Instructions for Merit Increases  
Fiscal Year 2018  
June 20, 2017

This week, the Board of Regents approved the proposed 2% merit increase fund for fiscal year 2018. Below are instructions on how to enter merit increases, effective dates for entry, and instructions on how to provide increases to employees who are below their salary range minimum or above their range maximum.

Instructions for Entering FY18 Merit Increases
To enter a merit increase, simply insert the following row into job data: 6/12/17 - Pay Rate Change/Merit. You should then type in the new BASE compensation rate for Faculty and P&A appointments or type in the new HRLY compensation rate for Civil Service and Graduate Assistant appointments.

Effective Date and Deadlines for FY18 Merit Increases
Merit increases should be entered with an effective date of 6/12/17. All increases must be entered into the system by 6/28/17 to appear on the employee’s check that includes the 6/12/17 effective date.

Merit Increases for 9- and 10-Month Appointments
Merit increases for 9- and 10-month appointments are effective when the employee is returned from short work break. The chart below shows the steps for processing merit increases for various appointments:

<table>
<thead>
<tr>
<th>Appointment</th>
<th>Step 1</th>
<th>Step 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>9-Month Twin Cities/Rochester</td>
<td>Enter 8/28/17 Return from Work Break/Return from Work Break row effective sequence 0</td>
<td>Enter 8/28/17 Pay Rate Change/Merit row effective sequence 1</td>
</tr>
<tr>
<td>9-Month UMC/UMM/Law</td>
<td>Enter 8/14/17 Return from Work Break/Return from Work Break row effective sequence 0</td>
<td>Enter 8/14/17 Pay Rate Change/Merit row effective sequence 1</td>
</tr>
<tr>
<td>9-Month UMD</td>
<td>Enter 8/21/17 Return from Work Break/Return from Work Break row effective sequence 0</td>
<td>Enter 8/21/17 Pay Rate Change/Merit row effective sequence 1</td>
</tr>
<tr>
<td>10-Month</td>
<td>Enter 8/14/17 Return from Work Break/Return from Work Break row effective sequence 0</td>
<td>Enter 8/14/17 Pay Rate Change/Merit row effective sequence 1</td>
</tr>
</tbody>
</table>
Processing Merit Increases for Employees Below the FY18 Range Minimum or Salary Floor
If you are entering a merit increase for an employee who is below the new range minimum or salary floor, you should first bring the employee’s salary to the minimum/floor and then apply the merit increase to that new pay rate. To move the employee to the minimum, enter “Job Data Seq 0—Data Change/Special Circumstance.” To apply the merit increase, enter “Job Data Seq 1—Pay Rate Change/Merit.”

Processing Merit Increases for Employees Above the FY18 Range Maximums
Employees who are paid above their salary range maximum must receive their annual increase in the form of a lump sum payment coded as “Additional Pay,” rather than applied to their base salary. In situations where an employee will be paid over the range maximum after receiving his/her merit increase, the employee can have the merit increase applied to his/her base until the point his/her salary reaches the range maximum. Any further portion of the merit increase must be awarded as a lump sum increase. To process the Additional Pay, you should use earnings code NLM, an effective date of 6/12/17, and an end date of 6/25/17.

Merit Increases for Employees on Leaves of Absence
For people on leaves of absence, you should hold on processing their merit increase until the first day the employee returns to work. When the employee returns, simply enter “Return from Leave row effective sequence 0.” Then enter “Pay Rate Change/Merit row effective sequence 1.”