
University of Maine System

2009 Compensation
Report

Office of Human Resources

Contents

HR Mission & Compensation Philosophy	3
Values Driven Pay Strategy	4
Compensation Statistics	10
Compensation Issues and Opportunities	15
Compensation Goals	18
Appendix A: <i>Summary of UMS Salary and Wage Programs</i>	19
Appendix B: <i>UMS Benefit Plan Comparison</i>	20
Appendix C: <i>UMS Fringe Benefit Rate Comparison</i>	24

HR Mission

The Office of Human Resources (OHR) provides leadership and works in partnership with the universities to meet the changing human resource needs of the University of Maine System (UMS) and its faculty and employees.

The OHR develops, implements and administers a comprehensive program that provides:

- Services and human resource development and management strategies to support the University's teaching, research, and public service mission, and
- Leadership in change management and organization development

Fair and respectful treatment of employees, recognition of the contributions and dignity of employees, and compliance with employment laws are core values.

Compensation Philosophy

(Adopted by the Board of Trustees, January 2003)

The UMS values faculty and staff as the most vital resource for advancing its missions and programs. The UMS seeks to attract and retain well-qualified, productive employees through a total compensation philosophy. Within fiscal resources and in compliance with all applicable rules and laws, the goal is to provide compensation that is competitive with similar positions in the relevant labor markets and is internally equitable. The following principles underlie the UMS compensation philosophy:

- The missions, needs and values of the UMS and each university guide the compensation plans and related practices.
- Total compensation includes pay and benefits and is used to determine market competitiveness.
- The compensation plans reflect the relevant labor markets in which the universities compete for positions. These markets vary depending on the position and may be local, state, regional, national, or international and include comparable institutions as well as relevant private sector organizations.
- Competitive compensation must be sensitive to the need to maintain student tuition and fees at levels that are accessible to Maine students.
- The compensation plans and pay delivery methods will be as responsive as possible to UMS priorities and individual university needs, while maintaining fairness and consistency.
- To achieve their goals, UMS compensation plans must be clearly communicated to all employees.
- Individual employee salaries may recognize exceptional performance, as documented in performance reviews, professional development and qualifications, and the value of individual contributions.
- The compensation plans will be reviewed periodically to assess market competitiveness and effectiveness in attracting and retaining employees.

Values Driven Pay Strategy

VALUES THAT DRIVE OUR WORK...

1. DEVELOP TOTAL COMPENSATION THAT IS COMPETITIVE WITH THE RELEVANT LABOR MARKET.
2. ATTRACT AND RETAIN WELL QUALIFIED, PRODUCTIVE EMPLOYEES.
3. DEVELOP PROGRAMS THAT ARE FAIR AND EQUITABLE.
4. PAY FOR PERFORMANCE.

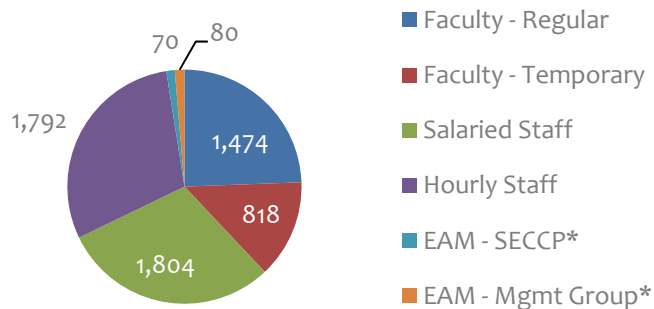
1. COMPETITIVE SALARIES AND BENEFITS

TO MEASURE OUR COMPETITIVENESS WE REQUIRE VALID AND RELIABLE MARKET DATA.

DEFINING MARKET

The market for UMS includes all organizations with which we compete for labor. Labor markets differ for each of our employee groups, including:

- Faculty
- Salaried staff
- Hourly staff
- Executives, administrators, managers (EAM)



UMS Headcount
6,038

*There are 150 EAM employees; 80 are covered under the *Management Group* pay plan; 70 are included in the standard *Salaried Employee Classification and Compensation Program (SECCP)*.

Source: UMS HR Statistics, October 31, 2008 (Includes all regular staff and PATFA regulars.)

➤ Competitors for Talent

- Local, regional, national, and international organizations
- Higher education
- State and municipal government
- Other public and private organizations

➤ Labor Markets Differ by Employee Group

		Relevant Market			
		Local	Regional	National	International
Employee Group	Faculty			Higher education markets. Varies by Carnegie classification and academic discipline.	
	Salaried staff		National higher education markets for many positions.		
	Hourly staff	Local Maine labor markets for paraprofessional, skilled, and unskilled positions.			
	EAM			Higher education markets.	

➤ UMS collects competitor and/or comparator data from a variety of sources.

- Faculty
 - *Chronicle of Higher Education*, American Association of University Professors
 - *Integrated Postsecondary Educational Data System (IPEDS)*, Federal Government
 - *Faculty Salary Survey by Discipline*, Oklahoma State University
 - *National Faculty Salary Survey by Discipline and Rank in Four-Year Colleges and Universities*, College and University Professional Association for Human Resources (CUPA-HR)
 - *National Association of Accredited Business Schools Faculty Survey*
- Salaried staff^{1,2}
 - *Mid-Level Administrative and Professional Salary Survey*, CUPA-HR
 - *Administrative Compensation Survey*, CUPA-HR
 - Professional groups (e.g., Association of College and Research Libraries)
 - State of Maine

¹Many salaried positions at UMS do not match well outside higher education.

²"Multi-hat" positions at smaller universities are difficult to match.

