

Improving Employee Compensation

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ABSTRACT

The University of Wisconsin Oshkosh identified the need to address concerns about compensation for its faculty and staff as the top priority. The University had been through a series of State of Wisconsin biennial budgets in which little or no additional compensation was provided to employees. In fact, due to a mandatory furlough program and increased costs for employees to pay a larger share for their fringe benefits, employees' take home pay actually decreased.

The University set out to study the problem and determine what avenues for action were within its authority. A process was developed to analyze and determine if a salary equity adjustment was in order for faculty, instructional academic staff, professional-administrative academic staff, and limited appointees. The process development involved significant discussion between the University's administration and some of its governance groups, namely the Faculty Senate and the Senate of Academic Staff. The University awarded salary equity adjustments to 369 faculty, professional-administrative academic staff, and limited appointees as a result of this process.

For the University's classified staff, a program designed by the State of Wisconsin Office of State Employment Relations allowed employers to award its classified staff discretionary merit compensation adjustments. Classified staff are predominantly the University's federal Fair Labor Standards Act employees who are deemed non-exempt. The University worked with the classified staff governance group to develop a method to determine how to utilize this program. As a result of this review, the University awarded 261 discretionary merit compensation adjustments.

The University spent approximately \$1.5 million on the compensation adjustments. Funding flexibility to support salary equity adjustments came from new and innovative operational revenue streams created by incentive-based programs in partnership with the colleges and central administration.

From establishing employee compensation as a top priority to informing employees if they were to receive an adjustment, communication with internal and external stakeholders was critical to the success of addressing the priority. The University communicated often, completely, and openly which contributed greatly to the success of its initiatives.

By addressing the top priority of compensation for faculty and staff, employee morale improved, employees gained a greater understanding of compensation, meaningful conversations between classified employees and their supervisors ensued, and the possibility of increased employee retention was created.

INTRODUCTION OF THE ORGANIZATION

The University of Wisconsin Oshkosh is the third largest public university in the State of Wisconsin, with a total enrollment of approximately 13,500 students, including 1,400 graduate students. The University's 78 associate, baccalaureate, master's, and doctoral degree programs are organized within four outstanding colleges — Business, Education and Human Services, Letters and Science, and Nursing — and the Center for New Learning for students who have significant work and/or family obligations. The University, founded as a teacher-training school in 1871, serves as the arts and cultural center for 1.2 million residents of northeast Wisconsin, and its NCAA Division III athletic program is among the very best in the nation. Located on the Fox River in Oshkosh, a community of nearly 66,700 persons, the University is the city's third largest employer, providing full-time and part-time employment for approximately 1,730 individuals.

STATEMENT (RESTATEMENT) OF THE PROBLEM/INITIATIVE

Faculty and staff at the University of Wisconsin Oshkosh have realized a 1% increase in State funded pay plans since July 1, 2008. In 2009 and 2010, the University's employees saw temporary pay cuts of 2.2% due to a furlough program. Beginning in 2010, employees saw a 5.8% reduction in take-home pay as this percent of their gross salary was deducted to partially fund employee pensions. The percentage of gross income an employee contributes to the State's pension fund has since grown to 7.0%. Employees have realized other fringe benefits increases including rate increases in health insurance, co-pays from all non-preventative medical visits and procedures, and other fringe benefits increases.

According to 2012-2013 data assembled by the American Association of University Professionals (AAUP), University of Wisconsin comprehensive universities' (baccalaureate universities other than UW Madison and UW Milwaukee) average salary for a professor was 31 % below the median salary for a professor in similar comprehensives in other states.

A lack of pay increases as established through the State of Wisconsin biennial budget over several biennia, temporary pay cuts via a furlough program, increased fringe benefits costs for employees, and employees who are dramatically underpaid compared to peers created a difficult compensation problem for UW Oshkosh. Such compensation problems lead to recruitment and retention issues, morale problems, and the potential for the quality of education provided to students to suffer. As UW Oshkosh Chancellor Richard H. Wells stated in an assembly on September 3, 2013, "I will not leave this podium today without, once again, pledging to you that this University is not about to back away from its commitment to doing all it can to address employee compensation. Again, the budget scenario we face is difficult. What else is new? If we truly believe in providing a high-quality education for each and every one of

our students, then that means we mustn't back away from our plans to do everything in our power to fairly address compensation and support for the 1,700 people who work so hard for this institution.”

For the purposes of addressing this compensation issue, four employee categories were considered separately: faculty, professional-administrative academic staff/limited appointees, instructional academic staff, and classified staff. Classified staff are largely the institution's Fair Labor Standards Act non-exempt employees. In 2012-2013, each employee category was analyzed to develop a method to address the compensation issue considering the authority granted the University by the State of Wisconsin, the State's Office of State Employment Relations, and the University of Wisconsin Board of Regents. As a result, faculty were considered for a salary equity adjustment; professional-administrative academic staff/limited appointees were considered for a salary equity adjustment; the salary schedules for instructional academic staff in each of the four academic colleges were considered for adjustment; and all classified staff were considered for a discretionary merit compensation (DMC) adjustment.

