**University of Texas Health Science Center at Houston**

**Achievement Award Program Instructions**

Follow these instructions to complete the blanks in the Achievement Award Program (AAP) form. Questions concerning plan design should be directed to the [compensation staff](http://hr.uth.tmc.edu/Compensation/meetcompensation_staff.html) in Human Resources. Examples are provided for illustrative purposes.

1. Name the operating unit or area within the operating unit (department, division, etc.) that the AAP will cover.
2. Detail the specific goals and measurement criteria of this AAP. Some examples of types of goals include operational efficiencies; stakeholder/customer satisfaction levels; or financial performance measures. Examples of goal and measurement criteria include a customer satisfaction level of at least 85 percent ; or a five percent cost reduction.

An AAP can be structured to contain tiered goals. For example, an AAP could state that its goal and measurement is a three percent, four percent, or five percent cost reduction in consumable supplies.

1. Provide the university objectives as identified in the university's [mission statement](http://publicaffairs.uth.tmc.edu/index/about/mission_vision.html) or [compact with UT System](http://www.uth.tmc.edu/compact/eSummary.html), which can be accessed on the university's web site.

Note: Goals and performance measurements must include objective terms that a neutral observer could determine have been met.

1. Identify the date the program will begin. Example: September 1, 1998.
2. Identify the date the program will end. Example: August 31, 1999.

Note: The effective dates do not have to correspond to, or encompass, the fiscal year.

1. Identify the program participants. Some examples are faculty, classified, and administrative and professional employees of the School of Public Health; employees in the ABC Department; or, John A. Doe, Mary B. Smith, etc.
2. Indicate the maximum amount an individual can receive as an award from this AAP.

Note: Employees are eligible to receive total awards not to exceed the greater of $5,000 or 15 percent of their base salary in a fiscal year from all AAPs in which they participate.

1. Specify how the award for each eligible employee will be calculated. One example is, if the goals are met, the amount available for distribution could be divided equally among the number of eligible employees.

As mentioned earlier in these instructions, an AAP can be structured to contain tiered goals and awards. For example, an AAP could state that the award for each eligible employee will be calculated in the following manner: $6,000 will be divided equally among eligible participants for reaching a three percent cost reduction in consumable supplies; an additional $2,000 will be divided equally among eligible participants for reaching a four percent cost reduction in consumable supplies; an additional $2,000 will be divided equally among eligible participants for reaching a five percent cost reduction in consumable supplies. The maximum dollar amount to be divided equally among plan participants cannot exceed $10,000.

1. Identify the funding source(s) for the AAP payments. Program awards must be paid from sources other than state or federal funds. Questions concerning the appropriateness of the fund source used for award payments should be directed to the payment and account facilitation (PAF) team in financial resources.
2. Enter the date the AAP is approved. The approval date cannot precede the date(s) signed by the head of the area, the head of the operating unit, or the president.

**University of Texas Health Science Center at Houston**

**Achievement Award Program Form**

(Use the AAP Instructions above to complete this form)

PURPOSE The purpose of this Achievement Award Program (AAP) is to provide an incentive, in the form of a one-time payment to eligible employees in \_\_\_\_\_\_\_\_\_(1)\_\_\_\_\_\_\_ for attaining measurable group goals, above and beyond normal job duties that support the university's mission and objectives.

GOALS The AAP is prospective in nature. This program provides achievement award payments tied to the attainment of specific goals and is contingent upon availability of funds. The goals must be measurable.

The goals and measurement criteria of this AAP are \_\_\_\_\_\_\_\_\_(2)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

These goals support the university's objective(s) to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(3)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

EFFECTIVE DATE This AAP will begin \_\_\_\_\_(4)\_\_\_\_\_\_\_\_ and end \_\_\_\_(5)\_\_\_\_\_. These dates constitute the time frame within which the achievement of the stated goals will be measured. The effective date cannot precede the approval date.

ELIGIBILITY Achievement awards will be earned through the collective efforts of the following employees: \_\_\_\_\_\_(6)\_\_\_\_\_\_\_\_\_\_\_\_.

The criteria defining eligibility for participation in this program are as follows:

* Employees must be on the university payroll at the time the award is distributed.
* Employees are eligible to receive total awards not to exceed the greater of $5,000 or 15 percent of their base salary in a fiscal year from all AAPs in which they participate.
* Employees must be a program participant for at least 50 percent of the duration of the program.
* Achievement awards for less than full-time employees who otherwise qualify will be at a rate that is proportional to the rate for a full-time appointment.
* Employees must have a current performance evaluation with a rating equivalent of competent or above.
* Employees receiving a written warning of unsatisfactory job performance within 90 days prior to the program end date are not eligible to receive an award.

