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I. MERIT INCREASE PROGRAM

Salary increases for FY22 for continuing faculty and staff are to be funded from each School, Center, or administrative budget.

II. FUNDING PARAMETERS

The University of Pennsylvania’s merit increase program is designed to recognize and reward the valuable contributions of faculty and staff to the University’s commitment to the highest levels of excellence in teaching, research, and administration by paying market competitive salaries in a fiscally responsible manner. The Covid-19 pandemic has created a great deal of financial uncertainty and has had a significant negative impact on the University’s financial position. Even with financial uncertainty, the University will provide a merit increase pool of 2.0 percent. With this in mind, the following guidelines are recommended.

III. FACULTY INCREASE GUIDELINES

Below are the standards for faculty increases that the Deans are asked to follow. The Deans will give the department chairs their own guidelines at the School level regarding available resources.

- The minimum academic salary for new assistant professors will be $74,050.
- Merit increases for faculty should be based solely on performance as evidenced by scholarship, research, teaching, and service to the University and the profession. As in previous years, there will be no cost of living increase for continuing faculty.
- The aggregated merit increase pool for faculty will be 2.0 percent. Some Schools and Centers may have financial constraints that can only support budget growth of less than 2.0 percent. Salary increase recommendations that are below 1.0 percent for non-meritorious performance, as contrasted with general limits applied to an entire class of faculty, must be made in consultation with the Provost. Likewise, salary increases that exceed 4.0 percent must also be made in consultation with the Provost. Deans may wish to give careful consideration to salary adjustments for faculty who have a strong performance record but whose salaries may have lagged behind the market.
IV. STAFF INCREASE GUIDELINES

1. Salary Increase Guidelines

This year’s aggregate salary increase pool is 2.0 percent. The merit increase range is zero to 3.0 percent. It is important to note that any variation of the merit increase pool for a School/Center less than a 2.0 percent average must be approved by the Provost and/or the EVP.

Staff salary increases are based on performance. A Performance and Staff Development Plan must be completed for all staff to support the merit increase awarded. The percentage increase should correlate with the performance rating. **If performance is unacceptable, no increase will be awarded.** For those areas utilizing the Ongoing Feedback Program as the performance assessment tool, no increase should be awarded if there have been consistent, documented challenges across the quarterly reviews for the 2021 fiscal year. Staff that are given performance improvement plans are not eligible for delayed merit increases.

2. Program Eligibility

Workers in exempt and non-exempt positions (i.e., positions that are monthly-paid, weekly-paid, or limited service) are eligible for the FY22 Faculty/Staff Merit Increase Program if:

- They were employed with the University on or before **February 28, 2021**
- Their Time Type is full-time (including Phased Retirement) or part-time

Workers in the following categories are NOT eligible for the FY22 Faculty/Staff Merit Increase Program (A comprehensive list is on page 8.):

- Students, Contingent Workers, Courtesy Appointments, or Temporary Workers
- Interns and Residents
- Workers who are covered by collective bargaining agreements
- Workers on unpaid leaves of absence
- Workers on long-term disability

Allowance Plans, One-Time Payments, and Period Activity Pay are not included in base salary for purposes of merit increase planning.

3. Performance-based Increases

The merit increase program is designed to recognize and reward performance. The foundation of this program is the Performance and Staff Development Plan. Salary increases should be based on performance contributions within the parameters of the merit increase budget. The Performance Appraisal System documents each employee’s performance and contributions, and establishes performance goals for the new fiscal year. All employees must receive Performance and Staff Development
Plans for the next review cycle whether or not they receive merit increases. Schools and Centers are requested to submit performance appraisals by June 1, 2021. The Division of Human Resources’ Staff and Labor Relations team is available to discuss performance management issues.

