

Approved by The University of Texas at Austin Staff Council and
sent forward to the President

Prepared by The University of Texas at Austin Staff Council
Annual committee on Compensation

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Executive Summary

The current compensation committee has taken a qualitatively different approach to compensation issues than past committees. We recognize that the current economic climate, both nationally and specifically at the University of Texas at Austin, fundamentally limits monetary compensation adjustments. We are, therefore, citing points that we believe can be influenced immediately with limited monetary expenditures. We have also included areas of concern that may be considered valid, but which cannot be presently considered. This committee respects the difficult economic constraints faced by our administration, and recognizes that not all compensation issues can be presently affected. We would ask that the administration provide us with feedback on all points in this report, so that we can inform our constituents what will be done presently, in the future, or to provide rationale as to why a solution is unattainable.

The 2011 committee was highly concerned with the risk of losing talented staff due to the draw of better-paying jobs outside the university, and dedicated significant space in its report to highlighting the need for the university to act in such a way as to retain these employees. The current committee finds itself much more concerned that the university address staff standard of living. The compensation committee has come to look at compensation issues less as a matter of retention and more strictly as a matter of optimizing quality of life for university employees, particularly those in lower salary brackets. The Compensation Committee wishes to highlight what this committee believes is most crucial at this moment in time. We do not wish to suggest that there is anything inherently wrong with salary inequity per se, nor that those earning above average salaries are unfairly compensated, but rather that our greatest concerns and sympathies at the current time rest with those at the lower end of the salary spectrum.

Cost of Living

It is redundant to point out that salary is a hot-button issue for staff. While we do not portend to be economists, a cursory look at a Jan. 16, 2013 press release summarizing the 2012 CPI year in review ¹suggests that staff concerns regarding their ability to stay above water are not without justification. The last staff council report on compensation was released in May 2011, and citing the CPI, wage erosion featured prominently in that report. Since that report, it would seem the situation has deteriorated. For the year ending Dec. 2012, the CPI rose only 1.7 percent, but that follows a 3.0 percent increase in 2011, and the CPI has increased on average 2.4 percent annually for the decade. The situation is worse when looking at the indexes that matter the most. The index for food at home rose 6.0 percent in 2011 and an additional 1.3 percent in 2012. The energy index rose 6.6 percent in 2011 and an additional 0.5 percent in 2012. The shelter index rose 1.9 percent in 2011 and 2.2 percent in 2012, with the index for rent rising 2.7 percent in 2012. While we cannot say with certainty what these numbers mean for our bottom line, and while we understand there are region- and city-specific data, it seems safe to conclude that staff's heightened anxiety about the relative scarcity of funding available for annual salary increases in a context of the rising costs of basic necessities, such as food and shelter, are not without merit. This is particularly true for staff on the lowest end of the income ladder, who are both affected the most by cost of living increases and, based on anecdotal evidence and data collected in the previous council report, are the least likely to receive adequate salary increases.

¹http://www.bls.gov/news.release/archives/cpi_01162013.pdf

Raises

While general compensation concerns remain, a key issue is the consideration of how raises – whether one-time payments or permanent salary increases – are distributed across campus. Staff finds themselves greatly concerned with equity in outcomes and equity in process. Significant concern has arisen over how raises are currently being distributed across campus, and particularly the broad discretion the president has granted the colleges, school, and units to distribute raises.

Staff know that there is an absence of a uniform policy across campus guaranteeing everyone at least a basic cost of living raise on a semi-recurring basis. There is a sense that the guiding principle of merit being used to determine these raises may exacerbate the issues surrounding cost of living.

Many staff have also voiced concern that some managers could be exploiting the leeway granted to them to arbitrarily reward certain employees at a time when salary increases, to the extent there are any, are unable to keep up with increases in the cost of living. This may be an inaccurately perceived reality, but because of this perception the committee would like the president to review the current process for distributing raises and reconsider the merits of a uniform policy across campus. While a strictly uniform policy may not be feasible or desirable, it seems to many staff members that the current combination of strictly merit awards and total decentralization of decision-making has created concern and potential problems.

The overriding concern from the committee's point of view is that the number one priority for the university should be ensuring that salaries for everyone across campus keep pace with the cost of living, and that guidelines and policies be measured based on how well they achieve or fail to achieve this minimum objective.

Benefits and Out-of-Pocket Expenses

Questions about equity and fairness were also voiced by staff regarding benefits and out-of-pocket expenses. While staff recognizes the good fortune of having access to an excellent benefits package as part of their employment, it is also the case that paying for the benefits package poses a serious burden on many employees' take-home pay. This is especially true for some of the university's most vulnerable populations, for whom the benefits package offers great security, but whose paycheck is unable to adequately provide for all their needs. The committee is therefore very interested in exploring options to ease the burden on those most unable to carry it.

