



A REPORT TO THE PRESIDENT ON

Compensation And Benefits



Presented by
The University of Texas at Austin Staff Council
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Executive Summary

The University of Texas at Austin has invested a great deal of time and money in its staff, resulting in a talent pool rich with expertise and steeped in the knowledge of its intricate policies and procedures. This investment pays off for the world-renowned faculty and top-notch students attracted to our flagship institution, who are well served by a trained, dedicated, and adequately-compensated staff. During lean times, experienced professionals can help administrators identify opportunities for improving operational efficiency while ensuring that services for students, faculty, and other stakeholders continue uninterrupted.

As each unit stretches to meet budgetary constraints, the University loses valuable experience while pressures on the remaining staff members only increase. For example, early retirement incentives offered in the University of Texas at Austin Libraries have resulted in a combined total loss of 500 years of experience. Across UT Austin, eliminated and vacant positions cause many current employees to shoulder a significantly larger workload while salaries remain frozen. Meanwhile, out-of-pocket costs for healthcare and parking continue to increase due to decreasing state funding and increasing costs. The Consumer Price Index for fuel and food has increased steadily as well, resulting in a net erosion of wages.¹ These factors cause increased anxiety and stress for all staff members, particularly those who earn the lowest wages. The University of Texas at Austin Staff Council is concerned that as the economy strengthens, top performing employees will seek more rewarding opportunities outside the University, and further drain talent away from our proud institution.

Most of us work for UT Austin because we relish playing a role in such an esteemed institution of higher learning. We willingly trade the possibility of higher salaries for a higher sense of purpose. Yet this exchange seems less of a bargain for many staff members who now struggle to make ends meet. In this spirit, we offer the following recommendations to bolster staff retention and recruitment, improve morale, and make sure the University possesses a qualified and dedicated staff in the future.

Compensation Recommendations

Share the University Compensation Philosophy

1. Develop a consistent approach to identify and address the most extreme salary inequities.
2. Where possible, align University job titles with titles commonly used in the community to:
 - a. Ensure that job postings attract the most appropriately qualified applicants.
 - b. Simplify salary studies and help the University of Texas at Austin Human Resource Services (HRS) to make this project a higher priority.
 - c. Help current and potential staff members compare their own compensation fairly with peers who work outside the University.
 - d. Provide HRS with the resources it needs to prepare and distribute Total Compensation Statements to UT Austin employees.²

1 U. S. Bureau of Labor Statistics. CPI Detailed Report Data for January 2011: Table 1A “Consumer Price Index for All Urban Consumers (CPI-U): U.S. City Average, by Expenditure Category and Commodity and Service Group” <http://www.bls.gov/cpi/cpid10av.pdf> accessed 04 March 2011.

2 University of Texas System Office of Employee Services, “Total Rewards” www.utsystem.edu/ohr/compensation/totalrewards.htm accessed 16 March, 2011

Mitigate Wage Erosion

Those who received a one-time merit payment certainly appreciated receiving some additional compensation when salaries were frozen. We hope that future merit increases will be added to employee's base salaries. We recommend that deans and department heads consider wage erosion in addition to merit when allocating salary increases for the lowest-paid staff members.

An analysis of the one-time merit payment, done by HRS was received by our group late in the semester, which we include here and urge Staff Council to take quick action. Our committee recommends that an ad hoc committee be formed to produce a short recommendation/report/resolution to the President, to be approved at the July Staff Council meeting.

- Of those staff making under \$50,000, an average of 90% of received a one-time merit, however, those making \$50,000 and over, received a one time merit in 93.75% of cases.
- Said another way, 10% of those making under \$50,000 did not receive a one- time merit, while of those making \$50,000 and over, only 6.25% did not receive a one-time merit.³

The UT Austin Staff Council would oppose any measures that would eliminate longevity pay as part of the staff compensation package as recently proposed in House Bill 3168.

Examine Job Codes and Analyze/Update Job Descriptions in the Wake of Workforce Reductions

Many staff members have assumed new tasks to cover the workload in the wake of layoffs, unfilled or discontinued positions, and early retirement. At the same time, many unit heads find little incentive to prioritize analyzing job descriptions until they can offer merit increases. Salary adjustments for temporary or permanent increases in duties are warranted in many cases. Although most staff members can approach their supervisor to ask for a review of his or her job description, many do not feel comfortable making such a request, especially considering recent and ongoing layoffs. To mitigate risk and foster a professional work environment, employees and their supervisors should communicate clearly about changes in duties and expectations, and job descriptions must be updated.