Merit increases should average no more than 2.0 percent for staff, and may average less if a School or Center establishes a lower percentage merit pool based on financial considerations. The aggregated salary increases within a School or Center may not exceed 2.0 percent, regardless of performance rating distributions. Performance expectations should be raised each year as employees grow in experience and job mastery. Performance ratings and raises should reflect a normal distribution for all employees. Employees with unacceptable performance are not eligible for merit increases.

There will be no bonuses, in keeping with the elimination of discretionary bonuses announced in prior years.

The Division of Human Resources’ Compensation office (215-898-1317) is available to discuss specific merit increase parameters with Schools and Centers. The Staff and Labor Relations office (215-898-6093) is available to discuss performance management issues.

4. **Staff with Salaries/Hourly Rates Above Job Profile Maximum**

Schools and Centers may provide staff members whose salaries/hourly rates are above the range maximums for their Job Profiles with base pay increases or lump sum payments within the range of zero to 2.0 percent of their FY21 salaries, based on performance.

It is important to remember that all increases, whether to base pay or as lump sum payments, may not exceed the 2.0 percent budgeted salary increase for a School or Center. All salary increases and lump sum payments must be based on individuals’ performance contributions.

Lump sum payments are processed in Workday using the One-Time Payment business process and selecting “Lump Sum Salary Increase.”

5. **New Hires**

Staff members hired into the University after **February 28, 2021** are not eligible for merit increases until the FY23 Faculty/Staff Merit Increase Program.

6. **Job Changes/Supervisory Organization Transfers**

University staff members who have changed jobs or who have transferred to different supervisory organizations in FY21 are eligible for July 1st merit increases. As with the FY21 merit increase process, FY21 salary increases resulting from promotions to new positions or from reclassification/salary adjustment reviews may NOT include
merit increases for FY22. All merit increases for FY22 must be processed through Workday with an effective date of July 1, 2021.

**Schools and Centers should ensure that the following FY21 Change Job business processes have been completed and approved in Workday prior to May 10, 2021, AND have effective dates no later than June 13, 2021. NONE of these processes may have an effective date between June 14, 2021 and June 30, 2021:**

- Promotion
- Demotion
- Transfer
- Change Job Details

Schools/Centers that miss the May 10th deadline should contact their Compensation Specialists for guidance. Compensation contact information is available on the Division of Human Resources’ website at https://www.hr.upenn.edu/PennHR/benefits-pay/compensation/compensation-contact-information.

**7. Staff on Medical Leave and Workers’ Compensation**

Staff members who are on paid medical leave prior to July 1st may be eligible to receive merit increases in the first pay of the new fiscal year as long as they are in University paid status. Paid status is defined as:

- Staff member is receiving pay through the use of his/her sick, vacation, and, if applicable, short-term disability balances;
- Staff member’s salary continues beyond July 1st based on combined sick, vacation, and short-term disability balances

In the event that a staff member receives an increase through the Faculty/Staff Merit Increase Program while they are receiving short-term disability payments, contact the Division of Human Resources-Benefits (215-898-7282) and notify the FMLA Administrator at FMLA@upenn.edu of the merit increase and the effective date.

Staff members who are on unpaid leaves may be eligible for merit increases upon returning to work. The effective date of the increase may be no earlier than the date of the staff member’s first day back to work. Please contact the Division of Human Resources-Compensation (215-898-1317) to facilitate this process.

Staff members who are placed on Workers’ Compensation prior to July 1st are not eligible to receive merit increases while receiving pay through Workers’ Compensation, and they may not be considered for merit increases until they return to work. The effective date of the increase may be no earlier than the date of the staff member’s first day back to work.
8. **Merit Increase Percent Average Review**

The Division of Human Resources-Compensation completes a detailed analysis of the increases awarded to eligible staff during the Staff Merit Increase Program to ensure adherence to Program parameters. A comparison of individual staff members’ salaries before and after merit increases will yield the average percentage increase for a School or Center. Only the following are included in the review:

- Staff who meet the program eligibility criteria (See page 8.)
- Zero percent increases for staff due to documented poor performance
- Zero percent increases due to a School or Center’s financial constraints