- Hourly staff¹
 - State of Maine
 - Bureau of Labor Statistics Wage Survey, Department of Labor
 - Mid-Level Salary Survey², CUPA-HR

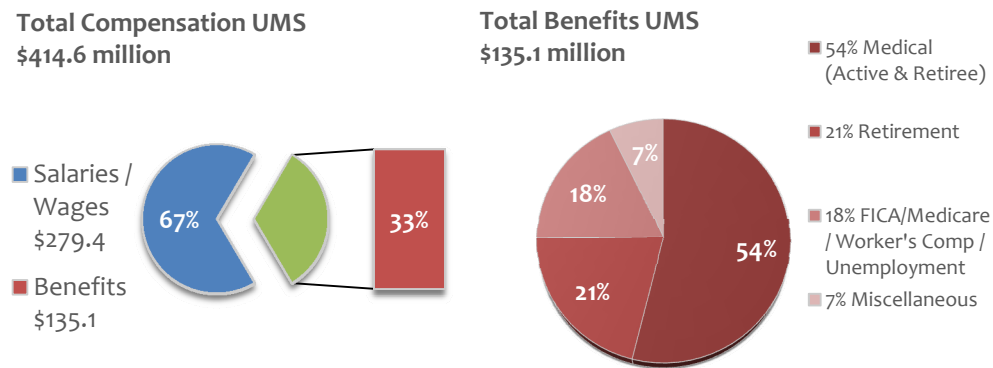
¹ UMS needs to develop a custom survey to support its hourly compensation program.

² The Mid-Level Salary Survey is used for some positions in the Information Technology family.

- Executives, administrators, managers (EAM)
 - Administrative Compensation Survey, CUPA-HR

TOTAL COMPENSATION PHILOSOPHY

We continually strive to be competitive with total compensation, which includes both salaries (see Appendix A: Summary of UMS Salary and Wage Programs) and benefits (see Appendix B: UMS Benefit Plan Comparison). The relative mix of salaries and benefits at UMS projected for FY2010 is shown below.



- UMS internal benefit rate (i.e., benefits as percent of salaries/wages) is 49.3%.
- “Miscellaneous” benefits include tuition waivers, dental insurance, vacation, long-term disability, life insurance, employee assistance programs, etc.
- Salaries and benefits like insurance, retirement, tuition waiver, and leaves are subject to collective bargaining. The relative mix of salary and benefits in total compensation is therefore a function of both UMS policy and negotiations.
- In comparison to other higher education employers, UMS benefits are generally competitive with other public universities and colleges. (see Appendix C: UMS Fringe Benefit Rate Comparison)
- UMS benefits programs compare favorably with many employers in the local labor market. They are competitive with the State of Maine and other public employers and more generous than many private Maine employers. Some of those employers, however, offer higher salaries and wages that may compensate for limited benefit programs.

2. ATTRACT AND RETAIN WELL QUALIFIED, PRODUCTIVE EMPLOYEES

OUR PEOPLE ARE OUR STRENGTH - A VITAL RESOURCE FOR ADVANCING OUR MISSION AND PROGRAMS.

RECRUITMENT

We strive to attract the best candidates for all our positions, despite some difficult challenges.

- Current salary levels for many jobs are often an obstacle to hiring top talent or to filling a position at all.
- Some positions are advertised several times and remain vacant for an extended period.
- Low salaries relative to our competition can make it difficult to:
 - Attract and hire faculty at all universities.
 - Attract and hire salaried staff in some job families.
 - Attract and hire hourly staff in high demand jobs, in higher wage areas of the state, especially in times of low unemployment.
 - Attract and hire executives, administrators and managers.
- It is not unusual for a candidate (especially one from outside Maine) to take a cut in pay to accept employment at UMS.

RETENTION

To acquire highly qualified employees, UMS must offer competitive rates at time of hire. Over time, however, salary increases do not keep pace with the labor market. This creates salary compression and morale problems, which can result in turnover. As shown below, UMS turnover is generally on par with other government organizations, higher than federal but lower than state and local comparators.

Measure		Voluntary Turnover ¹	
		2007	2008
1	% Voluntary Turnover – Faculty	3.10%	2.20%
2	% Voluntary Turnover – Salaried Staff	7.20%	6.30%
3	% Voluntary Turnover – Hourly Staff	7.50%	7.03%
4	% Voluntary Turnover – EAM	5.20%	2.70%
UMS Overall		6.11%	5.30%
Comparators ²			
• Federal Government		10.50%	3.80%
• State and Local Government		8.80%	7.90%

¹Voluntary turnover is computed by dividing total quits (not including retirees and transfers) by average number employed and multiplying that quotient by 100. [Source: UMS HR Statistics, October 31, 2008]

²Source: *Job Openings and Labor Turnover Survey News Release*, Bureau of Labor Statistics, January 2009.

3. PAY PEOPLE FAIRLY

COMPENSATION PROGRAMS SHOULD BE FAIR AND EQUITABLE. THEY MUST NOT DISCRIMINATE BASED ON GENDER, RACE, AGE, OR ANY OTHER PROTECTED CHARACTERISTICS.

FACULTY

- Faculty pay is a function of internal and external considerations and is determined based on multiple factors, including: rank, discipline, educational background, length of service, and performance.
- Gender equity is a persistent problem in faculty salaries nationally. UMS conducted a faculty gender equity study in 2000 and made salary adjustments to correct problems identified at several of our colleges and universities. Follow-up studies have been conducted to ensure continued compliance.

SALARIED STAFF

- The *Salaried Employees Classification and Compensation Program (SECCP)* utilizes factors that measure job qualifications and responsibilities (see Figure 1). This factor-based approach provides uniformity and relative objectivity in evaluating positions, which supports equitable salary administration. Each position is placed in one of ten salary bands using the factor ratings and job family in conjunction with a statistically derived external market component. This program applies to represented and non-represented salaried employees, not including faculty and management group employees.