All deans and department heads should direct supervisors to analyze job descriptions and make sure that each one reflects the true scope of the job with particular emphasis on responsibilities assumed in the wake of workforce reductions. After this analysis, deans and department heads should take steps to ensure that those who have taken on additional responsibilities are being compensated fairly.

Apply Salary Studies to Ensure Fair Compensation

To diminish the risk of losing well-qualified staff as employment opportunities arise outside the University, we recommend that salary studies be performed, not only at the request of individual departments, but regularly and on all positions. Ultimately, such a practice will prevent foreseeable situations that require significant salary adjustments and the resulting salary compression. Over time, the

³ John Moore UT-HRS, *2010-2011 Staff Merit Analysis Updated*, Friday, May 8, 2011

University can use the results of regular salary studies to target future wage adjustments to ensure that employees are compensated competitively, especially in areas at risk of losing talented personnel to the private sector as economic conditions improve.

To help current and prospective employees understand and appreciate the full scope of compensation offered by UT Austin and to enhance transparency, the University should make the results of salary studies available to staff members on the HRS website, much as Indiana State University has done.⁴

Promote Existing Perks and Create New Rewards

While budgetary limitations keep salaries frozen, the University can reward high-performing staff in other ways to encourage initiative, innovation, and retention. In fact, University policy and programs already provide existing perks and rewards, many of which are not well understood by most supervisors and their employees. Targeting the promotion of certain existing rewards and expanding or creating others would demonstrate that the University understands the concerns of its staff.

New or expanded perks and rewards can include:

- One-time monetary rewards, sometimes called “spot awards,” to recognize individual staff members whose contributions increase revenue or measurably improve efficiency and/or productivity. Supplementing the existing President’s Outstanding Staff and Supervisor Awards, such a program could reach many more staff members with a relatively small budget. The associated expenses would yield improved enthusiasm and commitment and, depending on how it is set up, perhaps some healthy competition.
- Modest one-time exemplary service payments, perhaps associated with The Ideas of Texas website.
- A paid month-long membership to RecSports and/or other fitness/wellness classes.
- A pre-loaded SharePass parking card or department-paid parking for one month or other defined period of time.
- Gift Cards Books and educational materials.

Conclusion

The University can help to ameliorate the effects of ongoing budget constraints on staff morale. This can be accomplished by creatively incentivizing enhancements to productivity and efficiency, analyzing job titles and descriptions, expanding the use of salary studies, mitigating wage erosion, and creating total compensation statements. The Staff Council is confident these proposals will enhance the recruitment and retention of a dedicated professional support staff and manage excessive turnover, while at the same time enhancing the employees’ understanding of and appreciation for the compensation package. This benefits both the University and individual staff members in the long term.

⁴ Indiana State University conducted a comprehensive salary study and presented the results to its staff in December 2009. This presentation outlines their methodology, benchmarking, and other project details: “Staff Classification and Compensation Study” <http://www.indstate.edu/humres/docs/CompStudyPresentation12-8-09and12-9-09%20%5BRead-Only%5D.pdf> accessed 15 March, 2011.

Flexible Work Arrangements

Research demonstrates that offering flexible work arrangements (FWA) to employees can be an effective way to attract and retain a diverse talent pool, improve morale, increase productivity, and reduce an organization's carbon footprint. In fact, "Inflexible work arrangements are a primary reason top talent leaves an organization."⁵ Since the University already offers some forms of FWAs for employees,⁶ the Staff Council believes that better support for these arrangements by first- and second-level supervisors and managers could result in benefits not only for the staff, but ultimately for the institution and the people it serves.

Flexibility in Number of Hours: Job Sharing, Part-Time/Self-Phased Retirement, and Seasonal Flex

Employees who are nearing retirement or who have life issues such as aging parents that demand additional attention could benefit from volunteering to flex their schedules in the number of hours worked, while the unit realizes savings in salaries, benefits, and expenses associated with the maintenance of office space. Applied strategically, part-time staff, job sharing, and less-than-12-month appointments (seasonal flex) can ease budgetary pressures by freeing up budgeted payroll funds and potentially reducing the need for layoffs⁷.

