,260	3.29%
<i>Department 2</i>													
Teaching / Research	\$674,558	\$20,574	3.05%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	695,132	3.05%
Research Faculty	\$75,896	\$2,277	3.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	78,173	3.00%
Admin / Professional	\$214,022	\$6,421	3.00%	\$0	0.00%	\$1,070	0.50%	\$0	0.00%	\$0	0.00%	221,513	3.50%
T/R and Research	\$750,454	\$22,851	2.05%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	773,305	3.04%
Department Total	\$964,476	\$29,272	3.03%	\$0	0.00%	\$1,070	0.11%	\$0	0.00%	\$0	0.00%	\$994,818	3.15%
<i>Department 3</i>													
Teaching / Research	\$1,255,856	\$36,922	2.94%	\$6,279	0.50%	\$0	0.00%	\$0	0.00%	\$0	0.00%	1,299,057	3.44%
Research Faculty	\$0	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	0	0.00%
Admin / Professional	\$366,521	\$11,179	3.05%	\$0	0.00%	\$0	0.00%	\$916	0.25%	\$0	0.00%	378,616	3.30%
T/R and Research	\$1,255,856	\$36,922	2.94%	\$6,279	0.50%	\$0	0.00%	\$0	0.00%	\$0	0.00%	1,299,057	3.44%
Department Total	\$1,622,377	\$48,101	2.96%	\$6,279	0.39%	\$0	0.00%	\$916	0.06%	\$0	0.00%	\$1,677,674	3.41%
<i>Unit totals</i>													
Teaching / Research total	\$3,479,036	\$107,052	3.08%	\$13,248	0.38%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$3,599,336	3.46%
Research Faculty total	\$330,110	\$7,361	2.23%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$337,471	2.23%
Admin / Professional total	\$1,236,021	\$36,936	2.99%	\$0	0.00%	\$1,070	0.09%	\$916	0.07%	\$0	0.00%	\$1,274,944	3.15%
T/R and Research total	\$3,809,146	\$114,413	3.00%	\$13,248	0.35%	\$0	0.00%	\$0	0.00%	\$0	0.00%	\$3,936,807	3.35%
Total	\$8,854,313	\$265,763	3.00%	\$26,496	0.30%	\$1,070	0.01%	\$916	0.01%	\$0	0.00%	\$9,148,558	3.32%