



Executive Management Merit & Market Raise Process Summary (2024)

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Deadline: Friday, August 23

Key Things to Know

- The 2024-2025 University budget which includes the Merit Pool and the Equity and Excellence Market Pool is approved by the Board of Trustees.
- Executive managers are eligible for raises within the context of a 3.0% Merit Pool this year and a 1.0% Equity and Excellence Market Pool.
- There are specific guidelines on how merit and market dollars can be distributed, including how much and to whom.
- Raises are effective on October 1, 2024.
- Your HR Administrator and Budget Officer should be valuable resources to you throughout this process.

Eligibility Guidelines

1. Executive managers must have been employed **on or before January 1, 2024**, to be eligible for merit raise adjustments unless otherwise specified under the terms of the appointment.
2. Executive managers who are on leave (with or without pay) are eligible for the merit increase. Those on long-term disability (LTD) are excluded. For those on a non-LTD leave without pay, any merit increase you provide will be applied to their salary; however, these individuals will not receive actual earnings from this increase until they return from leave.

The Process

- 1 Two separate pools of monies will be distributed to each Major Administrative Unit (MAU) via the raise application in Planning Analytics in the Enterprise Business Systems.

- The Merit Raise Pool control total is calculated as 3.0% of the total combined salaries of all eligible executive managers within your MAU.
- The Equity and Excellence Market Raise Pool control total is calculated as 1.0% of the total combined salaries of all eligible executive managers within your MAU.

Definition of a Control Total: A control total is an amount of money that is the sum of all projected increases given to a specific group of individuals. In the example of the Merit Raise Pool, the control total is calculated by taking the full merit percent of each individual's full-time equivalent (FTE) salary and summing all of the projected merit increases to get a total number. In this case, a control total would be established by taking 3% of each eligible executive manager's FTE salary for a specific unit and totaling those merit amounts. That total becomes the control total for that unit. Units can choose how to distribute the money in the control total and do not have to give each individual the same amount, as long as they spend the entire amount of the control total in their raise decisions.

Your HR and/or Budget Officers have access to the raise application and will be able to provide you with the list of eligible executive managers and the controls totals¹ that have been established for the Merit Pool and the Equity and Excellence Market Raise Pool.

2 When your MAU receives its two distinct pools of monies, you will begin the process of determining how the monies will be distributed within those pools. You, your HR administrator, and other managers (if applicable) evaluate their needs in conjunction with several factors summarized below and discussed in the cover memorandum dated July 22, 2024.

Summary of Factors for Consideration by Raise Pool
<p>Merit Raise Factors</p> <ul style="list-style-type: none"> • Relative merit in performance of their job responsibilities • Relevant criteria pertaining to job expectations • Can take into account: <ul style="list-style-type: none"> ○ Noteworthy contributions ○ Responsiveness to significant demands ○ Work in critical functions ○ Work toward fulfilling strategic imperatives
<p>Equity and Excellence Market Raise Factors:</p> <ul style="list-style-type: none"> • Extent to which employee performance is assessed at a consistently excellent level • Employee salary history • Internal unit equity • Relevant external salary market comparisons for similar positions

As it relates to market comparisons, the Office for Institutional Research can provide salary benchmarking data (to the extent it is available) for some executive management positions

¹ If your unit also has faculty/academic staff employees, this control total will also include faculty/academic staff salaries.

across the Big Ten and AAU. Please reach out to Bethan Cantwell, Ph.D., at cantwelb@msu.edu for assistance.

For internal equity comparisons, the Cognos BI report called the Salary Comparison Report (HRP1066) can be used to review salaries by job title within and across units. Your HR and/or Budget Officers should be able to provide this report to you.

- 3 Merit and market raise recommendations are submitted by your HR Administrator or Budget Officer via the raise application, along with special increase documentation (described in a later section), if applicable.

Important Notes:

- Your salary will not be included in your MAU Merit Raise Pool or Equity and Excellence control totals as your own supervisor will determine your raise separately.
- MAUs are to distribute the entire control total amounts in the raise application. The raise application allows the control total amounts to be exceeded, however, special increase documentation may be required (described in a later section).