Flexibility in Place: Telecommuting

Telecommuting can be a solution to many different problems. Individual employees benefit from reduced stress by losing the commute; and longer periods of uninterrupted work time can improve productivity. Telecommuting can benefit the institution by reducing energy and office space demands, easing parking conditions, and creating more productive employees.

Opportunities for telecommuting can benefit employees as well as improve recruitment and retention. However, the university must address key organizational challenges to successfully to make telecommuting support the institutional mission.

Flexibility in Scheduling: Flextime and Compressed Workweek

Some UT Austin employees enjoy a great deal of flexibility in their work schedules, while for others, the ability to flex their schedules remains elusive or even unattainable. For employees, flextime and the compressed workweek offers many benefits: reduced use of sick leave, the ability to avoid traffic congestion, the opportunity to take children to school in the morning or pick them up in the afternoon, and the option to schedule working hours during one's own most productive time of day. Benefits to the University include reduced use of sick leave, deepened employee commitment, the potential to expand

⁵ Kubal, Diane and Janice Newman, "Work-Life Balance Becoming a Key Tool for Retention." Workforce Management Online, May 2008. www.workforce.com/section/recruiting-staffing/feature/work-life-balance-becoming-key-tool-retention accessed 18 March 2011.

⁶ University of Texas at Austin HOP: Sec. 9.32. Work Schedule.

⁷ "Time and Timeshifting" <http://www.ivc.ca/flexibility/timeshifting.html> accessed 18 March, 2011.

working hours to serve a greater number of students and other customers, and greater productivity from employees who can perform tasks during off-peak hours.

FWA Recommendations

Training Needed to Overcome Supervisor Resistance

Flexible work arrangements are not appropriate for all areas. For example, in addition to most administrative staff, custodial staff cooks, and physicians cannot telecommute. In departments where flexible work arrangements could be applied, the main obstacle for implementing them is supervisor reluctance. Managers are concerned about effectively measuring productivity and performance, monitoring attendance, treating employees fairly, and managing risk. Supervisor and manager training on existing University policies, FWA utility and rationale, and best practices would address these very valid concerns.

It is time for a change that will boost recruitment and retention, morale, and productivity. The Staff Council applauds the HRS initiative to assist staff by providing individual counseling on how to propose a flexible work arrangement. University supervisors need to know that HRS will help them determine whether and which FWAs would be feasible in their units and develop effective FWA plans tailored to the needs of their unit. FWAs should be included in mandatory management training programs so that supervisors will be more open to discussing and implementing FWAs on a trial basis for a defined period of time with no obligation to continue.

Conclusion

UT Austin staff know that flexible work arrangements are a privilege, not a right. We also understand that effective implementation of any FWA must necessarily be tailored to specific work sites and positions, and therefore levels of employee control and job flexibility will vary. Flextime, a compressed work week, job sharing, telecommuting, and part-time arrangements should be considered and implemented where feasible. By utilizing FWAs appropriately, the University would continue to remain open for business with greater efficiency, improved productivity, and increased staff retention.

Appendix 1 – Analysis of 2010-11 Merit Payment (Staff Only)

Provided by UT Austin Human Resource Services.

For FY 10-11, the university's primary salary increase policy was to provide a one-time merit payment, which was paid in December, 2010.

- The increases were to be based on performance and other equity considerations such as gender and wage compression.
- The average increase was to be between two and three percent.
- To be eligible an employee had to be employed by the university for the previous six consecutive months and had not received a merit increase within that period.
- The salary increase policy for employees funded from contracts and grants as well as auxiliary and self-supporting accounts were more flexible due to the conditions of the funding and/or business. As a result, some units funded from these types of accounts implemented programs other than one-time merit payments in December.

To review the one-time merit program, it first was necessary to identify employees who qualified for consideration to receive a one-time merit payment. In order to be considered, an employee had to have:

- a) been employed by the university for the previous six consecutive months and had not received a merit increase within that period,
- b) not received a permanent salary increase, and
- c) not been part-time and temporary.

