

# Key Issues for the Upcoming Titling and Compensation Study

A Report by the UW-Madison Academic Staff Assembly

Ad Hoc Committee on Titling and Compensation

## Summary of Recommendations

*The following recommendations are the top priorities of the Committee:*

- HR Design must not create or institutionalize a two-tiered system where faculty receive competitive compensation but staff do not (page 15).
- A system must be created which will replace pay plans as the means of stabilizing employee compensation against inflation. Most likely the system will be a blend of different mechanisms. This system must consistently have sufficient funding to accomplish its purpose (page 13).
- Efforts to overhaul the HR system must be grounded in sound data, and these data must be made public (page 12).
- New titles must allow for comparisons across the University and with our peers as well as being perceived as accurate (page 9).
- All employees must have opportunities for advancement throughout their careers (page 9).
- Shared governance must be involved in all decisions related to HR Design (page 6, 16).

*Other important recommendations include:*

- The consultants who carry out the Titling and Compensation Study must understand the unique history and features of UW-Madison and how they contribute to its extraordinary success (page 6).
- Units should be given flexibility in how they accomplish the goals of the new HR system but be held accountable for doing so (page 6).
- The word “Professor” should be used in Academic Staff titles where appropriate and comparable to usage at other universities, especially for those who would be considered non-tenure track faculty elsewhere (page 7).
- Use of Limited appointments should be defined and narrowly applied (page 8).
- Rather than having a large number of very specific titles, use “tags” to convey additional information about job duties (page 8).
- Consider adding more promotional steps to title series, especially those that are not comparable to the faculty three-level system (page 8).
- Maximum salaries for Category A academic staff should be eliminated or converted to guidelines (page 11).
- Units should be given flexibility in how they implement performance pay but be held accountable for providing equitable results. Routine annual performance reviews should be used, but should not be the only information taken into account (page 12).
- Create a data dashboard for supervisors and budget planners on salaries/promotions/raises for individuals (page 13).
- Supervisors should be given flexibility to counter outside offers extended to academic staff regardless of the nature of the offer (page 14).
- The Academic Staff leave system should be left substantially as it is (page 16).
- Communicate regularly and collect meaningful feedback throughout the study process (page 16).
- Once a new system is designed, plan a significant effort to explain it to the University community with the goal of having it better understood than the current system (page 16).

## Outline

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## Executive Summary

The mandate to create a new HR system for the University of Wisconsin-Madison gives us the opportunity to both solve long-standing problems and adapt our HR practices to our current environment. The quality of UW-Madison is largely determined by the quality of its employees, and we believe the future quality of UW-Madison's employees will be largely determined by the University's HR policies, especially those related to compensation. This makes the upcoming Titling and Compensation study a high-stakes exercise that will have a large impact on the future of the institution. This report will highlight the key issues this study must address from the perspective of the UW-Madison academic staff, and makes recommendations we believe will help UW-Madison maintain its reputation as a world-class University and research institution.

## Understanding UW-Madison and its Success

UW-Madison has been remarkably successful as a teaching university and research institution, and we believe shared governance, decentralization, and the Wisconsin Idea have been major contributors to this success. The consultants need to understand that:

- Shared governance groups are major stakeholders in HR Design. In particular, the Academic Staff Assembly must approve any changes to Academic Staff Policies and Procedures.
- The diversity of campus units and their missions and funding sources requires that they be given flexibility in how they accomplish HR Design goals, but they must be held accountable for doing so.
- The Wisconsin Idea of service to the state underlies the loyalty many staff feel to UW-Madison, but it cannot be assumed that this loyalty will persist if staff do not feel it is being reciprocated. The status quo is not sustainable.

Because of these unique and important features, simply copying the HR system of another university or implementing a set of frequently-used policies will not work at UW-Madison. "Other universities do it" is a strike *against* a proposed change unless these "other universities" are at least as successful as UW-Madison.

## Titling

UW-Madison's titling system is unusual and reflects that its HR system was historically linked to that of the state government and is still partially defined by statute. This has caused problems the study should address:

- Many employees who would be non-tenure-track faculty at other universities are academic staff at UW-Madison. While changing this would require legislative action, the titles of such employees should include the word "professor" where it is appropriate and comparable to titles used by our institutional peers for similar roles.
- Program Manager titles do not have promotional steps like other title series
- Limited Appointments are being used far more than originally intended
- Current titles do a poor job of capturing the incredible diversity of academic staff job duties. A system of broad titles plus "tags" that convey additional information could do better.

- Many academic staff have received all the possible promotions within their title series after ten years of service. This has been especially problematic in recent years since promotion has become one of the few consistently functional mechanisms for receiving a pay increase.

## Compensation

In a 2014 survey of the academic staff by the Compensation and Economic Benefits Committee (CEBC)<sup>1</sup>, 80% of respondents said compensation was either “Very Important” or “Extremely Important.” Of those, only 31% and 18% respectively said they were *not* thinking about leaving UW-Madison. Compensation is the most important issue that must be addressed by the study.

A key element of UW-Madison’s previous compensation system, annual pay plans built into the state budget by the legislature, has not been fully functional since 2003<sup>2</sup>. This has left UW-Madison with no mechanism for countering routine inflation. Other changes have decreased compensation as well. Obviously this has negatively impacted morale, recruiting and retention. It has had some less obvious effects as well, including salary maxima that have decreased significantly in real terms, compression equity problems, and creating an incentive for employees to change jobs on a regular basis. One respondent to the CEBC survey commented: “I would (and do) recommend UW-Madison as an employer in the early part of someone's career. I do not recommend that people remain longer than that unless they have a compelling personal reason to do so.”

While the University regularly publishes data on faculty salaries, data on academic staff salaries are much harder to come by. The consultants’ work must be grounded in sound data, so we have specific suggestions about what data and comparisons they should collect and publish.

