

## Subject: Overview of Recent Faculty Code Mechanisms Utilized to Enact Merit Related Compensation Changes

Date: March 13, 2023 (updated data tables October 11, 2023 to include FY24 authorized merit and unit adjustment)

**Purpose:** A summary of recent (FY2017-23) approaches to the provision of merit-related compensation increases for faculty to aid in understanding of prior actions. “Merit related”, as used in this context, is intended to encompass mechanisms which provided compensation adjustment *on the basis of meritorious performance* (example: “regular merit”) as well as mechanisms deployed *with meritorious performance as an eligibility requirement* (example: recent “unit adjustment” cycles). Information is provided at a summary level and may be missing nuance or detail in order to achieve brevity. Deployment of annual merit as it relates to professional staff has followed a consistent pathway, outlined in the [Professional Staff Program](#), and will not be addressed in this brief.

**Background:** Since FY2017, a variety of mechanisms within the [UW Faculty Code](#) have been utilized in conjunction with, or adjacent to, the “annual merit process” to provide compensation adjustments in relation to “merit”. Over the past several years, three mechanisms have been utilized for the provision of salary increases associated with annual performance, other than the promotional process:

**Regular Merit** ([Faculty Code, Section 24-70 B. 1](#)): “A salary increase... shall be granted to provide an initial minimum equal-percentage salary increase to all faculty following a successful merit review.”

- Awarded as a % of an individual faculty’s base salary
- A faculty member deemed to be meritorious in performance shall, in the following academic year, be awarded 2% or the minimum equal-percentage merit increase that has been approved for that year under [EO 64](#)

**Additional Merit** ([Faculty Code, Section 24-70 B. 4](#), [EO 64.4](#)): “A salary increase... may be awarded as an additional merit salary increase beyond [regular merit].”

- When additional merit funds are available and allocated, the pool must be distributed as equal percentage increases to each academic appointing unit.
- Within each academic appointing unit, additional merit may be differentially distributed to individual faculty, taking into consideration factors of merit, compression, and equity ([EO 64](#)).

**Unit Adjustment** ([Faculty Code, Section 24-70 B. 5](#)): “A salary increase... may be awarded as a result of unit-level adjustment.”

- Additional funds may be authorized to address occurring or foreseeable differentials in the academic labor markets and to reflect assessments of the quality, standing, and contributions of units to college, school, campus, and University goals.
- Differential distributions by unit (e.g., 2-10% adjustments) to correct salary gaps created by changing disciplinary markets, assessments of unit quality, determinations of gaps resulting from compression or inversion, or identification of inappropriate differences among individual faculty members within the unit whose accomplishments and career stages are comparable.

**Authorized Merit and Use of Unit Adjustment:** The process of reaching an institutional policy decision on the level of authorized merit and deployment of the unit adjustment mechanism begins in the fall of each year with the release of budget planning guidance for the following fiscal year and concludes with a Presidential recommendation to the Board of Regents (BOR). The BOR, in their action to approve the upcoming fiscal year’s operating budget, approves the UW’s professional staff and faculty merit plan.

During the winter and spring quarters a variety of stakeholders are engaged, including frequent consultation with the faculty Senate Committee on Planning and Budgeting (SCPB) and the Board of Deans and Chancellors (BODC).

Concurrently, the Office of Planning and Budgeting (OPB) and the Office of External Affairs closely monitor the legislative processes associated with State of Washington ("State") compensation funding and certain benefit costs. OPB, along with partners across the institution, including UW Medicine and unit/campus financial leadership, conduct financial modeling and budgetary planning.

As documented in [Faculty Code Section 24-71](#), the internal consultative process and other outputs, such as likely State merit authorization, State funding, and financial projections are provided to the Provost, who makes a recommendation to the President. The President contemplates this recommendation and makes his/her/their recommendation to the BOR for consideration/authorization in June for the following fiscal year.

In FY19 and FY20, the unit adjustment mechanism was utilized on the Seattle campus concurrent with regular merit to award compensation increases. The Bothell and Tacoma campuses chose not to participate in the unit adjustment cycles performed concurrently with merit during these fiscal years. In FY18, FY22 and FY23, the unit adjustment mechanism was utilized on all three campuses in addition to regular merit to award compensation increases. Unit adjustments in these fiscal years went into effect on different dates than regular merit. FY21, the regular merit and unit adjustment processes did not occur after consultation yielded significant concerns about financial risk during the COVID-19 pandemic

Table 1, outlines the authorized pools, mechanisms within faculty code, allowable ranges, and effective dates. Table 2, summarizes the sources of funding, by mechanism as applicable.

Table 1. Authorized Rates/Pools, Mechanisms, Ranges and Effective Dates

Fiscal Year	Rate	Mechanism	Allowable Range	Effective Date
2024	3%	"Regular Merit" (24-70 B.1)	0% or 3%	9/1/2023
	1%	Unit Adjustment (24-70 B.5)	0.5% - 10%	9/1/2023
2023	3.25%	"Regular Merit" (24-70 B.1)	0% or 3.25%	9/1/2022
	n/a <sup>2</sup>	Unit Adjustment (24-70 B.5)	2% to 10%	4/1/2023
2022	2%	"Regular Merit" (24-70 B.1)	0% or 2%	9/1/2021
	n/a <sup>2</sup>	Unit Adjustment (24-70 B.5)	2 - 10%	4/1/2022
2021	0%	N/A		
2020	2%	"Regular Merit" (24-70 B.1)	0% or 2%	9/1/2019
	2%	Unit Adjustment (24-70 B.5) <sup>1</sup>	0% or 2% to 10%	
2019	2%	"Regular Merit" (24-70 B.1)	0% or 2%	9/1/2018
	2%	Unit Adjustment (24-70 B.5) <sup>1</sup>	0% or >=1%	
	n/a <sup>2</sup>	Unit Adjustment (24-70 B.5)	n/a <sup>3</sup>	10/1/2018
2018	2%	"Regular Merit" (24-70 B.1)	0% or 2% average	9/1/2017
	n/a <sup>2</sup>	Unit Adjustment (24-70 B.5)	n/a <sup>3</sup>	2/1/2018
				4/1/2018
2017	2%	"Regular Merit" (24-70 B.1)	0% or 4% average	9/1/2016
	2%	Additional Merit (24-70 B.4)		

1 UWB and UWT campuses did not participate in unit adjustment cycles performed concurrently with regular merit

2 Authorizing language provided for a range of allowable increases, but did not limit units/campuses to a minimum or maximum pool amount.

