Compensation

REPORT FOR THE UNIVERSITY SENATE

University Senate Committee: Compensation Committee

Brief History of Issue - why the issue is being considered:

According to the Chronicle of Higher Education, 88% of comparable universities offer higher compensation than UW-Eau Claire. This compensation gap is in large part due to the continued decrease in funding for the UW System by the state, thus creating a heavier reliance on student tuition to make up for the difference. Ten years ago the state supported approximately 68% of the funding and the rest (38%) came from tuition. Today the numbers are essentially reversed. The Board of Regents has limited tuition increases over the years resulting in some of the lowest tuition costs in the Midwest. However, during that time, employee compensation has not only remained stagnant but has fallen below the pace of inflation. Additionally, the declining compensation for UW System employees was compounded by the passage of Wisconsin Act 10 resulting in an additional 6.8% - 8.9% reduction in take home pay on top of a 3% reduction in 2011 (due to 16 mandatory furlough days by employees). It’s well documented that the employees of the UW System are paying a heavy toll as a result of all these changes. In fact, since 2007 in addition to the negative impact of Act 10 on compensation, UW-Eau Claire employees:

- have had no salary increases (excluding some non-pay plan compensation adjustments and the 1% pay plan in 2014) or cost of living adjustments.
- have experienced an increase in their employee contribution for retirement going from 1% (2007) to 7% (2013).
- have experienced more than 300% rate increases for their employee contribution for health care (for the most basic plan for individuals and families).
- were required by the state to take a temporary salary reduction of 3% (furlough) over two budget years (July 1, 2009 - June 30, 2011).
- were required to forego the 2% pay plan increase that was scheduled to take effect on June 1, 2009, due to state budget deficits.

The cumulative result of all these actions is that compensation at UWEC is on average 15%-20% below peer institutions. Moreover compensation over the last 10 years has not kept up with the overall cost of living. The fact that UWEC compensation has not kept up with peer institutions and the cost of living is creating an atmosphere where the majority of employees are dissatisfied with their salary/compensation. A recent survey administered by the compensation committee showed that only 25% of the respondents were either satisfied or very satisfied with their compensation. The UWEC Senate needs to demonstrate a firm support for increases in compensation by taking action and urging the UWEC Administration, Board of Regents and UW System to explore additional sources of funding as well as internal savings that can be reallocated to address the compensation problem at UWEC. This action is imperative as we had two years of tuition freezes and may be in line for another two years (as proposed by Governor Walker).
Compensation

Points Discussed by Committee:

- Compensation at peer institutions
- Compensation increases compared to cost of living
- Effects of Act 10 on compensation.
- Effects of furloughs on compensation.

Pros of Recommendation:

- Allows for better recruiting and retention of qualified employees.
- Improves employee morale.
- More money to employees results in an increase in disposable income that then results in an improved economic situation for the state, taxpayers and businesses.

Cons of Recommendation:

- Less money available for other programs/initiatives, unless enough money is found to fund increases in compensations without affecting other programs/initiatives.

Technology/Human Resource Impact:

Committee Recommendation:

The University Senate of UW-Eau Claire urges the UWEC Administration, UW System Board of Regents and UW System Administration to explore additional sources of funding, as well as internal savings, that can be allocated strictly for funding increases in employee compensation.
Compensation

MOTION FOR THE UNIVERSITY SENATE

The University Senate Committee: Compensation Committee

by a vote of __8__ for to __0__ against on 4-15-2014

Recommends that:

The University Senate of UW-Eau Claire urge UWEC Administration, UW System Board of Regents and UW System Administration to explore additional sources of funding as well as internal savings that can be allocated strictly for funding increases in employee compensation.

{A letter that expresses this interest be sent to the UW System BOR President and UW System President}

WHEREAS 88% of comparable universities offer higher compensation than UW-Eau Claire; and

WHEREAS State funding for Higher Education has dropped from 68% to less than 38% over the years; and

WHEREAS passage of ACT 10 resulted in a 6.8% - 8.9% reduction in take home pay for employees; and

WHEREAS employees experienced an increase in employee contribution for retirement from 1% (2007) to 7% (2013); and

WHEREAS employees were required to take a temporary salary reduction of 3% (furlough) over two budget years (2009 – 2011); and

WHEREAS employees were required to forgo a 2% pay plan increase that was scheduled to take effect on June 1, 2009; and

WHEREAS employees had no salary (excluding some non-pay plan compensation adjustments and a 1% pay plan in 2014) or cost of living increases; and

WHEREAS a recent survey administered by the University Senate Compensation Committee showed only 25% of respondents to be satisfied or very satisfied with their compensation; and

WHEREAS we are having difficulty in recruiting and retaining qualified employees;

BE IT THEREFORE RESOLVED that the UWEC Administration, UW Board of Regents and UW System Administration explore additional sources of funding, as well as internal savings that can be allocated strictly for funding increases in employee compensation.

Implementation Date: Immediate

Signed:  ____ Sasha Showsh  ______________________________________
    Chair of the Committee