

Classified Merit Matrix

- A merit matrix is a guideline that helps managers ensure that similar levels of employee performance are rewarded consistently and funds allocated for merit increases are distributed appropriately.
- The suggested merit matrix, provided below, helps managers determine the most appropriate merit increase based on the employee's performance rating and their compa-ratio. Compa-ratio is the placement of the employee's salary in comparison to the salary range midpoint for their role, which is calculated by dividing the employee's annual base rate by the salary range midpoint.
- UTHealth sets the salary range midpoint for each role based on market data, and the midpoint represents the market value for the position.
- A compa-ratio of 1.0 indicates an employee is paid at market value. While a compa-ratio higher or lower than 1.0 would indicate a salary above or below the market, job requirements and various factors, including education and experience, play a role in determining the employee's initial salary placement in the range.
- The suggested classified merit matrix guides managers to give slightly larger merit increases to employees who have a rating of fully meets or better and a compa-ratio of less than 1.0 in comparison to similarly rated employees with a compa-ratio greater than 1.0. This ensures that employees whose compa-ratio is lower than 1.0 will move closer to the market value for the role more quickly.
- To assist you in using the suggested merit matrix, the Fusion tool will provide the compa-ratio for each employee.

Suggested Classified Merit Matrix

Merit Increase Matrix - Suggested								
Market Value Compa-Ratio								
Performance Rating	Below				Mid-Point	Above		
	Less 80%	80% - 85%	86% - 90%	91% - 95%	96%-100%	101% - 110%	111% - 120%	Over 120%
Exceptional	5.00%	5.00%	4.50%	4.00%	3.75%	3.50%	3.25%	3.00%
Exceeds	4.50%	4.25%	4.00%	3.50%	3.25%	3.00%	2.75%	2.50%
Fully Meets	3.50%	3.50%	3.25%	3.00%	2.75%	2.50%	2.25%	2.00%
Needs Improvement	0%	0%	0%	0%	0%	0%	0%	0%

Merit Increase Matrix - Range								
Market Value Compa-Ratio								
Performance Rating	Below				Mid-Point	Above		
	Less 80%	80% - 85%	86% - 90%	91% - 95%	96%-100%	101% - 110%	111% - 120%	Over 120%
Exceptional	3.50% - 5.00%	3.50% - 5.00%	3.25% - 4.75%	3.00% - 4.50%	2.75% - 4.25%	2.50 % - 4.00%	2.25% - 3.75%	2.00% - 3.50%
Exceeds	3.25% - 4.75%	3.25% - 4.75%	3.00% - 4.50%	2.75% - 4.25%	2.50 % - 4.00%	2.25% - 3.75%	2.00% - 3.50%	1.75% - 3.25%
Fully Meets	3.00% - 4.00%	3.00% - 4.00%	2.75% - 3.75%	2.50% - 3.50%	2.25% - 3.25%	2.00% - 3.00%	1.75% - 2.75%	1.50% - 2.50%
Needs Improvement	0%	0%	0%	0%	0%	0%	0%	0%

A compa-ratio of 1.0 indicates that the salary range is at market value.

A compa-ratio of < 1.0 indicates that the salary range is below market value.

A compa-ratio of > 1.0 indicates that the salary range is above market value.