We believe the Titling and Compensation Study must identify mechanisms which can replace pay plans as the means of stabilizing employee compensation against inflation. Alternatives include:

- Broad-based salary increases tied either tightly or loosely to inflation
- Regular salary reviews based on performance and accomplishments
- Regular salary reviews based on equity and comparisons to markets
- Targeted increases focused on retaining those whose departure would do the most harm to the ability of the institution to carry out its missions

The best option is probably a mix of all of the above. The key will be allocating sufficient funding. Our rough estimate, which we invite the consultants to refine, is that if we assume 2% annual inflation it will take roughly \$8 million/year from all sources (\$2.8 million/year from fund 101) to stabilize academic staff compensation. This amount is not unreasonable, as Chancellor Blank recently reported that the University dedicated at least \$8 million to faculty retention between the summer of 2015 and February 2016.

Compensation strategy, and especially funding for compensation, must follow from a strategic vision for the future of the University. We believe Chancellor Blank and other campus leaders are committed to

<sup>1</sup> Their report can be found at <https://kb.wisc.edu/images/group171/41158/561-CEBCWhitepaperonTitlingandCompensation.pdf>

<sup>2</sup> A history of annual pay plans since the creation of the UW System in 1974 is included in Appendix 1

maintaining UW-Madison's current reputation as an extraordinary University and research institution. They also clearly see that competitive faculty compensation is a prerequisite for doing so. Their plans for staff compensation are less clear. We do not believe a two-tiered system where the University has well-compensated, world-class faculty but low morale and high turnover among its staff due to non-competitive and falling compensation will allow the University to function at its current level and maintain its current reputation for excellence.

## **Communication**

Given the shared governance structure and culture of openness at UW-Madison, communication will be critical throughout this process. Academic staff, especially the Academic Staff Executive Committee and Academic Staff Assembly, will expect to receive regular updates from the consultants as well as campus leadership as the project progresses (including during the summer) and will be eager to share their input. This should include information about both the decisions made and the methodology that led to those conclusions. Frequent communication and meaningful feedback during the study process will maximize the likelihood of speedy approval of the new system by the Academic Staff Assembly.

Many academic staff have limited understanding of the current HR system. We hope that the new system will be easier to explain, but there must be a significant effort to explain to the University community both how the system works and how it will benefit the institution.

Changing any aspect of an institution as successful as UW-Madison is a high-stakes exercise, yet clearly change is needed. We believe the suggestions we make will help the consultants design an HR system that will allow UW-Madison to survive and even thrive in today's challenging environment.

## **Understanding UW-Madison and its Success**

UW-Madison consistently ranks among the top five universities for research and development expenditures, a rare feat for a public university. UW-Madison is also consistently rated as one of the best values for undergraduate students. UW-Madison's high standings reflect the quality of its approximately 16,500 permanent employees, 46% of whom are academic staff. This makes changing any aspect of the institution a high-stakes endeavor. Great care must be taken to preserve the features that have made UW-Madison so successful. Three unique features that have contributed to UW-Madison's success, and which the new HR system must both take into account and support, are a strong system of shared governance, decentralized decision making, and a commitment at all levels to the Wisconsin Idea: that the University exists to serve the state.

### **Shared Governance**

Academic staff shared governance was enshrined in state statute [Wis Stats 36.09(4m)] in 1985. The Academic Staff Assembly (ASA) advises the chancellor on matters related to the development of UW-Madison policy and procedures, but also takes positions on UW-System and state issues that affect academic staff. Shared governance ensures that changes to policies and procedures benefit from the inclusion of all stakeholders; often creating smoother transitions and more effective programs. In relation to titling and compensation, any changes to Academic Staff Policies and Procedures (ASPP), including HR related policies and procedures, are subject to approval by ASA. ASA may also propose changes to ASPP independent of the HR Design process.

### **Decentralization**

Another of UW-Madison's strengths is its large, decentralized campus. Colleges, departments, and centers operate in quite different ways according to their own needs. Many decisions are made by departmental executive committees. Executive committees set curricula, for example. They also determine how budgets, set by the Dean, are spent. There is great diversity in funding, with some staff paid from state support and tuition revenue, while others are paid from research grants, generated revenue, or other sources.

Any new titling and compensation system needs to take into account the fact that a single implementation method is unworkable and undesirable. The best model outlines accountability measures and minimum requirements for UW policies, but allows departments to implement those policies in ways that meet their unique needs. Although decentralization makes standardization, internal communication and change more difficult, it gives each school, division and department the flexibility required to successfully fulfill the University's three-fold mission of research, teaching and outreach.

### **The Wisconsin Idea**

The Wisconsin Idea expands on and supports UW-Madison's mission. Faculty, staff, and students at all levels have embraced the principle that "the boundaries of the campus are the boundaries of the state" and, increasingly, beyond. This principle has come to signify the university's broad commitment to public service.

The Wisconsin Idea has created a deep loyalty to UW-Madison among its employees, and kept many of them at the University despite budget cuts and declining real compensation in recent years. However, University leaders cannot assume that this will continue indefinitely if employees do not feel this loyalty is

being reciprocated. If the new HR system makes the current status quo permanent this will have grave consequences for the institution.

## **HR Design thus Far**

The Wisconsin state legislature gave UW-Madison the authority to create a new personnel system in its 2011-2013 biennial budget. Implementation of the system began in July 2015. Before this change “Classified Staff” used the same HR system as all other state employees (including, prior to Act 10, a major role for state employee unions) so most of the initial HR Design effort has focused on creating a new “University Staff” system for them. As a result, HR Design has not yet addressed the problems of the Academic Staff, including inadequate and dwindling compensation, a titling system that often poorly describes actual duties, and limited opportunities for advancement. We understand that the Titling and Compensation Study is the first step towards addressing these critical issues, so Academic Staff will be very interested in its progress and recommendations.

The Academic Staff Assembly’s Compensation and Economic Benefits Committee carried out a survey in May 2014 on titling and compensation issues in support of the HR Design process<sup>3</sup>. This report draws on their findings.