3 Three "cycles" using the Unit Adjustment mechanism were available, spanning FY18 and FY19 with specific reference to "merit" in the FY18 authorizing memo. UWS units received \$2M of central funds, and could supplement. Therefore no specific ranges were notated for the three cycles occurring in FYs18/19.

Table 2. Historical Funding Approach for Merit and Unit Adjustment

The term "core" refers to the Core Academic Operating Funds (general operating fund (GOF) and designated operating fund (DOF)). "Non-core" refers to all other UW fund types.

Fiscal Year	Pool	Mechanism	UW Seattle	UW Bothell	UW Tacoma
2024	3%	Regular Merit (24-70 B.1)	<b>Core:</b> Academic Units <b>Non-Core:</b> Academic Units	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus
	1%	Unit Adjustment (24-70 B.5)	<b>Core:</b> 1% Central <b>Non-Core:</b> Academic Units	<b>Core:</b> Campus <b>Non-Core:</b> Campus	<b>Core:</b> Campus <b>Non-Core:</b> Campus
2023	3.25%	Regular Merit (24-70 B.1)	<b>Core:</b> 3% by Academic Units, 0.25% Central <b>Non-Core:</b> Academic Units	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus
	n/a <sup>1</sup>	Unit Adjustment (24-70 B.5)	<b>Core:</b> Academic Units <b>Non-Core:</b> Academic Units	<b>Core:</b> Campus <b>Non-Core:</b> Campus	<b>Core:</b> Campus <b>Non-Core:</b> Campus
2022	2%	Regular Merit (24-70 B.1)	<b>Core:</b> Academic Units <b>Non-Core:</b> Academic Units	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus
	n/a <sup>1</sup>	Unit Adjustment (24-70 B.5)	<b>Core:</b> Academic Units <b>Non-Core:</b> Academic Units	<b>Core:</b> Campus <b>Non-Core:</b> Campus	<b>Core:</b> Campus <b>Non-Core:</b> Campus
2021	0%				
2020	2%	Regular Merit (24-70 B.1)	<b>Core:</b> 3% by Academic Units, 0.25% Central <b>Non-Core:</b> Academic Units	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus
	2%	Unit Adjustment (24-70 B.5)	<b>GOF:</b> 1% Academic Units, 1% Central <b>DOF, Non-Core:</b> Academic Units	Not Implemented by UWB or UWT	
2019	2%	Regular Merit (24-70 B.1)	<b>Core:</b> Academic Units <b>Non-Core:</b> Academic Units	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus
	2%	Unit Adjustment (24-70 B.5)	<b>GOF:</b> Academic Units + 3.5M Central <b>DOF, Non-Core:</b> Academic Units	Not Implemented by UWB or UWT	
	n/a <sup>2</sup>	Unit Adjustment (24-70 B.5)	<b>GOF:</b> Academic Units + Remaining 2M Central from FY18 <b>DOF, Non-Core:</b> Academic Units	<b>Core:</b> Campus <b>Non-Core:</b> Campus	<b>Core:</b> Campus <b>Non-Core:</b> Campus
2018	2%	Regular Merit (24-70 B.1)	<b>Core:</b> Academic Units <b>Non-Core:</b> Academic Units	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus	<b>GOF:</b> Campus + pro-rata state funds <b>DOF, Non-Core:</b> Campus
	n/a <sup>2</sup>	Unit Adjustment (24-70 B.5)	<b>Core:</b> Academic Units + 2M Central <b>Non-Core:</b> Academic Units	<b>Core:</b> Campus <b>Non-Core:</b> Campus	<b>Core:</b> Campus <b>Non-Core:</b> Campus
2017	2%	Regular Merit (24-70 B.1)	<b>Core:</b> Academic Units	<b>GOF:</b> Campus + pro-rata state funds	<b>GOF:</b> Campus + pro-rata state funds
	2%	Additional Merit (24-70 B.4)	<b>Non-Core:</b> Academic Units	<b>DOF, Non-Core:</b> Campus	<b>DOF, Non-Core:</b> Campus

1 authorizing language provided for a range of allowable increases, but did not limit units/campuses to a minimum or maximum pool amount.

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**A Note on Treatment of State and Central Compensation Funds:** Incremental state compensation funds have been allocated pro-rata amongst the three campuses on the basis of permanently budgeted GOF positions. State funds attributable to the Seattle campus are consolidated with all other available GOF incremental funds (i.e. ABB distributions retained "centrally") to fund GOF merit costs borne by Administrative Units (predominately professional staff).

In certain years, central funds have been provided to Seattle Academic units to partially offset a portion of merit costs. Share of tenured/tenure track permanently budgeted GOF positions has typically been the basis on which central funds are allocated to Academy units to partially support merit costs, except for FY23. In FY23 faculty and pro-staff permanently budgeted on GOF was the basis for calculation and distribution of the 0.25% central support for Academic unit faculty and pro-staff.