



Frequently Asked Questions for the FY2024 Merit Planning Process

The FY2024 merit award planning process is now underway.

Each year we pause to assess and recognize the value that our employees bring to Cook Children's and their contributions toward helping us reach our goals. The merit award process is one of the ways we communicate our appreciation for all of their hard work and dedication. This year, with the rollout of the new Performance and Development process, the merit increase process will change slightly, separating the performance discussion from the pay discussion. This is a good change as the performance process focuses on feedback for growth and development as well as creates the opportunity to recognize employee contributions. The merit process will align those contributions with the appropriate recognition via a merit increase.

Further questions should be directed to the employees' immediate supervisor.

The New Process

1. Why is the merit increase process changing?

A year ago, we were fortunate to implement the Workday application. This tool allows us to increase transparency of pay programs, be more efficient and create more robust learning development opportunities for our employees. The Performance and Development module is designed to do just that. With it, we can better identify, recognize and reward each level of excellent performance.

2. What is changing about the merit increase process?

There are three primary changes.

First, we will return to matching merit increase awards with employee performance and development (formerly known as PACE) ratings rather than providing the same increase amount to everyone.

Secondly, we will determine the amount of increase for each performance rating **AFTER** the performance and development process ends. This allows us to have a specific focus on the growth and development of employees.

Finally, there will be one increase timeline, so that executive and non-executive pay increases will be implemented during the same time period, as appropriate.



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Plan Year and Eligibility

3. Who is eligible for the November 17th merit increase?

Cook Children's employees who:

1. Were hired before June 15, 2024
2. Are in an active status
3. Employees on an approved leave of absence (note they will receive the increase upon their return to work)

4. Who is not eligible for the November 17th merit increase?

Cook Children's employees who:

1. Occupy Physician roles
2. Occupy Teacher roles (will have a merit increase during a different time of the year)
3. Are paid via a flat rate

5. What is the merit plan year (i.e. the period of performance that the increase covers)?

This year's merit increase awards are based on the performance period which is October 1, 2023 to September 30, 2024

6. Is there a cutoff date to be eligible for/included in the merit increase process?

Employees who are hired before June 15th, 2024 are eligible to receive their full Merit Increase. Those hired after June 15th, 2024 will be eligible to receive a merit increase during the award process for the next plan year.

7. How will a job change that became effective during the merit plan year impact my merit increase?

Employees who have a job change, for example, promotion, transfer, and demotion, remain eligible for a merit increase. The merit increase amount will be based on the employee's pay rate in effect on November 17, 2024.



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8. When will I know the amount of my merit increase?

The amount of merit increase will be determined ***after*** the close of the performance and development period which ends on October 25th. Thereafter, a calculation of cost, based on the distribution of performance ratings will be submitted for review and approval by the Executive leadership team. Once approved, a communication to all leaders will be released so that they may discuss the increase amounts with employees. Employees will be able to view their pay changes, in Workday, via the Compensation Statement, starting on November 22nd.

9. Will I receive a merit increase if my performance review has not been completed?

Employees with missing or incomplete reviews will not receive an increase.

10. Will employees who received an increase in pay (and/ or lump sum) in September as part of the Pay Adjustment process continue to be eligible for a merit increase or lump sum during the merit process?

Employees who are eligible for a merit increase, will receive a merit increase (and/or lump sum), as appropriate. ***The merit increase will be in addition to the Pay Adjustment awarded in September.***

11. Will employees who are currently in the corrective action process receive a merit increase?

Employees who received a final written warning (FWW) during the applicable merit plan year are not eligible to receive a merit increase. Employees in other phases of the corrective action process remain eligible for a merit increase.

12. Will employees on an approved leave of absence receive a merit increase?

Eligible employees on an approved leave of absence, who would have otherwise been eligible for a merit increase, will receive their increase upon return from leave. The increase will be effective as of the pay period the employee returns.



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Increase Amounts

13. What amount of increase will be awarded to employees?

Merit increases correspond with the new Performance Development (PD) process' performance ratings.

Performance Rating	Merit Percentage Awarded
Exceptional	<i>TBD, will be determined and communicated to employees before 11/17/2024</i>
Strong	<i>TBD, will be determined and communicated to employees before 11/17/2024</i>
Inconsistent	<i>TBD, will be determined and communicated to employees before 11/17/2024</i>

14. How are the percentage of increases for each performance rating determined?

Cook Children's leadership determines an appropriate amount of budget for the annual merit award. To ensure that the merit award budget is met, and not exceeded, the amount of award will be determined by the distribution of performance scores.

15. Why did an employee receive a lump sum award and not an increase to their base pay rate?

If an employee's pay rate is equal to or greater than the max of the range, the employee will receive the appropriate amount of merit increase in the form of a one-time, lump sum payment. If the employee's pay rate is close to but does not exceed the max of the pay range, the employee will receive the amount of pay necessary to bring their pay rate to the max of the range. Any remainder of the increase will be paid as a one-time, lump sum payment.

16. What is the max of the pay range for my role?

Employees should connect with their immediate supervisor to understand their pay range values. This information is available on the Manager Dashboard or employee profile in Workday.



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17. How are lump sums calculated?

Calculations for lump sum payments include earnings from all eligible hours of the merit plan year, multiplied by the increase percentage awarded.

Timeline

18. When are merit increases effective?

Merit increase awards are effective November 17, 2024. Employees will see the pay change beginning on the December 6, 2024 pay date.

19. How does termination impact receipt of the merit increase award?

If the employee is in active status on the effective date, then the increase or bonus will be given to them on the same pay date as all other eligible employees.

20. How and when will I see this pay change in Workday?

Managers may begin communicating pay increase changes as of November 11, 2024. Compensation Statements will be generated in Workday and will be available for viewing on November 17, 2024.