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MEMORANDUM

DATE: July 18, 2016
TO: Andrew Comrie, Senior Vice President for Academic Affairs and Provost
FROM: Shane C. Burgess 
SUBJECT: College of Agriculture & Life Sciences Teaching & Research and Cooperative Extension
Budgets FY17 Compensation Investment Program Parameters

As requested in your June 15, 2016 memo, I have prepared the following single report describing CALS' processes for equity, market and merit-based personnel compensation increases throughout our complex budget. One overarching principle is transparency—a consistent principle in CALS in any case. This means that all documentation associated with the compensation investment program process (including this one), once approved, will be posted on the CALS website. Furthermore, I will be discussing the process on video for all CALS' employees at my biannual "State of CALS" recorded address.

This report incorporates the three salary adjustment processes:

1. Those agreed to by the ten academic unit heads (with their joint proposal for faculty, staff, and appointed professional increases).
2. The process that my remaining 14 direct reports will take. Each of my reports have the delegated budgetary authority, responsibility and accountability for their units.
3. The process that I will use for compensation increases for my 24 direct reports.

For each of CALS' 28 separately allocated budgets (one budget with the salary lines for my direct reports, and their separate delegated budgets, including the Cooperative Extension (CES) budget) the total amounts of allocated and non-allocated funds (when appropriate) will be prorated. My direct reports and I will make our market and merit adjustment decisions as described below. In most instances my direct reports will directly allocate the funds to employees who report to them or, for CES and Experiment Station administrators, they will delegate further to those with personnel management and budgetary authority closer to the point of delivery.

One further complexity is development officers in the CALS Office of Development, Alumni, Advocacy and Corporate Relations. I was told by staff in your office that after July 18th the University of Arizona Foundation, Gregg Goldman, and you will review the comparative data of all of the DOs with the recommendations from the colleges. This requires the colleges to propose pay adjustment amounts. Vicki Fleischer wrote to me that the UAF will continue the 50% salary match. For the CALS'

budget to balance, the CALS Office of Development, Alumni, Advocacy and Corporate Relations will receive 50% of its prorated amount from CALS and 50% from the UAF (i.e., the UAF will pay \$250 for the standard increase plus 50% of the approved equity, market and merit increase). I am budgeting within these guidelines.

There are two components to the **Compensation Investment Program Parameters in CALS**:

1. COMMON COMPONENTS

Regardless of the administrative unit/level, all CALS administrators with personnel management and budgetary authority will conform to the following process in this order.

1A. The \$500 dollars per FTE. This will be applied by CALS Business Services and the office of the Treasurer, Arizona Experiment Station to all employees meeting the criteria as described in the June 15, 2016 memo.

1B. Equity review and adjustment. After my arrival I sought advice from UA OGC about equity adjustments. Equity is defined in CALS on the federally protected classes (based on gender, ethnicity and age) combined with US Supreme Court decisions. We have sought advice from Human Resources and OGC prior to taking this action. During my tenure I have set aside funding for this purpose annually regardless of whether we are allocated budget cuts. Equity takes priority over merit and market salary increases (and cuts). To reiterate, for this FY17 program, the equity review will be employed after applying the \$500 increase to an employee's base pay.

I have applied the following process to create a repeatable, consistently applied, and practical approach to making employee equity determinations. The data is gathered from the UAccess system and compared by salary, rank, and position within CALS. Means, medians, standard deviations, and ranges of standard deviations are calculated on the normalized salaries of all same-titled employees. I have ensured that the necessary budgets are available to bring employees within appropriate ranges regardless of whether or not we have budget cuts. Because this process has been done for two years in CALS it is unlikely that we will actually have any inequitably paid personnel.

The Appointed Professionals are the most difficult to compare for equity because of the variety of their job titles. In some cases, there are so few (or even no) comparators, even within our entire Arizona higher education enterprise, to be able to do statistics. Regardless, unit heads manage the budgets that pay for most APs in CALS, and they are charged with fairly and transparently reviewing equity issues for their employees. We will continue to work with Human Resources, OGC, and search within CALS, UA-wide, across the Arizona higher education enterprise, as well as within the private sector, for best practices for APs. I immediately investigate complaints of inequity regardless of rank, title, position, or standing in the university. Unit heads have UA pay ranges to guide their equity adjustments of staff.

