Meeting Agenda
February 12, 2010

• Welcome and Introductions – Presidents Pruitt and Reilly

• Expectations of Commission Members – Presidents Pruitt and Reilly

• Charge and Growth Agenda Context – Presidents Pruitt and Reilly

• Questions from the CUWC for Presidents Pruitt and Reilly

• Working Lunch

• What We Want to Accomplish in Today’s Meeting – Co-Chairs Seifert and Spector
  – Understand the urgency of our charge
  – Clarify necessity for objective consideration of the information
  – Gain an appreciation of context within which compensation decisions are made
  – Compare and contrast private sector context for compensation decisions

• Overview of UW System Workforce – Senior VP Anderes

• Board and State Roles in Setting Salaries – Anderes

• Who are University Peers? – Anderes

• Private Sector Perspective on Competitive Compensation – Co-Chair Seifert/Members

• Looking forward to the next meeting’s agenda – Co-Chairs Seifert and Spector
Primary purposes

• To measure current compensation and benefit levels of System employees against their peer institutions
• To make recommendations on how best to close any 2010 competitive gap in compensation and/or benefits, along with a timeline
Focus on the Future

- The Growth Agenda connects increasing graduates and creating jobs to a competitive university workforce.
- As we move beyond the recession, we want to limit recruitment and retention challenges.
- We will discuss the challenges in more detail in the following meetings to clarify how enhancing compensation options can reduce challenges.
What do we want to discuss today?

• What is the higher education workforce?
• What are the Board of Regents and State roles in salary development and approval?
• What are the sources of funding for salary adjustments?
• Who are university peers and how are they determined?
• What are private sector approaches to competitive compensation?
What is the higher education workforce?

<table>
<thead>
<tr>
<th>Category</th>
<th>FTE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Staff</td>
<td>12,241</td>
</tr>
<tr>
<td>Classified Staff</td>
<td>9,916</td>
</tr>
<tr>
<td>Faculty</td>
<td>6,200</td>
</tr>
<tr>
<td>Graduate assistants</td>
<td>3,068</td>
</tr>
<tr>
<td>Academic/administrative leadership</td>
<td>1,161</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>32,586</strong></td>
</tr>
</tbody>
</table>

*Full time equivalent*
Who are unclassified staff?*

- **Faculty**
  - Professor
  - Associate/Assistant Professor
  - Instructor

- **Academic Staff**
  - Instructional
  - Research
  - Professional

- **Academic & Administrative Leadership**
  - Chancellors
  - Vice Chancellors
  - Deans
  - Directors

*included in Commission review
Key state agencies in salary approval

- Office of State Employment Relations (OSER) – the director of OSER is authorized to submit compensation plan proposals for unclassified staff to JCOER
- Joint Committee on Employment Relations (JCOER) – makes the final decision on UW System compensation plans
What is the Board of Regents role in setting salaries?

- The Board is authorized to establish and define the unclassified titles and associated salary ranges
- The Board is authorized to set salaries in accordance with the pay plan approved by JCOER
What is the Board of Regents role in setting salaries and benefits?

- Apart from JCOER pay increases, the Board is authorized to use base funds for:
  - salary inequities
  - job reclassification
  - promotions
  - market adjustments

- Limited authority in setting fringe benefits
Flow of compensation decision making (biennial budget process)

Board of Regents compensation request

OSER

JCOER

Institution
Where do the universities get funding for salary adjustments?

- State – general fund (GPR)
- Tuition
- Recruitment and retention fund
- Base budget reallocations
How are peers determined?

- Mission
- Size – enrollment
- Student/faculty ratios
- % of full professors/total faculty
- Research expenditures per faculty member
- More
Who are peers?* - Madison

- Indiana University – Bloomington
- Michigan State University
- Ohio State University
- Purdue University
- University of California – Berkeley
- University of California – Los Angeles
- University of Illinois – Urbana
- University of Michigan – Ann Arbor
- University of Minnesota – Twin Cities
- University of Texas – Austin
- University of Washington

*salary peers
Who are peers?* - Milwaukee

- Cleveland State University
- Georgia State University
- Rutgers – The State University of New Jersey – Newark
- State University of New York at Buffalo
- Temple University
- University of Akron
- University of Cincinnati
- University of Illinois – Chicago
- University of Louisville
- University of Missouri – Kansas City
- University of New Orleans
- University of Texas – Dallas
- University of Toledo
- Wayne State University

*salary peers
Who are peers* – Comprehensives/Colleges

- Bemidji State University
- Central Michigan University
- Chicago State University
- Eastern Illinois University
- Eastern Michigan University
- Ferris State College
- Grand Valley State University
- Indiana – Purdue University – Fort Wayne

- Indiana University – Northwest
- Indiana University – South Bend
- Indiana University – Southeast
- Mankato State University
- Michigan Technological University
- Moorhead State University
- Northeastern Illinois University
- Northern Michigan University
- Oakland University

*salary peers
Who are peers?* – Comprehensives/Colleges

• Purdue University – Calumet
• Saginaw Valley State College
• Southern Illinois University – Edwardsville
• Saint Cloud State University
• University of Akron
• University of Illinois – Springfield
• University of Michigan – Dearborn
• University of Michigan – Flint
• University of Minnesota – Duluth
• University of Southern Indiana
• University of Northern Iowa
• Western Illinois University
• Western Michigan University
• Winona State University
• Wright State University
• Youngstown State University

*salary peers
Other sources to supplement salary decision making

- Minnesota peers
- School districts
- Technical colleges
- AAUP faculty survey
- Midwestern states
University of Wisconsin System

Overview of UW System Workforce

The attached chart provides an overview of our workforce and the employment, compensation, and fringe benefit authority under which we operate.

The focus of the work of this Commission will be primarily on what we call our unclassified staff. As you can see from the attached chart, our unclassified staff include faculty, academic staff, academic and administrative leaders, and graduate assistants. Graduate assistants provide valuable services and support for our teaching, research, and service missions while they are here working toward graduate degrees. Competitive compensation for graduate assistants is beyond the scope of the charge President Reilly has asked the Commission to address.

You will also note on the attached chart that we have a large number of employees identified as classified staff. Members of our classified staff perform indispensable roles in administrative support, blue collar, professional/technical, skilled trades, and supervisory/management positions. Without our dedicated and talented classified staff, we simply could not support quality teaching, research, and service nor could we accomplish our individual institutional missions and broader UW System mission. Competitive compensation for classified staff is under the purview of the Office of State Employment Relations and therefore outside the scope of the work of the Commission.
## Overview of the UW System Workforce