## **Titling**

The titling system currently used for academic staff and limited positions was created to fulfill the requirements of legislation passed in 1986. The University of Wisconsin System and the State Department of Employee Relations jointly contracted with a consulting firm named Hayes/Hill to create the new titling system. The new titling system provided a standard nomenclature for academic staff and limited titles, along with standard descriptions of the duties associated with those titles. Broadly speaking, that titling system has remained in place since it was created, and one still occasionally hears the official title (as opposed to an informal/working one) referred to as a “Hayes/Hill title.”

The resulting system is in many ways unusual in higher education. The distinction between Classified (now University) Staff and Unclassified Staff which has historically been so important at UW-System institutions results from the fact that those institutions shared the Classified part of their personnel systems with the rest of state government. That’s not the case in most of higher education, including the majority of our public peers, resulting in significant differences between their personnel systems and UW-System ones. Similarly, most of the people who are Category B academic staff at UW-System institutions would be considered faculty elsewhere in higher education, albeit not tenure-track faculty. Wisconsin statute defines “faculty” by four specific titles, so it’s not possible in UW-System to consider, for example, a librarian to be faculty as is commonplace elsewhere.

## **Professor Titles**

Labeling employees who would be non-tenure track faculty elsewhere as academic staff often creates confusion, and sometimes this results in them not being given the status they deserve or limits their opportunities. While UW System's narrow definition of faculty is set by state law, the confusion would be

<sup>3</sup> Their report can be found at <https://kb.wisc.edu/images/group171/41158/561-CEBCWhitepaperonTitlingandCompensation.pdf>

mitigated if the titles for these academic staff positions contained the word "Professor" where appropriate. Some academic staff titles already use the term "Professor," including the Clinical Professor series and the Professor (CHS) series (where CHS denotes Clinical Health Science) but all academic staff who teach or do research need to be able to use titles appropriate to their job duties and comparable to those used by institutional peers.

### **Program Manager Series**

One of the outcomes of the Hayes-Hill titling study was the creation of a program manager series that does not offer any promotion opportunities unless the program being managed grows. Other titles series which are not promotional, such as dean, director, etc., are for people near the top of the organizational structure in their area. The program manager series titles are mostly in middle management (though they don't encompass all those in middle management). All employees should have the opportunity for promotion apart from those in the very highest level of management (dean and director titles).

### **Excessive Use of Limited Appointments**

According to Wisconsin State Statutes, limited appointments serve at the pleasure of the Board of Regents. Limited appointments apply to the following positions: president, provost, vice president, associate vice president, assistant vice president, chancellor, vice chancellor, associate chancellor, assistant chancellor, associate vice chancellor, assistant vice chancellor, college campus dean, secretary of the board, associate secretary of the board, assistant secretary of the board, trust officer and assistant trust officer and such other administrative positions as the board determines at the time of the appointment. On our campus the use of limited appointments has stretched far beyond this definition to include assistant deans, assistant directors, and others with no policy duties. It is important that the use of limited be defined and narrowly applied.

### **Breadth/Number of Titles**

The current titling system at UW-Madison relies for the most part on a long list of titles covering every possible job on campus with a bit more specificity added to working titles. However, there are some catch all titles on campus like administrative program specialist that covers just about any type of job duty. It would be ideal to combine both types of titles in a way that allows for easy peer comparisons but does not entail creating hundreds of titles. One way of doing so would be to create a relatively small number of broad titles but allow them to be combined with a larger number of attributes or "tags" that convey additional information. For example, a System Administrator might have tags indicating that her job duties involve networks and managing Linux servers so that it would be easy to identify other System Administrators who do similar things.

### **Promotion via Title Change**

Historically, promotion via title change has been a primary vehicle for academic staff to receive pay increases. Most academic staff are in title series which effectively have three levels (a fourth level exists but is not accessible for most), so most academic staff will have reached the highest title level they can achieve (and thus largely exhausted their opportunities for significant pay increases) by the time they have perhaps ten years of service. The CEBC survey found that 49% of respondents said they did not expect any further promotions in the next ten years under the current system. This, predictably, poses retention and equity

challenges and is something that a new titling and compensation system must address: academic staff must have opportunities for pay increases throughout their career.

Some of our peer institutions address this by having many more levels in their title series. This may be possible at UW-Madison in some title series: not everyone needs to be in a title series that mirrors the title/promotion system for faculty. A great many academic staff, however, are in jobs that really do parallel faculty work, whether in instruction, research, or service, and for those people a titling series that matches faculty does make sense.

Another approach to dealing with this problem has already been put in place for faculty, by affording them opportunities for pay increases during periodic reviews even after achieving the rank of full professor. A similar system could be put in place for academic staff.

The CEBC survey suggests that most academic staff support increasing the number of levels in most title series, but there are indications that this is driven more by access to pay increases than by titling per se. Pay increases due to promotion are a poor method of stabilizing real compensation against inflation, but it is the only method which has continued to function on a consistent basis in recent years and has been available to a large fraction of the academic staff. If alternative mechanisms for stabilizing compensation, such as those described in the Compensation section of this report, are implemented and adequately funded, then titling issues can be separated from compensation issues. In that case the limited number of promotional opportunities afforded by a three-level system may be acceptable.

Our new titling and compensation system must address this issue, whether by having more steps in our titling series, by allowing periodic opportunities for significant pay increases, by some other method, or by a mixture of the above.

## **Requirements of the New System**

Any new system of titles needs to have three characteristics that the current system does not. First, the titles must allow for easy comparison of salary data of academic staff positions on the UW-Madison campus to positions at other peer institutions. UW-Madison titles are currently so unique that it is extremely difficult and time consuming to find comparison data.

Secondly, the titles need to have a perceived accuracy by employees and those outside of UW. The CEBC survey found that respondents who felt their titles accurately described their job duties were less likely to be thinking about leaving UW-Madison. This suggests that accurate titles could contribute to employee retention.