1C. Market adjustment. By definition the market rate is the compensation a person can successfully command when going on the open job market. For all employees, but faculty most commonly, the most overt and common manifestation is seen in a retention negotiation. We have had an unusual number of these in spring FY16 and these are continuing in FY17.

I have discussed my two other priority market concerns with my direct reports.

- A. *AAU comparisons.* Given equivalent unit contributions to CALS' success I believe that we should have a fair distribution of pay relative to AAU mean compensation for faculty. I have had the CALS' HR analyze this for our 10 academic units (Appendix 1). These data, as well as

UA Academic Analytics CIP code data for all CIP codes in units, were distributed to the academic unit heads. I requested that the academic unit heads account for a fair distribution of pay relative to AAU mean compensation prior to a distribution of merit compensation adjustments. Consistent with your June 15 memorandum, I will prorate budget to the units and the unit heads must adjust the distribution as a team as they believe to be fair and in the best interests of the college's faculty as a whole.

I have reviewed all of my direct reports' compensation and almost all are paid well above their AAU peers. I will adjust the pay for the five who are not.

This is again more complex for APs and staff and I have asked all of my direct reports to use an appropriate process to compare to market rates across the UA and outside of it in other public as well as appropriate private sectors, especially in the county CES offices.

This adjustment may not be completed in FY17 but I aspire for it to be by FY19.

- B. *Salary compression.* Salary compression could, theoretically, occur for any of our three employee classes for one or more of three reasons: either people are 1) not competitive on the open market or 2) committed to staying at the UA or 3) other personal constraints prevent people from entering the market.

I believe that my direct reports (and in appropriate cases their direct reports) best know the case for each employee. I also believe that instead of penalizing people for not going on the open market (with all the distraction that causes for them, time commitment that takes, and cost in our effectiveness and efficiency) we should ensure they are not salary compressed. Consequently, I asked my 24 direct reports to take salary compression into account in their allocation decisions. This adjustment may not be completed in FY17 but I aspire for it to be by FY19.

1D. Merit adjustment. I have asked all of my 24 direct reports to ensure that they can justify merit increases on demonstrable meritorious performance as requested in your June 15 memorandum. No person will receive a percentage increase but instead will receive a dollar amount.

1E. Allocated and non-allocated funds. Per your June 15 memorandum, salary adjustments will be parsed into allocated and non-allocated components. Allocated funds will be distributed by the college to units from earned RCM revenues. RCM revenues are generated from the teaching and research productivity of our college faculty, staff, and APs. The prescribed non-allocated funds are primarily managed by units and delegated further by unit heads to oversight by faculty. Adjustments will be applied proportionally to their current funding sources.

2. SPECIFIC ADMINISTRATIVE GROUPS' PROPOSALS TO ME FOR MARKET AND MERIT INCREASE PROCESSES.

2A. CALS' Academic Unit Heads' Process for FY17 Faculty Salary Adjustments: Compensation Philosophy, Guiding Principles, and Procedures

Philosophy: The College of Agriculture and Life Sciences (CALS) faces a range of critical faculty salary issues that we, as leaders of the College, propose to address incrementally through careful implementation of the planned, multi-year salary adjustment that has been appropriately mandated by the Provost's office. These critical issues are non-uniformly distributed across units (i.e., different issues are more pressing in different departments), but they include (in no order of prioritization): (i)

unit retention of high performing faculty, (ii) multiple years of salary compression, and (iii) diminished salaries relative to AAU peers.

