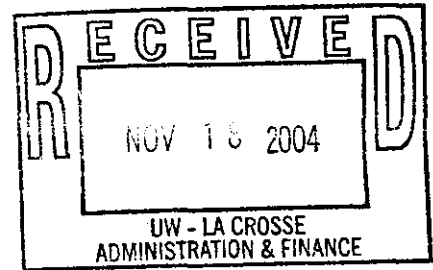


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COPY



C: Sharon 11-18-04

November 17, 2004

MEMORANDUM

TO: Chancellors
FROM: George Brooks
SUBJECT: 2005-07 Pay Plan Merit Reviews

By letter dated 12 November, President Reilly sent to OSER Director Karen Timberlake the 2005-07 pay plan recommendations for University of Wisconsin System senior executives, faculty, and academic staff employees, as adopted by the Board of Regents on November 5. You should have received a copy of the information shared with Director Timberlake as well as the package of supporting documentation. Although we don't know if we will be successful in this request, it is important for you to begin the process of consulting with your faculty and academic staff governance bodies to establish the institution merit review standards that will be applied when the pay plan is known.

With respect to salary awards to be distributed to faculty and academic staff, the Regents' resolution (copy of Revised Resolution I.2.a.(2) attached) sets out basic principles:

- A 6.3 percent per year average salary increase is needed to obtain competitive faculty salaries by the end of the biennium and that amount will only begin to close the gap for academic staff and academic leaders.
- We prefer that our salary needs be addressed through two distinct processes, using the biennial budget process to seek funding for "at least three percent each year" to address the market shortfall at the start of the biennium, and using the pay plan process to seek funding for "a salary increase of two percent each year" to prevent further erosion of salaries during the biennium.
- If negotiations do not yield sufficient funds to provide "at least three percent each year" in the biennial budget, the pay plan request is modified to up to a five percent increase each year to offset market funding adjustments of less than three percent that might be available in the biennial budget.
- Any and all funds provided in the biennial budget to address the market shortfall are to be distributed "to correct market needs ... with due regard to establishing average salaries at peer group medians."
- Providing the pay plan approved by JCOER allows, a pay plan amount of two percent or less in either year will be distributed across-the-board to those with at least "solid performance" ratings.
- Providing the pay plan approved by JCOER allows, a pay plan amount of more than two percent in either year will be distributed according to the 2003-05 pay plan distribution guidelines (Regent Resolution 8639 attached) adopted by the Board in December 2002.

Given these principles, I ask that you ensure that your faculty and academic staff performance evaluations are completed this fiscal year and you begin consultation with your governance bodies to

plan your pay plan and/or market salary distribution guidelines. Each institution should proceed with faculty and academic staff salary evaluations using a suitable evaluation system under which the results can be converted to a salary once the pay plan is approved by JCOER. This will permit salary obligations to be honored effective July 1, 2005 even if the budget bill is enacted after July 1. Item 4 of the 2003-05 General Compensation Distribution Plan and Guidelines for unclassified staff now approved for 2005-07 requires the institutions to present their plan for distribution of compensation adjustments to System Administration for approval before the pay plan can be implemented. Further, we ask that you advise us of the distribution plan you will apply to market salary adjustments provided outside of the pay plan process. Please send your distribution plans to Assistant Vice President Alan Crist by **March 1, 2005**. A distribution plan that does not follow the Regent's guidelines will be returned for corrective actions by the appropriate governance body.

To facilitate timely review, your plans should clearly and specifically:

1. In the event the approved pay plan is greater than two percent, indicate how the chancellor would use up to 10% of the total pay plan as a discretionary fund to meet special needs such as specific market shortfalls by faculty rank, and/or academic staff internal/external pay problems, or to reward faculty and academic staff innovative, and/or collaborative program delivery, and/or exceptional performance in support of institution goals, and/or to correct gender pay inequities in the faculty and academic staff.
2. In the event the approved pay plan is greater than two percent, indicate what percentage of the general pay plan will be distributed on the basis of merit/market and what percentage will be distributed on the basis of solid performance.
3. In the event market funds are provided in the biennial budget, indicate how those funds will be "distributed to correct market needs and salary needs with due regard to establishing average salaries at peer group medians."

Faculty salary targets to peer medians are shown in the attached table. Academic staff median salaries can be obtained in published CUPA-HR Administrative Compensation Survey tables appropriate to the institution. If your Human Resources Office does not have CUPA-HR salary survey information, please advise Al Crist so that he can provide that information.

As the budget process unfolds we'll keep you informed about our request for market funds. We don't expect the pay plan to be advanced by the OSER Director to JCOER until late in the spring. We'll let you know as soon as information becomes available.