Thirdly, academic staff must be afforded reasonable opportunities for pay increases - without changing jobs - throughout their careers.

## **Compensation**

Faculty and staff at UW-Madison are employees of the state of Wisconsin. Since 2003, actions by the state government have steadily reduced the compensation of all state employees, including those at UW-Madison. This has corresponded with a period of regular cuts to state funding for the UW System. Any HR

system must be designed to work in the current challenging environment while being flexible enough to still function if that environment changes.

80% of respondents to the CEBC survey said compensation was either “Very Important” or “Extremely Important.” Of those, only 31% and 18% respectively said they were *not* thinking about leaving UW-Madison. Compensation is the most important issue that must be addressed by the study.

## History

Before 2003, state budgets almost always included “pay plans” (small percentage-based pay increases for almost all employees) which over the long run compensated for inflation. Since 2003, pay plans have been too small to compensate for inflation. In 2009-11, mandatory furloughs were implemented, reducing take home pay. Since that time, pay plans have been both rare and very small<sup>4</sup>. This has left UW-Madison without a mechanism for dealing with inflation, so the real values of employee salaries decline steadily over time. Compensation has also declined due to benefit changes that directly reduce take-home-pay, including increased contributions for health insurance and retirement benefits. 2011’s Act 10 alone reduced take-home pay by 8.2% for an academic staff member at the median salary with family health insurance. In addition, health insurance co-pays, deductibles and coinsurance have greatly increased since 2011.

The current HR system has a limited set of tools for raising an academic staff member’s salary outside of a pay plan, such as promotion within a title series or a substantial change in job duties. These salary increases are intended to mark milestones in an employee’s career and reflect their increasing value to the University and to alternative employers. They are also intended to increase the employee’s real compensation and standard of living. By design these kinds of salary increases will happen a limited number of times over the course of an employee’s career; for example, the current titling system only allows two promotions for most academic staff. Some supervisors have used these tools aggressively to try to counteract the trends described above for some or all of their employees, with differing levels of success. Others have not. Hard data on trends in academic staff compensation are not available like they are for faculty, but there is little doubt that real compensation and standards of living have decreased for many academic staff since 2003. Some have received enough promotions and other increases to more or less break even. But we suspect the proportion of academic staff members whose real total compensation has actually increased since 2003 is small, even among those with outstanding careers that the current HR system was designed to reward.

Obviously this has had a negative impact on morale, recruiting, and retention. The effect on retention has been muted by the loyalty many employees feel towards the UW-Madison, its mission, and the state of Wisconsin, but it would be dangerous to assume that this will continue indefinitely if employees do not feel this loyalty is being reciprocated. One respondent to the CEBC survey commented: “I would (and do) recommend UW-Madison as an employer in the early part of someone’s career. I do not recommend that people remain longer than that unless they have a compelling personal reason to do so.”

<sup>4</sup> Since the UW System was created in 1974, there have been eight fiscal years with no pay plan. Six of them occurred in or after 2009. There have been five fiscal years with a 1% pay plan, three of them in or after 2009. No pay plan has exceeded 1% since 2009. See Appendix 1 for details.

## **Problems Caused by Absence of Pay Plans**

The absence of pay plans or other mechanisms for countering inflation has had several other pernicious consequences.

### **Decreasing Maximum Salaries**

Category A<sup>5</sup> academic staff titles have fixed maximum and minimum salaries. These maxima are only increased by pay plans, so without adequate pay plans their real value has decreased since 2003. A significant number of academic staff have been at their maximum salary and thus unable to receive pay increases for any reason unless an “Extraordinary Salary Range” (ESR) was created for them. Fortunately ESRs have become more common in the last few years, and all the maxima were very recently increased by 10% until a permanent solution is found. While these steps are helpful, we have never heard a member of the campus leadership argue that the University benefits from having these maxima, only that they would be difficult to remove. The creation of a new HR system is a good opportunity to convert them to guidelines or eliminate them entirely.

### **Compression Equity Problems**

UW-Madison must hire staff at market rates, but their real compensation then gradually declines unless they are promoted or receive pay increases for other reasons. Thus a new hire may actually be paid more than someone who does the same job but has been at UW-Madison for several years and has not been promoted. Even if the more senior employee has been promoted the difference in pay is smaller than intended. This creates compression equity problems. For example, the salaries of some academic staff scientists in permanent, career positions are similar to or lower than NIH guidelines for postdoctoral fellows, including some academic staff scientists who have previously completed postdoctoral fellowships.

### **Job Hopping**

Another side effect of hiring at market rates and then letting real compensation decline is that it creates an incentive for employees to “job hop” because taking a different job at UW-Madison gives them a market wage again while maintaining their ties to the University and the state. Unfortunately this practice is costly for the University. The complex and decentralized nature of UW-Madison means a great deal of job-specific

<sup>5</sup> Unclassified Personnel Policies and Procedures (see <https://www.ohr.wisc.edu/polproced/UPPP/0102.html>), and note a now-outdated use of the term “professional” in the definition of Category A), states that:

“Academic staff appointments also fall into three broad categories.

Category A—Professionals, program managers and administrative directors in an administrative, research, student, instructional or community-related area.

Category B—Individuals performing at a level typical of faculty as either a) Instructional, academic staff providing instruction or training to students in an academic discipline, or b) Research academic staff participating in identifying research problems, designing methodology, conducting research, and other related activities.

Category C—Academic administrators and program directors who also hold a concurrent faculty appointment and other specially defined and/or mandated positions; positions defined primarily with respect to the nature of their appointment (for example, artist-in-residence, consultant, coach, secretary of the academic staff, secretary of the faculty).”

human capital is required to be effective in many positions, and this is lost when employees switch jobs. They must be retrained or otherwise learn how things work in their new environment before they can be fully effective. Often this reduces the productivity of everyone around them as well, or increases their workload. Job hopping also increases recruitment costs, because filling one job creates a vacancy in another which must then be filled.