Examples

Provided below are examples of three different ways a supervisor could spend their merit and EE market dollars for executive staff. In all three cases the total salary pool and the control totals are the same.

Total Salary Pool: \$610,000

Control Totals:

- 3% Merit Pool: \$18,300
- 1.0% Equity and Excellence Market Pool: \$6,100

Example 1

Employee	Base Salary	Job Title	Job Performance	Merit Dollars	Merit %	Market Dollars	Market %
Employee 1	\$120,000	Director	Meeting Expectations	\$2,400	2%	\$0	0%
Employee 2	\$150,000	Director	Exceeding Expectations	\$5,925 <i>(\$4,500 + \$1,425)</i>	3.95 %	\$1,525	1.02%
Employee 3	\$175,000	Assistant Vice President	Exceeding Expectations	\$6,675 <i>(\$5,250 + 1,425)</i>	3.81%	\$4,575	2.61%
Employee 4	\$165,000	Assistant Vice President	Meeting Expectations	\$3,300	2%	\$0	0%
Total:	\$610,000			\$18,300	3%	\$6,100	1.0%

Summary: In this example, the supervisor differentially rewarded performance with the merit monies. The two executives (Employees 1 and 4) whose annual performance reviews indicated a 'meets expectations' received a 2% increase. The two executives (Employees 2 and 3) who 'exceeded expectations' received a 3% increase and a 50% split of the leftover pool monies from Employees 1 and 4.

In this example, the supervisor assessed relevant salary market comparisons and decided to provide 75% of the market pool monies to Employee 3 with retention in mind. The remaining 25% of the market pool monies was provided to Employee 2 for equity reasons.

Example 2

Employee	Base Salary	Job Title	Job Performance	Merit Dollars	Merit %	Market Dollars	Market %
Employee 1	\$120,000	Director	Meeting Expectations	\$3,600	3%	\$0	0%
Employee 2	\$150,000	Director	Exceeding Expectations	\$4,500	3%	\$1,525	1.02%
Employee 3	\$175,000	Assistant Vice President	Exceeding Expectations	\$5,250	3%	\$4,575	2.61%
Employee 4	\$165,000	Assistant Vice President	Meeting Expectations	\$4,950	3%	\$0	0%
Total:	\$610,000			\$18,300	3%	\$6,100	1.0%

Summary: In this example, the supervisor provided a 3% merit increase to all executives for meeting or exceeding expectations.

In this example, the supervisor assessed relevant salary market comparisons and decided to provide 75% of the market pool monies to Employee 3 with retention in mind. The remaining 25% of the market pool monies was provided to Employee 2 for equity reasons.

Special Increases and Individual Increases Above the Control Total

- Special Increase (Optional):** Beyond the provided collective control total of 3.0%, units may choose to further address issues of market, retention, or equity during this time. These increases are to be funded by your MAU. If you wish to allocate raises to your executive team that is collectively greater than the specified 3% Merit Raise Pool and 1.0% Market Raise Pool for executive managers, prior approval from the Office of the President is required. Requests must be submitted to Amanda Goll at goll@pres.msu.edu.

- **Individual Increases of 10.0% or more:** A raise adjustment more than 10.0% (7% above the 3.0% overall control total) for a specific individual in the raise application requires a memorandum with rationale/justification to be sent and emailed to Amanda Goll at goll@pres.msu.edu. The memorandum requires a signature from the relevant Vice President (where applicable). The memorandum will be reviewed and if approved, a signed copy from the President will be returned to you. The President's Office will forward fully approved memorandums to Human Resources to retain on file.

Key Dates

MAUs have three weeks to make salary adjustment determinations, obtain necessary approvals (if applicable), and enter the raise determinations into the raise application.

- Monday, August 5, 2024: Raise Application Opens
- Friday, August 23, 2024: Raise Application Closes
- Monday, September 30, 2024: Raise Letters Distributed