Our philosophy is to reward individual faculty for excellent performance in research, instruction, Extension, and service proactively (rather than reacting with retention packages for faculty who seek offers from competing institutions), including those highly productive faculty who have not sought other positions and now suffer from significant salary compression. Exceptional individuals need to be recognized for their high performance, and their compensation should be above the AAU “high” average. Individuals meeting expectations AND contributing to the functioning of the department should receive appropriate compensation that will approach the AAU “middle” average. As units work towards faculty salaries that meet and exceed AAU averages, the overall unit and CALS averages will also increase relative to AAU averages, helping us achieve Goal 3 of the CALS Strategic Plan, Be the most sought-after place to be a part of. Thus, we are pleased with the current emphasis on making UA faculty salaries more competitive.

Market, merit, and salary compression issues are linked for many of our faculty, so any salary adjustments should be based on consideration of all three issues. We do not favor a linear or prescribed stepwise progression, e.g., to first meet AAU averages, then market, then salary compression, and then merit.

Unit Heads have the most thorough knowledge of our faculty members’ performance and can distribute faculty salary adjustments fairly and transparently. Ultimately, we would like to see UA salaries higher than the AAU averages, and as a college, the long-term goal should be to have each unit above the AAU “middle” average. We hope that this may be achieved over the multi-year process put in place by the Provost’s office.

It is our goal to work within the CALS mandated salary adjustment increases and to assist the EC in a timely manner.

Process: Guided by these issues and philosophy, we have agreed on the following process for distributing salary adjustments above the \$500 amount for the faculty in CALS:

1. A 3-year rolling average (last 3 years) of each faculty’s evaluation will be used.
2. Extension Specialists and Professors of Practice are included in our definition of “faculty” and will be given the same considerations for salary adjustments as Academic (tenure-track) faculty.
3. The Unit Heads will propose the salary increase for each eligible faculty member in their unit and will justify their requests in a common spreadsheet that we have developed.
4. We will meet to review our requests and discuss our rationale for the requests. This meeting is critical for us to better understand each other’s evaluation process and ratings.
5. Distribution from CALS of the dollars necessary to make these faculty salary adjustments will be based on the discussions/vetting process. The process of requesting, vetting, and agreeing to salary adjustments among Unit Heads will be iterative, yielding clear increases in mean salaries relative to AAU means for units that are currently below the AAU means.

2B. Cooperative Extension Administration

Develop a specific merit justification form for unit use.

- One page per employee
- Bulleted format
- Distribute the accurate salary data in spreadsheet form to all units and solicit merit increase justifications from each unit for amounts greater than \$500.00/year for each employee. (Due date to be determined)
- Extension Administration Team (EAT) will review, revise and approve the collective salary distribution plan for the Cooperative Extension System (CES).
 - Note: CES personnel are based in both county and academic units. Thus, all units and unit heads are affected by the CES policies and procedures and will be subject to the same process.
- The completed CES salary increase distribution plan will be submitted to the Vice President for Cooperative Extension.

2C. Arizona Experiment Station Administration

Allocating Increases for AES Unit employees

- a. Delegate authority to AES Unit Resident Directors and Managers
- b. Providing Guidance to AES Unit Resident Directors and Managers (see below)

Letter to AES Unit Heads:

As leader of your Unit, you have the opportunity and responsibility to allocate increases among your well-deserving employees. The funds for the increases were made available through decisions by University-level administrators, and the leadership in the College of Agriculture and Life Sciences. Now you have the rewarding, yet difficult decision of how to allocate those funds among your employees. Separately, we provide the list of eligible employees, and a form to report their increases and your decision process in allocating the increase. Below, we provide some guidance on how to allocate the funds for increases. The most important guidance is to develop a fair and transparent decision process to ensure that the increases are seen as deserving, they reinforce trust in your leadership, and they motivate continued dedication to the mission of your Unit, the College and the University.