## **Performance Pay**

Historically the University has not had the legal authority to provide salary increases based on performance. This authority was granted as of July 1, 2015. Thus far this has had little impact on academic staff because the amount of money set aside for such increases for staff has been very limited. Shared governance must play a role in developing mechanisms for implementing performance pay.

One major challenge will be balancing flexibility with equity. Few academic staff roles can have their performance completely described by objective metrics, and what metrics do exist will vary across units and missions. On the other hand, steps must be taken to ensure performance pay decisions are not driven by bias or favoritism. Units should be given flexibility about mechanisms, but must be held accountable for delivering equitable results. Units must also ensure the mechanisms they design are transparent and well-understood by their employees.

Annual performance reviews should play a role, but the Academic Staff Policies and Procedures<sup>6</sup> and HR's Performance Management policies<sup>7</sup> list multiple purposes for performance reviews, some of which would be hindered if the reviews were primarily focused on determining pay. HR Design included a new enforcement policy requiring supervisors to conduct performance reviews, and more should be done to ensure they are consistent and of high quality. However, the results of routine annual performance reviews should not be the only information considered when determining performance pay.

## **Request for Data on Academic Staff Compensation**

Data on faculty salaries are provided annually in the UW-Madison Data Digest<sup>8</sup>, including both levels and comparisons with peer institutions. This gives campus leadership, shared governance, elected officials, and the general public a shared understanding of the issue. These data have been successfully used to argue that faculty salaries must be increased for the good of the University.

Similar data do not exist for academic staff. While such data may not need to be included in the Data Digest, we believe a shared understanding of where academic staff salaries stand is needed both now and in the future. Meanwhile, the HR design process requires much more detailed data than is provided in the Data Digest, and these data should be made available to the University community. We therefore request that the consultants both create and publish a rich data set on academic staff salaries to support their work, and create a process by which similar data can be collected and published going forward. This data set should include the following:

- Summary statistics of salaries based on a modified “five number summary” consisting of the 5th percentile, 25th percentile, 50th percentile (median), 75th percentile, and 95th percentile.

<sup>6</sup> [http://acstaff.wisc.edu/policy\\_documents/ASPP-Chapter-10.pdf](http://acstaff.wisc.edu/policy_documents/ASPP-Chapter-10.pdf)

<sup>7</sup> <https://kb.wisc.edu/ohr/policies/page.php?id=49583>

<sup>8</sup> <https://apir.wisc.edu/datadigest.htm>

- Statistics by job category, since academic staff job duties are more diverse than faculty. One possible set of categories is instructors, researchers, administrators, IT staff, and athletic staff (the distribution of salaries for athletic staff is very different from other academic staff).
- Statistics by level, years of service, or similar factors. Because not all academic staff title series have levels equivalent to the three-level system for faculty, the consultants should explore whether alternatives such as years of service will be more useful.
- Comparisons with both peer institutions and similar positions in the private sector.
- Comparisons between faculty salaries and staff salaries. We have reason to believe the gap between them has been growing.
- Data on compression equity especially where long-time employees are being paid less than new employees doing the same work simply because new hires are paid at current market rates while long-term employees' salaries have declined in real value.

The above data should be provided going back to at least 2003. Going forward ten years of data will be adequate, as is currently provided in the Data Digest. All monetary quantities should be corrected for inflation.

To create a full picture of employee compensation data on benefit changes are needed as well. Some benefit changes have resulted in simple reductions in take-home pay, while others have had employee-specific impacts. For policies that change take-home pay, such as increased contributions for health insurance and retirement, we ask that the consultants create a summary of their history since at least 2003. We also request that they report on the impact of co-pays, deductibles and coinsurance. Ideally they will work with the state Department of Employee Trust funds to create a five number summary of actual out-of-pocket healthcare expenses for each year since 2003.

### **Data Dashboard for Schools/Colleges/Divisions and Departments/Units**

A data dashboard that includes salary data as well as information regarding promotions and raises for individuals would be extremely helpful in budget planning on campus. This kind of information would allow for more proactive budget requests in grant proposals for anticipated promotions or raises. It would also likely replace many homegrown systems to track these details in individual departments or units.

### **Mechanisms for Stabilizing Compensation**

Inflation is a feature of all modern economies, thus employees need to receive regular salary increases just to maintain the same standard of living. Any new compensation plan should provide some method for stabilizing compensation in the face of inflation<sup>9</sup>. Below we discuss several possible alternatives:

#### **Across the Board Salary Increases**

The simplest and most effective solution would be automatic across-the-board salary increases tied to the rate of inflation. Or the University could emulate 1974-2003 pay plans and give across-the-board increases that strive to match inflation in the long run while allowing for year-to-year variation based on that year's budget realities. (It should be noted that the general downward trend in state support for the UW System does not constitute "year-to-year variation."). We understand that University leadership is not sure current

<sup>9</sup> We are in a period of historically low inflation, 2% per year or lower, but compensation mechanisms will need to still work if inflation returns to historically more typical levels of 2-5% per year.

law gives them authority to give across-the-board salary increases outside of a pay plan created by the legislature.

### **Reviews Based on Performance and Accomplishments**

Other mechanisms could tie salary increases to performance. One option would be to create a program of regular salary reviews to determine whether an employee merits a salary increase based on their performance and accomplishments. If this is the chosen method of stabilizing compensation then it must be understood that most reviews will lead to an increase comparable to the amount of inflation since the employee's last review.

### **Reviews Based on Equity and Markets**

Another mechanism could be periodic market/equity reviews that compare employees' salaries to those of employees who do similar work, both within the University (especially new hires because their salaries are most likely to be at market rates) and in the private sector.

