

October 24, 2006

To: Administrative, Professional, Supervisory and Confidential Employees

From: Sandra L. Russell
Associate Vice President

Subject: Pay-for-Performance Program for FY 2006–2007

We are pleased to announce the FY 2006–2007 pay-for-performance compensation program will be implemented in its entirety as originally announced this past spring. After serious consideration of the university's budget difficulties, the determination was made to move forward with P4P in order to maintain parity with the salary programs implemented for other employee groups. This decision during challenging times also affirms our commitment to a performance-based program that promotes and rewards excellence among our administrative, professional, supervisory (A/P/S) and confidential staff.

The salary increase pool for all A/P/S and confidential employees is 7.6% of the total eligible staff salaries. Eligible A/P/S employees who met standards were awarded a 2% salary increase on September 22nd, retroactive to July 1, 2006. Based on individual performance, eligible employees who met standards may receive salary increases of 2% to 9%. The total percentage awarded will include the 2% increase already received on September 22nd.

Because the 7.6% pool for permanent salary increases represents a significant and competitive investment, this year's program does not include a separate bonus pool. However, managers will have the flexibility to use up to 15% of their permanent pool for one-time bonuses to reward particularly significant achievements or clearly exceptional performance. If awarded, the bonus amount will be between 2% and 5% of the employee's salary.

The program will be implemented in two phases. The first half of the salary increase amount is retroactive to July 1, 2006, and includes the 2% already received. The remaining half will be effective January 1, 2007. The minimums and maximums of the A/P/S salary scales were increased by 2% effective July 1, 2006, and will increase by an additional 3% on January 1st based on the salary structures in place on January 1, 2006.

The overview that follows provides a summary of the program. We encourage you to visit the Human Resources web site at <http://uhr.rutgers.edu/comp/P4POverview.htm> for additional information and resources. Please contact Sonia Robell at 732/932-3020, ext. 4080 or robell@hr.rutgers.edu with any questions.

c: J. Apfel

Attachment

Overview of FY 2006–2007 Pay-for-Performance Program (P4P)

What are the performance rating categories?

The two performance rating categories are Meets Standards and Does Not Meet Standards. These rating categories are defined as follows:

- **Meets the performance standards of the job**

This rating encompasses a wide range of performance from employees satisfactorily meeting job expectations to making exceptional contributions in advancing the objectives of their departments and/or the university. Almost all A/P/S employees perform their jobs efficiently and with professionalism so it is expected that most will be rated in this category.

- **Does not meet the performance standards of the job**

This rating applies to employees who do not satisfactorily meet job expectations and, **overall**, do not consistently perform their assigned responsibilities adequately. Employees rated in this category receive specific guidelines on how to improve performance and will be re-evaluated in six months.

How will salary improvements be related to performance standards?

All eligible staff who met their performance standards will receive permanent salary increases. All performance reviews should have taken place by September 8th. The A/P/S and IT salary grade structures were increased by 2% effective July 1, 2006, and will be increased by another 3% on January 1, 2007, based on the January 1, 2006 structures.

Those who meet standards will be eligible for the following:

- If you are **currently below the maximum of your salary range or grade** and are rated as “meets standards,” you will receive a permanent increase of between 2% and 9%, not to exceed the January 1, 2007, maximum for your salary range or grade.
- If you are **at the maximum of your salary range or grade**, you will be eligible for a performance-based permanent salary increase of 2% to 5%, up to the new maximum of your salary range or grade.

For those who do not meet their job standards:

- No base salary increase for July 1, 2006. Employees not meeting performance standards this spring were given specific goals to address prior to a follow-up review to be held in November 2006. If an employee’s performance is then rated as meeting standards, a prospective base increase of 1% to 3% will then be granted.

How many employees normally meet performance standards each year?

In the history of the program, 97 to 99 percent of A/P/S staff have been rated as meeting their performance standards.

Will there be any bonus awards this year?

Because the 7.6% pool for permanent salary increases represents a significant investment, this year's program does not include a separate bonus pool. A limited number of one-time bonus awards, ranging between 2% to 5% of an employee's base salary, may be granted to those employees who have made an exceptional contribution or have had a significant achievement that advanced the objectives of the department and/or the university during the rating period. While departments will have the flexibility to award bonuses, they will not be able to exceed 15% of their permanent pool for one-time bonus awards.

Employees selected to receive a one-time performance bonus award will receive their bonus in the January 12, 2007, paycheck.

Will there again be a mechanism for reviewing pay-for-performance decisions?

Yes. Employees who believe that program procedures were not followed or that they were not evaluated according to the performance standards for their job may seek review. The review process is available on the University Human Resources web site at <http://uhr.rutgers.edu/comp/P4PReviewProcess.htm>.

When will I receive my increase?

Salary increases awarded as a result of P4P will be implemented in two phases:

- The first half of the salary increase amount is retroactive to July 1, 2006, and includes the 2% awarded on September 22nd, with related retroactive pay to be paid in the November 3rd paycheck.
- The second half of the salary award amount will be implemented effective January 1, 2007, and will be reflected in the January 12th paycheck.
- Any additional retroactive pay owed for the first half of the salary increase amount will be received in the March 9th paycheck.