<table>
<thead>
<tr>
<th>EMPLOYEE CATEGORY</th>
<th>OCT. 2009 FTE STAFF</th>
<th>EMPLOYMENT AUTHORITY</th>
<th>SALARY RANGES AND PAY PLAN AUTHORITY</th>
<th>FRINGE BENEFIT AUTHORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UNCLASSIFIED STAFF</strong></td>
<td></td>
<td>6,200</td>
<td><em>Wis. Stats.</em> Chapter 20 authorizes the Board of Regents to establish and adjust the salary ranges for the System President, Senior Vice Presidents, Chancellors and the doctoral Vice Chancellors (Provosts).*</td>
<td>*(1) <em>Wis. Stats.</em> Chapter 40 establishes the State Group Insurance Board and the Employee Trust Fund Board as the statutory authority for the administration of group health, life, and disability insurance and a public employee pension plan respectively.</td>
</tr>
<tr>
<td>Includes:</td>
<td></td>
<td>3,429</td>
<td><em>Wis. Stats.</em> Chapter 36 authorizes the Board of Regents to set salaries in accordance with the pay plan approved by Joint Committee on Employment Relations (JCOER).*</td>
<td><em>(2) The Board of Regents has authority to offer additional, employee- pay- all, benefit plans where there is a need for specific ancillary benefits e.g., dental and vision insurance, additional term life insurance, supplemental major medical insurance and a supplemental retirement plan under section 403(b) of the Internal Revenue Code.</em></td>
</tr>
<tr>
<td>Faculty</td>
<td>6,200</td>
<td><em>Wis. Stats.</em> Chapter 36 authorizes the Board of Regents to establish and define the Unclassified Staff including titles and associated salary ranges.*</td>
<td><em>The Board of Regents does not have authority to adjust other salary ranges.</em></td>
<td><em>(3) <em>Wis. Stats.</em> Chapter 36 authorizes the Board of Regents to establish annual paid leave (vacation and personal holidays) and paid sick leave policies for UWS unclassified staff.</em></td>
</tr>
<tr>
<td>Academic Staff includes:</td>
<td></td>
<td>1,169</td>
<td><em>Recommendation to increase the salary ranges are included as part of the Board’s pay plan recommendation to Office of Employment Relations (OSER).</em></td>
<td>Same authority as the Unclassified Staff as noted (1) above.</td>
</tr>
<tr>
<td>Instructional</td>
<td>3,429</td>
<td></td>
<td></td>
<td>Same authority as the Unclassified staff as noted (2) above.</td>
</tr>
<tr>
<td>Research</td>
<td>1,169</td>
<td></td>
<td></td>
<td>OSER, in conjunction with collective bargaining agreements, has authority for annual paid leave (vacation and personal holidays) and paid sick leave policies for the classified staff.</td>
</tr>
<tr>
<td>Professional</td>
<td>7,643</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Academic and Administrative Leaders</td>
<td></td>
<td>1,161</td>
<td><em>Wis. Stats.</em> Chapter 230 authorizes the Director of OSER to submit pay plan proposals for the unclassified staff JCOER.*</td>
<td></td>
</tr>
<tr>
<td>Graduate Assistants</td>
<td>3,068</td>
<td>Apart from the JCOER pay increases, the Board is authorized to use base funds to (1) correct salary inequities, (2) fund title changes; (3) fund promotions; and (4) recognize competitive factors.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL UNCLASSIFIED STAFF</td>
<td>22,670</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CLASSIFIED STAFF</strong></td>
<td></td>
<td>3,156</td>
<td><em>Wis. Stats.</em> Chapter 230 authorizes the Office of Employment Relations (OSER) to establish grade levels and classifications for all positions in the classified service.*</td>
<td>Same authority as the Unclassified Staff as noted (1) above.</td>
</tr>
<tr>
<td>Includes:</td>
<td></td>
<td>2,287</td>
<td><em>Wis. Stats.</em> Chapter 230 authorizes the Director of OSER to submit pay plan proposals for the classified staff to the JCOER including those agreements reached through the collective bargaining process.*</td>
<td>Same authority as the Unclassified staff as noted (2) above.</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>3,156</td>
<td></td>
<td></td>
<td>OSER, in conjunction with collective bargaining agreements, has authority for annual paid leave (vacation and personal holidays) and paid sick leave policies for the classified staff.</td>
</tr>
<tr>
<td>Blue Collar</td>
<td>2,287</td>
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<td></td>
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<tr>
<td>Professional/Technical</td>
<td>2,714</td>
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<tr>
<td>Skilled Trades</td>
<td>390</td>
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<td></td>
<td></td>
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<tr>
<td>Supervisory/Management</td>
<td>1,369</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL CLASSIFIED STAFF</td>
<td>9,916</td>
<td></td>
<td></td>
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<tr>
<td><strong>TOTAL STAFF</strong></td>
<td>32,586</td>
<td></td>
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</tbody>
</table>
Establishment of $12,000 maximum on state supported activities

Chapter 16, Wisconsin Statutes

s. 16.417 Wis. Stats.

(2)(a) No individual other than an elective state official who is employed or retained in a full-time position or capacity with an agency or authority may hold any other position or be retained in any other capacity with an agency or authority from which the individual receives, directly or indirectly, more than $12,000 from the agency or authority as compensation for the individual's services during the same year.

Establishment of University Senior Executive Salary Groups and Assignment of Others to ranges.

Chapter 20, Wisconsin Statutes

s. 20.923 Wis. Stats.

Statutory salaries. The purpose of this section is to establish a consistent and equitable salary setting mechanism for all elected officials, appointed state agency heads, division administrators and other executive-level unclassified positions. All such positions shall be subject to the same basic salary establishment, implementation, modification, administrative control and application procedures. The salary-setting mechanism contained in this section shall be directed to establishing salaries that are determined on a comprehensive systematic basis, bear equitable relationship to each other and to the salaries of classified service subordinates, and be reviewed and established with the same frequency as those of state employees in the classified service.

(4g) University of Wisconsin System senior executive positions. A compensation plan consisting of 9 university senior executive salary groups is established for certain administrative positions at the University of Wisconsin System. The salary ranges and adjustments to the salary ranges for the university senior executive salary groups 1 and 2 shall be contained in the recommendations of the director of the office of state employment relations under s. 230.12 (3) (e). The salary ranges and adjustments to the salary ranges for university senior executive salary groups 3 to 9 shall be determined by the board of regents of the University of Wisconsin System based on an analysis of salaries paid for similar positions at comparable universities in other states. The board of regents shall set the salaries for these positions within the ranges to which the positions are assigned to reflect the hierarchical structure of the system, to recognize merit, to permit orderly salary progression and to recognize competitive factors. The salary of any incumbent in the positions identified in pars. (ae) to (f) may not exceed the maximum of the salary range for the group to which the position is assigned. The positions are assigned as follows:
(ae) The positions assigned to university senior executive group 1 are each of the vice chancellors who is serving as deputy at the University of Wisconsin System campuses at Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior and Whitewater and each of the vice chancellors who is serving as deputy at the University of Wisconsin Colleges and the University of Wisconsin-Extension.

(am) The positions assigned to university senior executive group 2 are the vice presidents of the University of Wisconsin System.

(ar) The positions assigned to university senior executive group 3 are the chancellors at the University of Wisconsin System campuses at Eau Claire, Green Bay, La Crosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior and Whitewater and the chancellors of the University of Wisconsin Colleges and the University of Wisconsin-Extension.

(b) The position assigned to university senior executive group 4 is the vice chancellor who is serving as deputy at the University of Wisconsin-Milwaukee.

(bm) The positions assigned to university senior executive group 5 are the senior vice presidents of the University of Wisconsin System.

(c) The position assigned to university senior executive group 6 is the vice chancellor who is serving as deputy at the University of Wisconsin-Madison.

(d) The position assigned to university senior executive group 7 is the chancellor at the University of Wisconsin-Milwaukee.

(e) The position assigned to university senior executive group 8 is the chancellor at the University of Wisconsin-Madison.

(f) The position assigned to university senior executive group 9 is the president of the University of Wisconsin System.

(5) Other University of Wisconsin System administrative positions. The board of regents of the University of Wisconsin System shall assign the positions of associate and assistant vice presidents, vice chancellors not identified in sub. (4g), assistant chancellors, associate and assistant vice chancellors and administrative directors and associate directors of physical plant, general operations and services and auxiliary enterprises activities or their equivalent, of each University of Wisconsin institution, the University of Wisconsin-Extension and the University of Wisconsin System administration to salary ranges established under s. 36.09 (1) (k) 2. b.