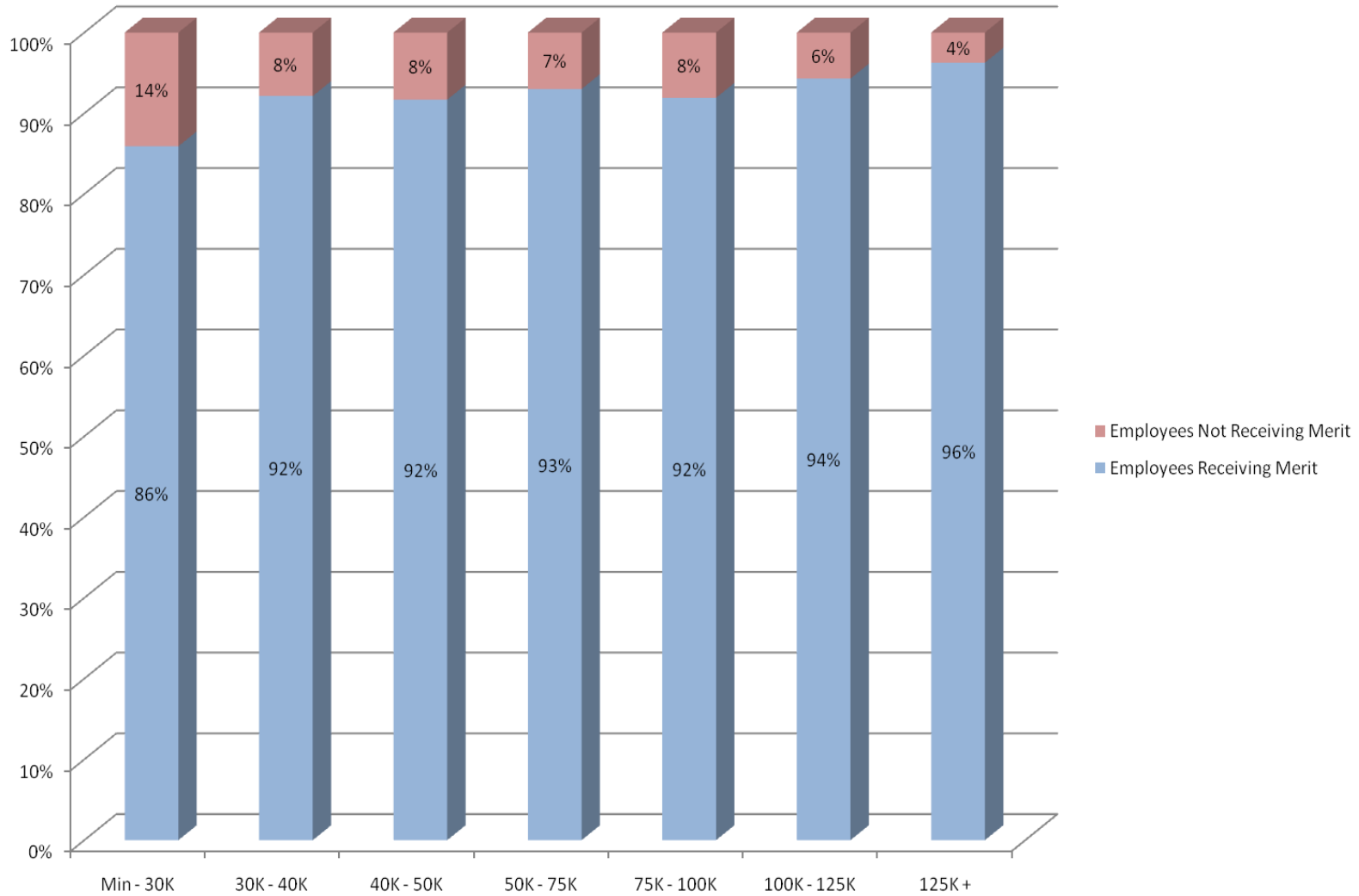
Further, several self-supporting departments offered modified one-time merit programs or did not offer a program at all if their funding had been reduced or eliminated. To the extent feasible, employees in areas that did not offer a one-time merit program also were identified as not qualified for consideration.

Additionally, faculty and senior research positions were not included in this staff analysis.

