

## **UCSD Employee Incentive Award Program 2007-2008 Academic Affairs Guidelines**

This notice provides explanations and instructions regarding the 2007-08 employee incentive award program. Please read them carefully before processing any awards this year.

### **Purpose of Incentive Awards**

**PPSM 34 (Incentive Awards):** The purpose of the program is to encourage excellence in University service; recognize and reward significant achievements and contributions; recognize and reward outstanding individual and team performance; and support professional development.

**Merit Increase versus Incentive Award:** Merit increases are intended to reward sustained performance of regular duties and responsibilities, incentive awards should have a strategic focus and should have a relationship to the accomplishment of organizational goals.

### **Award Programs**

- **SRDP: Staff Recognition and Development Program**
- **AWD: awards paid from department supplemented funding**
- **IAP: Incentive Award Program (not available to most Academic Affairs units)\***

\*The incentive award program is available ONLY to represented employees in the Nurse (NX), Patient Care Technical (EX), Police Officer (PA) and Skilled Crafts (K6) bargaining units. For the vast majority of Academic Affairs units there are no employees in these bargaining units, thus NO awards may be made using the IAP DOS code without first confirming eligibility with the Office of the SVCAA.

### **Eligibility for Awards**

**Eligibility for SRDP:** Only policy-covered (Unit 99) career and limited employees are eligible for the SRDP. Represented, per diem, contract, floater and SMG employees are not eligible. Students are eligible to receive awards as long as the award is not paid from work-study funds.

**Eligibility for AWD for policy-covered (Unit 99) career and limited employees:** These employees are eligible for the AWD. SMG employees are not eligible. Students are eligible to receive awards as long as the award is not paid from work-study funds. Non-represented per diem, floater, or contract employees are eligible to receive awards if funded outside of the assessment pool.

**Eligibility for AWD for represented employees in the CX, SX, RX and TX bargaining units:** Departmental supplemental funded awards to represented employees may be granted, as long as they do not exceed \$300 total in a fiscal year. No prior approval is required before making these awards

**Lump-Sum Cash Awards:** SRDP and AWD awards are cash, lump-sum, non-base building payments. The payments are considered taxable income and are processed through Payroll.

**Professional Development:** Payments intended for professional development are also paid in the form of a cash payment, which is taxable. You may adjust the amount of the award to cover the cost of the development activity on an after-tax basis.

**Noncash Awards:** Policy-covered employees may also be awarded noncash awards (e.g. gifts and gift certificates); however, noncash awards cannot be paid from the assessment funding and must be consistent with Business & Finance Guideline G-41.

Link to G-41: <http://www.ucoedup.ucophome/policies/bfb/g41.pdf>

Link to procedures for noncash awards:

[http://blink.ucsd.edu/Blink/External/Topics/How\\_To/0,1260,4038,00.html](http://blink.ucsd.edu/Blink/External/Topics/How_To/0,1260,4038,00.html)

**Paid Time Off:** Paid time off is not permitted as an award.

## **Funding**

**Payroll Assessment:** The funding for the SRDP is made available through a payroll assessment. Each month, when payroll is run, all pay coded with the DOS code REG is assessed for eligible employees. Upon payment of an award, the department is reimbursed from the central assessment pool, if the payment is coded with the DOS code SRD. Work-study funds are not assessed, and cannot be used to fund awards for students. However, funds used to supplement work-study funds are assessed and may be used to grant awards to students.

**Assessment Percentage:** For policy covered employees, the overall annual assessment for fiscal year 2007-2008 remains at 0.89%. The 2007-2008 IAP assessment for those groups still covered by that program is 0.5%.

**Fringe Benefits:** The cost of fringe benefits is deducted from the assessment pool. The fringe benefit percentage is 9.35%, which leaves 90.65% of the assessment available for awards (100% - 9.35% = 90.65%). Be sure to subtract out 9.35% for the cost of fringe benefits when projecting available balances.\*

\*A significant exception to the benefits rate occurs when you process an award for an employee who is on leave without pay at the time of award. For these employees the benefits rate may be significantly higher than 9.35%. Please consult with the campus Payroll office for additional information if you intend on paying out an IAP award to an employee on leave without pay.

**Funding Limitations:** Departments may supplement the funding available in the assessment pool to award AWDs. However, general funds may not be used to fund payments to non-general funded positions. A department may not exceed 5% of eligible payroll in total awards, and no

employee may receive more than 10% of the employee's base salary (all award types combined) in bonuses in a fiscal year.

Because the 2006-2007 program crossed fiscal years, the award spending limitations will be measured over a period of two fiscal years, for a comprehensive limit of 10% per department, and 20% per employee for the period July 2006 to June 2008 (10% for 2007-08 and 10% for 2007-08). Academic Affairs will audit payments to employees in excess of the annual 10% limit to ensure they are made over the two fiscal years.

**Calculating Your SRDP Pool:** Academic Affairs will electronically distribute assessment and award reports monthly beginning January 2008 to assist departments in their planning. In addition, the "Incentive Award Program" query, available through EmployeeLink, allows managers and other staff with EmployeeLink access to run reports for their units. This query is customizable, enabling you to gather data on SRD assessments, awards and balances, as well as AWD awards. Reports can be run in a variety of ways, including by individual employee, IFIS org and home department. Link to "Incentive Award Program" query:  
<https://www-act.ucsd.edu/cgi-bin/employeelink.pl/1139532007/Node02606>

If you would like to calculate your available pool directly, remember that the SRDP budget is based upon 0.89% of the estimated payroll base for policy-covered staff (99's) in your department. Distribution of Payroll Expense (DOPE) reports may be used as the basis for your projections. To calculate your available pool, take the estimated annual payroll base of all eligible employees and multiply by 0.8068 (.89% - .0832% deducted for benefits).

## **How to Process a Payment**

**Timing of Awards:** Awards may be distributed through **June 6, 2008**.

**Generating Award Checks:** The Award Payment Authorization Form allows departments to submit an award for one employee and can be found at <http://www-bfs.ucsd.edu/pay/forms/pdf/awards.pdf>. For processing awards for more than one recipient, use the form found at <http://www-bfs.ucsd.edu/pay/pdf/awdlist.pdf>. The forms can be downloaded via Acrobat Reader and can be filled out on-line but must then be printed and signed with the authorizing department signature for submission directly to Payroll. Questions about using the form should be directed to [tpirolli@ucsd.edu](mailto:tpirolli@ucsd.edu) the Payroll Department. The subject line should say "AWARD" on the email.

Payments are subject to payroll withholding and FICA taxes. All awards are taxable regardless of the dollar amount. Payment will be made on the next regularly scheduled payday (monthly or bi-weekly, based on the employee's pay status) after Payroll processes the form.

**DOS Codes:** The DOS code column entry on the multiple entry forms will determine the type of award program that will be used to pay the recipient. The **SRD** DOS code will utilize the System-wide Pool and will be reimbursable by the SRDP pool assessment. The **AWD** DOS code will utilize the Local Campus Award Program and is not reimbursable.

## **Reporting**

By June 15, 2008 each department should send the following information to the Office of the SVCAA, attn. Bobb Barile ([rbarile@ucsd.edu](mailto:rbarile@ucsd.edu), MC:0001):

- Description of how the SRD and AWD programs were administered in your unit
- Methodology for determining awards
- Distribution of funds by award type (cash, development, cash-equivalent gift, etc.)
- Perceptions, comments and recommendations about the program

The actual program data (assessments and awards) is not required.

If you have any questions about the information in this communication or the program in general, please contact Bobb Barile (x41231) or [rbarile@ucsd.edu](mailto:rbarile@ucsd.edu).