

University of Tennessee at Chattanooga
Fiscal Year 2027 Merit Increase Guidelines
(3% Salary Funding Pool Example for Illustrative Purposes Only)

Overview:

- Merit-Based Awards for faculty and staff will be in the form of a merit increase to base salary.
- Only Regular, benefits-eligible, employees are eligible for merit-based increases.
- Each major division will have a merit funding pool that reflects 3.0% of the total employee base salary budget for each department/unit within the division. Allocated merit increases cannot exceed this total merit pool amount for each department/unit within a major division.
- Merit-Based awards will be distributed as an increase to the base salary effective July 1, 2026 for staff and faculty on 12-month appointment and August 1, 2026 for faculty on 9-month appointment.

Criteria for Merit Increases:

- Employee must have a Regular, benefits-eligible, hire date on or before February 1, 2026.
- Employee must have record of a completed probationary performance review, calendar year review for the most recent review period, or record of success for initial Spring 2026 academic semester.
- Employee must be an active employee when increases are executed.
- Ineligibility for increases based on performance and/or disciplinary action is outlined below:
 - As outlined in *The University of Tennessee at Chattanooga (UTC) Faculty Handbook, Chapter Three, Section 3.4.4 – Performance Ratings*, faculty members receiving the performance rating of *Needs Improvement for Rank* are not eligible for merit pay or performance-based salary adjustments. Faculty members receiving the performance rating of *Unsatisfactory for Rank* are not eligible for any salary adjustment.
 - In accordance with *UT Policy HR0129 – Performance Reviews for Regular Staff Employees*, staff members receiving an overall performance rating of 9 or below, constituting unsatisfactory performance, are not eligible for across-the-board or performance-based salary adjustments. Ineligible staff members also include those currently under a written warning, final written warning, or suspension without pay and/or the employee received a disciplinary demotion in the 12 months immediately preceding the effective date of an across-the-board increase or performance-based adjustment.
 - Employees on a Performance Improvement Plan (PIP) during the past 12 months are ineligible.
- Supervisors will nominate employees for consideration of FY27 merit increases based on review of records of performance over the past three review periods (2023-2025). Each nomination will require review and approval by department/unit heads, college/major unit leaders, and respective major division vice chancellors.
- Based on the current example of a merit pool of 3% for FY27, the minimum merit increase may be established as 1%.
- Visiting faculty are ineligible for consideration of merit increases.

Nomination Guidelines for Faculty:

Nominations for each faculty member must include reference to past performance review designations on record. Recommendation for management of nominations per performance designation is outlined below.

- Exceeds Expectations – Eligible for increase between 1% and 6%
- Meets Expectations – Eligible for increase between 1% and 6%
- Needs Improvement – Ineligible for increase
- Unsatisfactory – Ineligible for increase

*Reminder - Total increases awarded by supervisors may not exceed allocated salary pools

Nomination Guidelines for Staff:

Nominations for each staff member must include reference to past performance review designations on record. Recommendation for management of nominations per performance designation is outlined below.

- Distinguished – Eligible for increase between 1% and 6%
- Superior/Highly Effective – Eligible for increase between 1% and 6%
- Fully Successful/Effective – Eligible for increase between 1% and 6%
- Partially Successful – Ineligible for increase
- Unsuccessful/Unacceptable – Ineligible for increase

*Reminder - Total increases awarded by supervisors may not exceed allocated salary pools