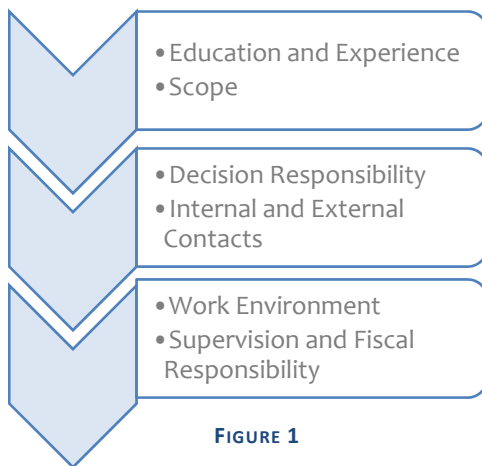


FIGURE 1

HOURLY STAFF

- Developed in 1988, the current job classification program was carefully constructed to incorporate compensable factors that ensure gender equity. The current program does not take into account *market differences* between jobs.
- A new *Hourly Employees Classification and Compensation Program (HECCP)* is being developed that will ensure internal equity and like SECCP, maintain a connection to the external market.
- HECCP is being designed by a joint labor-management team under the direction of nationally recognized compensation consultants, *Fox Lawson & Associates*. Completion of the project is projected for December, 2010.

MANAGEMENT GROUP

- For positions at the level of Dean (or equivalent) and above pay is a function of internal and external considerations. In order to attract and retain qualified leaders, UMS needs to provide compensation that is internally fair and externally competitive.

4. PAY FOR PERFORMANCE

INDIVIDUAL SALARIES MAY RECOGNIZE EXCEPTIONAL PERFORMANCE.

Over the past several years UMS has expanded the role of performance in determining compensation. This has occurred in several ways:

1. The addition of a post-tenure review program for faculty with resulting salary increases for satisfactory and exemplary performance;
2. Making step movement in the ACSUM unit contingent on satisfactory performance; and
3. The addition of quadrennial reviews for salaried employees, similar to the post-tenure program.

As we expand opportunities to recognize performance in setting salaries, it is essential that we continually strengthen our performance measurement and feedback programs. Rewards must be distributed equitably and reflect documented performance.

FACULTY

- The UMS has discretion to provide performance based increases at the time of promotion to associate professor, full professor, and post-tenure review. The post-tenure review program was implemented in 2003, and all eligible faculty members have been reviewed at least one time. Faculty members are reviewed by their peers and academic administrators. Those meeting expected levels of performance receive a 3.5% increase. That amount may be augmented by up to an additional 3.5% at the discretion of the administration for purposes of equity, correcting compression, or exemplary performance.

SALARIED STAFF

- The UMS and union representing salaried employees (UMPSA) have implemented a program modeled after the post-tenure program for faculty which provides a quadrennial review with a salary adjustment for satisfactory performance and the potential for a supplemental increase for exemplary performance. We are now in the third year of the initial four year cycle. Non-represented, salaried employees are also eligible for a similar quadrennial, performance pay program.

- Other types of individual salary increases tied to performance may be implemented only with approval of the bargaining agent.
- In addition to these opportunities for recognizing performance in compensation, the University also has discretion to offer additional compensation at the time of promotion, reclassification, job enlargement, or to improve equity.

HOURLY STAFF

- In the clerical, office, laboratory, and technical (ACSUM) unit, employees are eligible for a “step increase” every other year if performance is *at least satisfactory*.
- In the service and maintenance and police units, employees do not have a program in place that provides for regular step increases.
- For non-represented, non-exempt employees there is no formal program in place under which employees are uniformly eligible for performance-based compensation. However, in the last two years a portion of the annual increase has been contingent on satisfactory performance. Further, rewarding strong performance is frequently a factor in individual salary adjustments and the University has flexibility to establish unique pay policies and programs for this group.

MANAGEMENT GROUP

- For positions at the level of dean (or equivalent) and above the Board often approves salary increases that include a component based on merit and/or equity.

Compensation Statistics

In 2004 UMS established a goal to increase average salaries to *at least 90% of the mean or median (depending on available data) of the relevant labor market*. This is not based on a determination that 90% is the most appropriate target. The goal was developed in consideration that average salaries for most employee groups are currently below this level and that achieving 90% would represent significant progress.

Tables’ 1-4 on the following pages provide detailed observations and data on employee compensation at UMS, including comparative local, regional, national and peer institutional data to assess our competitiveness.



TABLE 1. FACULTY SALARIES VERSUS NATIONAL MEDIAN

University	Average Salaries		% UMS Average Salary / National Median	Percentile Ranking ²
	\$ UMS	\$ National ¹		
• UM	74,558	85,631	87%	20.0
• UMA (Baccalaureate)	59,383	67,900	87%	42.5
• UMA (2 Year)	59,383	61,284	97%	52.9
• UMF	55,741	67,212	83%	33.4
• UMFK	54,551	66,252	82%	32.0
• UMM	54,003	66,332	81%	26.3
• UMPI	55,129	67,852	81%	28.9
• USM (with Law)	72,986	71,485	102%	65.1
• USM (without Law)	71,525	71,188	100%	60.2

Total Cost to Increase Salaries to % of National Median ³	100%	90%
With UMA Baccalaureate and USM with Law	\$10.20 million	\$ 4.25 million
With UMA 2-Year and USM with Law	\$ 9.60	\$ 4.04
With UMA Baccalaureate and USM without Law	\$10.20	\$ 4.25
With UMA 2-Year and USM without Law	\$ 9.60	\$ 4.04

¹Source: American Association of University Professors (AAUP) published in the *Chronicle of Higher Education*, April 2009. Comparators include public universities in the same category.

²Percentile Ranking is a measure of salary competitiveness. For example, if % Ranking is 40, then 60% of institutions in the same category (e.g., doctoral/research; masters; baccalaureate; baccalaureate/associate) have higher average salaries. Comparators include public and private universities in the same category.

³Total cost is calculated using average salaries by rank projected to all full-time regular faculty. Comparators include public universities in the same category.