Attachments

cc: President Kevin P. Reilly
 Assistant Vice President Crist
 President's Cabinet
 Academic Personnel Officers
 Chief Business Officers
 Compensation Advisory Committee
 Faculty Representatives
 Academic Staff Representatives

BUSINESS AND FINANCE COMMITTEE
REVISED

Resolution: I.2.a.(2)

Whereas, pursuant to s. 230.12(3)(e) *Wis. Stats.*, the Regents are charged with the responsibility to recommend to the Director, Office of State Employment Relations a proposal for adjusting compensation and employee benefits for university faculty, academic staff, and senior executives for the 2005-07 biennium; and,

Whereas, the Director shall submit a proposal for same, which shall be based upon the competitive ability of the Board of Regents to recruit and retain qualified faculty and academic staff, data collected as to rates of pay for comparable work in other public services, universities and commercial and industrial establishments, recommendations of the Board of Regents and any special studies carried on as to the need for any changes in compensation and employee benefits to cover each year of the biennium; and,

Whereas, the Board of Regents has considered those factors and heard from constituents in two public listening sessions and concluded that to recruit and retain faculty and academic staff a salary increase of 6.3 percent each year is needed; and,

Whereas, the Board of Regents recognizes a 6.3 percent salary increase is needed in order to obtain competitive faculty salaries by the end of the biennium but will only cut the market gap for academic staff by less than half of what is needed to bring us to competitive academic staff salaries; and,

Whereas, the Board of Regents is cognizant of the difficulty of funding the needed pay plan in the current fiscal climate including lack of availability of full funding in the compensation reserve, of tuition revenue sources, and of base budget reallocation capabilities, our combined request of 5 percent in each year of the 2005-07 biennium from all sources is less than what is needed as noted above; and,

Whereas, the Board of Regents is acutely aware of the negative impact that a lack of domestic partner health care benefits has on our ability to attract and retain not just individuals who would take advantage of this benefit but all faculty and academic staff.

Now, therefore be it resolved;

That the Board of Regents directs the UW System President to notify the Governor and the Legislature that the UW System has identified a need for a 6.3 percent salary increase each year of the 2005-07 biennium for faculty, academic staff and university senior executives in order to obtain competitive faculty

salaries and to begin to close the gap with academic staff salaries by the end of the biennium; and

That the Board of Regents directs the UW System President to transmit to the Director of the Office of State Employment Relations, currently available information on unclassified salaries for UW System peer institutions and related economic indices, and request that the Director recommend to the Joint Committee on Employment Relations (JCOER) a salary increase of two percent each year provided sufficient funds are placed in the biennial budget to distribute at least three percent each year to address market adjusted salary needs of the faculty and academic staff; and

That the Board of Regents directs the UW System President to recommend to the Director of the Office of State Employment Relations for transmission to JCOER that:

The UW System be authorized to increase the academic staff salary ranges by the full amount of the pay plan and monies provided to address market adjusted salary needs each year; and,

The salary ranges for university senior executive salary groups one (Vice Chancellors at non-doctoral institutions) and two (Vice Presidents) set by the Board of Regents pursuant to their Executive Salary Policy be adopted; (see Appendix A) and,

The Board of Regents endorses state group health insurance for domestic partners of all UW System employees and encourages the Governor and the Legislature to amend state statutes to provide that benefit and directs the UW System President to work with the Governor and the Legislature toward that end; and

That the Board of Regents adopts the 2003-05 pay plan distribution guidelines for 2005-07 if the pay plan exceeds two percent each year. However, the Board suspends those pay plan distribution guidelines if the authorized amount for an unclassified pay plan is two percent or less in any year, and directs that in such instance the pay plan percentage be distributed across-the-board to all those who have at least a solid performance rating, with any unused funds distributed by the Chancellor in consultation with the governance bodies to address salary needs specific to their institution; and

That the Board of Regents directs that any and all monies provided to address market adjusted salary needs that may be provided in the biennial budget shall be distributed to correct market needs and salary needs specific to each institution with due regard to establishing average salaries at peer group medians.

11/05/04

I.2.a.(2)

RESOLUTION

Whereas, the Board of Regents is very mindful of the concerns of students, parents, member of the public and others regarding the impact of any pay plan adjustment of tuition; and

Whereas, the Board of Regents recognizes that the final result of a pay plan adjustment from JCOER is unknown; and

Whereas, it is important for the Board of Regents to reassure students, parents, members of the public and others of its strong commitment to access to the UW System.

Now, therefore be it resolved;

We, the Board of Regents, affirm our commitment to our 2005-07 budget proposal, including a hold harmless financial aids package and a 4.3% tuition increase, assuming a 7.2% increase in GPR.