### **Strategic Salary Increases**

If the University elects not to devote sufficient funding to stabilize compensation for all its employees, then it may decide to allocate what money is available strategically. The Critical Compensation Fund was designed to allow units to increase the salaries of those employees whose departure would do the most harm to the unit's mission, though it's not clear it was always used in this way. In principle such a program would minimize the harm to the University from failing to fully stabilize employee compensation, but cannot eliminate it.

### **Outside Offers**

For faculty, receiving an outside job offer that is countered by UW-Madison is a common way to receive a salary increase. This is much less common for academic staff because of the requirement that the offer be for a comparable position. It would be helpful to give supervisors the option (*not* the obligation) to counter the salary of outside job offers their employees receive regardless of the nature of the offer, if they believe doing so is in the best interest of their unit.

### **Combining Mechanisms**

These options are not mutually exclusive. We feel it would be most effective to set aside some money for across-the-board increases, some for performance pay, some for market/equity reviews, and some for strategic use. Should the state elect to continue cutting benefits, the University must be prepared to offset these as well in order to stabilize total compensation.

### **Funding Needed**

How much money would it take to stabilize compensation? We understand that providing a 1% salary increase for all Academic Staff would cost just over \$4.2 million. Of that, \$1.4 million would have to come from Fund 101 (state support plus tuition revenue) and the rest would come from a variety of sources, primarily research grants. Thus if annual inflation remains 2%, the University will need to devote some \$2.8 million in new 101 funding to compensation each year to stabilize compensation for the Academic Staff, with other sources providing about \$5.6 million. (Some funding agencies would have no objection to regular salary increases being written into research grants as long as they reflect University-wide policies.) These amounts are the same regardless of the mechanism(s) chosen for distributing it. Finding \$2.8 million

in new 101 money for Academic Staff compensation each year will be a challenge, and of course equivalent funding will be needed for Faculty and University Staff, but these are not unreasonable amounts for something the University leadership truly considers a strategic priority. Chancellor Blank recently reported that the University dedicated at least \$8 million to faculty retention between the summer of 2015 and February 2016, so clearly it can be done.

It may be possible to fund some of these compensation needs via increased philanthropy or painless “efficiencies,” but after a decade of repeated budget cuts we suspect these sources are all but exhausted (and donations can rarely be used to increase compensation anyway). If so, compensation will need to be funded by budget cuts elsewhere, most likely including service reductions, program cancellations, and layoffs. (Possibilities for cutting staff without cutting services or programs are also all but exhausted.) These cuts will likely prove unpopular, but it is a question of slightly reducing the size and scope of the University or of watching its best faculty and staff leave and its reputation and ability to function decline. If the funding environment improves it will be possible to reverse budget cuts, however it is much more difficult to restore the University’s lost reputation. As College of Letters and Sciences Dean Karl Scholz recently said, “Once you fall from that perch, you don’t get it back.”

## **Funding and Strategic Context**

*We hope that the consultants’ charge will include specific guidance about both UW System’s and UW-Madison’s strategies for adapting to the current budget environment and how these strategies will affect compensation.* The University cannot afford to squander resources on a study that generates ideas which University leadership decides cannot be funded due to resource constraints. The quality of the University depends almost entirely on the quality of its faculty and staff, and the quality of its faculty and staff will, in the long run, depend on compensation. Thus, any new compensation strategy must be based on a shared vision of the future of UW-Madison that University leadership is committed to and willing to fund.

Recent events have called into question whether UW-Madison should continue to be both an excellent university and a world-class research institution, or if it should focus on “meeting the state’s workforce needs” at minimum cost. Campus leadership have made it clear they are not willing to give up UW-Madison’s hard-earned reputation for both teaching and research. They have also clearly demonstrated that they understand the connection between the future quality of the institution and compensation. This year the University earmarked \$3 million for pay increases for faculty and \$1 million for all other staff. Chancellor Blank has reported committing \$8 million so far this fiscal year (as of February 2016) for faculty retention.

We recognize the vital importance of faculty to the University. We also recognize that faculty compensation is an urgent problem because changes to tenure have made UW-Madison a less attractive place to work for them and have prompted widespread efforts by other universities to recruit our top faculty. On the other hand, faculty represent less than 12% of the University’s workforce. In the long run we do not believe a model where the University has well-compensated, world-class faculty but low morale and high turnover among its staff due to non-competitive and falling compensation is viable. Chancellor Blank recently said of spending money on faculty retention “I can’t afford not to. This is the reputation of our university.” But the reputation of the University does not depend on the faculty alone. The quality of the University also depends on retaining a world-class staff.

This study should provide an opportunity for open dialog about what the University intends to do about staff compensation. Staff have been asked to make significant sacrifices in recent years, and need to be involved in decisions about compensation going forward.

## **Non-Monetary Compensation**

Many of the benefits received by UW-Madison employees, notably health insurance and retirement benefits, are administered by the state and thus, we presume, outside the scope of this study. However, there are some changes the University could make.

The academic staff would object strongly to replacing their current leave system with the seniority-based system used by University Staff. If there is a desire for uniform benefits, the academic staff would expect to retain at a minimum the same amount of vacation that is currently given to all academic staff at their time of employment. To give academic staff less vacation at the beginning of their employment would be detrimental to recruitment of new employees.

Employees on nine-month contracts currently do not have any vacation time. They should be given a small amount so that they have some scheduling flexibility during the school year.

The University should explore a stronger family leave system, both because it will promote equity and because it will make the University a more attractive employer. This is especially important for employees on nine-month contracts.

The University should also consider tuition discounts for its employees. A tuition discount would attract employees who value continuing to learn throughout their career, leading to a more productive workforce.

A sabbatical program for academic staff could give them time and space to carry out strategic or innovative projects. For example, an instructor could use it to create a new course or modernize an existing one, with obvious benefits for students.