1. *The following direct reports (list here) may receive a increase based on past performance and hiring date by 13 May 2016.*
2. *For employees meeting performance expectations, the minimum guaranteed increase of \$500 per full FTE has automatically been applied (prorated by FTE).*
3. *Employees not meeting performance expectations are not eligible for an increase.*
4. *You will have \$ _____ to apply to increases for your direct reports and you will have assigned to you a proportion from the Teaching & Research allocated budget as well as the proportion you must spend from your unit's non-allocated funds under your authority (i.e. farm sales, leases and rental revenues, etc.).*
5. *Use your leadership acumen to allocate the \$ _____ for increases among your direct reports*
6. *Your decision process must be transparent to your direct reports, your administrative management team, and your peer AES Resident Directors and line managers. The process you use must be reported in writing to your supervisor and will become part of the systems public record.*

7. *Your decision should reference in as concise a way as possible each individual's*
 - 7.1. *results of their performance reports over the past 3 years,*
 - 7.2. *market salary considerations if and when possible, and*
 - 7.3. *their likely contributions to Unit priorities in the next 5 years.*
8. *The AES Admin Committee will initially review your compensation changes if less than \$500 (or prorated for fractional FTE) or greater than \$10,000 per person. The AES Director will perform the final review and approval of only these cases.*

2.D All Other Burgess Direct Reports

Principle: Delegate authority from Burgess to direct reports who are appointed administrative, AP and staff leaders.

Letter:

As a manager and leader you have the authority and responsibility to allocate personnel compensation increases among your employees. The funds for the increases were made available through decisions by university-level administrators and the leadership in the College of Agriculture and Life Sciences. You have the rewarding, yet difficult decision of how to allocate those funds among the people you lead and for whose welfare you must look out.

You have been provided a list of eligible employees and a form to report their increases as well as your decision process in allocating the increase.

Below is guidance on how to allocate the funds for increases. This must be a fair and transparent process that ensures that the increases are seen as deserving, they reinforce trust in your leadership, they deal with both market and merit issues and they motivate continued dedication to the mission of your unit, the college and the university.

1. *The following direct reports (list attached) may receive an increase based on past performance and hiring date by 13 May 2016.*
2. *For employees meeting performance expectations, the minimum guaranteed increase of \$500 per full FTE has automatically been applied (prorated by FTE).*
3. *Employees not meeting performance expectations are not eligible for an increase.*
4. *You must apply \$ _____ to compensation increases for your direct reports and you will have assigned to you a proportion from the Teaching & Research and/or CES allocated budget as well as proportions you must spend from your unit's non-allocated funds under your authority (i.e., farm sales, leases and rental revenues, etc.).*
5. *Use your leadership acumen to allocate the \$ _____ for increases among your direct reports.*
6. *Your decision process must be transparent to your direct reports, your administrative management team, and your peer AES Resident Directors and line managers. The process you use must be reported in writing to your supervisor and this memo will become part of the system's public record.*
7. *Using the form you have been provided, please document your decisions regarding individual employees. Please provide this form to me as well as the memo described in #6, but the form will not*

become part of the public record. These decision notes should reference in as concise a way as possible each individual's

- a. results of their performance reports over the past 3 years,*
 - b. market salary considerations if and when possible, and*
 - c. their likely contributions to unit priorities in the next 5 years.*
- 8. I will review your compensation changes if they are less than \$500 (or prorated for fractional FTE) or greater than \$10,000, per person. Please do not communicate these specific changes to the employee until you have received my written approval.*

APPENDIX 1

The University of Arizona - College of Agriculture and Life Sciences
Academic Equivalent Faculty Salaries - Fall 2014 - Full Time (1.0FTE) T and T/E

Source: Faculty Salary Benchmark Report AAUDE Publics FY 2014-15

| UA Dept Name | Comparison, CoL adjusted AAU peers (%) |
|--------------------------------|---|
| Agric Biosystems Engr-Ins | 87 |
| Agricultural Education-Ins | 90 |
| Sch of Natural Resources-Ins | 91 |
| Sch of Family Consumer Sci-Res | 92 |
| Agricultural Resource Econ-Res | 93 |
| Nutritional Sciences-Ins | 93 |
| Soil Water Enviro Sci-Res | 100 |
| School of Plant Sciences-Res | 104 |
| Entomology-Res | 104 |
| Animal&Biomedical Sciences-Res | 110 |
| | |
| CALS FACULTY MEAN | 97 |
| CALS UNIT MEAN | 96 |
| | |
| CALS FACULTY MEDIAN | 95 |
| CALS UNIT MEDIAN | 93 |

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