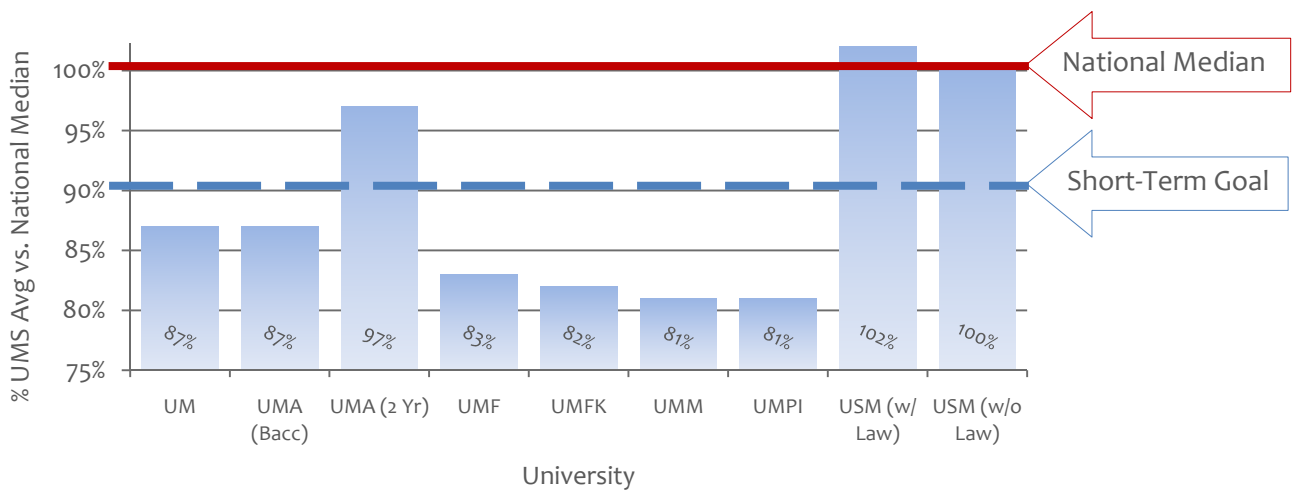


TABLE 2. SALARIED STAFF SALARIES VERSUS NATIONAL MEDIAN

	Job Family	Employees		% UMS Average Salary / National Median ¹
		#	%	
1	Information Technology	215	12%	86%
2	Health and Safety Services	91	5%	89%
3	Research: Earth / Physical Sciences	48	3%	82%
4	Research: Life Sciences	40	2%	87%
5	Research: Social Sciences	143	8%	96%
6	Research: Other (Business, Engineering, etc.)	44	2%	94%
7	Technical	33	2%	89%
8	Human Resources	48	3%	90%
9	Fiscal, Finance and Business	122	7%	88%
10	Facilities	44	2%	87%
11	Other Administrative Support	186	10%	87%
12	Library	67	4%	82%
13	Child Care	25	1%	78%
14	External Services	167	9%	89%
15	External Affairs	40	2%	85%
16	Events / Activities	79	4%	88%
17	Media	58	3%	94%
18	Student Academic Services	199	11%	89%
19	Student Life Services	176	10%	85%

Total Cost to Increase Salaries²

100% of National Median \$11,915,635
 90% of National Median \$ 1,985,939

¹Source: Administrative Compensation Survey and Mid-Level Administrative and Professional Salary Survey, College and University Professional Association for Human Resources, aged to January 2009.

²Reflects cost to increase all Salaried Staff positions to percent of national market median. Calculation based on 88% weighted average compa-ratio and Salaried Staff salary base of \$87.4 million.

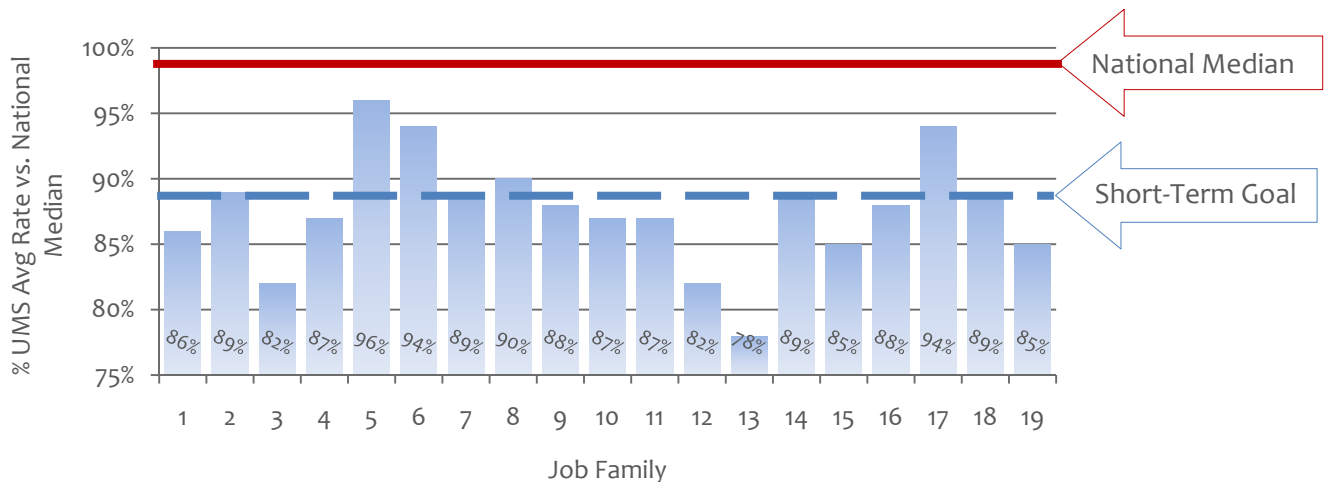


TABLE 3. HOURLY STAFF WAGES VERSUS “STATE OF MAINE” STAFF

		UMS Title	# Employees	% UMS Avg / State Avg Wages ^{1,2}	
Percent of Non-Exempt Population	25%	1	Food Service Utility Worker	18	100%
		2	Culinary Associate	57	105%
		3	Cook	21	94%
		4	Painter	12	100%
		5	Carpenter	16	97%
		6	Plumber & Plumber Coordinator	8	94%
		7	Electrician & Electrician Coordinator	16	97%
		8	Custodian II	189	85%
		9	Building and Grounds Maintenance Worker	110	84%
	<i>Weighted Average</i>				89%
	39%	10	Secretary	55	88%
		11	Administrative Assistant I	322	87%
		12	Administrative Assistant II	181	76%
		13	Records Technician I	16	78%
		14	Records Technician II	15	84%
		15	Library Assistant I	25	81%
		16	Library Assistant II	46	78%
		17	Scientific Technician I	21	87%
		18	Scientific Technician II	19	93%
	<i>Weighted Average</i>				83%
	4%	19	Public Safety Communications Coordinator	12	91%
20		Police Officer ³	40	115%	
21		Security Guard III	18	93%	
<i>Weighted Average</i>				106%	

