These guidelines serve as a framework for implementation of cash recognition awards for employees under the Staff Appreciation and Recognition Plan (the “STAR Plan”) at UC Merced. The STAR Plan is governed by Personnel Policies for Staff Members 34 (Incentive and Recognition Award Plans – Managers & Senior Professionals and Professional & Support Staff), and sets forth the requirements for all University cash recognition awards.

**Plan Eligibility**

Policy-covered career PSS employees and MSP employees are eligible for STAR Plan cash awards if, at the time of the award, they:

- Have successfully completed their probationary period, if applicable;
- Are on active pay status or on an approved unpaid leave; and,
- Received a “Meets Expectations” or better overall rating on their most recent annual performance evaluation. *(PPSM 23 requires that written performance evaluations be completed annually.)* Employees who have not yet received an annual performance evaluation may be eligible for an award if their manager confirms on the nomination form that they are “meeting expectations.”
- In addition, STAR Plan cash awards must recognize truly exceptional and exemplary performance as evidenced by accomplishments with demonstrated campus and or system-wide impact.

In addition, policy-covered employees with the following type of appointment are also eligible to participate in STAR at UC Merced, provided that they meet the above requirements: Contract employees who have at least 12 months of continuous service on a specific contract.

Exclusively represented employees are eligible for recognition awards under the Plan only if the applicable collective bargaining agreement authorizes participation in the STAR Plan.

An employee may not receive an award under the STAR Plan if the employee is a participant in an incentive award plan that prohibits the receipt of a recognition award.

An employee’s receipt of an award under the STAR Plan does not establish any right or guarantee that the employee will be eligible for or entitled to an award in any subsequent Plan year.
Treatment for Benefit Purposes
STAR Plan cash awards are not considered to be compensation for UCM benefit purposes, such as the University of California Retirement Plan or employee life insurance programs.

Tax Treatment and Reporting
All cash awards are subject to appropriate tax deductions and are non-base building. Under Internal Revenue Service Regulations, payment of STAR Plan cash awards must be included in the employee’s income as wages and are subject to withholding for federal and state income taxes and applicable FICA taxes. Payment is reportable on the employee’s Form W-2 in the year paid.

Award Limits and Restrictions
The following limitations apply to STAR Plan cash awards.

- The minimum STAR Plan cash award is not less than $500.
- No single STAR Plan cash award may exceed 10% of the employee’s base annual salary or $2,000, whichever amount is lower.
- Cumulative STAR Plan cash awards paid to an employee in a Plan year may not exceed 10% of the employee’s base annual salary and an exception (as noted below) is required for any amount that would be cumulatively over $2,000.
- If an employee is less than 100% time, the limits to cash awards will be prorated based on the percentage of their employment status (e.g., a 50% employee’s maximum cash award would be $1,000 [50% of $2,000]).
- STAR Plan cash awards are strictly discretionary and may not be promised or guaranteed in advance.
- “Across-the-board” type awards (e.g., awards to a category of employees without regard to a recipient’s performance or relative contribution) are not allowed under the STAR Plan. Awards must be based on the recipient’s achievement as an individual or as part of a team.

Exceptions to the monetary award limits will not be made except in rare circumstances. Any exceptions will require the approval of the Chief Human Resources Officer (CHRO). If the CHRO approves, the CHRO will need to secure the approval of the Chancellor, the Administrative Oversight Committee (AOC) of the Plan and the University President. Recommendations for an award that would be an exception to these limits must be submitted in writing and must include compelling justification for making the exception. In no circumstances, singularly or cumulatively, will any STAR Plan cash award exceed 10% of an employee’s annual base salary. There are no exceptions to this limitation.
Nomination Process
The STAR Award Nomination Form must be used for every nomination. Individual employees may only be nominated for STAR awards by their supervisor, manager or department head. In addition to the primary consideration of work having campus and system-wide impact the following may be considered:

**Exceptional performance:** Demonstrated and sustained exceptional performance that consistently exceeds goals and work expectations in quantity and/or quality.

**Creativity:** One-time innovation that results in time/dollar savings, revenue enhancement, and productivity improvement; and/or ongoing innovative/creative activities that benefit organizational systems, protocols, and/or procedures.

**Organizational abilities:** Exhibits extraordinary skills in leadership resulting in the accomplishment of significant departmental or divisional goals and objectives; effective project management, which could include developing a project and/or implementing a project with substantial success; and/or demonstrating organizational capability leading to a greater level of effectiveness.

**Work success:** Significantly exceeds productivity, customer service, or similar goals, including demonstrating superior interactions with managers, peers, supervisors, subordinates, the University community, and/or clients and customers.

**Teamwork:** Acting as an exceptionally effective and cooperative team member or team leader for a team that has significantly exceeded the goals/objectives of the department/unit.

The employee’s department head is responsible for confirming that the employee is eligible for an award and must approve the employee’s award, regardless of the funding source for the award.

Award Review and Approval Authority
The process for all STAR Plan cash awards require endorsement of the employee’s immediate supervisor and approval of the next level manager. All STAR Plan cash awards require department head approval. All STAR Plan cash awards require final approval by the Chancellor’s Cabinet.

Timing and Processing of STAR Award Payments
Nominations for STAR awards may be presented by the deadline during the Plan year and will be awarded the spring of each year.
The assigned Description of Service (DOS) code XSC or XSL, specific to the STAR Plan, must be used when paying awards to employees. DOS codes specific to STAR are: XSC for cash awards that are funded through a central pool and XSL for cash awards that are not funded through a central pool.

All STAR Plan cash awards for the Plan year should be processed in accordance with year-end closing schedules.

**Funding Requirements and Restrictions**

Only local funds will be used for STAR Plan awards. The total amount of the available funds for the campus will be decided by the Chancellor. Each Vice Chancellor (or Chancellor’s office) will be provided a list of their eligible employees, as well as amount of funds available for each appropriate fund source. General funds may not be used for non-general fund positions.

**Recordkeeping and Compliance**

All documentation associated with Nomination, Review and Award will kept together in the recipients personnel file in the Human Resources Department.

**Plan Contact for Questions**

Questions regarding the STAR Plan should be directed to the Compensation unit of UC Merced’s Human Resources department at (209) 228-2935 or via email at comp@ucmerced.edu.