(6) Salaries set by appointing authorities. Salaries for the following positions may be set by the appointing authority, subject to restrictions otherwise set forth in the statutes and the compensation plan under s. 230.12, except where the salaries are a subject of bargaining with a certified representative of a collective bargaining unit under s. 111.91 or 111.998.

(6)(m) University of Wisconsin System: deans, principals, professors, instructors, research assistants, librarians and other teachers, as defined in s. 40.02 (55), the staff of the environmental education board, and instructional staff employed by the board of regents of the University of Wisconsin System who provide services for a charter school established by contract under s. 118.40 (2r) (cm).

Establishment of Timing of Compensation Adjustments

s. 20.928(3) Wis. Stats.
All compensation adjustments for state employees approved by the legislature shall take effect and be earned at the beginning of the pay period closest to July 1 or the date prescribed by law or by the appropriate authority. In the odd-numbered years, payments for such adjustments, including payments under collective bargaining agreements, may not be made prior to enactment of the biennial budget bill.
Statutory Authority for Salaries

Chapter 36, Wisconsin Statutes

s. 36.09(1) Wis. Stats.

(e) The board shall appoint a president of the system; a chancellor for each institution; a dean for each college campus; the state geologist; the director of the laboratory of hygiene; the director of the psychiatric institute; the state cartographer; and the requisite number of officers, other than the vice presidents, associate vice presidents, and assistant vice presidents of the system; faculty; academic staff; and other employees and fix the salaries, subject to the limitations under par. (j) and ss. 20.923 (4g) and 230.12 (3) (e), the duties and the term of office for each. The board shall fix the salaries, subject to the limitations under par. (j) and ss. 20.923 (4g) and 230.12 (3) (e), and the duties for each chancellor, vice president, associate vice president, and assistant vice president of the system. No sectarian or partisan tests or any tests based upon race, religion, national origin, or sex shall ever be allowed or exercised in the appointment of the employees of the system.

(h) The board shall allocate funds and adopt budgets for the respective institutions giving consideration to the principles of comparable budgetary support for similar programs and equitable compensation for faculty and academic staff with comparable training, experience and responsibilities and recognizing competitive ability to recruit and retain qualified faculty and academic staff. If the board ceases or suspends operation of any institution or college campus, the appropriations to the board for operation of the institution or college campus may be utilized by the board for any other purpose authorized by the appropriations within the period for which the appropriations are made.

(j) Except where such matters are a subject of bargaining with a certified representative of a collective bargaining unit under s. 111.91 or 111.998, the board shall establish salaries for persons not in the classified staff prior to July 1 of each year for the next fiscal year, and shall designate the effective dates for payment of the new salaries. In the first year of the biennium, payments of the salaries established for the preceding year shall be continued until the biennial budget bill is enacted. If the budget is enacted after July 1, payments shall be made following enactment of the budget to satisfy the obligations incurred on the effective dates, as designated by the board, for the new salaries, subject only to the appropriation of funds by the legislature and s. 20.928 (3). This paragraph does not limit the authority of the board to establish salaries for new appointments. The board may not increase the salaries of employees specified in ss. 20.923 (5) and (6) (m) and 230.08 (2) (d) under this paragraph unless the salary increase conforms to the proposal as approved under s. 230.12 (3) (e) or the board authorizes the salary increase to correct salary inequities under par. (h), to fund job reclassifications or promotions, or to recognize competitive factors. The board may not increase the salary of any position identified in s. 20.923 (4g) under this paragraph unless the salary increase conforms to the proposal as approved under s. 230.12 (3) (e) or the board authorizes the salary increase to correct a salary inequity that results from the appointment of a person to a position identified in s. 20.923 (4g) (ae) and (am) unless the increase is approved by the office of state employment relations. The granting of salary increases to recognize competitive factors does not oblige inclusion of the annualized amount of the increases in the appropriations under s. 20.285 (1) for subsequent fiscal bienniums. No later than October 1 of each year, the board shall report to the joint committee on finance and the secretary of administration and director of the office of state employment relations concerning the amounts of any salary increases granted to recognize competitive factors, and the institutions at which they are granted, for the 12-month period ending on the preceding June 30.
Establish academic staff title and salary range system

s. 36.09(1) Wis. Stats.

(k) 1. The board shall, with respect to academic staff, correct pay inequities based on gender or race.
   2. The board shall do all of the following:
      a. Establish and maintain job categories in which to place academic staff positions. The job categories shall be described in sufficient detail to enable the board to comply with subd. 1.
      b. Establish and maintain pay ranges, each of which has a minimum and a maximum rate of pay and assign the job categories established under subd. 2. a. to those pay ranges. This subd. 2. b. does not apply to appointments under s. 36.13 (4) (see cite below).

Listed as reference only

s. 36.13 Wis. Stats.

(4) Continuation of appointment. (a) Any person who holds a tenure appointment under ch. 36, 1971 stats. and ch. 37, 1971 stats., and related rules on July 9, 1974 shall continue to hold tenure as defined under those chapters and related rules.
(b) Any person who holds the equivalent of a probationary appointment under ch. 36, 1971 stats., and ch. 37, 1971 stats., and related rules on July 9, 1974 shall continue to enjoy the contractual rights and guarantees as defined under those chapters and related rules, and may elect to be considered for tenure according to the procedures existing under that appointment or under sub. (2).
(c) Any person who is not a ranked faculty member on August 15, 1991, and who is also described under subd. 1. or 2. shall be treated as a faculty member with the rank of associate professor for all purposes:
   1. Any person who held an unranked faculty tenure appointment or unranked faculty concurrent tenure appointment under ch. 37, 1971 stats., prior to July 10, 1974.
   2. Any person who held an unranked probationary appointment under ch. 37, 1971 stats., prior to July 10, 1974, and who subsequently received an unranked faculty tenure appointment or unranked faculty concurrent tenure appointment.
Authority of the Director of Office of State Employment Relations to submit pay plans

Chapter 230, Wisconsin Statutes

s. 230.08 Wis. Stats.
(2) Unclassified Service. The unclassified service comprises positions held by:
(cm) All positions of the University of Wisconsin System identified in s.20.923 (4g) and (5).
(d) All faculty and academic staff, as defined in s. 36.05 (1) and (8), in the University of Wisconsin System

s. 230.12(3) Wis. Stats.
(e) University of Wisconsin System senior executives, faculty, and academic staff employees; Wisconsin Technical College System senior executives. 1. The director, after receiving recommendations from the board of regents, shall submit to the joint committee on employment relations a proposal for adjusting compensation and employee benefits for employees under ss. 20.923 (4g), (5) and (6) (m) and 230.08 (2) (d) who are not included in a collective bargaining unit under subch. V or VI of ch. 111 for which a representative is certified. The proposal shall include the salary ranges and adjustments to the salary ranges for the university senior executive salary groups 1 and 2 established under s. 20.923 (4g). The proposal shall be based upon the competitive ability of the board of regents to recruit and retain qualified faculty and academic staff, data collected as to rates of pay for comparable work in other public services, universities and commercial and industrial establishments, recommendations of the board of regents and any special studies carried on as to the need for any changes in compensation and employee benefits to cover each year of the biennium. The proposal shall also take proper account of prevailing pay rates, costs and standards of living and the state's employment policies. The proposal for such pay adjustments may contain recommendations for across-the-board pay adjustments, merit or other adjustments and employee benefit improvements. Paragraph (b) and sub. (1) (bf) shall apply to the process for approval of all pay adjustments for such employees under ss. 20.923 (4g), (5) and (6) (m) and 230.08 (2) (d). The proposal as approved by the joint committee on employment relations and the governor shall be based upon a percentage of the budgeted salary base for such employees under ss. 20.923 (4g), (5) and (6) (m) and 230.08 (2) (d). The amount included in the proposal for merit and adjustments other than across-the-board pay adjustments is available for discretionary use by the board of regents.
Authority for Establishment of Fringe Benefit Administration

Chapter 40, Wisconsin Statutes

s. 40.01 Wis. Stats.