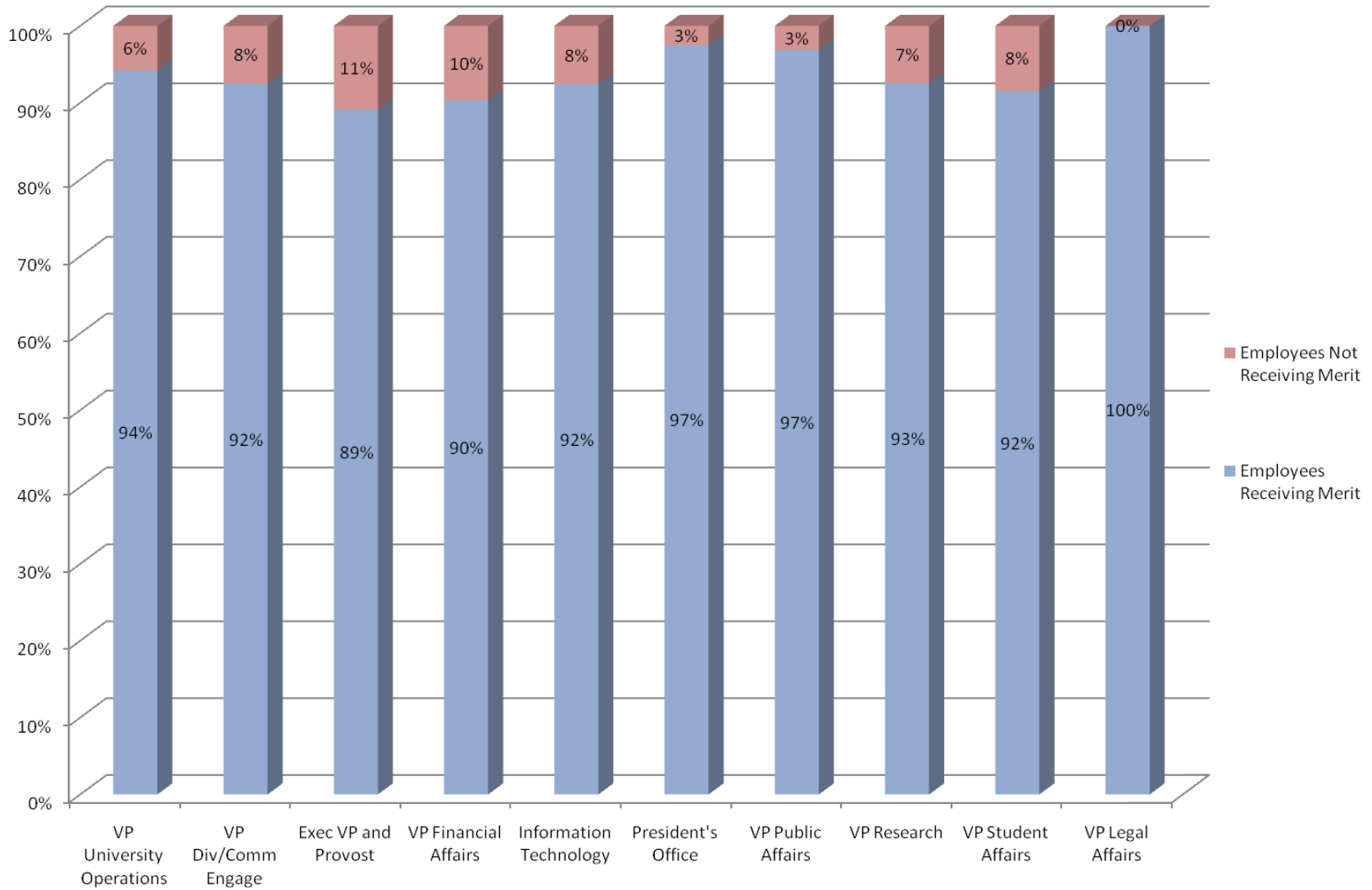
Results

- Of the 6,567 employees qualified to be considered to receive a payout, 6,004 (91%) did.
- For those receiving the merit payment, the average was 3%, or \$1,418.
- Employees who did not receive a one-time merit payment typically were rated low in performance or were in departments with modified merit programs due to inadequate funding to sustain merit payments. In some cases employees received merit increases following the date of the analysis due to the timing of funding or the completion of significant reorganizations. As a result, the estimates of employees not receiving a one-time payment are maximum estimates.
- Note that the percent of employees not receiving one-time merits in the lowest salary band are largely driven by one group who were undergoing a significant change in their work processes and many of them received low performance evaluations. If one-time merit payments were based on present day evaluations of this group and all other data remaining constant, the percent of employees not receiving a payment in this salary band would be 11%.
- The following graphs illustrate estimated percentages of qualified employees who received the one-time merit and the percentages who did not receive the merit. The percentages are provided by College/School/Vice President and by salary bands.

Percentage of Merit Increases by Salary Band



Percentage of Merit Increases by Vice President Portfolio



Percentage of Merit Increases by School/ College