DESIGN

Faculty Salary Equity

The University had a salary equity process for faculty in place that it had been using for approximately 20 years. The administration approached the Faculty Senate to begin discussion about changing the salary equity process in an effort to (a) consider a greater number of faculty at the same time; (b) develop a methodology that would consider faculty salary data external to the University; and (c) include a factor of performance. As a result of the initial conversation, the Faculty Senate established a salary equity committee comprised of faculty with expertise in the area of salary equity and appropriate representation from the University's administration. Selecting faculty members with the necessary subject matter expertise was critical. In less than one month, formation of a salary equity committee was easily accomplished.

The salary equity committee developed a mathematical regression analysis which, when executed for an individual faculty member, would provide a predicted salary. Variables in the regression included peer group (external data gathered from the College and University Professional Association-CUPA-HR); academic discipline (discipline specific comparisons from the CUPA-HR group code); rank (assistant professor, associate professor, professor, or distinguished professor); year started at UW Oshkosh; year promoted to current rank; and average merit rating for the last five years. This step took approximately three months to accomplish.

Once the regression model was approved by the Faculty Senate and the University's administration, all the data needed to execute the regression for each individual faculty member needed to be compiled. This involved the Office of Human Resources, the Office of Institutional Research, Deans' offices, departmental offices, and other University offices and employees.

Gathering and verifying all the necessary data were time consuming, detail oriented, and required complete accuracy. This step took approximately two months to complete.

The regression needed to be completed for each faculty member twice. The first regression used CUPA-HR average salary data for Midwestern peer universities by corresponding discipline and rank; the second used internal University salary data by academic discipline and rank. Each regression produced a predicted salary and any adjustment the faculty member received was based upon the greater of the two predicted salaries. Completing the two regression analyses and identifying faculty in need of an equity adjustment took approximately one month to complete.

The results of the regression analyses were reviewed by the salary equity committee. The committee needed to hold the results of the analyses in the strictest confidence. The regression analyses results were then passed to the faculty members' respective Deans. Each Dean had the opportunity to provide a recommendation of an adjustment to the Provost. The total salary increases recommended by each Dean were required to fall within 5% of the total increases recommended by the salary equity committee for each respective college. The Provost reviewed the recommendations of the Deans and made recommendations to the Chancellor. The Chancellor has the final authority in faculty salary equity decisions. The process to review results of the regression analyses and for each level to provide a recommendation or make a final decision took approximately two months.

Professional-Administrative Academic Staff/Limited Appointee (PAS/LI) Salary Equity

The University had a salary equity process for PAS/LI in place that had been in use for many years. The administration approached the Senate of Academic Staff to begin discussion about changing the salary equity process in an effort to (a) consider a greater number of PAS/LI

at the same time, and (b) develop a methodology that would consider PAS/LI salary data external to the University for select PAS/LI positions. As a result of this initial conversation, a second salary equity committee was established that included members of the Senate of Academic Staff and the administration. The committee developed a new process, this step taking approximately three months.

The new process called for a team of three individuals to analyze all PAS/LI employees for a possible salary equity adjustment. The team consisted of the University's Director of Equity & Affirmative Action, the Associate Vice Chancellor of Academic Affairs, and the Director of the Office of Human Resources. Each PAS/LI would be analyzed considering the following criteria: salary range, base salary, highest degree attained, total years of professional experience, years at UW Oshkosh, and years in current title. For PAS/LI holding positions of director or greater, each PAS/LI was analyzed using the same data for like positions at four other comparable UW institutions: UW Eau Claire, UW La Crosse, UW Stevens Point, and UW Whitewater. In some instances, total years of professional experience and highest degree attained were not acquired for counterparts at the four institutions. Median salary for the director and greater positions was acquired from CUPA-HR and was a part of the analysis for these positions. Gathering all the data necessary to conduct the analysis took approximately two months.

The team of three individuals reviewed the data for each PAS/LI and developed a recommendation for an adjustment (and in what amount) or against a salary equity adjustment. The recommendations were forwarded to each PAS/LI's respective Vice Chancellor. Completing the analysis and forwarding the recommendations took approximately one month.

Each Vice Chancellor considered the recommendations and made adjustments as necessary. The Vice Chancellors conferred collectively to ensure equity across divisions. The

recommendations were then forwarded to the Chancellor for a final decision. The Vice Chancellors' recommendations took approximately one month to complete. The Chancellor's final decisions were concluded in approximately one month.

Instructional Academic Staff

Instructional Academic Staff (IAS) at UW Oshkosh provide instruction across the full academic program array. They are non-tenure track employees for whom there are minimal to no expectations in scholarship or service. Many IAS are part-time, with several teaching one class in which they have particular subject matter expertise.

UW Oshkosh has four academic colleges: the College of Business, the College of Education and Human Services, the College of Nursing, and the College of Letters and Science. Each of the four colleges manages its own salary schedule for IAS, meaning IAS are paid according to where they are on the salary schedule. A new IAS is paid according to the amount new IAS are paid in a particular college; an IAS with five years of experience is paid what the salary schedule predicts they be paid, and so on. The schedules also factor highest degree attained and full-time equivalency (FTE) into the schedule. The salaries in the schedules are market-driven and as such vary greatly by college. For example, IAS with similar years of experience and degree in the colleges of Business and Nursing typically earn more than IAS in the colleges of Education and Human Services and Letters and Science.