(1) Creation. A "public employee trust fund" is created to aid public employees in protecting themselves and their beneficiaries against the financial hardships of old age, disability, death, illness and accident, thereby promoting economy and efficiency in public service by facilitating the attraction and retention of competent employees, by enhancing employee morale, by providing for the orderly and humane departure from service of employees no longer able to perform their duties effectively, by establishing equitable benefit standards throughout public employment, by achieving administrative expense savings and by facilitating transfer of personnel between public employers.

(2) Purpose. The public employee trust fund is a public trust and shall be managed, administered, invested and otherwise dealt with solely for the purpose of ensuring the fulfillment at the lowest possible cost of the benefit commitments to participants, as set forth in this chapter, and shall not be used for any other purpose. Revenues collected for and balances in the accounts of a specific benefit plan shall be used only for the purposes of that benefit plan, including amounts allocated under s. 20.515 (1) (um) or (ut) or 40.04 (2), and shall not be used for the purposes of any other benefit plan. Each member of the employee trust funds board shall be a trustee of the fund and the fund shall be administered by the department of employee trust funds. All statutes relating to the fund shall be construed liberally in furtherance of the purposes set forth in this section.

(3) Compatibility of trustee responsibilities. Membership on the employee trust funds board, group insurance board, deferred compensation board, Wisconsin retirement board and the teachers retirement board shall not be incompatible with any other public office. The board members and the employees of the department shall not be deemed to have a conflict of interest in carrying out their responsibilities and duties in administering this chapter, or taking other appropriate actions necessary to achieve the purposes of this chapter, solely by reason of their being eligible for benefits under the benefit plans provided under this chapter. However, any board member or employee of the department is expressly prohibited from participating in decisions directly related to a specific benefit, credit, claim or application of the person and from participating in negotiations or decisions on the selection of actuarial, medical, legal, insurance or other independent contractors if the board member or employee of the department has a direct or indirect financial interest in or is an officer or employee or is otherwise associated with the independent contractor.

s. 40.03 Wis. Stats.

(6) Group insurance board. The group insurance board:

(a) Shall, on behalf of the state, enter into a contract or contracts with one or more insurers authorized to transact insurance business in this state for the purpose of providing the group insurance plans provided for by this chapter; or

2. May, wholly or partially in lieu of subd. 1., on behalf of the state, provide any group insurance plan on a self-insured basis in which case the group insurance board shall approve a written description setting forth the terms and conditions of the plan, and may contract directly with providers of hospital, medical or ancillary services to provide insured employees with the benefits provided under this chapter.
s. 40.03(6) Wis. Stats. – cont’d

(b) May provide other group insurance plans for employees and their dependents and for annuitants and their dependents in addition to the group insurance plans specifically provided under this chapter. The terms of the group insurance under this paragraph shall be determined by contract, and shall provide that the employer is not liable for any obligations accruing from the operation of any group insurance plan under this paragraph except as agreed to by the employer.

c) Shall not enter into any agreements to modify or expand group insurance coverage in a manner which conflicts with this chapter or rules of the department or materially affects the level of premiums required to be paid by the state or its employees, or the level of benefits to be provided, under any group insurance coverage. This restriction shall not be construed to prevent modifications required by law, prohibit the group insurance board from modifying the standard plan to establish a more cost effective benefit plan design or providing optional insurance coverages as alternatives to the standard insurance coverage when any excess of required premium over the premium for the standard coverage is paid by the employee or prohibit the group insurance board from providing other plans as authorized under par. (b).

d) May take any action as trustees which is deemed advisable and not specifically prohibited or delegated to some other governmental agency, to carry out the purpose and intent of the group insurance plans provided under this chapter, including, but not limited to, provisions in the appropriate contracts relating to:

1. Eligibility of active and retired employees to participate, or providing the employee the opportunity to decline participation or to withdraw.
2. The payments by employees for group insurance.
3. Enrollment periods and the time group insurance coverage shall be effective.
4. The time that changes in coverage and premium payments shall take effect.
5. The terms and conditions of the insurance contract or contracts, including the amount of premium.
6. The date group insurance contracts shall be effective.
7. Establishment of reserves.

e) Shall apportion all excess moneys becoming available to it through operation of the group insurance plans to reduce premium payments in following contract years or to establish reserves to stabilize costs in subsequent years. If it is determined that the excess became available due to favorable experience of specific groups of employers or specific employee groups, the apportionment may be made in a manner designated to benefit the specific employers or employee groups only, or to a greater extent than other employers and employee groups.

(f) Shall take prompt action to liquidate any actuarial or cash deficit which occurs in the accounts and reserves maintained in the fund for any group insurance benefit plan.

(g) Shall determine the amount of insurance and extent of coverage provided and amount of premiums required during a union service leave. The amount of insurance and extent of coverage shall be not less than that in effect immediately preceding the commencement of the union service leave.

(h) Shall, on behalf of the state, offer as provided in s. 40.55 long-term care insurance

1. For purposes of this paragraph only, pars. (a) 2., (b), (e), (f) and (g) do not apply.
2. For purposes of this section, the offering by the state of long-term health insurance policies shall constitute a group insurance plan under par. (a) 1.

(i) Shall accept timely appeals of determinations made by the department affecting any right or benefit under any group insurance plan provided for under this chapter.

(j) May contract with the department of health services and may contract with other public or private entities for data collection and analysis services related to health maintenance organizations and insurance companies that provide health insurance to state employees.
s. 40.03 Wis. Stats. – cont’d

(7) Teachers retirement board. The teachers retirement board:
   (a) Shall appoint 4 members of the employee trust funds board as provided under s. 15.16 (1).
   (b) Shall study and recommend to the secretary and the employee trust funds board alternative administrative policies and rules which will enhance the achievement of the objectives of the benefit programs for teacher participants.
   (c) Shall appoint one member of the investment board as provided under s. 15.76 (3).
   (d) Shall approve or reject all administrative rules proposed by the secretary under sub. (2) (i) that relate to teachers, except rules promulgated under s. 40.30.
   (e) Shall authorize and terminate the payment of disability annuity payments to teacher participants in accordance with this chapter.
   (f) Shall accept timely appeals of determinations made by the department regarding disability annuities for teacher participants in accordance with s. 40.63 (5) and (9) (d).
   (g) May amend any rule of the department, the Milwaukee teachers retirement board, the state teachers retirement board and the Wisconsin retirement fund board, which are in effect on January 1, 1982, in such a manner as to make it no longer applicable to teacher participants.

(8) Wisconsin retirement board. The Wisconsin retirement board:
   (a) Shall appoint 4 members of the employee trust funds board as provided under s. 15.16 (1).
   (b) Shall study and recommend to the secretary and the employee trust funds board alternative administrative policies and rules which will enhance the achievement of the objectives of the benefit programs for participants other than teachers.
   (c) Shall appoint one member of the investment board as provided under s. 15.76 (3).
   (d) Shall approve or reject all administrative rules proposed by the secretary under sub. (2) (i) that relate to participants other than teachers, except rules promulgated under s. 40.30.
   (e) Shall authorize and terminate the payment of disability annuity payments to participants other than teachers in accordance with this chapter.
   (f) Shall accept timely appeals of determinations made by the department regarding disability annuities for participants other than teachers in accordance with s. 40.63 (5) and (9) (d).
   (g) May amend any rule of the department, the Milwaukee teachers retirement board, the state teachers retirement board and the Wisconsin retirement fund board, which are in effect on January 1, 1982, in such a manner as to make it no longer applicable to participants other than teachers.

