



May 10, 2016

**Board of Deans and Chancellors
Vice Presidents
Vice Provosts**

Dear Colleagues:

I write to provide you with additional detail and final authorization for 2016-17 (FY17) salary increases. As I articulated to each of you and to faculty and students previously, my highest priority in this budget cycle was to continue improving compensation for our dedicated faculty and staff. To respond to this goal, we left no stone unturned as we pulled together funds in support of a merit increase.

This correspondence supersedes my [February 5, 2016](#) letter, which outlined a general approach to merit in FY17. Please also note that final merit process guidelines will be distributed from the Office of Planning & Budgeting (OPB) this summer, well in advance of the effective date.

General Timeframe

Salary increases in FY17 for meritorious faculty, librarians, and professional staff will be made effective September 1, 2016. Please ensure that your staff is available to work with Academic Personnel, UW HR Compensation Office, and OPB during the months of August and September. Classified staff salary increases will be effective July 1, 2016.

Merit Authorization and Funding Approach

After months of collaboration and work, I am pleased to authorize **a pool of 4 percent for merit-based increases** for faculty, librarians, and professional staff in FY17.

It is my intent to continue the practice established in FY15 and FY16 where Seattle academic units, UW Bothell, and UW Tacoma fund salary and benefit increases for their personnel after receiving a commensurate share of state funds appropriated for compensation. For **Seattle schools and colleges**, it is understood that state appropriated funds are insufficient to fund the first 2 percent of the total 4 percent merit pool. Thus, I will provide Provost Reinvestment Funds to ensure that every school or college has central and/or state funding for the first 2 percent. Though I have already begun planning for FY18 merit funding and have asked that each dean, vice president, and vice provost do the same, my ability to supplement merit allocations may not necessarily continue in FY18.

For **Seattle administrative units**, central funding will be provided based on permanently budgeted General Operating and Designated Operating Fund (GOF and DOF) positions as of June 30, 2016. **Allocations from central funds will cover only 90 percent of the required merit pool, as calculated by OPB, but units are expected to allocate 100 percent of the required merit pool to eligible employees.** It is my expectation that 100 percent of the pool will be distributed based on an assessment of performance, which will lead to a range of adjustments that are within the 4 percent pool. We will review each unit's merit pool allocation to ensure compliance.

Faculty Merit Salary Adjustments

The first step in the distribution process is to ensure that all continuing faculty members have been evaluated for merit, including, for example, part-time lecturers, clinical faculty-salaried, teaching associates, and research associates. Faculty Code Section 24-55 provides that each faculty member shall be reviewed by colleagues to evaluate merit and to arrive at a recommendation for an appropriate

merit salary increase. Such reviews are to consider the faculty member's cumulative record, including contributions to research/scholarship, teaching, and service, and their impact on the department, school/college, university, and appropriate regional, national, and international communities. As I noted in February, please review the merit review process outlined in Section 24-55 and complete all merit reviews by the end of this academic year.

Faculty members who are deemed meritorious will receive a regular 2 percent merit salary adjustment, unless they received a prior salary adjustment that precludes further adjustment. Faculty members not deemed meritorious must be identified and will not receive a salary adjustment.

In addition to the 2 percent regular merit pool, a 2 percent additional merit pool will be available for distribution. I request that you consult with your elected faculty councils, department chairs, and executive leadership regarding the distribution of this additional merit pool; that you look to Faculty Code Section 24-55 A for guidance; and that you consider factors of compression, equity, and merit. Please remember that, pursuant to the Faculty Code Section 24-71 B.1, an additional merit pool must be distributed by departmentalized schools, colleges, and campuses as equal percentage increases to each academic unit. There is an expectation that merit salary adjustments will be differentially distributed and not uniformly distributed as 4 percent.

All faculty in research, without tenure (WOT), and other non-state/tuition-funded positions (including the B portion of an A/B salary plan) are to receive the regular 2 percent salary adjustment if they are meritorious or have not had a prior salary adjustment that precludes further adjustment. Additional merit should also be awarded with the average increase at the additional merit limit, thereby maintaining an overall average merit increase consistent with the regular and additional merit pool within each academic unit. Funding for these increases should come from the applicable grant, contract, or other fund source relevant to the appointment.

Librarian Merit Salary Adjustments

A 4 percent merit pool is available to distribute, consistent with the Librarian Personnel Code.

Faculty and Librarian Promotion Adjustments

Faculty and librarian promotion increases will be 9 percent, on the effective date of the promotion (July 1 or September 16).

Faculty Unit Adjustments

As I communicated to you in spring 2015 and again in February 2016, unit adjustment proposals, which I encourage you to submit, will be accepted for the 2016-17 academic year. Unit adjustments taking effect on October 1, 2016 were due this March. However, additional submissions will be accepted through May 16, 2016. These submissions will be reviewed through this quarter with the Senate Committee on Planning and Budgeting (SCPB).