V. **PROCESSING**

1. **Workday Training**

Workday training for the Staff Merit Increase program begins on May 3. A KnowledgeLink notification indicating that the *Workday Staff Merit Training* has been assigned will be sent to Merit Planners responsible for proposing merit increases for eligible staff. The training provides instruction on the processes and procedures involved in proposing, submitting, and approving staff merit increases; and will remain accessible after it has been completed. Additional support is also available in the form of:

- Tip Sheets
- Supplemental Guidance
- Merit Planner virtual office hours
- Information published in the Workday@Penn Digest
- Penn Employee Solution Center

2. **Pre-processing Audits**

To ensure that all eligible staff and academic workers are included in their merit grids, and that any merit increase is processed appropriately, Schools and Centers are responsible for running the following reports in Workday and making all necessary changes:

- **Compensation Plan Assignments with Actual End Dates in the Future**
  Merit-eligible staff with Compensation Plan End Dates prior to July 1, 2021 should have those end dates extended into FY22 OR removed completely.

- **Merit Audit – Merit Plan Assignments**
  All merit-eligible staff and academic workers must be assigned a Merit Plan with an effective date on or before February 28, 2021.

All changes must have received final approval by May 9, 2021.
3. **Processing Merit Increases in Workday**

On May 10, the Merit Increase Program will open, and access will be pushed out to the Merit Planners, giving them the ability to enter increases for eligible staff workers. Some Schools and Centers may wish to pre-populate their merit grids with a 2.0 percent merit increase for each eligible worker. Their Merit Planners may adjust individual staff members’ merit increases within the range of zero to 3.0 percent.

Merit increases for eligible Faculty will also be processed in Workday. On May 10, Merit Planners will have the ability to enter increases for eligible Faculty members. Some Schools may wish to pre-populate their merit grids with a 2.0 percent merit increase for each eligible faculty member. Their Merit Planners may adjust individual faculty members’ increases within the range of zero to 4.0 percent.

Merit-eligible employees receiving zero-percent increases based on performance should not be deleted from a School/Center’s merit grid. Merit grids will include a Notes column, which Merit Planners must use to provide information on why no increase was awarded.

4. **Notification of Salary Increases**

Individuals should **NOT** be notified of their raises until the salary increases have received final approval from the Senior Administrator at the School or Center. All merit increases will have an Employee Visibility Date of July 1, 2021.

VI. **WHERE TO GO FOR ASSISTANCE**

<table>
<thead>
<tr>
<th>Questions</th>
<th>Office</th>
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<tbody>
<tr>
<td>• General Questions on the Merit Increase Program</td>
<td>Penn Employee Solution Center 898-7372 OR School/Center Human Resources Administration</td>
</tr>
<tr>
<td>• General Questions on Faculty Compensation</td>
<td>Penn Employee Solution Center 898-7372 OR School/Center Faculty Affairs Office</td>
</tr>
<tr>
<td>• Job Performance Issues</td>
<td>Division of Human Resources Staff and Labor Relations 898-6093</td>
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### FY22 Faculty/Staff Merit Increase Program Timeline