The wide differences among the salary schedules in the colleges made it impossible to conduct a salary equity analysis for IAS similar to the analysis done for PAS/LI's. Even comparing IAS across similar institutions was not possible because other institutions (a) have a different academic program array, (b) may not establish salary schedules by college but may

have one IAS salary schedule for the whole institution, or (c) the institution may exist in a geographic locality that has a different cost of living which could influence the market for IAS.

With no opportunity to complete a salary equity analysis for IAS, the University sought another method to consider the excellent work of IAS, thereby avoiding the exclusion of this employee category from potential salary adjustment. Universities in the University of Wisconsin System have the authority to establish salary for IAS as long as the salary is at or above a minimum established by UW System Administration. As such, UW Oshkosh made the decision to have the four colleges raise all steps in their IAS salary schedules by \$1,000. This meant that the vast majority of IAS saw a \$1,000 increase in their FTE base salary. For part-time IAS, the base salary increase is prorated against their FTE.

Classified Staff Discretionary Merit Compensation

Classified staff are largely the institution's Fair Labor Standards Act non-exempt employees. The State of Wisconsin's Office of State Employment Relations (OSER) provides employers with the opportunity to reward the meritorious service of classified staff with discretionary merit compensation (DMC) adjustments. The adjustment may be a one-time reward, an adjustment to the employee's hourly wage, or a combination of the two. University administration worked with the classified staff shared governance group, i.e. the University Staff Council, to (a) establish a methodology to identify classified staff whose performance could be considered meritorious; (b) determine if the employee should receive a DMC; (c) determine if the DMC should be a one-time adjustment, an adjustment to the employee's hourly wage, or a combination of both; and (d) the amount of the adjustment. This step took approximately two months.

The University is divided into four divisions: the division of Academic Affairs, the division of Administrative Services, the division of Student Affairs, and the division of Advancement and Alumni Relations. Each division is headed by a Vice Chancellor. Each Vice Chancellor worked with their respective departmental directors/academic Deans/supervisors and identified the individuals whose service was most meritorious. It was determined that the DMC adjustment would be one-time if the meritorious service of the employee was of a temporary nature, such as successful and timely completion of a large and complex project assigned outside the employee's standard duties and responsibilities. If the meritorious service was the result of excellence in the completion of the employee's daily duties and responsibilities, the DMC was to be an adjustment to the employee's hourly wage. This step took approximately two months to complete.

The Vice Chancellors met to make certain that (a) inter-divisional equity was occurring in determining the number of DMC's being awarded across the divisions, (b) the type of adjustments were consistent with the criteria stated above across the divisions, and (c) the dollar amounts awarded to employees were equitable across the divisions. (OSER had established a maximum DMC amount for one-time and hourly wage adjustments dependent upon employee classification.) The Vice Chancellors involved the Director of the Office of Human Resources in this step to ensure that a University-wide perspective was present. This step took approximately one month to complete.

OSER holds final approval for DMC's and requires that requests for DMC's be submitted in specific format, with specific approval signatures and written justification of the meritorious service. Assembling the appropriate paperwork, submitting the paperwork to OSER, and gaining

OSER approval took approximately one month. (Within that month, gaining OSER approval took approximately one week.)

IMPLEMENTATION

Implementation will be discussed in two large components: how the Office of Human Resources staff implemented the increases, and communication about the process and procedural outcomes.

Office of Human Resources Implementation of the Increases

Faculty and Professional-Administrative Academic Staff/ Limited Appointees

The Office of Human Resources staff received a spreadsheet from the Provost's Office presenting the results of the faculty salary equity process, and separate spreadsheets from the Vice Chancellor of each division presenting the results of the process for PAS/LI. Approximately 278 faculty and 91 PAS/LI each received a salary equity adjustment. Staff of the Office of Human Resources entered the increases into the human resources information system. Each increase was to the employee's base salary and was implemented in two installments: one installment took effect October 1, 2013; the second will take effect April 1, 2014.

Each employee receiving an increase received a salary letter explaining the increase, the one-half/one-half nature of it, and the new base salary. Further discussion of the salary letter will be presented in the section below on communication.

Instructional Academic Staff

The Office of Human Resources received a spreadsheet from each of the four colleges indicating the IAS to receive a salary increase based upon the University's decision to increase the salary schedule minimums by \$1,000. Each increase was to the employee's base salary and staff of the Office of Human Resources entered the increases into the human resources information system.

Classified Staff DMC's

Office of Human Resources staff received a spreadsheet from the Vice Chancellor of each division indicating (a) the respective classified employees to receive a DMC, (b) if the award should be one-time or an adjustment to the employee's hourly wage, (c) the DMC amount, and (d) a justification statement indicating the meritorious service the employee had provided. The Office of Human Resources staff entered the information onto the appropriate OSER forms and gathered all approval signatures. The forms were submitted to OSER, and once OSER's approvals were received, the increases were entered into the human resources information system. Each classified employee eligible for a DMC received a letter informing them of their status relative to a DMC. Further discussion of the letter will be presented in the communication section that follows.

