

PRINCIPLES AND RECOMMENDATIONS FOR A PERFORMANCE-BASED MERIT SYSTEM FOR ADMINISTRATIVE STAFF AT BOWLING GREEN STATE UNIVERSITY

The Administrative Staff Council believes that a number of important principles must form the foundation for an effective performance appraisal process and for the equitable distribution of salary increment awards. The Council endorses the concept of a performance-based merit system for awarding employee salary increases provided such a system is fair, equitable, and firmly grounded on these principles. By "merit", the Council means a salary increment that is allotted for performance of duties that meets or exceeds unit expectations. The following principles underlie an effective performance-based merit system:

1. An effective merit system should promote employee recruitment and retention, adequately reward conscientious performance of normal duties and responsibilities, and provide incentives that encourage distinguished, innovative and creative achievements to meet unusual challenges and opportunities when they arise.
2. A salary system should be designed to promote internal salary equity (based upon the Administrative Staff Compensation Plan) as well as external salary equity (based upon salary comparisons among individuals in similar positions from similar universities, colleges or departments). The institution should monitor and ensure that employee salaries continue to be commensurate with individual employee's skills, abilities, and experience.
3. A performance-based merit system may include a component of peer-review when appropriate. Appropriateness will be determined by and subject to review and approval of the President or area Vice President.
4. A performance-based merit system should engender the type, quantity, and quality of performance that contributes to the achievement of institutional and unit missions and goals. The reward system also needs to account for a variety of ways that an employee may support these missions and goals.
5. A performance-based merit system needs to establish a clear connection between employee performance and reward. Meritorious performance should be rewarded in tangible ways. A department or unit must clearly identify the normal expectations and performance standards that are expected of all staff. Through this process, indicators must be identified for performances that fall below standard expectations for merit as well for those types of achievements that surpass the unit's standard expectations.
6. The performance appraisal process should provide employees with constructive comments that enable them to develop professionally and make improvements in performance.
7. A performance-based merit system must avoid trivializing the system by spreading merit too thinly and thus minimizing the impact of any incentive awards given.
8. Even the best annual review systems may produce salary inequities or may fail to appropriately reward contributions or performances spread over longer periods of time. Thus, an annual merit review system needs to be supplemented by periodic five-year comprehensive reviews on a rotating schedule.
9. A performance-based merit or salary reward system should foster cooperation among staff, should reward individuals for collaborative efforts and should generate wide support and general satisfaction on the University campus.
10. Both the performance-based merit system and the performance appraisal process will be reviewed annually by ASC, which will make recommendations for modification as appropriate.

Provided these ten principles are followed, the Administrative Staff Council recommends that Bowling Green State University adopt a performance-based merit reward system. The council believes it is better to improve the existing

system than to abandon it completely. What follows are the specific recommendations for an employee performance-based merit system which is specific to administrative staff members.

Recommendations

1. Each year, the University should identify, review and address employee salaries which may be inequitable. Funds should be made available on a regular, on-going basis to correct salary inequities, make market adjustments and salary adjustments deemed appropriate following comprehensive reviews of employee performance and salary, and to support raises for promotions. These funds should not be considered part of the annual merit pool.
2. To establish a clear connection between employee performance and reward, meritorious performance should be rewarded in tangible ways. Each employee will have a performance appraisal form plan which specified performance indicators to be rewarded.
3. A performance-based merit system must be administered openly and reliably. Thus, changes in evaluation and merit pay criteria must be completed before the new contract year, i.e., before June 30 of the prior contract year. To ensure that employees can contest unfair merit assessments, timely disclosures of merit performance evaluations are necessary. Continual dialogue between the supervisor and the employee about progress towards goals is essential.

TIME DEADLINES

- a. Performance appraisal forms must be completed by May 31 of the prior contract year.
 - b. Evaluations must be completed and results shared with staff member by May 31.
 - c. Merit criteria must be known prior to start of next contract year.
 - d. A supervisor will meet with employees between November 15 and January 15 for a dialogue on progress toward their annual goals. The supervisor will document at that time an employee's performance appraisal form which is falling below the satisfactory level. The supervisor will be expected to continue to engage in on-going dialogue with the employee to improve employee performance.
4. A supervisor's merit evaluation will include an assessment of the completion of performance evaluations and merit pay recommendations for their staff on time. Failure to do so will be deemed performance below expectations.
 5. The Office of Human resources will review all annual performance evaluations and merit pay recommendations to ensure consistency and integrity. Issues concerning the process will be communicated to ASC-PWC on an annual basis.
 6. The annual merit allocations should be based upon the meritorious accomplishments over the most three-year period on a rolling basis, i.e., each year new information is added to the file for the most recent year and information for the oldest year is eliminated from the file. This will help to reduce inequities that can result from differences in the merit funds available each year and from fluctuations in performance that may occur from year to year.
 7. All employees will be evaluated in their annual performance reviews to determine their eligibility for merit. Merit eligibility is determined by the job performance of an employee, as assessed by the Administrative Staff Performance Appraisal Form. Performing one's job at a satisfactory level and in a competent manner is the basis for merit pay. Given that an employee will qualify for a merit increase by meeting, as well as exceeding, unit standards, it is expected that very few employees will fail to qualify for merit.
 8. Any employee who does not qualify for merit in their annual performance review should not receive a salary increase. A professional development fund equal to the uniform percentage raise that would have been

allocated to the individual, should be made available to the department or academic unit for employee development, with priority given to assisting employees who have ailed to qualify for a merit increment.

9. If the total merit pool for salary increments in a given year is three percent (3%) or less, all employees who qualify for merit in their annual performance reviews will receive the same percentage increase in salary.
10. If the total merit pool for salary increments in a given year is more than three percent (3%) but less than five percent (5%), it will be allocated according to the following guidelines.
 - a. Three percent (3%) of the total salaries of employees shall be allocated as a three percent (3%) increase in salary to all employee who qualify for merit based on their annual performance reviews.
 - b. The remaining difference between the total merit pool and the three percent (3%) of the total salaries of the administrative staff shall be allocated to departments and units for recognition of those employees whose level of performance exceeds department or unit expectations as defined by the merit policy of the department or unit.
11. If the total merit pool is five percent (5%) or more, it will be allocated according to the following guidelines:
 - a. Sixty percent (60%) shall be allocated to departments/units to be used as an equal percentage increase in salary to all employees who meet or exceed department/unit expectations and thereby qualify for merit in their annual performance reviews.
 - b. Forty percent (40%) shall be allocated to departments/units for recognition and reward of those employees whose level of performance exceeds department/unit expectations as defied by the merit policy of the department/unit.

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