(9) Deferred compensation board. The deferred compensation board shall have the powers and duties provided under s. 40.80 (2) and (2m).
The issue of the University of Wisconsin System compensation has been an on-going concern for many years. Certainly some progress has been made in implementing the recommendations contained in these two studies but continued work remains. Table 1 is a summary of the recommendations and Attachment C discusses each recommendation in more detail and the progress made on each.

The issues still confronting the UW System are:

- UW faculty salaries should be maintained at a position comparable with peer institutions and remain in a competitive position in future years (1984 Study)
- Market analyses should be the principal determinants in setting the target compensation levels for faculty and academic staff at the UW institutions (1992 Study)
- Combine the operating budget request with compensation request (1984 Study and 1992 Study)
- Annual pay increases for the UW System faculty and academic staff should be decoupled from pay plans for other state agencies. (1992 Study)
- Additional flexibility in allocating budget resources to address competitive compensation issues for faculty and academic staff (1984 Study and 1992 Study)
- Maintain an adequate level of GPR funding (1984 Study and 1992 Study) (see Attachments A and B)
- Removal of the cap on earnings from outside activities (1992 Study)

### Table 1

**Summary of 1984 and 1992 Recommendations**

<table>
<thead>
<tr>
<th>Recommendations</th>
<th>1984 Study</th>
<th>1992 Study</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Competitive Salaries</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peer Groups Comparisons</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Market Analyses as Salary Determinant</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Merit as Salary Determinant</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td><strong>State Pay Plan Process</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OSER responsible for recommending pay plans</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Competitive factors in pay plan recommendation</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Board determines pay plan guidelines</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Decouple pay plans from other state agencies</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Review academic staff for service designation</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td><strong>Flexibility in Funding Mechanisms</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board should be provided additional funding flexibility</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Tuition setting flexibility</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>GPR and student fees</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Use of tuition</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td><strong>Accountability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establish appropriate accountability measures</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td><strong>Recruitment and Retention (listed as Other in original report)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earmark portion of compensation funds</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Eliminate statutory restriction on additional compensation</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>First day pick up health insurance for unclassified staff</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>
"The State is Investing a Declining Share of Total Resources in Higher Education..."
<table>
<thead>
<tr>
<th>Year</th>
<th>UW GPR EXPENDITURE</th>
<th>UW AS % OF STATE</th>
<th>WI GPR EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>278,743,147</td>
<td>14.42%</td>
<td>1,933,571,053</td>
</tr>
<tr>
<td>1974-75</td>
<td>298,522,282</td>
<td>13.78%</td>
<td>2,166,752,155</td>
</tr>
<tr>
<td>1975-76</td>
<td>310,446,570</td>
<td>13.45%</td>
<td>2,307,619,718</td>
</tr>
<tr>
<td>1976-77</td>
<td>340,074,169</td>
<td>13.76%</td>
<td>2,470,900,111</td>
</tr>
<tr>
<td>1977-78</td>
<td>363,899,880</td>
<td>13.81%</td>
<td>2,634,551,777</td>
</tr>
<tr>
<td>1978-79</td>
<td>390,977,741</td>
<td>12.42%</td>
<td>3,148,901,910</td>
</tr>
<tr>
<td>1979-80</td>
<td>420,677,864</td>
<td>12.83%</td>
<td>3,278,297,185</td>
</tr>
<tr>
<td>1980-81</td>
<td>434,183,806</td>
<td>12.60%</td>
<td>3,446,856,743</td>
</tr>
<tr>
<td>1981-82</td>
<td>478,941,747</td>
<td>13.88%</td>
<td>3,450,863,890</td>
</tr>
<tr>
<td>1982-83</td>
<td>508,368,220</td>
<td>12.47%</td>
<td>4,078,030,140</td>
</tr>
<tr>
<td>1983-84</td>
<td>540,472,131</td>
<td>13.59%</td>
<td>3,977,740,308</td>
</tr>
<tr>
<td>1984-85</td>
<td>555,568,482</td>
<td>12.11%</td>
<td>4,588,188,276</td>
</tr>
<tr>
<td>1985-86</td>
<td>583,885,301</td>
<td>11.99%</td>
<td>4,868,026,430</td>
</tr>
<tr>
<td>1986-87</td>
<td>594,259,601</td>
<td>11.72%</td>
<td>5,070,256,284</td>
</tr>
<tr>
<td>1987-88</td>
<td>633,625,206</td>
<td>12.08%</td>
<td>5,246,094,384</td>
</tr>
<tr>
<td>1988-89</td>
<td>660,137,195</td>
<td>12.11%</td>
<td>5,451,877,458</td>
</tr>
<tr>
<td>1989-90</td>
<td>698,155,838</td>
<td>12.03%</td>
<td>5,802,999,036</td>
</tr>
<tr>
<td>1990-91</td>
<td>740,757,863</td>
<td>11.64%</td>
<td>6,364,528,649</td>
</tr>
<tr>
<td>1991-92</td>
<td>759,887,369</td>
<td>11.43%</td>
<td>6,650,683,407</td>
</tr>
<tr>
<td>1992-93</td>
<td>771,832,665</td>
<td>11.15%</td>
<td>6,922,128,169</td>
</tr>
<tr>
<td>1993-94</td>
<td>814,538,009</td>
<td>11.19%</td>
<td>7,276,614,107</td>
</tr>
<tr>
<td>1994-95</td>
<td>849,762,860</td>
<td>10.91%</td>
<td>7,789,976,441</td>
</tr>
<tr>
<td>1995-96</td>
<td>847,482,297</td>
<td>10.42%</td>
<td>8,131,598,722</td>
</tr>
<tr>
<td>1996-97</td>
<td>853,360,473</td>
<td>9.19%</td>
<td>9,283,406,651</td>
</tr>
<tr>
<td>1997-98</td>
<td>883,660,451</td>
<td>9.12%</td>
<td>9,694,461,511</td>
</tr>
<tr>
<td>1998-99</td>
<td>903,691,964</td>
<td>9.03%</td>
<td>10,009,395,000</td>
</tr>
<tr>
<td>1999-00</td>
<td>953,800,000</td>
<td>8.45%</td>
<td>11,293,969,000</td>
</tr>
<tr>
<td>2000-01</td>
<td>1,047,000,000</td>
<td>9.45%</td>
<td>11,077,681,000</td>
</tr>
<tr>
<td>2001-02</td>
<td>981,400,000</td>
<td>8.71%</td>
<td>11,265,100,000</td>
</tr>
<tr>
<td>2002-03</td>
<td>1,063,800,012</td>
<td>9.63%</td>
<td>11,047,900,000</td>
</tr>
<tr>
<td>2003-04</td>
<td>949,000,000</td>
<td>8.80%</td>
<td>10,784,000,000</td>
</tr>
<tr>
<td>2004-05</td>
<td>996,900,000</td>
<td>8.41%</td>
<td>11,859,700,000</td>
</tr>
<tr>
<td>2005-06</td>
<td>1,011,600,000</td>
<td>7.95%</td>
<td>12,727,100,000</td>
</tr>
<tr>
<td>2006-07</td>
<td>1,039,500,000</td>
<td>7.92%</td>
<td>13,130,800,000</td>
</tr>
<tr>
<td>2007-08</td>
<td>1,074,600,000</td>
<td>7.94%</td>
<td>13,526,300,000</td>
</tr>
<tr>
<td>2008-09</td>
<td>1,136,100,000</td>
<td>8.91%</td>
<td>12,744,300,000</td>
</tr>
</tbody>
</table>