Total Cost to Increase Salaries⁴

100% of State Average	\$6,216,299
90% of State Average	\$1,497,400

¹Source: State of Maine, Bureau of Human Resources, 7/7/2009.

²A more formal and comprehensive compensation study is part of the HECCP project, projected to be completed in December, 2010.

³UMS Police Officer was matched with a Capital Security Police Officer rather than State Police Trooper as in the past.

⁴Reflects cost to increase Hourly Staff positions to percent of State average. Calculation based on 87% weighted average compa-ratio and Hourly Staff salary base of \$40.9 million.

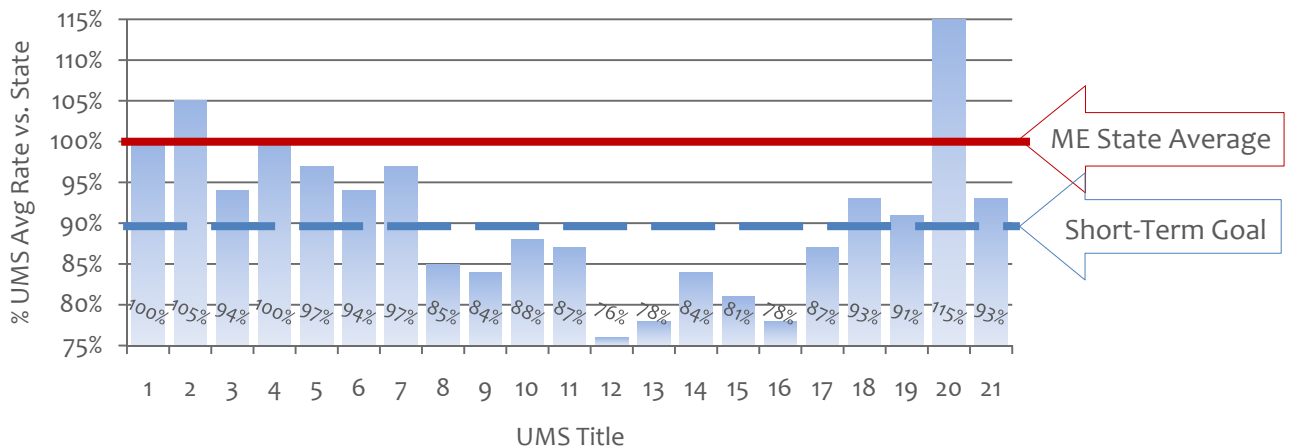


TABLE 4. MANAGEMENT GROUP VERSUS NATIONAL MEDIAN

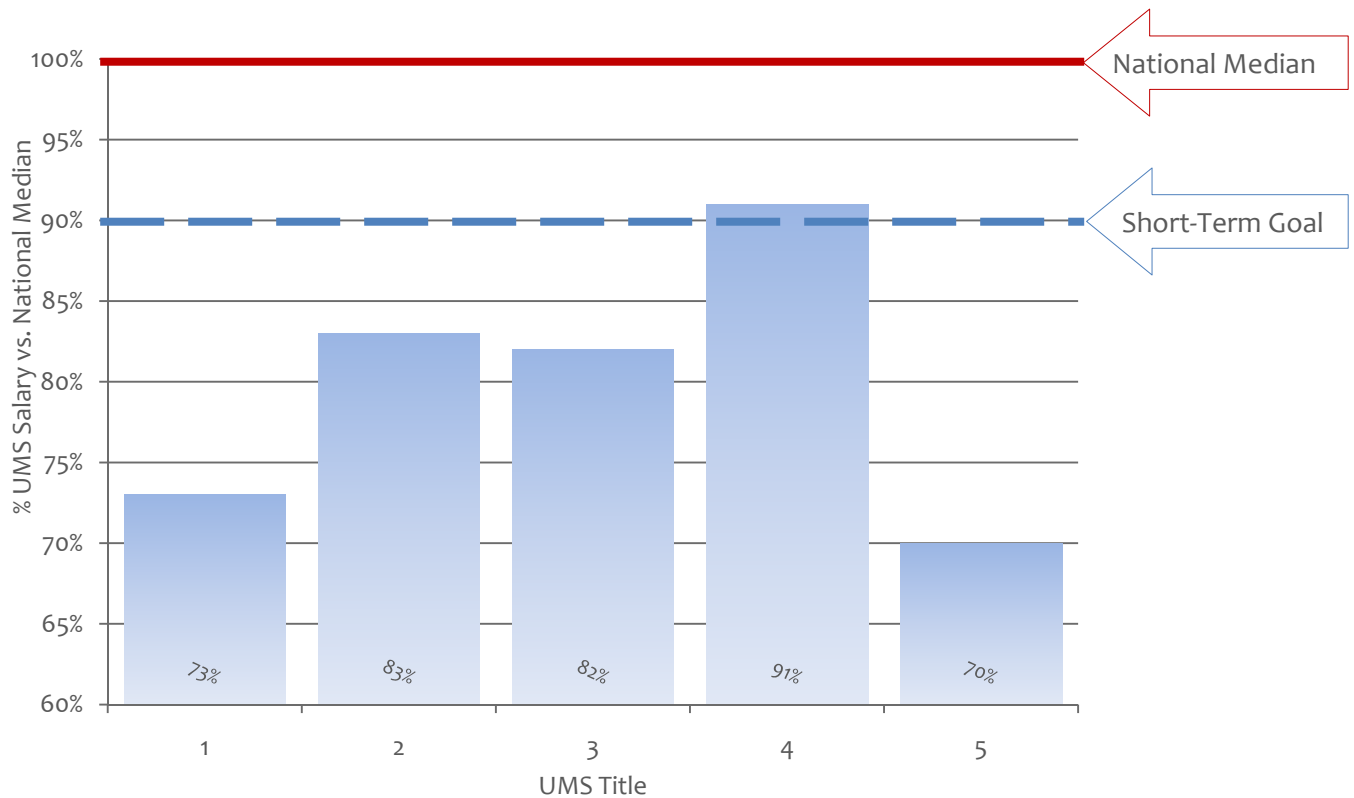
	UMS Title	Employees		% UMS Average Salary / National Median ¹
		#	%	
1	President / Chancellor	8	5%	73%
2	Chief Business / Financial Officer	8	5%	83%
3	Chief Academic Officer	8	5%	82%
4	Deans	21	14%	91%
5	Chief Student Affairs Officer / Dean of Students	5	3%	70%