11/05/04

[g/regents/agnda/11_Nov/peggy&beth.res](#)

2003-05 General Compensation
Distribution Plan and
Guidelines

BUSINESS AND FINANCE COMMITTEE

Resolution: 6/29

That upon the recommendation of the President of the University of Wisconsin System, the 2003-05 General Distribution Plan Guidelines for unclassified staff be approved as follows:

- (1) Each chancellor is directed to proceed with faculty and academic staff salary evaluation using a suitable evaluation system, the results of which can be converted to a salary, once the pay plan is known. The salary review should be conducted in accordance with the performance standards outlined in Recommendation #9 of the 1992 Report of the Governor's Commission on University of Wisconsin Compensation. A record of the evaluation judgments shall be made before July 1, as provided in s. 36.09 (1)(j), Wis. Stats.
- (2) The 2003-05 compensation adjustments for faculty, academic staff, and university senior executives shall be provided such that not less than one-third of total compensation shall be distributed on the basis of merit/market and not less than one-third of the total compensation plan shall be distributed on the basis of solid performance. The remaining one-third pay plan allocation may be used to address these and other compensation needs with appropriate attention to pay compression. The President, following consultation with the chancellors, is authorized to earmark up to 10 percent of the total pay plan each year for the chancellors' discretionary use to meet special compensation needs such as: specific market shortfalls by faculty rank; and/or academic staff internal/external pay problems, or to reward faculty and academic staff innovative, and/or collaborative program delivery, and/or exceptional performance in support of institution goals; and/or to correct gender pay inequities in the faculty and academic staff, etc.

Merit/Market determinations for faculty should be based on a systematic performance evaluation program, which identifies positive contributions by the faculty member to teaching, research, public service and/or the support functions inherent in the institution's mission. Assessment of teaching faculty shall include consideration of student evaluations (Regent Policy Document 74-13, October 4, 1974).

Merit/Market determinations for academic, limited and other unclassified staff shall be based on a systematic performance evaluation program which allows supervisory assessment of meritorious performance in their areas of assigned responsibility.

Solid performance adjustments shall be provided to those faculty and academic staff who have demonstrated satisfactory performance.

- (3) Any and all compensation adjustments must be based on performance; across-the-board compensation adjustments not based on merit are prohibited. At a minimum, continuing staff who have performed at a satisfactory level shall be entitled to a compensation adjustment from funds set aside to recognize solid performance, except when an employment contract or administrative practice holds to the contrary.
- (4) Each institution will be required to submit its plans for distribution of the compensation adjustments to System Administration for approval before implementation can be accomplished. System Administration is directed to return any institution's distribution plan not in compliance with the Board guidelines to the involved chancellor for corrective action by the appropriate governance body. Implementation of pay plan adjustments shall be deferred until a distribution plan meets the Board's guidelines.
- (5) Unless otherwise specified by executive/legislative action, the effective dates for the payment of the 2003-05 pay plan rates will be July 1 each year for annual basis employees, the start of the academic year for those on academic year appointments, and other dates as set by the chancellors for persons with appointment periods commencing at times other than July 1 and the beginning of the academic year.
- (6) The President is authorized each year to increase the systemwide faculty salary minima by up to the full amount of the pay plan and rounded to the nearest hundred dollars. For Category B research and instructional academic staff, the Board authorizes the continuation of the current policy linking titles to the faculty salary minima based on percentage relationships approved in the 1994 Gender and Race Equity Study. Salary ranges for Category A academic staff and university senior executives will be established in accordance with the pay plan approved by the Joint Committee on Employment Relations. Unless otherwise provided by law, the Board authorizes the President to adjust the Category A salary ranges by up to the full amount of the pay plan.
- (7) Base salaries shall not be less than the salary minima or pay range minimum. The salary increase shall not move the base salary above the academic staff salary range maximum. Unclassified staff who are currently paid above the maximum shall be eligible for a salary increase of up to half of the amount by which the salary ranges have been adjusted.
- (8) Salary adjustments for promotion in faculty rank shall, on an academic year basis be no less than \$1,000 for promotion to assistant professor, \$1,250 for promotion to associate professor, and \$1,500 for promotion to professor. Institutions may set policies on adjustments for promotions on an annual basis appointment, consistent with these minima.

