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TO: Academic Deans and Vice Presidents

FROM: Bryan Garey, Vice President for Human Resources
            Tim Hodge, Associate Vice President for Budget and Financial Planning

SUBJECT: 2025-26 University Staff Merit Process

The proposed state budget includes a 3.0 percent compensation program 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 university staff.

This is your opportunity as leaders to recognize your top-performing university staff for their contributions to the university. 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 Summary Meeting Report" as an example.

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

As a reminder, classified staff meeting the eligibility requirements will receive a 3.0 percent base salary increase as these positions are governed by the state's personnel policies and are not eligible for additional merit increases under Virginia Tech's process. Wage employees are reviewed as part of a separate process and subject to state and university minimum wage adjustment programs.

The StaffSal system will open on March 18; the last day to make entries in the system will be April 18. For additional information on the 2025-26 university staff merit process, see the following process document and schedule. If there are changes to the state's 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 University Staff Merit Process and Schedule (Attachment 1)
                  Unit Summary Meeting Report Example (Attachment 2)

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

2025-26 University Staff Merit Process and Schedule

The university staff merit process provides leaders an opportunity to reward and recognize the performance and contributions of university staff members for their service to the university. Performance evaluation ratings from the employee's most recent evaluation serve as a reference point to guide pay decisions.

For the 2025-26 university staff process, a 3.0 percent merit pool will be available to use. While individual staff 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 classified staff, which will be assigned 3.0 percent base salary increase in StaffSal, and positions that are split funded, restricted, and those that are not eligible for an increase. The total SMA percentage can be viewed in the Unit Summary Meeting Report in StaffSal.

Classified staff meeting the eligibility requirements will receive an across-the-board 3.0 percent base salary increase as these positions are governed by the state's personnel policies. Classified staff are not eligible for additional merit increases under the Virginia Tech's process.

Eligibility Criteria

- University staff hired on or before March 10, 2025, are eligible for merit increases.
- New Virginia Tech university staff hired after March 10, 2025, are not eligible for merit increases.
- 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.
- University staff who were rated "Exceptional" or "Meets" on their last performance evaluation are eligible for a merit increase.
- Classified staff employees must have been rated "Meets" or above in their last performance evaluation to be eligible for an increase.
- Wage employees are not included in this compensation process because they are reviewed separately and subject to state and university minimum wage adjustment programs.

Adjustment Process

- A 3.0% merit pool will be available for the recognition of performance.
- Due to state limitations, units may not supplement the merit pool for university staff.
- Merit should be awarded based upon the results of the employees' most recent performance evaluation.
- Below is a recommended matrix allocating merit based on performance ratings:
  - **Exceptional performance:** 3.0% - 5.0% merit.
    - NOTE: 5% is not a "ceiling" for individual merit actions.
    - An employee may be granted a merit increase higher than 5.0% based on their performance and contributions as documented in their most recent performance evaluation.
  - **Meets performance:** Up to 3.0% merit.
  - **Does not meet performance:** 0.0% merit
- Managers are responsible for applying merit increases fairly and consistently based on their evaluation of employee performance.

Attachment 1

- The fund source(s) used for the merit increase should be the same fund sources(s) from which the employee is normally paid.
    - o E&G, excluding self-funded ancillaries, and Auxiliary budget allocations are incorporated into the 2025-26 Authorized Budget Document. Externally sponsored programs will need to self-fund the cost.
- The entire merit increase will be applied to the base salary.
    - o Administrative stipends and Cost-of-Living adjustments will not be changed by the merit process and should be included in the total base salary upon which the merit increase is calculated.
    - o Employees who receive temporary pay or shift differential supplements will be awarded merit pay on the base salary only.
- The StaffSal database will contain salaries that are effective in Banner on March 14, 2025.

Staff on Leave and Other Appointments

- University staff on leave without pay (LWOP) should be in your pool and should be considered for a merit increase, although they would not receive the increase until they return. Like other employees, merit decisions for university staff on LWOP must be based upon performance.
- University staff on leave with pay should be included.
- University staff on 10, 11, or 12-month appointments should appear at their 10, 11, or 12-month salary with the raise proportional to the current salary.
- University staff members on restricted appointments are included in the SMA merit action listing. Those whose appointments are expected to continue after June 10 should be included in the merit process. If they are not eligible for an adjustment because of a short-term appointment, then use the low merit comment 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 or 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

- Where the new salary exceeds an employee's pay band maximum, the amount exceeding the maximum will be paid as a one-time, lump-sum payment.

- University staff will be listed in their home SMA. If their salary is paid by multiple SMAs, the areas should work together to reach consensus on the salary recommendation and to determine who will be responsible for informing the employee.
- If a university staff member's salary is adjusted outside of the 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.