Total Cost to Increase Salaries

100% of National Median	\$2,105,011
90% of National Median	\$ 935,560

¹Source: Administrative Compensation Survey, College and University Professional Association for Human Resources 2008-09

³Reflects cost to increase all EAM positions to percent of national market median. Calculations based on 82% weighted average compa-ratio and Management Group salary base of \$9.6 million.



Compensation Issues and Opportunities

The greatest challenge UMS faces with regard to its total compensation is the low level of salaries and wages relative to competitive labor markets (as shown below).

Employee Group	Market Comparison		
	% UMS vs. Market Median	\$ Difference to get to 90% of Market	\$ Difference to get to 100% of Market
Faculty ¹	[Varies by Rank and by University]	\$ 4,254,570	\$10,168,341
Salaried Staff	88%	\$ 1,985,939	\$11,915,635
Hourly Staff	87%	\$ 1,497,400	\$ 6,216,299
Management Group	82%	\$ 935,560	\$ 2,105,011
		\$ 8,673,469	\$30,405,286

¹Does not include Lecturers.

Low pay hinders our ability to attract, retain, recognize and reward highly qualified and productive faculty and staff. Since compensation is a major driver of increased costs, efforts to improve our competitive position are at odds with our imperative to achieve financial sustainability (see *Agenda for Action* and *Meeting New Challenges, Setting New Directions: The Task Force Report*) – for example, through workforce management and slowing the rate of increases in benefits.

Related to the issue of low pay, UMS is continually faced with the challenge of inadequate resourcing and limited flexibility for dealing with *salary compression* and *high market demand* for specific positions. A brief description of these issues as they affect different employee groups follows.

Salary Compression

Salary compression is "the narrowing over time of the pay differentials between people in the same job or between people in different (usually adjacent) jobs in an organizational hierarchy" (Bereman and Lengnick-Hall, 1994). This typically occurs when salaries of newly hired employees rise faster than those of incumbent employees.

Salary compression is usually caused by market forces and exacerbated by internal factors.

FACULTY

Salary compression is a major issue for faculty. Because it is necessary to pay salaries close to market rates at the time of initial hire, new faculty members' salaries are very close to or even exceed salaries of more senior faculty. Because of cost constraints UMS cannot simply raise salaries of all incumbent employees to ensure they at least equal those of new faculty

in the same field with comparable qualifications. The result is salary compression, which can have a negative impact on faculty morale and turnover. Possible solutions can include:

- Providing increases for current faculty when new hires are brought in at higher levels.
- Conducting regular salary reviews and providing salary adjustments earlier than time of tenure consideration.
- Providing higher increases for promotion and post-tenure review awards.

Because the effects of compression are not uniform across ranks, disciplines and institutions, across-the-board increases are ineffective at correcting compression.

SALARIED STAFF

The *Salaried Employees Classification and Compensation Program (SECCP)* assigns each position to a salary band based on the nature and level of job responsibilities and job family (e.g., IT, Finance, Student Services, etc.). Each band has a salary range (i.e., minimum, midpoint and maximum) which is tied to market. These salary ranges must be updated regularly to stay competitive with the labor market.

If salary increases for current employees fail to keep pace with market-driven adjustments to the ranges, the gap between new hire and incumbent pay will begin to narrow, resulting in compression. Most organizations combat the effects of compression with programs that move employees through the band (e.g., merit pay, steps, etc.). In 2007, UMS implemented such a program for salaried employees.

HOURLY STAFF

Compression for hourly paid employees comes from insufficient movement-through-the-band. Wage bands for UMS hourly paid employees have designated step levels. However, because state appropriations and tuition increases are sufficient to fund only cost-of-living increases, it is not possible to provide employees both step *and* across-the-board increases (See box on the State's approach to distributing annual increases.).

Moreover, negotiations about pay with collective bargaining agents have resulted in steps some years, across-the-board in others, or changing the step program to reduce the cost of steps, or using a portion of the amount identified for an across-the-board increase to fund steps. The end result is that UMS

State of Maine Employees

When the State of Maine gives pay increases, employees receive an across-the-board increase, and those who are not yet at the maximum of the range also receive a step increase. For example, an employee may receive a 3% across-the-board increase *plus* a 4% step increase, for a total of 7%. In any given year, approximately half of all State employees are eligible for both across-the-board and step increases.

Note: In FY10-11 State employees will not receive either across-the-board or step increases.

employees do not receive the benefit of both steps and across-the-board increases.

In theory savings from resignations or retirements of more highly paid senior employees could free up resources to fund step increases. Some employers budget a vacant position at or near the minimum of the band and direct the “salary savings” to a fund that provides for step increases for current employees. There are two reasons this is not feasible at UMS. First, due to lack of step movement over a period of many years, the differential between rates of employees who resign or retire and new hires is not as large as might be expected in a step system. Second, because of many years of budget reductions, departments may use salary savings to adjust salaries of current employees for added responsibilities, or to upgrade the vacant position to a higher skill level, or to fill other gaps in the department budget. The salary savings are not captured at a larger organizational level.