Communication

Communicating the what, when, why, and how of (a) salary equity adjustments for faculty and PAS/LI, (b) adjusting the salary schedule for IAS, and (c) DMC's for classified staff was a critical component of successfully addressing the priority of improving compensation for UW Oshkosh employees. Internal communication audiences included all employees, employee governance groups, administrators, Deans and department directors, and the Office of Human Resources staff. External communication audiences included the University of Wisconsin Board of Regents, UW System Administration, the chancellors of fellow UW institutions, OSER, the Chancellor's Councils of Advisors, the UW Oshkosh Foundation and Alumni Association Boards, and local media outlets. Communicating proactively with all these audiences in a timely fashion built understanding and trust.

Approximately 15 months prior to the implementation of salary equity adjustments, the Chancellor sent an all-employees e-mail. In this e-mail, included as exhibit A, the Chancellor

announced that in keeping as a top priority his commitment to the improvement of UW Oshkosh faculty and staff compensation, deserving classified staff would be receiving DMC's, and work was beginning, in conjunction with appropriate governance groups, to provide salary equity adjustments to deserving faculty and PAS/LI. This communication began to create understanding for employees and demonstrated the University's commitment to taking action in dealing with its top priority of improving compensation for employees.

The process of engaging the governance groups to develop a process whereby salary equity/DMC's would be awarded ensued. This process is described in the Design section above. A University policy has been completed for faculty salary equity and it is included with this document as exhibit B. A University policy for IAS and PAS/LI for salary equity is expected to be completed during the 2013-14 academic year.

In his remarks before an assembly attended by faculty, IAS, PAS/LI, and classified staff on September 3, 2013, the Chancellor reiterated his commitment to addressing faculty and staff compensation. Some of his remarks are quoted in the "Statement of the Problem/Initiative" section above. The Chancellor's remarks were made available electronically so that all employees had the opportunity to review them.

Once the salary equity and DMC processes had run their course and it was time to implement the results, the Chancellor, the Chief Business Officer, the Director of the Office of Human Resources, and the Associate Director of Integrated Marketing and Communication held a teleconference with leadership from UW System Administration (UWSA). The teleconference's purpose was to (a) describe all that had occurred in preparation to implement the adjustments, and (b) accept UWSA consultation and recommendations. Recommendations

from UWSA were incorporated into the final communications to be sent to all employees, to the Board of Regents, and to local media.

The Chancellor then notified all University governance groups of the method and timing of communications that was to follow. Governance group leaders felt confident in what had transpired and in their ability to address questions that might come from the employees they represent.

The Chancellor sent UWSA, the Board of Regents, fellow Chancellors, his Councils of Advisors, and the UW Oshkosh Foundation and Alumni Association Boards a message shortly before informing all employees of the conclusion of the process and how they would be notified of results. The e-mail the Chancellor sent to all employees is included with this document as exhibit C. The communication included a link to a summary of the salary equity and DMC adjustments. This provided all employees with great understanding of the outcomes and this transparency engendered great trust in the process.

Shortly after sending the communication to all employees, the Chancellor sent the same communication to local media outlets and invited them to meet with him should they have any questions. This “giving them the story,” if you will, enabled the University to make sure the media were receiving accurate information, provided them with a ready resource for questions they may have had, and helped engender trust from them.

In July of 2013 all faculty and PAS/LI, and many IAS, received a 1% increase in their base salary as part of a State of Wisconsin pay plan. At the conclusion of the salary equity/DMC processes in the fall of 2013, each UW Oshkosh faculty, IAS and PAS/LI received a salary letter informing them of both the 1% increase and if they had received a salary equity adjustment. A copy of the template letter when a faculty or PAS/LI received a salary equity adjustment is

included with this document as exhibit D; exhibit E represents the template letter if they did not receive a salary equity adjustment.

In July of 2013 all classified employees also received a 1% increase as part of a State of Wisconsin pay plan. The employees were informed of this by letter at that time. In the fall of 2013, the University determined it would be best for all classified employees to receive a letter informing them whether or not they had received a DMC. These letters are included with this document as exhibits F and G. Informing only those classified employees who received a DMC might have created awkward situations for those not receiving a letter. It should be noted that one small group of classified employees, i.e. the University's craft workers, are a certified union and as such are ineligible for the DMC program.

All letters informed employees that the University's commitment to addressing the priority of improving compensation for its faculty and staff was not a replacement for competitive market-based salary adjustments that typically are advanced through the compensation framework of the State's biennial budget process. All employees were informed of where to turn to seek answers to any questions they may have had, and supervisors, department directors, Deans, Vice Chancellors and the Office of Human Resources staff were prepared to answer questions.

BENEFITS

For faculty, IAS and PAS/LI, the greatest benefit has been an increase in employee morale. This is a result of the employees realizing that the University's administration cares about them, is listening to the concerns they have, considers those concerns in developing priorities, and takes all action within its authority on those priorities. Because the process was done with full involvement from appropriate governance groups and in a thoughtful, analytical, open, and fully communicative manner, trust between the administration and the employees has grown.

It is too early to tell if the benefits will have an impact on employee retention but one may assume it will have a positive effect. This will be studied in the coming years, although it is difficult to account for other factors beyond this best practice that may affect retention.