Source: State Annual Fiscal Report, Budgetary Basis, Department of Administration
### COMPETITIVE SALARIES

<table>
<thead>
<tr>
<th>1984 Study</th>
<th>Progress/Comments</th>
<th>1992 Study</th>
<th>Progress/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improvement of Faculty Salaries (Recommendation 1)</strong></td>
<td><strong>Catch-up and Quality Reinvestment were implemented enabling institutions to address its internal salary issues.</strong></td>
<td><strong>Market Analysis (Recommendation 5)</strong></td>
<td><strong>When formulating the UW System request for pay plan increases, AAUP data by peer institutions by rank (not by discipline) are used for faculty. Average salary increases based on CUPA data are used for non-instructional unclassified staff.</strong></td>
</tr>
<tr>
<td>• Sufficient funds in budget to improve faculty salaries within each rank to at least the median of the applicable “Cluster Analysis” peer group</td>
<td><strong>Catch-up and Quality Reinvestment were implemented enabling institutions to address its internal salary issues.</strong></td>
<td>• <strong>Market analyses should be the principal determinants in setting the target compensation levels for faculty and academic staff at the UW doctoral, comprehensive and center institutions and elsewhere in the UW System.</strong></td>
<td></td>
</tr>
<tr>
<td>• The Board of Regents should adjust faculty salaries as necessary to put all institutions in a comparable position relative to their competition for highly qualified faculty</td>
<td><strong>Peer groups were established and have been used since this study.</strong></td>
<td>• <strong>Performance Evaluations (Recommendation 9)</strong></td>
<td>• <strong>Merit/market determinations for faculty shall be based on a systematic performance evaluation process that identifies positive contributions by the faculty member to the teaching, research, and public service and/or the support services inherent in the institution’s mission. Consistent with Regent Policy Document 20-2 (formerly 74-13) adopted October 4, 1974, assessment of teaching faculty will include consideration of student evaluations;</strong></td>
</tr>
<tr>
<td>• UW faculty salaries should be maintained at a position which is competitive with peer institutions and remain in a competitive position in future years</td>
<td></td>
<td>• <strong>Merit/market determinations for academic, limited and other unclassified staff shall be based on a systematic performance evaluation program that allows supervisory assessment of meritorious performance;</strong></td>
<td>• <strong>Each institution's methodology for identifying and assessing meritorious performance for faculty and academic staff shall be formulated where appropriate with representatives in each category, and shall be made known to affected employees;</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• <strong>Each institution is required to submit its plans for distribution of the compensation adjustments to the System Office of Human Resources and Workforce Diversity for approval before implementation can be accomplished.</strong></td>
<td></td>
</tr>
<tr>
<td>1984 Study</td>
<td>Progress/Comments</td>
<td>1992 Study</td>
<td>Progress/Comments</td>
</tr>
<tr>
<td>------------</td>
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</tr>
<tr>
<td></td>
<td><strong>Market Analysis (Recommendation 5)</strong></td>
<td></td>
<td><strong>In 1993-94, the Board approved pay plan distribution guidelines that specify pay plan adjustments be distributed as follows: not less than one-third based on merit/market and not less than one-third based on solid performance. The remaining one-third may be used to address the two items noted above and/or other compensation needs such as compression.</strong></td>
</tr>
<tr>
<td></td>
<td>- Market analyses should be the principal determinants in setting the target compensation levels for faculty and academic staff at the UW doctoral, comprehensive and center institutions and elsewhere in the UW System.</td>
<td></td>
<td><strong>The President, following consultation with the chancellors, is authorized to specify up to 10% of the total pay plan each year for the chancellors’ use to meet special compensation needs e.g., specific market shortfall by faculty rank.</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Performance Evaluations (Recommendation 9)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- The UW System Board of Regents should establish a more systematic evaluation procedure for all UW System faculty and academic staff members. Salary adjustments should be awarded primarily, if not exclusively, on the basis of merit.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STATE PAY PLAN PROCESS</td>
<td>1984 Study</td>
<td>Progress/Comments</td>
<td>1992 Study</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Changes in the State Pay Plan Process (Recommendation 2)</td>
<td></td>
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</tr>
<tr>
<td>- Provision should be made for the university to submit and discuss its proposal for adjusting compensation and employee benefits along with its operating budget request</td>
<td></td>
<td>Still two separate processes. However, the UW System has received funding in the biennial budget for the last three biennia for the recruitment and retention of faculty, instructional and research academic staff.</td>
<td></td>
</tr>
<tr>
<td>- The Department of Employment Relations [now Office of State Employment Relations (OSER)] should continue to be charged with responsibility for recommending a state compensation request to the Legislature’s Joint Committee on Employment Relations for UW faculty and for other state employees</td>
<td></td>
<td>Chapter 230.12(3)c. Wis. Stats. gives authority to the OSER Director to submit pay plan proposals for limited appointees, faculty and academic staff, to the Joint Committee on Employment Relations (JCOER). OSER continues in this role.</td>
<td></td>
</tr>
<tr>
<td>- The Department of Employment Relations (now OSER) and Administration and the Board of Regents should consider competitive factors, including faculty pay at peer institutions and equity, in developing pay plan recommendations</td>
<td></td>
<td>In accordance with Chapter 230.12(3)e Wis. Stats., the Director’s proposal shall be based on a number of factors including those listed. This is current practice.</td>
<td></td>
</tr>
<tr>
<td>- The establishment of a state pay plan amount for UW faculty should remain the responsibility of the Joint Committee on Employment Relations (JCOER). The Board of Regents should be responsible for the actual allocation of pay plan funds as well as allocation of special faculty adjustments and any reallocation of base budget funds</td>
<td></td>
<td>This is current practice.</td>
<td></td>
</tr>
<tr>
<td>- Pay Plan distribution guidelines should be determined by the Regents</td>
<td></td>
<td>Guidelines are determined by Board of Regents</td>
<td></td>
</tr>
<tr>
<td>Decoupling (Recommendation 1)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- Annual pay increases for UW System faculty and academic staff should be determined in a separate process from the pay increases for other state government employees. UW System faculty and academic staff salaries should be “decoupled” from the state pay plan of other state government employees.</td>
<td></td>
<td>As a condition for decoupling, the UW System president and Department of Employment Relations secretary (now OSER director) should establish a mechanism for reviewing Category A (non-instructional) academic staff positions and reclassifying positions from Category A academic staff to the classified service where appropriate, in a way that does not adversely affect current employees.</td>
<td></td>
</tr>
<tr>
<td>- The “decoupling” from other pay plans of other state government employees has not occurred.</td>
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</tbody>
</table>
## FLEXIBILITY IN FUNDING MECHANISMS

### Board of Regents Flexibility (Recommendation 3)
- The Board of Regents should be provided with additional flexibility in allocating budget resources to maintain faculty salaries in a competitive position. Specifically, they should be allowed to:
  1. Reallocate funds from both the salary and non-salary budget base to supplement faculty salary and fund faculty promotions.
  2. Allocate unanticipated fee revenue, up to one percent of the GPO pool, without external approval.
- Additional flexibility provided to the Board of Regents should be sufficiently comprehensive to assist in maintaining faculty salaries at a competitive level.
- Faculty salary increases should be funded from the same proportion of GPR and student fees as that which supports the UW’s operating budget.