Faculty and Librarian Retention Salary Adjustments

Retention salary adjustments that will be effective September 1, 2016, are to be submitted separate from the merit salary adjustment process, consistent with the approval criteria and process for retention salary adjustments. While the minimum retention salary adjustment is generally 5 percent, any retention salary adjustments that are intended to preclude eligibility for the September 1, 2016, merit salary increase must be effective no later than September 1, 2016, and provide at least a 9 percent salary increase.

Professional Staff

Similar to all meritorious faculty and librarians, a 4 percent merit pool is authorized for professional staff. Application of the professional staff merit pool should take into consideration factors of compression, equity, and merit. All units are advised to consider carefully whether employees who

were hired or promoted, or who received an “in-grade” adjustment since February 29, 2016, are eligible for a merit salary adjustment. Merit eligibility must affect all employees equally within a given unit.

Vice presidents, vice provosts, deans, chancellors, directors, and chairs will award available funds based on merit. Performance expectations, ongoing feedback, and performance evaluations should lay the foundation for merit adjustment decisions. Performance reviews should be conducted no later than August 26, 2016.

The Professional Staff Program requires that merit recommendations be supported by a performance evaluation from the last 12 months. Documentation supporting salary adjustments should be retained at the unit level and must include sufficient detail to confirm that a performance evaluation has occurred within the last year.

As in previous years, it is strongly recommended that increases significantly higher than the merit pool average be addressed as requests for in-grade adjustments and be executed outside of the FY17 merit process. As noted, unit heads are encouraged to use the in-grade adjustment mechanism for salary increases over 10 percent. In fact, any portion of a proposed merit increase that exceeds 10 percent will not be considered as part of the FY17 merit process and will be rejected.

Classified Staff and Academic Student Employees

Contract classified staff will receive salary increases in accordance with their respective collective bargaining agreements. Specific information about pay increases is available on the UW’s Labor Relations website: <http://www.washington.edu/admin/hr/laborrel/index.html>.

Classified non-union employees will receive salary adjustments of 1.8 percent on July 1, 2016, as determined by the 2015 Washington state legislature.

Other Employee Groups

Educational Outreach International & English Language Programs Extension Lecturers will receive salary adjustments consistent with the provisions of their labor [contract](#), which ties the allocation and effective date for performance-based base salary increases to those of professional staff.

Possible Impact of FLSA Changes

As mentioned in recent communications to administrators, changes to the Fair Labor Standards Act (FLSA) proposed by the U.S. Department of Labor may result in some professional staff employees converting from overtime exempt to overtime eligible based on their pay rates and FTE percentages. While the effective date of these changes is not yet known, if it falls before September 1, 2016, and an in-grade salary adjustment would increase the employee’s pay rate to a level that preserves the employee’s overtime exempt status, units may use the in-grade salary adjustment process to award in-grades within the normal parameters of the in-grade process. Employees who receive such adjustments will not be eligible for the September 1, 2016, merit increase.

In addition, if there are changes to the FLSA’s current salary threshold, there may be an impact on certain employees holding academic personnel appointments; information regarding these employees will be transmitted to the affected units by the Office of Academic Personnel.

Each administrative unit, school, college, and campus is responsible for managing overtime expenses within current resources.

Salary Increase Process – Policy and Transactional Information

I will continue to brief SCPB, the Provost Advisory Committee for Students (PACS), the Board of

Deans and Chancellors (BODC), and the President's Cabinet throughout the process. As we move closer to the implementation date (September 1, 2016), OPB will provide more information regarding the salary module planning process. However, I encourage you to forecast and plan for September 1 salary increase-related expenses; to consult, as applicable, with your elected faculty councils, department chairs, and executive leadership regarding the approach you will take to execute the outlined faculty salary adjustments; and to conduct merit and performance reviews as soon as possible. Bear in mind that August will likely be a busy month for those entering salary adjustments into the module. A model, entitled "*Tuition Revenue and Salary Increase Model for Academic Units*," is available to assist in your efforts to project compensation expenses. This model was most recently updated last fall. It is still available on OPB's FY17 budget development webpage: <http://opb.washington.edu/fy17-unit-budget-development>.

In addition to this model, OPB will be distributing draft data including FY16 ABB tuition true-up, FY17 tuition increment, compensation funding from the state of Washington and Provost match, and Indirect Cost Recovery allocations by the end of May, after the Board of Regents has reviewed our draft FY17 operating budget. Final allocations and Provost Reinvestment Fund decisions will follow Regents' action on the budget in June. We intend to provide this information as soon as we possibly can. Should you have any questions about budget allocations, please feel free to contact OPB staff at any time.

I am pleased that we are able to provide a 4 percent merit pool this year. President Cauce and I both value greatly the dedicated and creative work of UW faculty, librarians, and staff.

Sincerely,



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Interim Provost and Executive Vice President
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