For classified employees, those who have exhibited the most meritorious service have been rewarded. This has created a desire among those who were rewarded to seek opportunities to perform at an even higher level as they know the opportunity for reward exists. For those not rewarded, it has brought about many meaningful conversations with their supervisors, Vice Chancellors and/or Office of Human Resources staff. These conversations have helped employees understand the criteria considered in determining a DMC award and have moved some employees to ask what kinds of accomplishments they need to produce to earn an award in the future. It has increased the rate of employee evaluations being completed, and the relative seriousness of the employee and supervisor in completing them.

RETROSPECT

One of the more difficult concepts to address is creating understanding in the difference between a market study and a salary equity analysis for faculty and PAS/LI. Some members of these employee categories received the results of the salary equity study and were disappointed. Comments included that they were not “brought up to market” or “this still leaves me well behind my peers in some other states.” We have worked diligently to help the employees understand that the purpose of this exercise was not to study the market for particular academic disciplines or administrative positions and adjust the University’s staff accordingly. Rather, the purpose of this exercise was to consider all of the factors of salary equity as described above, analyze employees for internal and external salary equity, and then, if the analysis revealed an adjustment was in order, to accomplish that adjustment within the means the University’s budget allowed. Perhaps greater education for the employees at the outset of the project may be beneficial next time.

For long-term classified employees who did not receive a DMC, it was difficult for them to see a more junior employee receive one. Many of the classified employees were previously represented by a union in which seniority was valued at a greater level. As such, seeing a junior employee realize a benefit that they did not realize was foreign to them. It has taken patience and effort to bring about understanding in senior classified employees of the meritorious nature of DMC’s. Greater emphasis on education at the outset of the project next time will help classified employees understand more completely.

When employees questioned supervisors about not receiving a DMC, some supervisors handled the conversation better than others. Next time, perhaps increased training and education

with supervisors at the outset of the process may help supervisors handle the conversation more successfully.

Exhibit A

Dear Colleagues,

As we have faced annual budget challenges during the last several years, we have made no secret about our commitment to keep the improvement of UW Oshkosh faculty and staff compensation a top priority. As I emphasized at our last Opening Day ceremony, our competent, confident, committed, caring and courageous people make our University a proving ground of academic and innovative distinction.

Our University thrives because of record enrollment growth and the outstanding faculty and staff who have helped drive it through exemplary service to our institution. This is despite deep sacrifice. Faculty and academic staff pay has long been 15 to 20 percent below that at comparable Midwestern peer institutions. We have lived through furloughs and four years without a state-funded employee pay plan, with the exception of a 2 percent salary increase for some classified staff three years ago. Frozen wages and rising employee contributions toward benefits have resulted in an approximately, on average, 8 percent decline in take home pay over the last year.

Today, I am pleased to report that we are making some progress in the effort to counter that trend and ensure our employees are recognized and rewarded for excellence on the job. While we are beginning by addressing the salary needs of members of our classified staff, we are also working with academic staff and faculty leaders to, in the months ahead, provide performance-based equity salary adjustments.

Approximately 100 (25 percent) classified employees will begin to receive an, on average, \$2,000 compensation adjustment in base salary or a one-time payment by Aug. 15. These employees will receive a letter informing them of the adjustments by July 12. The Discretionary Merit Compensation (DMC) adjustments are a tool established in the 2011-13 Office of State Employment Relations (OSER) Compensation plan.

DMC adjustments are intended to provide monetary compensation for merit. In special circumstances, they may also address salary equity adjustments for classified employees.

Thanks to the efficient practices and entrepreneurial efforts of our 1,700 employees, we have the resources to fund performance-based equity salary adjustments for classified staff, academic staff and faculty. Historic highs in enrollment growth, energy and operational cost savings and other innovations and efficiencies our employees championed have provided UW Oshkosh the resources to reinvest funds into performance-based salary equity adjustments for all employee groups.

Here are a few additional details about DMC adjustments:

- Classified staff determined to receive adjustments will earn them based on administrators' consultations with supervisors and consideration of annual evaluations. The process has been coordinated by our Office of Human Resources and is being completed within the

parameters established by the OSER Compensation Plan ([Wisconsin Resources Handbook chapter 550](#)).

- Increases (base adjustment or lump sum) will vary; the OSER Compensation Plan sets limitations on amounts based upon pay range.
- More information is available online in the University of Wisconsin System [Discretionary Merit Compensation \(DMC\) Criteria and Guidelines](#).

Let me again stress that our application of these DMC adjustments is a first step to reward the contributions of our classified staff employees.

We are continuing to work with the Office of the Provost, college deans and our Faculty Senate leadership on the implementation of a comprehensive faculty salary equity adjustment system. We anticipate a significant percentage of faculty will receive salary adjustments by July 1, 2013.

We also plan to accelerate the salary equity adjustment process for academic staff and will continue to work with the Senate for Academic Staff leadership on this effort into the fall. Another significant percentage of that group will also see adjustments by July 1, 2013.

From promotions, to Professorial Productivity Salary increases to our Salary Equity programs, UW Oshkosh has an array of compensation structures and systems designed to recognize and reward excellence. A simple search online of the [UW Oshkosh Faculty and Academic Staff Handbook](#) (Available [here](#) will explain these compensation programs in greater detail.