Merit Comments

- Comments are required in StaffSal to explain especially high merit increases (greater than 5.0%) and especially 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% should not be considered a "ceiling" for merit actions and 1.0% should not be considered a "floor" for merit actions.
    - In StaffSal:
        - Select the High Merit comment for merit increases of greater than 5.0%.
        - Select the Low Merit comment for increases of less than 1.0%. For example, Poor Performance may be selected in the StaffSal footnotes.
    - A brief explanation of both High and Low Merit increases is required in the additional comment field.
- A Low Merit comment is required for any staff member rated as Strong or Model who receives a merit adjustment of less than 1.0%. Use one of the following footnotes in StaffSal:
    1. **Insufficient sponsored or other funds for increase; recommended delayed raise:** Occasionally, grant funds are not sufficient or not yet available to provide a merit adjustment effective June 10. If the individual is being recommended for a merit adjustment to be delayed until funds are available, then indicate 0 (or amount now available) on the main screen and provide the percentage increase in the comment space, along with any appropriate explanation or justification.
        - When the funding becomes available, prepare and submit a P3A form to implement the approved adjustment. Attach a copy of StaffSal to the P3A form; no further signatures or approval are required.
    2. **Not eligible for increase, hired after March 10, 2025:** Use this footnote to indicate any employee not eligible for an adjustment. For example, a staff member on a restricted appointment of limited term duration with no expectation of renewal. You may also use this footnote if an employee accepted a new job and that adjustment preempted the June raise, or the employee left the university.
    3. **Other:** Use this footnote and the comment space to indicate any other changes or explanations appropriate for the individual case.

Compensation Process Review

- Human Resources and the Office of Budget and Financial Planning will review the outcome to ensure that the general expectations of this merit process were met.
    - This will include adherence to the expectation that merit was distributed based upon performance and that differentiation was used to reward high performers. This could result in follow-up discussions to enhance final recommendations.
- As a reminder, the compensation plan for the entire SMA should equal the 3.0% average. This average is inclusive of all positions in the SMA, regardless of eligibility or funding. The

results of the merit program will be reviewed by the university's executive leadership. This could result in follow-up discussion to enhance final recommendations.
- Human Resources will notify SMAs once merit increases are approved.

2025-26 University Staff Merit Process Schedule and Training

See the full schedule below for this year's university staff merit process. Following are some key date, deadlines, and important notes.

- The university's StaffSal system will be used for collecting merit data.
  - o Access to this system is granted by the university's <u>Office of Budget and Financial Planning</u>.
    - ▪ For 2025 as part of a system review, all users who need access are asked to fill out and submit the <u>FACSAL – StaffSal Access Request form</u>.
    - ▪ Once requests are reviewed, users will receive an email granting access, which will also contain a link to on-demand system training.
  - o Additional information and access to the StaffSal system will be available via the <u>Budget Office website</u> when the system goes live.
  - o A summary of recommendations will be available within the submission spreadsheet.
- **StaffSal will open for entries on March 18.**
- **Merit recommendations must be entered into StaffSal 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 for staff will be effective June 10. The resulting increases will appear in the July 1 paycheck.
  - o June 10 for CY staff; the resulting increase will appear in the July 1 paycheck.
  - o Aug. 10 for AY staff; the resulting increase will appear in the Aug. 29 paycheck.

NOTE: Staff members should NOT be informed of their recommended adjustments until the final amount is formally approved and communicated to units by Human Resources. Assuming approval, employee communication **may not begin before June 11, 2025**.

Full University Staff Merit Program Schedule

Date	Action
March 14	StaffSal system data is populated with Banner salary data.
March 18	StaffSal database opens to fiscal officers and HR representatives
March 18 – April 18	Deans and VPs review merit recommendations with department heads and enter into StaffSal. **NOTE: While individual employee increases may vary based on performance, the merit recommendations for SMAs must achieve the 3.0% average for the entire SMA before submitting.**
April 18	Last day to enter proposed increases into StaffSal; SMAs affirm final data.
April 21 – 25	Finance produces summary reports.
April 28	HR and Office of Budget and Financial Planning review overall actions for general adherence to merit guidelines and consistency with plan; follow up to be done as needed. Human Resources and Office of Budget and Financial Planning review final recommendations with executive management.
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 Staff merit actions applied.
June 11	Notification to SMAs that merit recommendations are approved. Department heads notify faculty and staff of merit increases that will be effective June 10, 2025.
July 1	Merit increase appears in CY staff paychecks.
August 10	AY Staff merit actions applied.
August 29	Merit increases appear in AY staff paychecks.

- Visit the StaffSal system information page on the Budget Office's website for more information.
- For questions about the StaffSal system contact Kris Buhrdorf.

Unit Summary Meeting Report Example

Attachment 2

MEETING REPORT

Area	Emp Class	Employee	AY/CY	Pay Band	FTE	Rating	Current Salary	Base Increase	Requested Merit Increase	Requested New Salary	Merit Percent	Total Percent
Area X												
Area A Staff												
	University	Univ Staff Employee X	CY	4	1.00	Exceptional	74,970	0	2,624	77,594	3.50%	3.50%
	University	Univ Staff Employee Y	CY	4	1.00	Meets	75,539	0	1,972	75,539	2.61%	2.61%
		University Total					**150,509**	**0**	**4,596**	**153,133**	**3.05%**	**3.05%**
	Area A Staff Total						**150,509**	**0**	**4,596**	**153,133**	**3.05%**	**3.05%**
Area B Staff												
	University	Univ Staff Employee Z	CY	4	1.00	Meets	90,321	0	2,619	90,321	2.90%	2.90%
		University Total					**90,321**	**0**	**2,619**	**90,321**	**2.90%**	**2.90%**
	Area B Staff Total						**90,321**	**0**	**2,619**	**90,321**	**2.90%**	**2.90%**
Area X Totals												
	University						**240,830**	**0**	**7,215**	**243,454**	**3.00%**	**3.00%**