### Management Flexibility (Recommendation 2)
- The UW System Board of Regents should be delegated greater authority and greater accountability for management of its operation, including setting faculty and academic staff compensation levels and procedures. The UW System operating budget request and appropriation process should be amended to "unify" at least parts of the UW System operating budget.

### Tuition-Setting Flexibility (Recommendation 4)
- The tuition-setting process should be altered to give more flexibility to the UW System Board of Regents in setting tuition rates, while retaining a legislative role in the tuition-setting process.

### GPR Support (Recommendation 7)
- State tax revenue (General Purpose Revenue) support for the UW System should not be reduced below the previous year’s level.

### Tuition (Recommendation 8)
- Given the constraints, at least in the short run, on dramatically increasing GPR funding for the UW System, tuition revenue will need to play a bigger role in supporting the overall needs of the UW System. Dramatic annual increases in tuition rates should be avoided. Tuition rate increases should be accomplished by a proportionate increase in student grant assistance. Tuition increases should not be offset by decreases in state tax revenue (GPR).

The budget process has not been unified i.e. having biennial budget requests include pay plan requests. The pay plan request process is separate and distinct from the biennial budget request process. However, the UWS has received funding in the last three biennial budgets totaling $20 million to address recruitment and retention issues for faculty, instructional, and research academic staff.

The Board of Regents is able to increase tuition rates for funding amounts in the biennial budget, pay plan increases, state imposed costs, market based programs, differential programs, and to respond to changes in enrollment. JCOER has at times allowed the UW System to use tuition revenue to increase salaries.

GPR expenditures were less than the previous year in three years since this report (1996: -$2.3 million; 2002: -$65.6 million; 2004: -$114.8 million). In addition, in 1992 the GPR percent of the total budget was 34.9%. In 2010 it is 23.9%

Since the 1992 report, annual tuition increases have increased by double digits only twice and those were to offset state funding reductions.

In 2004, a statutory link was established that provides an increase in the Wisconsin Higher Education Grant program through Higher Education Aids Board (HEAB) at the same percentage as tuition increases. The UWS has had to provide cash to HEAB from other funding sources to support the financial aid increases.
## FLEXIBILITY IN FUNDING MECHANISMS – cont’d

<table>
<thead>
<tr>
<th>Tuition (Recommendation 8) cont’d</th>
<th>Some of the recently approved Board of Regents differential tuition programs have included a financial aid component to offset the costs of the differential tuition for certain students.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Given the constraints, at least in the short run, on dramatically increasing GPR funding for the UW System, tuition revenue will need to play a bigger role in supporting the overall needs of the UW System. Dramatic annual increases in tuition rates should be avoided. Tuition rate increases should be accomplished by a proportionate increase in student grant assistance. Tuition increases should not be offset by decreases in state tax revenue (GPR)</td>
<td></td>
</tr>
</tbody>
</table>

## ACCOUNTABILITY

<table>
<thead>
<tr>
<th>1984 Study</th>
<th>Progress/Comments</th>
<th>1992 Study</th>
<th>Progress/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accountability Measures (Recommendation 3)</td>
<td>Accountability measures were developed and implemented.</td>
<td>The UW System should be required to adopt appropriate accountability measures. The UW, at the system and/or institution level, should be held accountable in the following seven areas: effectiveness, efficiency, quality, access, diversity, stewardship of assets and contribution to compelling state needs. The governor should appoint a task force composed primarily of representatives and executive branches, faculty and academic staff, the UW System and the UW System Board of Regents. Other public members may be included. The purpose of the task force is to identify specific indicators to be utilized to measure performance in these general areas.</td>
<td></td>
</tr>
</tbody>
</table>
## RECRUITMENT AND RETENTION (listed as Other Comments in 1992 Study)

<table>
<thead>
<tr>
<th>1984 Study Progress/Comments</th>
<th>1992 Study Progress/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The Commission recommends that the UW System develop systematic data collection on recruitment and retention of faculty and academic staff.</td>
<td>Individual institutions collect some data. UW System Academic Affairs collates faculty recruitment and retention data supplied by the institutions.</td>
</tr>
<tr>
<td>- The Commission does not support the establishment of a salary step system.</td>
<td>Chancellors have the discretion to set aside up to 10% of the total pay plan allocation to address special compensation needs.</td>
</tr>
<tr>
<td>- The Commission opposes earmarking a portion of the University’s compensation funds for a “star fund.”</td>
<td>Additionally, the Governor allocated recruitment and retention funds in the amount of $3.3 million in 05-07, $6.67 million in 07-09, and $10 million in 09-11 for faculty and instructional and research academic staff.</td>
</tr>
<tr>
<td>- The Commission does not support one-time bonus payments.</td>
<td>The limit was not eliminated but it did increase from $5,000 to $12,000.</td>
</tr>
<tr>
<td>- To enable UW System faculty and academic staff to participate in outside activities sponsored by the UW System, the Commission recommends that s. 16.417 Wis. Stats. be amended to state: “This provision does not apply to University of Wisconsin faculty and academic staff engaged in consulting or providing noncredit continuing education through the auspices of the UW System.”</td>
<td>Wisconsin Act 9 in the 1999-01 biennium. Effective October 1999, the UW System pays the employer share of the health insurance for the first six months for those unclassified staff eligible for health insurance.</td>
</tr>
<tr>
<td>- The Commission recommends that the Board of Regents review this issue (lack of employer-provided health benefits in the first six months of employment) because this lack of employer-provided health care appears to be a weakness in the recruitment process.</td>
<td></td>
</tr>
<tr>
<td>Pay Plan % Requested by University</td>
<td>Pay Plan % Allowed by Legislature</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>1995-97</td>
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<tr>
<td>1995-96</td>
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<tr>
<td>2009-11</td>
<td></td>
</tr>
<tr>
<td>2009-10</td>
<td>2.50</td>
</tr>
<tr>
<td>2010-11</td>
<td>2.50</td>
</tr>
</tbody>
</table>

** Total Percent Increase 1995-96 to 2008-09: 66.26% **

<table>
<thead>
<tr>
<th>* Salaries</th>
<th>Fringe Benefits</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-07</td>
<td>$2.73 Million</td>
<td>$0.60 Million</td>
</tr>
<tr>
<td>2007-09</td>
<td>$5.58 Million</td>
<td>$1.09 Million</td>
</tr>
<tr>
<td>2009-11</td>
<td>$8.12 Million</td>
<td>$1.87 Million</td>
</tr>
</tbody>
</table>

** ** CUPA-HR = College and University Professional Association for Human Resources. Surveys of nationwide colleges and universities have been conducted for over 42 years.

*** ** CPI-U = Consumer Price Index for all urban consumers

**** ** Projected
University of Wisconsin-Madison
Official Peer Group for Faculty
Adopted March 30, 1984

By Executive Order #27, Governor Anthony Earl established the Faculty Compensation Study Committee, and charged it to “examine the current and historical levels of faculty salaries and other compensation, the internal and external salary pay plan practices of the State and University of Wisconsin System, and the possible funding sources for any recommended changes in compensation.” The Study Committee was co-chaired by State Department of Administration Secretary Doris Hanson and University of Wisconsin System Vice President for Academic Affairs Katharine Lyall.

Recommendations for improvement of faculty salaries included: “UW faculty salaries should be maintained at a position which is competitive with peer institutions and remain in a competitive position in future years.” Several sets of peer institutions were considered, but “for clarity and convenience of the report,” the Study Committee elected to use a cluster analysis set of peer groups developed by the Department of Administration. The peer “cluster” groups were based on a statistical analysis of several factors: “enrollment, student-faculty ratios, proportion of full professors among the total faculty, research expenditures per faculty member, ratio of total degrees awarded, proportion of doctoral degrees to total graduate degrees and proportion of first professional degrees to total graduate degrees, adjusted to reflect considerations of similar mission and quality.” While the cluster analysis peer groups were accepted, the Study Committee acknowledged that the peer groups “do not represent the only nor necessarily the best characterization of peer institutions of University of Wisconsin institutions.”