High Market Demand

FACULTY

In some disciplines there is high demand in the marketplace and a small supply of doctorally prepared individuals who wish to pursue academic careers. Fields such as accounting and nursing are currently in this situation. In order to hire qualified faculty in these fields, universities must offer much higher salaries. In some situations there are no candidates willing to accept offers of employment at salaries UMS can offer. The affects of high market demand vary among universities and among programs within a university.

As UMS expands research and development activities, it is necessary to recruit faculty with proven research records and the ability to successfully compete for grants and contracts. These faculty command considerably higher salaries in the labor market and further challenge UMS’s ability to hire.

The low level of salaries is exacerbated for positions that are in high demand.

SALARIED STAFF

The SECCP recognizes that different job families command different salary levels in the labor market, even for jobs that have equivalent levels of responsibility, knowledge, skill and ability. However, the low level of UMS salaries is exacerbated for positions that are in high market demand.

Information Technology, research based positions and specialized professional fields such as engineering, audit, accounting, etc. are job families that are currently experiencing high market demand.

The challenges associated with high market demand for hourly paid positions are manifested in three ways.

1. The current classification program is not tied to the labor market. As a result, we have no mechanism to raise wages for positions in high demand fields, such as information technology and skilled trades.
2. The classification program generally allows UMS to hire only at the start rate. There is no provision that recognizes a candidate's prior experience in relevant positions. This makes it difficult to attract and hire highly experienced employees, particularly in high demand sectors in the labor market.
3. The current Job Classification Program was designed in the late 1980's and the factors it is built on do not reflect changes in process and technology.

For these reasons, UMS is in the process of developing a new hourly employee classification and compensation program (HECCP).

COMPENSATION GOALS

In setting compensation policy and strategy to achieve the goals stated in the UMS compensation philosophy and to address issues such as compression and high market demand, the University needs to address the following challenges:

- Finding the appropriate balance between the need to attract, retain and reward highly qualified, productive employees and other urgent priorities such as maintaining facilities, updating infrastructure, upgrading information technology, and keeping the cost of education affordable for Maine students.
- Finding the appropriate balance of pay and benefits in a total compensation strategy.
- Identifying appropriate market comparators for each employee group.
- Strengthening openness and commitment to more rigorous performance measurement, feedback and variable pay.
- Determining appropriate market targets for each employee group. For example, we might aspire to a higher market position for faculty than for other positions, or to set a higher target for jobs filled from local markets than for national.
- Assessing short-term and long-term salary targets.
- Identifying resources needed to meet compensation goals.

APPENDIX A

Summary of UMS Salary and Wage Programs

FACULTY

- The AFUM contract sets minimum salaries for each rank. UMS sets initial salaries upon hiring.
- Faculty members receive increases upon promotion in rank. Minimum promotion amounts are set by the contract, and a greater amount may be awarded.
- Faculty members are eligible for post-tenure salary increases every four years after being granted tenure. Faculty who are performing satisfactorily receive an increase of 3.5%, and up to an additional 3.5% may be awarded for stellar performance, compression or equity.
- Across-the-board pay increases are negotiated through collective bargaining.
- With the approval of the union UMS may provide an individual increase not covered by the programs listed above. Such increases generally involve matching offers for retention or improving equity with other comparable faculty.
- For Law faculty, who are not represented, salary increases are distributed on a merit plan subject to approval of the president.
- For other non-represented faculty the Board of Trustees approves across-the-board pay increases.
- For part-time faculty, minimum rates per credit hour for each rank are set by the collective bargaining agreement. Part-time faculty with twenty plus semesters of teaching are eligible for a pay increase per-credit-hour.
- Lecturers, who are not eligible for promotions, receive longevity increases.

SALARIED STAFF

- The *Salaried Employees Classification and Compensation Program* (SECCP) combines a factor evaluation (internal hierarchy) and a market-related salary for the 19 job families comprising this group. All non-faculty salaried positions except those in the Management Group are covered by this program, which was implemented July 1, 2005.
- A reclassification process is used to re-evaluate salary for a position when responsibilities have changed.
- UMS may implement salary increases for added responsibilities or equity. Individual adjustments for other reasons are subject to approval by the union.
- Across-the-board pay increases are negotiated through collective bargaining for represented employees. The Board approves salary increases for all non-represented employees.
- UMS and UMPA have designed a mechanism for SECCP covered employees to progress through the salary band based on service and satisfactory performance.
- Current salary ranges are set at 90% of the national median for comparable institutions.

HOURLY STAFF

- The UMS Job Classification Program evaluates jobs on compensable factors and assigns titles to wage bands. The program is based primarily on internal equity, and there is no direct tie to the labor market.
- The Job Classification Program covers positions included in the Clerical, Office, Laboratory and Technical (COLT), Service and Maintenance, and Police bargaining units, as well as non-represented hourly employees.
- A reclassification process is used to re-evaluate wages for a position when responsibilities have changed.
- UMS is currently developing a new *Hourly Employee Classification and Compensation Program* (HECCP). Completion of the project is projected for December, 2010.

EXECUTIVES, ADMINISTRATORS, MANAGERS

- Positions at or above the level of dean or equivalent are part of the Management Group (not covered by SECCP).
- The Chancellor approves all appointments and salary adjustments resulting in a salary of \$90,000 or more.

