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Variable Pay Plan Policy

Official Title: Variable Pay Plan Policy

Responsible Office: Human Resources

Originally Issued: June 2011

Revised: July 2012

Policy Statement

This policy sets forth the basic guidelines by which the Variable Pay Plan shall be governed.

Reason For Policy

This purpose of the Variable Pay Plan is to encourage and reward employees for meeting and exceeding objective metrics and performance levels that tangibly improve the enterprise.

Attracting, retaining, and motivating key talent across the organization provides a substantial benefit to GHSU, and the Variable Pay Plan is an important vehicle for securing these benefits for the enterprise.

Entities Affected By This Policy

All Participants of the Georgia Health Sciences University Variable Pay Plan are covered by this policy.

Who Should Read This Policy

All employees of Georgia Health Sciences University should be aware of this policy.

Contacts

Contact	Phone	e-mail/URL
General Counsel	(706) 721-0418	www.georgiahealth.edu/services/legal
Chief Administrative Officer	(706) 721-2901	www.georgiahealth.edu/finance

Related Documents

None

Definitions

As used in this policy:

Participant – Participants shall be those selected leaders across the enterprise who have been identified in Appendix A of this Policy. From time to time based on the needs and mission of the enterprise, the list of Participants may be adjusted by the President in accordance with any applicable Board of Regents policies and laws.

Base Rate of Pay – Base Rate of Pay shall be that amount shown on the Participant's annual faculty contract, or annual appointment letter for those Participants who do not receive faculty contracts provided that payments from clinical revenue distribution plans shall not be included in the

Base Rate of Pay because that amount is already incentivized. (For Clinical Department Chairs from the College of Dental Medicine, that portion of his/her annual faculty contract identified as Supplemental Component shall be excluded from the Base Rate of Pay because it is delivered from the clinical revenue distribution plan.)

Plan Year – Plan Year shall commence on the 1st day of July and end on the 30th day of June.

Incentive Payments – Incentive Payments are the payments made to Participants as part of their earnable compensation after those Participants have successfully met or exceeded stated, objective metrics for success within the meaning of this Policy. When earned, Incentive Payments are part of a Participant's regular compensation payable for his/her full normal working time.

Participant Contribution – Participant Contribution means that portion (2.5%) of the individual's Base Rate of Pay which he/she is required to forgo as a condition of participating in the plan.

Threshold Metrics – Threshold Metrics, as identified by the President on an annual basis, represent those standards which, if achieved, demonstrate that the enterprise has performed as a level that supports the institution's strategies and goals at the Threshold level.

Target Metrics – Target Metrics, as identified by the President on an annual basis, represent those standards which, if achieved, demonstrate that the enterprise has performed as a level that supports the institution's strategies and goals at the Target level.

High-Performance Metrics – High-Performance Metrics, as identified by the President on an annual basis, represent those standards which, if achieved, demonstrate that the enterprise has performed as a level that supports the institution's strategies and goals at the High-Performance level.

Hurdle Metrics – Hurdle Metrics are those metrics, designated by the President on an annual basis, which serve as a prerequisite to any Incentive Pay being made. If a metric is designated as a Hurdle Metric, Participants must achieve at least Threshold level or no Incentive Pay will be made regardless of performance on other metrics.

Overview

This Policy contains Provisions, Terms, and Conditions and Incentive Pay Calculations applicable to the Variable Pay Plan. Human Resources and Finance shall develop procedures that codify the calculation and disbursement of incentive payments to ensure compliance with the applicable accounting standards and applicable law.

In the event that Threshold Metrics are not met, the Participant's contribution of 2.5% of his/her base salary shall be retained and utilized by GHSU consistent with the institution's overall mission.

Process/Procedures

Provisions of the Plan – The following provisions shall govern the plan:

1. Incentive Payments are contingent upon the Participant meeting eligibility requirements and complying with the Terms and Conditions of the Plan.
2. Incentive Payments under this Plan are calculated on and applicable to the Participant's Base Rate of Pay from GHSU.
3. The Plan Year shall commence on the 1st day of July and end on the 30th day of June.
4. Certification of whether metrics have been met will be made within 90 days of the close of the Plan Year, and Incentive Payments earned will be made within 60 days thereafter.
5. Incentive Payments shall be subject to applicable withholding and all prevailing laws and policies. Where an Incentive Payment would conflict with prevailing laws and policies, such payments shall not be made, and the individual shall be treated as ineligible for the Plan and will not be required to contribute to the Plan for that year.
6. Incentive Payments are contingent upon availability of funding.
7. It is intended that metrics will be based on reasonably objective and trackable measures. However, in the unlikely event that it is unclear whether a Participant has met Threshold, Target, or High-Performance Metrics, the President will make the final determination, being mindful of

the intent of the metrics.