Issues of benefits and out-of-pocket expenses are exacerbated by the many different situations individuals across campus find themselves in. While the benefits package is an amazing bit of compensation for a single individual without many recurring medical costs, for a single-parent household paying insurance premiums and recurring copays can quickly turn a generous salary package into peanuts. While realizing there is no easy fix to this situation, the committee is interested in pursuing all avenues that might alleviate these situations. Chief among them is the possibility of introducing a sliding scale for benefits, where different income levels would carry the burden of the University's benefit costs at different levels. The committee also would like the University to consider the feasibility of establishing a University fund where employees could contribute money from their paycheck to offset benefit costs for lower-income employees.

The committee is also concerned with how part-time employees are treated under the current benefits system. Instead of treating all part-time employees of 20 hours or more under the same

rubric, the committee would like to see a system that scales a part-time employee's benefits package to the number of hours actually worked, so that an employee working 35 hours per week receives a more generous package than an employee working the minimum 20 hours.

Additionally, the committee strongly opposes any increases in out-of-pocket expenses for benefits or campus permits, such as parking, that would come without a commensurate salary increase.

Salary and Position Reviews

The committee realizes that many facets of compensation at the university are controlled by the Legislature, and that many facets of compensation are outside the university's control. From the committee's perspective, however, that is all the more reason why staff should have more control over their compensation when possible. The committee believes it has identified just such an area, the issue of salary and position reviews. As the committee understands it, currently, if an employee asks for their salary to be reviewed or their job reclassified, the supervising manager has the ability to either forward that request to human resources or to effectively kill the request by choosing not to act on it. The committee would like to see this process removed from a manager's discretion to ensure that all salary and position review requests receive full consideration and are not subject to a supervising manager being the final arbiter as to whether the request is even considered. It is also the committee's understanding that the process is currently initiated with paper and pen. The committee would like to see an electronic option to be reviewed by a qualified HR representative, and to have case IDs created through which employees could track their requests, as well as be issued written explanations for all decisions. Again, whether supervising managers are truly sitting on and killing such requests seems to the committee less important than the perception that this does happen. This suggestion appears to be a relatively innocuous and efficient proposal for eliminating this possibility and giving staff a greater sense of empowerment.

Service Awards

Finally, the committee would like to draw attention to the availability of options for increasing compensation outside the scope of traditional pay and benefits. Specifically, the committee has in mind tools such as Exemplary Service Awards, which give supervising managers the freedom to reward quality work with time off. The committee believes that in a time when there exists a squeeze on monetary compensation, non-monetary compensation should be pursued actively, and therefore the committee would like to see a clear directive from the President to supervisors that currently available service awards be used as a matter of routine for recognition of good service. If the lack of annual raises is due to a lack of available funds, routine distribution of service awards would seem to be one feasible form of compensation.

Conclusion

The Staff Council recognizes the financial constraints under which the University is operating, and suggests a partnership with the University leadership in identifying points that may be addressed both now and when financially feasible. We ask that the University provide feedback to this committee as to possible actions and timelines for the following concerns/suggestions:

- The University of Texas at Austin Staff Council is extremely concerned that compensation levels are not keeping pace with inflation. Ultimately this will lead to experienced and talented Staff members seeking employment elsewhere. Along with University Administration's role, we would like to know what role Staff council might take in assisting in steps to secure staff compensation additional funding.
- Staff council would suggest a campus-wide policy for raises to include both a minimum across the board raise as well as a merit based raise. Staff Council is open to any alternative suggestions the University may have that could lead to improved and more equitable overall compensation for all Staff members.
- Recognizing the present financial limitations to salaries, Staff Council requests that the use of non-monetary based awards be strongly supported by the administration, directing their substantial use across campus.
- We would like feedback on the possibility of a sliding cost for benefits, recognizing the difficulty for those making the least to meet these costs.
- We ask that employee expenses for out of pocket items such as parking and medical costs be stabilized at a time when salaries do not keep up with inflation. We suggest that at the very least, the University defer these increases for those employees under the poverty threshold.
- We suggest that benefits for part-time employees be calculated at the percentage equivalent to the percentage of hours worked.
- The Council would request a transparent system of Salary and Position Reviews with an initial review by a Human Resources professional and clear status available to the employee.

Staff council is only too aware of the financial restraints faced by Administration. Our report is intended to support a partnership with Administration to find alternative approaches to fortify staff compensation, and to directly improve the standard of living for staff at lower salaries. We also would like to enhance all staff's understanding of how finances and benefits work on this campus.