I look forward to updating you on all of our performance-based salary equity compensation efforts in my Opening Day remarks and in follow-up communications this fall. **And I want to assure you that as pleased as I am that we are able to offer these adjustments, the much more critical priority for us is to continue to work with the UW System Administration and our Board of Regents to establish a targeted, state-funded pay plan for all System institution employees in the 2013-15 biennium.**

As questions arise about our campus compensation efforts, let me encourage you to raise them with supervisors, your governance groups' leadership or the Office of Human Resources.

We are grateful for the outstanding efforts our 1,700 employees make every day to strengthen UW Oshkosh's reputation as an institution of excellence and opportunity dedicated to our students. Rest assured, we will do our best to reward our employees for their hard work.

Thank you,
Chancellor Richard H. Wells

Exhibit B

GEN 2.9. Faculty Internal Salary Equity Process.

This process is designed to address external salary inequities that have resulted from forces outside of individual faculty member's performance and the university's merit process. Faculty members will be eligible for a remedy salary inequity once every four years.

- (1) Funding for the plan will come from a combination of sources including, but not limited to, any or all of the following: the faculty salary pool; the colleges; and the university. Each biennium a memo of understanding will be written to determine sources of the funds.
- (2) A variable salary equity fund will be created.
- (3) Distribution of Funds
 - (a) All university faculty will be eligible for an equity adjustment in each cycle.
 - (b) Faculty will automatically be evaluated in the equity process and no application or documentation is required.
 - (c) Data will be provided by the Office of Institutional Research that include a regression analysis using current salary and CUPA data as the criterion and the following variables as predictors:
 - Peer Group (External salary data from the College and University Professional Association)
 - Academic Discipline (Discipline specific comparisons from the CUPA group code)
 - Rank: Assistant, Associate, Full, and Distinguished Professor
 - Year started at UW Oshkosh
 - Year promoted to current rank
 - Average Merit for the last five years

Separate regression analyses will be performed for each individual Faculty member. The first will use CUPA average salary data for Midwestern peer universities by corresponding discipline and rank. The second will use internal university salary data by academic discipline and rank. Any award the faculty member may receive will be the larger of the two predicted salaries if an equity adjustment is warranted. All salary equity adjustment recommendations will be based on the salary differentials between the faculty member's actual salary and their predicted salary.

The initial level of review will consist of the data analysis provided by the Faculty Internal Salary Equity Committee with the assistance of the Office of Institutional Research. The four members of the FISEC will be appointed by the Faculty Senate Executive Committee to assure faculty with appropriate statistical analytical skills will serve on the committee. The adjustments recommended must be limited to the funding available in each four-year cycle. Due to the confidential nature of the review process, committee deliberations, regression information, and recommendations are to be held in the strictest confidence. No specific information will be shared with previous levels of review. At the conclusion of the process, the Chancellor may provide summary data, in aggregate, to the Faculty Internal Salary Equity Committee.

The recommendation of the initial level of review for each faculty member will be passed along to the appropriate Dean. Each Dean will forward a salary recommendation to the Provost and Vice Chancellor. The total salary increases recommended by each Dean must fall within five percent of the increases recommended for each individual faculty member by the initial level of review.

The Provost and Vice Chancellor shall review the files and pass them along with a recommendation to the Chancellor who shall have the final authority to make adjustments and to allocate all or some of the funding available each year. The equity plan will run for a four-year cycle. Toward the end of that cycle a review will be conducted to determine if another four-year cycle is warranted.

Exhibit C

Dear Colleagues,

In another step toward providing more equitable and competitive compensation, we are notifying 369 of our faculty and professional academic staff employees on Thursday that they will receive annualized salary-equity base adjustments starting in November.

This notification is the conclusion of more than a year's-worth of detailed, employee-by-employee, salary-equity analysis. It has been a thoughtful and methodical process involving UW Oshkosh staff.

On Thursday, faculty and academic staff employees will receive letters informing them of whether or not they have been approved for individual, salary-equity adjustments. Additionally, instructional academic staff employees will be notified that salary ranges have been increased and will be applied accordingly on a case-by-case basis. Finally, recommendations for Discretionary Merit Compensation (DMC) adjustments for high-performing Classified/University Staff colleagues are being submitted to the Office of State Employment Relations (OSER), which has the authority to review our recommendations and to make final approvals. Classified/University Staff employees will learn more about potential salary adjustments later in November.

The salary-equity adjustments process and authority UW Oshkosh has used to address faculty and academic staff pay are granted to us to by the UW System President and Board of Regents. The process involved a sophisticated, multifaceted, statistical analysis. We focused on our 688 faculty and professional academic staff employees — the two employee groups most in need of a salary-equity analysis — and, on an employee-by-employee basis, deeply examined each case for salary-equity adjustments. We made tough decisions to reallocate our campus resources and provide salary-equity adjustments for 278 faculty and 91 professional academic staff, a total of 369 individuals. You can review a [summary of our salary-equity analysis and adjustments HERE](#).