<table>
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<tr>
<th>Date</th>
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<tr>
<td>February 28th</td>
<td>Last new hire date eligible for FY22 Faculty/Staff Merit Increase Program</td>
</tr>
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</table>
| March 15th   | **Online Performance Appraisal System** available for entering Performance Appraisals  
               Any Draft Appraisal previously entered into system may not be completed or shared until this date |
| March 31st   | FY22 **Faculty and Staff Merit Increase Guidelines** available on the web at: https://www.hr.upenn.edu/docs/default-source/pay-and-performance/merit-increase-guidelines.pdf?sfvrsn=2 |
| May 3rd      | Open Workday Merit Increase Planner Training                           |
| May 9th      | Changes to **Staff and Academic Merit Plan Assignments** for FY 21 and/or changes to **Compensation Plan End Dates** must be approved in Workday by 11:59 PM.  
               **Change Job business processes** must be approved in Workday by 11:59 PM and must have effective dates prior to 6/13/21. |
| May 10th     | Begin Workday Merit Process for Staff and Academics                    |
| May 28th     | Submissions due for Workday Merit for Staff and Academics              |
| June 1st     | **Staff Performance Appraisals** to be entered into the **Online Performance Appraisal System** by 11:59 p.m. |
| June 13th – June 30th | **Change Job business processes may not have effective dates during this period.** |
| July 1st     | Effective date of academic and staff merit increases for exempt (monthly-paid) workers. Closing schedule available at: https://www.finance.upenn.edu/payroll-taxes/payroll-schedules/ (PennKey required)  
               Effective date of merit increases for non-exempt (weekly-paid) workers; effective date is mid-week. Closing schedule available at: https://www.finance.upenn.edu/payroll-taxes/payroll-schedules/ (PennKey required) |
| July 9th     | First weekly pay for non-exempt staff for pay period ending 7/4/21 - reflects pay at FY21 (6/28-6/30) & FY22 (7/1-7/4) hourly rates |
| July 16th    | First weekly pay for non-exempt staff for pay period ending 7/11/21 - reflects FY22 hourly rate |
| July 31st    | First monthly pay for exempt staff and academics reflects FY22 merit increase |
APPENDIX B

MERIT INCREASE PROGRAM USER GUIDELINES

Compensation Plan Dates:

Begin dates for FY22
- Exempt Faculty & Staff (monthly) 7/01/2021
- Non-Exempt Staff (weekly) 7/01/2021

- In Workday, all merit increases are effective on July 1, 2021 regardless of a worker’s pay group
- Costing allocations do not need to be updated for faculty and staff whose costing allocations have no end date
- Costing allocations must be updated beyond June 30, 2021 for those faculty and staff whose costing allocations have end dates; otherwise, Workday will apply the default costing allocations

Eligible Employees: Faculty members and all workers in exempt and non-exempt positions (i.e., positions that are monthly-paid, weekly-paid, or limited service), whose Time Type is full-time (including Phased Retirement) or part-time, and who were hired on or before February 28, 2021.

Ineligible Employees:
- Workers hired on or after March 1, 2021
- Workers on unpaid leaves of absence
- Workers on long-term disability
- Workers in collective bargaining units
- Interns
- Residents
- Student Workers
- Temporary workers
- Faculty Early Retirement, Emeritus, Secondary Appointment,
- Part-Time Lecturers
APPENDIX C

SAMPLE NOTIFICATIONS

1. **NOTIFICATION OF NEW SALARY**

Dear ________________:

In recognition of your performance contribution over the past year, your increase is ________%, which is reflected in your new annual salary for 2021-2022 of $______________, or $______________ per (week, hour or month).

Thank you for your contribution toward meeting the goals of our department and the University of Pennsylvania.

Sincerely

(Immediate Supervisor)

c: (Department Head)

**Reminder:** Individuals should NOT be notified of their raises until the salary increases receive final approval from the senior administrator in each School and Center.

2. **PERFORMANCE REQUIRES IMPROVEMENT**

To:   (Staff Member)
From:   (Supervisor)
Subject:  Performance Requires Improvement
Date:

Your performance over the past year has not consistently met the established requirements of the position and requires improvement in the areas documented as part of the Performance and Staff Development Program.

An action plan for areas that require improvement was included in your Performance and Staff Development Plan. Time frames for these improvements, as well as expected outcomes, will be monitored over the next ___________ months.

I expect that your performance will improve over this period and welcome the opportunity to work with you during this time.

**APPROVED:** (Signature of Dean, VP, Head of Unit or Center)

CC:  Staff and Labor Relations Office
   Dean, VP, Head of Unit or Center