- (9) The pay plan funding allocation shall be distributed as soon as possible after final approval of the pay plan by executive/legislative action and after the distribution plan is approved by System Administration as being in compliance with these guidelines.
- (10) Each institution shall complete its actions on stipend schedules for non-represented graduate assistants prior to July 1 and shall establish a factor for adjustments, which can be applied expeditiously to determine stipend increases. Stipend schedules for each graduate assistant category shall be separately established.
- (11) The Board affirms the delegated authority of the President of the System to establish individual salaries at or below 75 percent of the salary of the UW System President within state policy and the funds appropriated for that year. Appropriate annual budget documentation will be reported to the Regents for information.
- (12) If the Regent's meeting schedule does not afford an opportunity for timely action by the full Board on salary adjustments, the Board authorizes the Executive Committee of the Board, in consultation with the System President, to approve any discretionary salary adjustments effective for 2003-04. Appropriate information shall be provided to all members of the Board.
- (13) Compensation actions related to the unclassified pay plan and delegated to the chancellors shall be completed in accordance with statutory requirements, legislative intent, Regent's policy, and shall be reported to System Administration to make possible the preparation of payrolls and reporting to the Board of Regents.

If changes are required to these guidelines as a result of either the Joint Committee on Employment Relations or legislation, the Executive Committee, in consultation with the System President, is authorized to act to modify the guidelines to be consistent with those actions.

DISTANCE FROM THE PEER GROUP MEDIAN (EXCLUDING WISCONSIN)

CLUSTER ANALYSIS PEER GROUP

BASED ON 2003-04 UW AVERAGES AND THE MEDIAN OF PEER GROUP AVERAGES

	2003-04 UW AAUP AVERAGES			2003-04 PEER GROUP MEDIAN			DISTANCE FROM THE PEER GROUP MEDIAN		
	PROFESSORS	ASSOCIATE PROFESSORS	ASSISTANT PROFESSORS	PROFESSORS	ASSOCIATE PROFESSORS	ASSISTANT PROFESSORS	PROFESSORS	ASSOCIATE PROFESSORS	ASSISTANT PROFESSORS
MADISON	\$66,200	\$73,300	\$63,600	\$103,200	\$69,900	\$62,300	\$7,000	(\$3,400)	(\$1,300)
MILWAUKEE	\$83,400	\$64,600	\$56,600	\$87,700	\$64,700	\$53,500	\$4,300	\$100	(\$3,100)
COMPREHENSIVE UNIVERSITIES									
EAU CLAIRE	\$66,300	\$54,400	\$47,300	\$74,600	\$60,100	\$49,600	\$6,300	\$5,700	\$2,300
GREEN BAY	\$63,700	\$53,200	\$46,200	\$74,600	\$60,100	\$49,600	\$10,900	\$6,900	\$3,400
LA CROSSE	\$72,000	\$55,700	\$48,300	\$74,600	\$60,100	\$49,600	\$2,600	\$4,400	\$1,300
OSHKOSH	\$87,800	\$58,700	\$48,400	\$74,600	\$60,100	\$49,600	\$8,800	\$3,400	\$1,200
PARKSIDE	\$68,700	\$58,600	\$48,100	\$74,600	\$60,100	\$49,600	\$5,900	\$1,500	\$500
PLATTEVILLE	\$66,500	\$51,600	\$47,600	\$74,600	\$60,100	\$49,600	\$8,100	\$6,500	\$2,100
RIVER FALLS	\$62,400	\$54,200	\$47,400	\$74,600	\$60,100	\$49,600	\$12,200	\$5,900	\$2,200
STEVENS POINT	\$68,500	\$54,000	\$44,200	\$74,600	\$60,100	\$49,600	\$8,100	\$6,100	\$5,400
STOUT	\$66,000	\$53,700	\$45,800	\$74,600	\$60,100	\$49,600	\$8,600	\$8,400	\$3,800
SUPERIOR	\$62,900	\$51,900	\$48,100	\$74,600	\$60,100	\$49,600	\$11,700	\$8,600	\$1,500
WHITEWATER	\$71,100	\$55,800	\$50,600	\$74,600	\$60,100	\$49,600	\$3,500	\$4,300	(\$1,000)
CLUSTER	\$66,700	\$54,500	\$47,500	\$74,600	\$60,100	\$49,600	\$7,900	\$5,600	\$2,100
UW-COLLEGES	\$62,100	\$51,100	\$39,600	\$74,600	\$60,100	\$49,600	\$12,500	\$9,000	\$10,600
UNIVERSITY EXTENSION	\$96,200	\$73,300	\$63,800	\$103,200	\$69,900	\$62,300	\$7,000	(\$3,400)	(\$1,300)

SOURCES

- OPAR's UW PEER GROUP ANALYSIS (Madison, Milwaukee and Comprehensive) Average Faculty Salary by Rank.
- AAUP/PPDS Questionnaires (Miscellaneous section).