As I explained in my Opening Day remarks in September, it is important to understand the many factors considered in our analysis. They include an employee's length of service, market comparisons and expanded job responsibilities. Each element may or may not have an impact on an individual employee's salary level. Each is important to consider in determining whether or not, and to what degree, salary inequity exists. The salary-equity adjustments we are making vary widely from employee to employee. Ultimately, they will help make our salary structure more equitable for faculty and professional academic staff.

It is well known that, across the UW System, faculty average salaries remain 18 percent behind their established peer groups. Our academic staff and classified staff employees also face salary competitiveness gaps. Through responsible stewardship of funds, difficult decisions and thorough analyses, we can continue to help narrow these gaps.

We are also sharing news of our salary-equity adjustments with our many UW Oshkosh stakeholders, including our UW System Board of Regents, UW System administration, my Councils of Advisers and our UW Oshkosh Foundation and Alumni Association Boards. We believe it is important that they have a general understanding of the goals and results of our analysis and, most importantly, that they understand the focus we have given this effort.

We strongly encourage faculty and academic staff employees to share any questions they may have about the salary-equity adjustments with their respective Vice Chancellor, our human resources department or their governance leaders. They are available and prepared to provide answers as faculty and academic staff employees are individually notified of our decisions via letter on Thursday and into the future.

Thank you,

Richard Wells
Chancellor

Exhibit D

Date

Name

Department

Dear Dr. Name:

Reflecting on the past several years, it is an understatement to say we have faced many difficult challenges. Perhaps the most difficult obstacle has been the challenge of providing competitive compensation for our campus community. The problem has been caused by the absence of any significant new state resources. Succinctly stated, we have been asked to do more with less. For virtually all categories of our employees, there has been no state-funded compensation adjustments for the better part of five years.

In the current biennial budget, the State of Wisconsin included a pay plan for University of Wisconsin employees. The plan called for a 1% increase in base salary for 2013-14 and an additional 1% increase for 2014-15.

Recognizing limitations in available state GPR funding for compensation based salary adjustments, we have worked with the governance groups on a series of structural changes to try to build in a campus-based salary equity review process. For further detail, please see the communication sent from me via e-mail on October 29, 2013.

Accordingly, in addition to the pay plan, UW Oshkosh faculty were considered for a performance based salary equity adjustment. All of the following were considered in determining if a salary equity adjustment was in order:

- Rank
- Years in rank
- Years of service to UW Oshkosh
- Merit as determined in the merit exercise conducted in February 2013
- Faculty salary data taken from College and University Professionals Association Human Resources (CUPA-HR).

Using this methodology and after consultation with the Faculty Senate, the data were entered into a mathematical regression which provided a predicted base salary that was compared to your current base salary to determine if an equity adjustment was needed. The regression model takes into account many but not all of the factors to determine an equitable salary.

Therefore, additional analysis was conducted by your Dean, Provost Earns, and me, and consistent with the framework agreed to by the Faculty Senate, the results are depicted below.

2012-13 Base Salary	Pay Plan Increase	Salary Equity Adjustment	2013-14 Base Salary

For all UW Oshkosh faculty, the pay plan base salary adjustment and any promotional base salary adjustment took effect on September 1 (paid October 1). For those faculty who qualified for a salary equity base adjustment, one-half of that base adjustment took effect on October 1 (paid November 1) with the remaining half to the base taking effect April 1, 2014 (paid May 1).

This campus-based effort through the salary equity review process has a positive, but limited reach. Accordingly, we must emphasize a simple truth; the campus-based mechanism is not a substitute for state funding to support truly competitive market-based salary adjustments.

As our efforts continue, we will work closely with all governance groups to ensure that we are doing all that we can to strengthen the competitive compensation framework for all categories of employees at UW Oshkosh. We will also continue our advocacy with members of the Board of Regents, the Wisconsin Legislature and the Governor to ensure that all key decision makers know the importance of providing state support for our ongoing educational efforts.

If you have any questions on this matter, please feel free to contact your Dean, the leadership of your governance group, or the Office of Human Resources. Thank you for all that you do for the University of Wisconsin Oshkosh.

Sincerely,

Richard H. Wells
Chancellor

cc: Name, Dean of College
Department Chair

Exhibit E

Date

Name

Department

Dear Dr. Name:

Reflecting on the past several years, it is an understatement to say we have faced many difficult challenges. Perhaps the most difficult obstacle has been the challenge of providing competitive compensation for our campus community. The problem has been caused by the absence of any significant new state resources. Succinctly stated, we have been asked to do more with less. For virtually all categories of our employees, there has been no state-funded compensation adjustments for the better part of five years.

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- Rank
- Years in rank
- Years of service to UW Oshkosh
- Merit as determined in the merit exercise conducted in February 2013
- Faculty salary data taken from College and University Professionals Association Human Resources (CUPA-HR).

Using this methodology and after consultation with the Faculty Senate, the data were entered into a mathematical regression which provided a predicted base salary that was compared to your current base salary to determine if an equity adjustment was needed. The regression model takes into account many but not all of the factors to determine an equitable salary.

Our primary objective was to try to reduce salary compression and/or salary inversion. Longer serving individuals with a record of meritorious performance were more likely to experience salary issues than recently hired individuals. Unfortunately, limitations in available funds did not allow us to provide merit-based increases to all members of the faculty. While we greatly

value your work and contributions to our mission at UW Oshkosh, the review process we followed determined that we could not make an equity adjustment for you at this time.