COMMUNICATION Information on this program will be provided to eligible employees prior to the program implementation. This communication will include the program's goals and performance measures to provide a clear understanding of the program; how the program will be implemented; and, the maximum award an employee is eligible to receive should the goals of the program be met successfully.

AWARD ALLOCATION No award will be made unless all program goals are fully achieved. In AAPs with tiered goals, awards will be made when at least the lowest goal is fully achieved. The maximum award a full-time employee may receive from this AAP is \_\_\_\_\_(7)\_\_\_\_\_\_\_\_. The award for each eligible employee will be calculated in the following manner: \_\_\_\_\_(8)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

FUNDING Operating units must fund the AAPs, and the award payments must be paid from sources other than state or federal funds. Funding for this program will be from the following source(s): \_\_\_\_(9)\_\_\_\_.

Achievement Award payments are one-time payments that do not increase an employee's base salary. Award payments to eligible participants are treated as payroll items subject to federal income tax withholding and FICA withholding. Award payments are not eligible for the calculation of employee fringe benefits such as deductions for the Teachers Retirement System program (TRS), the Optional Retirement Program (ORP), or for the payment of insurance premiums. Award payments are included in the calculation of the maximum deferral available under the tax sheltered annuity program.

Any achievement award payment paid to nonexempt employees must be included in overtime calculations under the Fair Labor Standards Act. This is applied retroactively for the effective time period of the program. Funding for achievement award payments must be sufficient to cover recalculated overtime payments.

PROGRAM REVIEW The AAP will be reviewed and evaluated at least annually by the head of the operating unit to ensure the program's goals are achieved and to determine whether the program will be changed or continued.

The president reserves the right to change or terminate an AAP at any time. Eligible employees will be notified of any changes to the AAP(s).

The Rules and Regulations of the Board of Regents of The University of Texas System and other related policies of the UTHSC-H Handbook take precedence in the event of a conflict with any aspect of this program.

APPROVALS The head of the operating unit is delegated the authority and accountability for the operation of this AAP within the unit and its compliance with all relevant guidelines. This program has been reviewed and is in compliance with institutional guidelines (See HOOP Policy [26 - Achievement Award Program](http://legal.uth.tmc.edu/hoop/02/2_34.html)).

Approval date of this AAP is \_\_\_\_\_\_\_\_\_(10)\_\_\_\_\_\_\_\_\_\_.

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| Head of Area (if applicable) |  | Date |

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| --- | --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Head of Operating Unit |  | Date |

|  |  |  |
| --- | --- | --- |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |  | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| President (for university-wide program only) |  | Date |

**Work Sheet for Calculating Impact of Achievement Award Program Payment**

**on Nonexempt Employees' Overtime Pay**

Employee Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

SSN: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_

1. Time period of Achievement Award Program (AAP). \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Example: 9/1/98 - 8/31/99 or 9/1/98 - 11/30/98.

1. Number of overtime hours employee worked during AAP time period. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Dollar amount of AAP award for the employee. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. Hourly rate for AAP award. Divide the award amount by the number of hours within the AAP time period. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Note: The number of hours in a fiscal year are set at 2080. Where the AAP time period is less than the fiscal year, divide the number of months in the AAP by 12, and multiple that number by 2,080 to obtain the number of hours used to calculate the hourly AAP rate.

Example: The AAP time period was 3 months and the award was $2,000. Calculate the number of hours within the AAP by dividing 3 by 12 (.25) and multiplying the result by 2,080. The number of hours within the AAP time period is 520 hours.

Calculate the hourly rate for the award by dividing the award amount ($2,000) by the number of hours (520). The hourly rate is $3.83.

1. The achievement award is the straight-time payment for all hours worked in the AAP; only the half-time rate for overtime hours needs to be calculated. Calculate the half-time rate by multiplying the hourly AAP rate by .5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Example: Calculate the half-time rate by multiplying $3.85 (calculated in step 4 above) by .5. The half-time overtime rate is $1.92.

1. Calculate the additional overtime pay due the employee by multiplying the half-time overtime rate for the AAP award by the number of overtime hours worked by the employee. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Example: In the 3 month AAP time period, the employee worked 20 hours overtime. Multiplying $1.92 by 20 is $38.40. As a result of the AAP award, the employee must be paid an additional $38.40 in overtime.

Form Approved 8/06; Updated 6/08