



ERCOT Merit Cycle 2008 - 2009

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Director, Compensation & Benefits

Board of Directors Meeting
March 17, 2009

Reasons for Prorating Employee's Merit

- **Fair to all employees regardless of date of hire**
- **Less of a budget impact in the first year because no raise if hired after 12/31 of the current year**
- **Decision to continue to pro-rate increase was reviewed and confirmed by the ERCOT Executive Team**

1) John Smith was hired 2/1/07 and received a merit 4/1/08:

- no prorating
- $\$50,000$ (salary) * 3% = \$1,500 annual increase

2) Joan Smith was hired 2/1/08 and did not receive a merit in 2008:

- prorate her raise for 14 months
- $\$50,000 * 3% * 14/12 = \$1,750$ annual increase

3) Jennifer Smith was hired 8/1/08 after the merit cycle in 2008:

- prorate her raise for 7 months
- $\$50,000 * 3% * 7/12 = \875 annual increase