Therefore, additional analysis was conducted by your Dean, Provost Earns, and me, and consistent with the framework agreed to by the Faculty Senate, the results are depicted below.

2012-13 Base Salary	Pay Plan Increase	2013-14 Base Salary

For all UW Oshkosh faculty, the pay plan base salary adjustment and any promotional base salary adjustment took effect on September 1 (paid October 1). For those faculty who qualified for a salary equity base adjustment, one-half of that adjustment took effect on October 1 (paid November 1) with the remaining half taking effect April 1, 2014 (paid May 1).

This campus-based effort through the salary equity review process has a positive, but limited reach. Accordingly, we must emphasize a simple truth; the campus-based mechanism is not a substitute for state funding to support truly competitive market-based salary adjustments.

As our efforts continue, we will work closely with all governance groups to ensure that we are doing all that we can to strengthen the competitive compensation framework for all categories of employees at UW Oshkosh. We will also continue our advocacy with members of the Board of Regents, the Wisconsin Legislature and the Governor to ensure that all key decision makers know the importance of providing state support for our ongoing educational efforts.

If you have any questions on this matter, please feel free to contact your Dean, the leadership of your governance group, or the Office of Human Resources. Thank you for all that you do for the University of Wisconsin Oshkosh.

Sincerely,

Richard H. Wells
Chancellor

cc: Name, Dean of College
Department Chair

Exhibit F

Date

Name

Home Address

Dear First Name:

Reflecting on the past several years, it is an understatement to say we have faced many difficult challenges. Perhaps the most difficult obstacle has been the challenge of providing competitive compensation for our campus community due to the absence of any significant new state resources. Succinctly stated, we have been asked to do more with less. For virtually all categories of our employees, there has been no significant state-funded compensation adjustments for the better part of the past five years.

In the current biennial budget, the State of Wisconsin included a pay plan for University of Wisconsin employees. The plan called for a 1% increase in base salary for 2013-14 and an additional 1% increase for 2014-15. In addition to the pay plan, after discussion with governance groups, UW Oshkosh university staff (classified staff) were considered for a discretionary merit compensation (DMC) adjustment. Because the DMC's are based solely upon merit, each employee's performance in the completion of their duties and responsibilities was considered. Following the advice of the University Staff Council, employees were considered for a base wage adjustment and/or a lump-sum adjustment.

Using this methodology each employee's respective Vice Chancellor worked with the employee's supervisor, departmental director and/or dean to determine those most meritorious. UW Oshkosh then forwarded requests for DMC's to the Office of State Employment Relations (OSER) for final approval. OSER approved 129 DMC requests for UW Oshkosh University Staff. Of the 129, 100 were base adjustments and 29 were lump sum adjustments. The base adjustments range from \$.47 per hour to \$2.62 per hour and the lump sum adjustments range from \$1,000 to \$3,365.

Not all university staff received a DMC. In your case, it was determined that your achievements merit a DMC adjustment. As such, you will receive a (insert base adjustment of for a new base wage of or a lump sum adjustment of). Base adjustments will begin with the paycheck issued on November 27, 2013, and lump-sum adjustments will be paid in full on the November 27, 2013 paycheck.

While our campus-based efforts through this DMC process have a positive, but limited reach, it is important to emphasize a simple truth: The DMC mechanism is not a substitute for competitive market-based salary adjustments. As our efforts continue, we will work closely with all governance groups to ensure that we are doing all that we can to strengthen the competitive compensation framework for all categories of employment at UW Oshkosh.

If you have any questions on this matter, please feel free to contact your supervisor, your respective Vice Chancellor, the leadership of your governance group, or the Office of Human Resources. Thank you for all that you do for the University of Wisconsin Oshkosh.

Sincerely,

Richard H. Wells
Chancellor

Cc: Vice Chancellor
Dean (if appropriate)
Supervisor
P-file

Exhibit G

Date

Name

Home Address

Dear First name:

Reflecting on the past several years, it is an understatement to say we have faced many difficult challenges. Perhaps the most difficult obstacle has been the challenge of providing competitive compensation for our campus community due to the absence of any significant new state resources. Succinctly stated, we have been asked to do more with less. For virtually all categories of our employees, there has been no significant state-funded compensation adjustments for the better part of the past five years.

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Unfortunately, we were not able to provide merit-based increases to all members of the university staff. While we greatly value your work and contributions to our mission at UW Oshkosh, the review process we followed determined that we could not make a DMC adjustment for you at this time.

While our campus-based efforts through this DMC process have a positive, but limited reach, it is important to emphasize a simple truth: The DMC mechanism is not a substitute for competitive market-based salary adjustments. As our efforts continue, we will work closely with all governance groups to ensure that we are doing all that we can to strengthen the competitive compensation framework for all categories of employment at UW Oshkosh.

If you have any questions on this matter, feel free to contact your supervisor, your respective Vice Chancellor, the leadership of your governance group, or the Office of Human Resources. Thank you for all that you do for the University of Wisconsin Oshkosh.

Sincerely,

Richard H. Wells
Chancellor

Cc: Vice Chancellor
Dean (if appropriate)
Supervisor
p-file