Terms and Conditions – Variable Pay Plan Participants must comply with the following terms and conditions in order to receive Incentive Payments:

1. The Participant must exhibit satisfactory performance in assigned duties as demonstrated by receiving a rating of Meets Expectations or higher on the Participant's individual annual evaluation conducted during the Plan Year.
2. Participants are required to forgo 2.5 percent of their base salary during the Plan Year which will be contributed to the Variable Pay Plan.
3. As detailed in the Incentive Pay Calculations below, Participants are eligible to earn Incentive Payments based on success in meeting established metrics.
4. Hurdle, Threshold, Target, and High-Performance Metrics for earning Incentive Payments will be established by the President in writing prior to the commencement of the Plan Year in which they are to be measured using a format consistent with Appendix B.
 - a. Metrics may be based on enterprise-wide performance, individual performance, or combination thereof. In all cases, metrics for earning Incentive Pay will be based on reasonably objective and trackable measures.
 - b. For each Plan Year, at least one Hurdle Metric for success shall be related to the profitability of the clinical system sufficient to fund the Plan.
5. Incentive Pay is not earned until an evaluation and calculation of all metrics has been concluded for the Plan Year.
6. Except as provided below, Participants must be employed on the last day of the Plan Year in order to earn Incentive Pay.
 - a. Part-Year Participant (resignation): Plan Participants who voluntarily cease employment before the last day of the Plan Year will be qualified to earn Incentive Pay in proportion to the percentage of the year the individual contributed to the Plan, provided that the Participant gives GHSU a minimum of 60 days written notice of his/her intent to resign and complies with all other terms and conditions of the Plan. Plan Participants who provide fewer than 60 days written notice of their intent to resign will not be eligible for Incentive Payments and will forfeit any contributions made for the Plan Year.
 - b. Part-Year Participant (reorganization): Plan Participants whose eligibility ceases before the last day of the Plan Year due to administrative restructuring of an organizational unit will be qualified to earn Incentive Pay in proportion to the percentage of the year the individual contributed to the Plan, provided that the Participant complies with all other terms and conditions of the Plan.
 - c. Retirement: Notwithstanding inclusion on the list of Plan Participants in the Appendix A, any individual who intends to retire before the end of the Plan Year may elect not to participate/contribute to the plan for that retirement year, provided that if the individual elects not to participate, he/she must make that election before the start of the Plan Year. Otherwise, any retirements occurring before the last day of the Plan Year will be subject to the same terms and conditions as Part-Year Participants above.
7. If a Participant has earned an Incentive Pay as provided in this Policy, but ceases to be employed by GHSU before the date on which the Incentive Payments are made, his/her Incentive Payment will not be eligible for any employee benefits.
8. Individuals who become Participants after the first day of the Plan Year (new hires/promotions) will be eligible to earn Incentive Pay in proportion to the percentage of the year for which the individual participates in the Plan. (Any existing Plan Participant who is moved to a new participating position with a different Base Rate of Pay during the Plan Year, will be eligible to earn Incentive Pay in pro-rated amounts for each position for which he/she participated in the Plan.)
9. Any retirement benefits which are calculated based on the Participant's Base Rate of Pay will be calculated based on the amount of pay the Participant actually receives.
10. GHSU reserves the right to suspend or terminate this Plan at any time. However, should GHSU exercise this clause, GHSU shall restore any contributions (without interest) made by Plan Participants for the Plan Year for which the Plan is being suspended or terminated.
11. Availability of payments under the Plan is subject to applicable State and Federal laws, regulations, and policies.

Incentive Pay Calculations: Plan Participants are eligible to earn Incentive Pay based on the successful meeting of established metrics as

follows:

Threshold Metrics:	2.5% Incentive Pay	(return 2.5% contribution)
Target Metrics:	5.0% Incentive Pay	(return 2.5% contribution + 2.5%)
High-Performance Metrics:	7.5% Incentive Pay	(return 2.5% contribution + 5.0%)

All percentages are based on the Participant's Rate of Pay as defined in this Policy.

Each Metric shall be assigned a percentage value (totaling 100%) such that a Participant's total Incentive Pay for a Plan Year is weighted according to achievement on each stated metric, provided that all Hurdle Metrics are met by at least the Threshold level.

Responsibilities

The responsibilities each party has in connection with this policy, are:

Party	Responsibility
President	Establish Hurdle, Threshold, Target, and High-Performance Metrics for earning Incentive Payments and weighting of metrics in writing prior to the commencement of the Plan Year
Human Resources	Develop procedures that codify the calculation and disbursement of Incentive Payments to ensure compliance with applicable accounting standards and applicable law.
Finance	Develop procedures that codify the calculation and disbursement of Incentive Payments to ensure compliance with applicable accounting standards and applicable law.

Forms

None

Appendices

[FY12 Appendix A](#)

[FY12 Appendix B](#)

[FY13 Appendix A](#)

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