## **Communication**

Given the shared governance structure of the University, regular communication throughout the study process and clear explanations of the resulting system are critical to successful implementation. This University has a history and current culture of self-governance so academic staff will expect to receive regular updates as the project progresses and will be eager to share their feedback and input. They will want to understand not just the conclusions being reached but the methodology used to reach them. There must be a comprehensive communication plan that uses multiple methods to reach across this large and diverse campus at regular intervals and when important benchmarks are achieved or critical decisions are made. The Academic Staff Assembly and the Academic Staff Executive Committee should receive regular reports at appropriate intervals, including during the summer. Successful strategies used throughout HR Design include email, surveys, ad-hoc committees, forums, and town hall type meetings. We would caution that it must be made clear when engagement opportunities are seeking input on decisions yet to be made and when they are intended to communicate information about decisions that have already been made.

Many aspects of the new HR system will be subject to Academic Staff Assembly approval so any changes must be reviewed and voted on in order to be implemented. Communication and feedback during the study process will maximize the likelihood of speedy approval.

According to the CEBC survey data, many academic staff have limited understanding of the current HR system, including titling and how to progress. There was also some evidence that lack of understanding was correlated with lower levels of job satisfaction. We hope that the new system will be easier to explain, but there must be a significant effort to explain to the University community both how the system works and how it will benefit the institution.

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UW-Madison Academic Staff Assembly Ad Hoc Committee on Titling and Compensation

October 2015-March 2016

Committee Members:

Bruno Browning, Chief Information Officer, College of Letters and Science

Heather Daniels, Secretary of the Academic Staff

Russell Dimond, Associate Director/Statistical Consultant, Social Science Computing Cooperative (co-chair)

Pamela Garcia-Rivera, Media, Information and Communication Career Advisor, School of Journalism and Mass Communication

Sharon Gehl, Associate Department Administrator, Department of Medicine, School of Medicine and Public Health

Debra Shapiro, Faculty Associate/Coordinator of the Distance Program, School of Library & Information Studies

Carol Van Hulle, Associate Scientist, Waisman Center, Research and Graduate Education (co-chair)

### Appendix 1: Historical Pay Plans

Fiscal Year Ending	Pay Plan (%)	Inflation (%)	Cumulative Effect (1974=100)
1975	5.5	9.72	96.2
1976	6.5	5.35	97.2
1977	6.0	6.83	96.5
1978	7.0	7.70	95.8
1979	7.5	11.26	92.6
1980	9.0	13.13	89.2
1981	9.0	10.76	87.8
1982	8.0	6.44	89.1
1983	8.0	2.46	93.9
1984	0.0	4.20	90.1
1985	3.8	3.55	90.3
1986	6.0	1.58	94.2
1987	6.0	3.93	96.1
1988	2.0	4.13	94.1
1989	2.0	4.98	91.5
1990	3.8	4.82	90.5
1991	4.3	4.45	90.4
1992	1.3	3.16	88.7
1993	4.3	2.78	90.0
1994	2.0	2.77	89.3
1995	6.0	2.76	92.1
1996	1.0	2.95	90.4
1997	2.0	2.23	90.2
1998	4.0	1.68	92.2
1999	4.5	2.14	94.4
2000	5.2	3.66	95.8
2001	5.2	2.72	98.1
2002	3.2	1.46	99.8
2003	4.2	2.11	101.8
2004 <sup>1</sup>	0.0	2.99	98.9
2005	1.0	3.17	96.8
2006	2.0	4.15	94.8
2007	4.3	2.36	96.6
2008	2.0	5.60	93.3
2009	1.0	-2.10	96.3
2010 <sup>2</sup>	0.0	1.24	95.1
2011 <sup>2</sup>	0.0	3.63	91.8
2012 <sup>3</sup>	0.0	1.41	90.5
2013	0.0	1.96	88.7
2014	1.0	1.99	87.9
2015	1.0	0.17	88.6
2016 <sup>4</sup>	0.0	0.50 <sup>5</sup>	88.2
2017	0.0	1.85 <sup>6</sup>	86.6

Payplan=1%  
No Payplan

Payplan > Inflation  
Payplan < Inflation

<sup>1</sup> In FY 2004 all UW-Madison academic staff were required to pay health insurance premiums. Previously the state covered all of the cost of the lowest cost health insurance provider and academic staff only paid the difference (usually small) if they chose another provider. This is not included in the “Cumulative Effect” column.

<sup>2</sup> In FY 2010 and 2011, furloughs acted as a temporary 3% pay cut. This is not included in the “Cumulative Effect” column.

<sup>3</sup> In FY 2012 Act 10 required that all state employees begin paying retirement contributions and significantly increased health insurance premiums. The effect for an academic staff member at the median salary with family insurance was an 8.2% reduction in take-home pay. State employees were also required to pay for part of their health care expenses via coinsurance starting in FY 2012. These are not included in the “Cumulative Effect” column.

<sup>4</sup> In FY 2016 substantial deductibles were added to the health insurance plan for state employees. This is not included in the “Cumulative Effect” column.

<sup>5</sup> Estimated inflation is a combination of actual data for the second half of calendar 2015 and the Philadelphia Fed Survey of Professional Forecasters forecast for the first half of calendar 2016.

<sup>6</sup> Inflation forecast from the Philadelphia Fed Survey of Professional Forecasters (average of calendar 2016 and 2017 forecasts).

## **Appendix 2. References and Recommended Reading.**

### **A. Compensation and Economic Benefits Committee Survey Report:**

<https://kb.wisc.edu/acstaff/page.php?id=41158>

In May, 2014, the Compensation and Economic Benefits Committee (CEBC) distributed a campus-wide survey to gather feedback from Academic Staff (AS) members regarding the existing AS title and promotional structure; 2,036 AS responded. The survey intended to gather data that could be shared with the AS Assembly and campus leaders prior to the broad classification and compensation survey scheduled to commence in 2015 with the implementation of HR Design. The report reflects the major themes that emerged from our informal quantitative and qualitative analysis of the survey results.