For the University of Wisconsin-Madison, the cluster analysis peer group includes seven public Big 10 institutions and adds California, UCLA, Washington, and Texas. The eleven peer institutions are:

- University of California-Berkeley
- University of California-Los Angeles
- University of Michigan-Ann Arbor
- University of Texas-Austin
- Ohio State University
- Purdue University
- University of Illinois-Urbana
- University of Minnesota-Twin Cities
- Indiana University-Bloomington
- Michigan State University
- University of Washington-Seattle

NOTE: By adopting Resolution 6664 on May 6, 1994 (Regent Policy Document 94-4) the Board of Regents established salary guidelines for UW System Senior Executives that provide “the 1984 faculty peer groups will be utilized as the salary peer groups for the Chancellor and Vice Chancellor positions at the UW institutions.” Therefore, salary ranges for the UW-Madison Chancellor and the UW-Madison Provost and Vice Chancellor are based on salaries paid for comparable positions at the institutions listed above.
University of Wisconsin-Milwaukee
Official Peer Group for Faculty
Adopted March 30, 1984

By Executive Order #27, Governor Anthony Earl established the Faculty Compensation Study Committee, and charged it to “examine the current and historical levels of faculty salaries and other compensation, the internal and external salary pay plan practices of the State and University of Wisconsin System, and the possible funding sources for any recommended changes in compensation.” The Study Committee was co-chaired by State Department of Administration Secretary Doris Hanson and University of Wisconsin System Vice President for Academic Affairs Katharine Lyall.

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For the University of Wisconsin-Milwaukee, the cluster analysis peer group “contains institutions located in major metropolitan areas that are not ‘flagship’ institutions but offer doctoral level work and have an urban mission.” The fourteen peer institutions are:

- Rutgers University-Newark
- State University of New York-Buffalo
- University of Cincinnati
- Georgia State University
- University of Texas-Dallas
- University of Illinois-Chicago
- Wayne State University
- Cleveland State University
- University of Toledo
- University of Akron
- Temple University
- University of Louisville
- University of Missouri-Kansas City
- University of New Orleans

NOTE: By adopting Resolution 6664 on May 6, 1994 (Regent Policy Document 94-4) the Board of Regents established salary guidelines for UW System Senior Executives that provide “the 1984 faculty peer groups will be utilized as the salary peer groups for the Chancellor and Vice Chancellor positions at the UW institutions.” Therefore, salary ranges for the UW-Milwaukee Chancellor and the UW-Milwaukee Provost and Vice Chancellor are based on salaries paid for comparable positions at the institutions listed above.
University of Wisconsin Comprehensive Institutions and UW Colleges
Official Peer Group for Faculty
Adopted March 30, 1984

By Executive Order #27, Governor Anthony Earl established the Faculty Compensation Study Committee, and charged it to “examine the current and historical levels of faculty salaries and other compensation, the internal and external salary pay plan practices of the State and University of Wisconsin System, and the possible funding sources for any recommended changes in compensation.” The Study Committee was co-chaired by State Department of Administration Secretary Doris Hanson and University of Wisconsin System Vice President for Academic Affairs Katharine Lyall.

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For the University of Wisconsin Comprehensive Institutions and UW Colleges, the cluster analysis peer group “has a strong regional orientation. Most four-year public institutions in the states comprising the Big Ten are included; the institutions with substantial doctoral programs and those with small enrollments have been eliminated.” The thirty-three peer institutions are:

- Eastern Illinois University
- Western Illinois University
- Northeastern Illinois University
- Chicago State University
- Southern Illinois University-Edwardsville
- University of Illinois-Springfield
- Indiana University-Northwest
- Indiana University-South Bend
- Indiana University-Purdue University-Fort Wayne
- University of Southern Indiana
- Indiana University-Southeast
- Purdue University-Calumet
- University of Northern Iowa
- Central Michigan University
- Eastern Michigan University
- Ferris State University
- Grand Valley State University

- Michigan Technological University
- Northern Michigan University
- Oakland University
- Western Michigan University
- Saginaw Valley State University
- University of Michigan-Dearborn
- University of Michigan-Flint
- Bemidji State University
- Minnesota State University-Mankato
- Minnesota State University-Moorhead
- St. Cloud State University
- Winona State University
- University of Minnesota-Duluth
- University of Akron
- Wright State University
- Youngstown State University

NOTE: By adopting Resolution 6664 on May 6, 1994 (Regent Policy Document 94-4) the Board of Regents established salary guidelines for UW System Senior Executives that provide “the 1984 faculty peer groups will be utilized as the salary peer groups for the Chancellor and Vice Chancellor positions at the UW institutions.” Therefore, salary ranges for the non-doctoral institution Chancellors and the non-doctoral institution Provosts and Vice Chancellors are based on salaries paid for comparable positions at the institutions listed above.
In May 1994, the Board of Regents acknowledged that two previous faculty compensation study commissions (1984 and 1991) were not charged with examining UW Senior Executive salaries. “For this reason, neither commission report addressed whether the same peer groups should be used for chancellors and vice chancellors.” Further, the Board recognized that “a peer group for UW system positions has never been formally established by a commission or by the Board of Regents.”

By adopting Resolution 6664 on May 6, 1994 (Regent Policy Document 94-4) the Board of Regents established salary guidelines for UW System Senior Executives to codify that “the 1984 faculty peer groups will be utilized as the salary peer groups for the Chancellor and Vice Chancellor positions at the UW institutions.” In addition, RPD 94-4 formally adopted a set of peer university systems to be used as external market comparisons for the UW System President, Senior Vice Presidents and Vice Presidents. According to the record, the shared characteristics of the university systems to be used in the system administration peer group were that “all of the ‘peer’ university systems have at least nine four-year institutions and 1990 student enrollment levels greater than 100,000 (headcount basis) in the four-year institutions.”

The eight peer systems are:

- University of California System
- California State University System
- State University of New York
- City University of New York
- University of Texas System
- State University System of Florida*
- University of North Carolina System
- University System of Maryland

* Since the 2000 legislative session, the Florida legislature and Florida Governor Jeb Bush enacted a series of laws to restructure education in the state.

2000 HB 2263 (Florida Education Governance Reorganization Act of 2000) abolished the existing university system, called for the creation of a Florida Board of Education by 2003, and established a transition task force.

2001 SB 1162 (Florida Education Governance Reorganization Implementation Act) abolished the System Board of Regents effective July 1, 2001, established separate Boards of Trustees for each of the eleven public universities, established the Florida Board of Education (seven members appointed by the Governor) and a Department of Education (headed by a Secretary appointed by the Governor) and created three “Chancellor” positions (one each for Colleges and Universities; Community Colleges; and, Public Schools) within the department.

Because the State University System of Florida Board of Regents and a system office no longer exist, this institution was discontinued in 2001-02 as a peer for UW System Administration Senior Executives. However, in November 2002, voters in Florida passed a constitutional amendment (Amendment 11, known as the Graham amendment) to create a Board of Governors to assume responsibility for all public universities. No funds for a “system” office or staff have been appropriated by the legislature (as of May 2003). Until such time as the governance of public higher education in Florida is resolved, there are no viable market comparisons for the University of Wisconsin System Administration.