

**DEPARTMENT OF ACCOUNTING AND FINANCE  
MERIT PROCESS**

The Department of Accounting and Finance reiterates its merit process established in 1998.

The faculty members of the Department of Accounting and Finance believe that the most important part of their mission is the education of our students. The Department, however, also values scholarly activity and service. The departmental process for distributing merit increases is based on these beliefs.

**STEP I:** The first step in the distribution of merit increases is the assignment of the merit money into three pots. Because teaching is regarded as the most important part of the Department's mission, 50% of the total is allotted based on teaching evaluations; 30% is assigned to the research category; and 20% is reserved for service.

**STEP II:** Once the total amounts have been determined for each category, the money is distributed to each faculty member on a weighted average basis. Each faculty member is assigned a numeric score based on his/her annual evaluation for each category. These ratings are totaled and the money is distributed based on the individual faculty member's rating in comparison to the total of all of the individual faculty ratings. After the dollar amounts have been determined for each faculty member in each category, the individual amounts are totaled to determine each faculty member's total merit increase.

**STEP III:** If a minimum raise is specified, an analysis is made to be sure that each faculty member receives the minimum amount mandated.

**EXAMPLE**

A. **STEP I:** Division of merit increase into three pools based on 50% for teaching, 30% of research, and 20% for service.

Assuming that \$30,000 is allocated to the Department for merit, \$15,000 (50% of \$30,000) would apply to teaching, \$9,000 (30% of \$30,000) would apply to scholarly activity, and \$6,000 (20% of \$30,000) would apply to service.

B. **STEP II:** Allocation of the money in the different pools for teaching, research, and service to faculty assuming 14 faculty members in the department.

1. Conversion of annual teaching, scholarly activity, and service evaluation for each faculty from qualitative to numeric using five point scale. Numeric equivalents equal:

5 for Outstanding  
4 for Above Average  
3 for Average  
2 for Below Average  
1 for Poor

2. Example of teaching money allocation:

<u>Faculty Member</u>	<u>Qualitative Evaluation</u>	<u>Numeric Evaluation</u>
1	Outstanding	5
2	Average	3
3	Average	3
4	Above Average	4
5	Average	3
6	Outstanding	5
7	Above Average	4
8	Outstanding	5
9	Above Average	4
10	Above Average	4
11	Average	3
12	Above Average	4
13	Outstanding	5
<u>14</u>	<u>Average</u>	<u>3</u>
<b>Total</b>		<b>55</b>

With each individual's qualitative rating changed to a numeric weight, the numeric scores are added and a weighted average system is used to allocate the \$15,000 in the teaching pool to each faculty member. For example, faculty member 6 would receive 5/55 of the \$15,000, or \$1,363.65, of the money in the teaching pool. Faculty member 11 would receive only 3/55 of the money, or \$818.19, of the money in the teaching pool.

$$\text{Faculty member \#6 raise} = 5/55 (\$15,000) = \$1,363.65$$

$$\text{Faculty member \#11 raise} = 3/55 (\$15,000) = \$818.19$$

3. Example of scholarly activity money allocation using faculty members 6 and 11:

<u>Faculty Member</u>	<u>Qualitative Evaluation</u>	<u>Numeric Evaluation</u>
1	Outstanding	5
2	Above Average	4
3	Average	3
4	Above Average	4
5	Above Average	4
6	Outstanding	5
7	Average	3
8	Below Average	2
9	Average	3
10	Outstanding	5
11	Above Average	4
12	Average	3
13	Below Average	2
<u>14</u>	<u>Average</u>	<u>3</u>
<b>Total</b>		<b>50</b>

The allocation of the \$9,000 in the scholarly activity pool would be allocated on a weighted average basis with 5/50 or \$900.00 going to faculty member 6 and 4/50 or \$720 going to faculty member 11.

$$\text{Faculty member \#6 raise} = 5/50 (\$9,000) = \$900.00$$

$$\text{Faculty member \#11 raise} = 4/50 (\$9,000) = \$720.00$$

4. Example of service money allocation using faculty members 6 and 11:

<u>Faculty Member</u>	<u>Qualitative Evaluation</u>	<u>Numeric Evaluation</u>
1	Outstanding	5
2	Average	3
3	Below Average	2
4	Poor	1
5	Outstanding	5
6	Below Average	2
7	Below Average	2
8	Above Average	4
9	Average	3
10	Average	3
11	Average	3
12	Above Average	4
13	Outstanding	5
<u>14</u>	<u>Average</u>	<u>3</u>
<b>Total</b>		<b>45</b>

Faculty member 6 would receive  $\frac{2}{45}$  of the \$6,000 or \$266.66 while faculty member 11 would receive  $\frac{3}{45}$  of the \$6,000 or \$400.00.

$$\begin{aligned} \text{Faculty Member \#6 raise} &= \frac{2}{45} (\$6,000) = \$266.66 \\ \text{Faculty Member \#11 raise} &= \frac{3}{45} (\$6,000) = \$400.00 \end{aligned}$$

5. Total raises for faculty members 6 and 11 would be determined by adding the raises determined based on their performance in each category. Faculty member 6 would receive a total raise of \$2,530.31 ( $1,363.65 + 900.00 + 266.666$ ) and faculty member 11 would receive a total raise of \$1,938.19 ( $818.19 + 720.00 + 400.00$ ).

C. **STEP III**

When a minimum amount of pay increase is mandated, the last step would be the comparison of each faculty member's total raise as calculated in Step II to the mandated amount to ensure that each faculty member received the minimum. If a faculty member's total calculated raise was determined to be below the mandated amount, adjustments would be made in the calculations to ensure that everyone received at least the mandated amount. This would be done by reducing the three pools by enough dollars to cover any shortfall in the minimum raise mandated. The allocation process would be redone to cover the shortfall excluding the individual receiving the mandated minimum.

If the mandated minimum were \$500, everyone of the faculty in the above example would receive a raise above the minimum and no revisions would be necessary.