### **B. Implications of New Job Titles for Instructional Academic Staff**

<https://kb.wisc.edu/images/group171/60331/588-ReportfromAdHocCommitteeonInstructionalTitles.pdf>

In 2015 The Ad Hoc Committee on Instructional Titles examined the question of appropriate titles for instructional academic staff. Their report includes a detailed analysis of the strengths and weaknesses of the current title system, comparisons with our peer institutions, and discussion of the implications of their key recommendation, which is to create a Teaching Professor title series.

### **C. Academic Staff Assembly Resolution on the UW-Madison Human Resources Design Strategic Plan (2012)**

<https://kb.wisc.edu/images/group171/35014/490-HumanResourceDesignStrategicPlan.pdf>

In November 2012 the Academic Staff Assembly passed a resolution accepting the HR Design Strategic Plan as it existed at the time “as a general framework” while noting important areas of concern.

### **D. Existing Personnel System Issues (2011)**

<https://kb.wisc.edu/images/group171/34986/468-ExistingPersonnelSystemIssues.pdf>

A summary of issues with the personnel system identified by the Academic Staff Assembly in 2011 at the start of the HR Design process.

### **E. Academic Staff Policies and Procedures:**

<http://acstaff.wisc.edu/resources/policies-and-procedures>

These are policies affecting the Academic Staff which can only be changed with the approval of the Academic Staff Assembly.

## **F. Statutory definitions of Faculty and Academic staff in State Statute Chapter 36**

<https://docs.legis.wisconsin.gov/statutes/statutes/36/01>

### **36.05 Definitions**

(1) "Academic staff" means professional and administrative personnel with duties, and subject to types of appointments, that are primarily associated with higher education institutions or their administration.

(8) "Faculty" means persons who hold the rank of professor, associate professor, assistant professor or instructor in an academic department or its functional equivalent in an institution, persons described under s. 36.13 (4) (c) and such academic staff as may be designated by the chancellor and faculty of the institution.

(9m) "Instructional academic staff" means academic staff members with teaching responsibilities.

### **G. Critical Compensation Fund Evaluation.**

<https://kb.wisc.edu/acstaff/page.php?id=35026>

In FY 2012-2013 The Critical Compensation Fund (CCF) provided salary increases to 1,327 academic staff members (20.6% of all eligible academic staff), with an average award of \$4,695 or 7.75% of salary. The academic staff Advisory Committee on Budget Issues, Policies, and Strategies and the Compensation and Economic Benefits Committee jointly sponsored this evaluation of CCF. The key recommendations of the evaluation were implemented in a second, smaller, CCF round in 2013-2014, leading to significantly improved results, particularly in the School of Medicine and Public Health. Many of the lessons learned from CCF would be directly applicable to the recommendations made by this report.

## **H. UW-System Mission Statement in State statute Chapter 36**

<https://docs.legis.wisconsin.gov/statutes/statutes/36/01>

### **36.01 Statement of purpose and mission.**

(1) The legislature finds it in the public interest to provide a system of higher education which enables students of all ages, backgrounds and levels of income to participate in the search for knowledge and individual development; which stresses undergraduate teaching as its main priority; which offers selected professional graduate and research programs with emphasis on state and national needs; which fosters diversity of educational opportunity; which promotes service to the public; which makes effective and efficient use of human and physical resources; which functions cooperatively with other educational institutions and systems; and which promotes internal coordination and the wisest possible use of resources.

(2) The mission of the system is to develop human resources, to discover and disseminate knowledge, to extend knowledge and its application beyond the boundaries of its campuses and to serve and stimulate society by developing in students heightened intellectual, cultural and humane sensitivities, scientific, professional and technological expertise and a sense of

purpose. Inherent in this broad mission are methods of instruction, research, extended training and public service designed to educate people and improve the human condition. Basic to every purpose of the system is the search for truth.

## **I. University of Wisconsin-Madison Mission Statement**

<http://www.wisc.edu/about/mission/>

The University of Wisconsin–Madison is the original University of Wisconsin, created at the same time Wisconsin achieved statehood in 1848. It received Wisconsin’s land grant and became the state’s land-grant university after Congress adopted the Morrill Act in 1862. It continues to be Wisconsin’s comprehensive teaching and research university with a statewide, national and international mission, offering programs at the undergraduate, graduate and professional levels in a wide range of fields, while engaging in extensive scholarly research, continuing adult education and public service.

The primary purpose of the University of Wisconsin–Madison is to provide a learning environment in which faculty, staff and students can discover, examine critically, preserve and transmit the knowledge, wisdom and values that will help ensure the survival of this and future generations and improve the quality of life for all. The university seeks to help students to develop an understanding and appreciation for the complex cultural and physical worlds in which they live and to realize their highest potential of intellectual, physical and human development.

It also seeks to attract and serve students from diverse social, economic and ethnic backgrounds and to be sensitive and responsive to those groups which have been underserved by higher education. To fulfill its mission, the university must:

1. Offer broad and balanced academic programs that are mutually reinforcing and emphasize high quality and creative instruction at the undergraduate, graduate, professional and postgraduate levels.
2. Generate new knowledge through a broad array of scholarly, research and creative endeavors, which provide a foundation for dealing with the immediate and long-range needs of society.
3. Achieve leadership in each discipline, strengthen interdisciplinary studies, and pioneer new fields of learning.
4. Serve society through coordinated statewide outreach programs that meet continuing educational needs in accordance with the university’s designated land-grant status.
5. Participate extensively in statewide, national and international programs and encourage others in the University of Wisconsin System, at other educational institutions and in state, national and international organizations to seek benefit from the university’s unique educational resources, such as faculty and staff expertise, libraries, archives, museums and research facilities.
6. Strengthen cultural understanding through opportunities to study languages, cultures, the arts and the implications of social, political, economic and technological change and through encouragement of study, research and service off campus and abroad.
7. Maintain a level of excellence and standards in all programs that will give them statewide, national and international significance.

8. Embody, through its policies and programs, respect for, and commitment to, the ideals of a pluralistic, multiracial, open and democratic society.