APPENDIX B
UMS Benefit Plan Comparison^{1,2}

Health Care Basics		Survey Participants ²	UMS Benefit
General Benefits Data			
1	% of institutions at which new employees eligible for health care date of hire or 1 st of month after hire	79%	✓
2	% of institutions offering health care benefits for:		
	-opposite sex domestic partners	37%	✓
	-same sex domestic partners	46%	✓
	-children of domestic partners	50%	✓ ³
	-part-time faculty	47%	✓
	-part-time staff	51%	✓
3	% of institutions that:		
	-allow employees to opt out of health care coverage	98%	✓
	-reimburse employees who opt out (in part or in full)	21%	X
	-use a salary-based tiered system to determine health care premiums	16%	X
	-pay health care premiums of employees on approved paid leaves of absence	86%	✓
	-pay health care premiums of employees on approved unpaid leaves of absence	39%	✓ ⁴
	-have a Mental Health/Nervous carve out plan	20%	X
	-have an Employee Assistance Program	80%	✓
	-have a Long-term Care Plan for employees	50%	X
	-offer a Health Care Flexible Spending Account	96%	✓
	-offer a Dependent Care Flexible Spending Account	96%	✓
	-provide faculty/staff access to on-campus medical services	88%	✓ ⁵
	-provide faculty/staff access to on-campus fitness center(s)	88%	✓
	-provide that access free-of-charge	73%	✓ ⁶
Wellness Programs			
1	% of institutions that have a wellness program	52%	✓
2	% of institutions with a separate budget for wellness program	50%	✓
3	% of institutions providing employees a discount on their health insurance for participating in their wellness program	14%	✓ (eff. 1/1/10)
4	% of institutions administering wellness program through HR	62%	✓

5	% of institutions with dedicated staff for wellness program	40%	✓
6	% of institutions offering the following as part of wellness program:		
	-wellness coaches/counselors	62%	✓
	-24hr nurse line	52%	✓
	-exercise and fitness training programs	82%	✓
	-diet and nutrition programs	82%	✓
	-tobacco cessation programs	72%	✓
	-chronic disease management programs	63%	✓
	-parenting programs – balancing work and family life	40%	✓
	-stress recognition and management programs	60%	✓
	-occupational wellness programs – e.g., emergency preparedness, first aid/CPR, illness/injury prevention	48%	✓
	-intellectual wellness program – e.g., lunch and learn, lectures, personal interest skills development	74%	✓
7	Faculty / Staff participating in one or more of Condition Management Programs – e.g., disease, smoking, weight:		
	-% of institutions that know the percentage participating in one or more of Condition Management Programs – e.g., disease, smoking, weight	17%	X
	-% of faculty/staff participating in one or more programs	15%	X
Strategic Approach			
1	% of institutions that have reviewed disease prevalence of faculty/staff in last three years	36%	✓
2	% of institutions that offer a defined contribution program to help meet future retiree medical expenses	16%	X
3	% of institutions without such a program that are considering implementing one	10%	✓
4	% of institutions indicating that there have been recent changes in their health care plans that substantially decrease this benefit in the eyes of the employees	11%	X

Non-Health Care Basics	Survey Participants ²	UMS Benefit
------------------------	----------------------------------	-------------

General Non-Health Data			
1	% of institutions providing:		
	-basic life insurance	98%	✓
	-short-term disability	61%	✓
	-long-term disability	99%	✓
	-paid time-off	93%	✓
	-tuition assistance	97%	✓

	-retirement	98%	✓
Child and Sick-Child Daycare Benefits			
	-% of institutions providing child daycare benefits (program)	26%	✓ ⁷
	-% of institutions providing sick-child daycare benefits (program)	2%	✓ ⁸
	-On-site daycare managed by employees of institution	56%	✓
	-On-site daycare managed by a contractor	13%	✓ ⁹
	-Off-site daycare managed by employees of institution	4%	X
	-Off-site daycare managed by a contractor	9%	X
Paid Time-Off			
1	Median number of paid holidays each year – total number of days	12	12
2	% of institutions with formal Paid-Time-Off plan (combining vacation/sick leave or other benefits)	10%	X
3	Vacation Leave - # Days (1 st /10 th yr)		
	-Exempt/Professional Staff	15 (1 st yr) / 20 (10 th yr)	20 (1 st yr) / 24 (15 th yr)
	-Non-exempt/Support Staff	10 (1 st yr) / 20 (10 th yr)	12 (1 st yr) / 15 (5 th yr) / 18 (9 th yr) / 21 (13 th yr) / 24 (17 th yr)
	-Eligible Faculty	20 (1 st yr) / 20 (10 th yr)	20 (1 st yr) / 24 (15 th yr)
4	Sick Leave		
	-Exempt/Professional Staff	12	20
	-Non-exempt/Support Staff	12	15
	-Eligible Faculty	12	20
Tuition Benefits			
		Full-Time Employees	Employee Spouse
	-% of institutions providing tuition benefit	96% ✓	84% ✓
	-% with a waiting period	45% X	51% X
	-Median length of waiting period in months	6 X	12 X
			Employee Children
			87% ✓
			55% X
			12 X
Retirement Program			
Funding of Retirement Plans			
1	-Part of State Employee Plan	27%	X
Retirement Programs			
2	% of institutions offering each type of retirement plan to new employees:		
	-Defined Benefit Plan – Traditional plan	46%	X ¹⁰

	-Defined Benefit Plan – Cash balance plan	2%	X
	-Defined Contribution Plan – 403(b) plan	96%	✓
	-Defined Contribution Plan – 457(b) plan	53%	✓
	-Defined Contribution Plan – 401(a) plan	25%	✓
	-Defined Contribution Plan – 401(k) plan	12%	X
Retirement Plan Cost			
3	Median of average retirement plan expenditure per covered employee	\$3,900	\$4,842 ¹¹

¹ Source: 2009 CUPA-HR Benefits Survey

² Survey participants include 420 institutions, including 18 systems reporting for all their campuses, providing data for 582 schools. 64% of respondents are from private institutions, 36% from public institutions. Taking into account the aggregate data submitted by the 18 systems, 53% of the total data comes from public institutions, 47% comes from private institutions. With respect to Carnegie classification, 33% of respondents are from Master's, 23% from Bachelors, and 19% from Doctoral institutions.

³ Must be dependent children of UMS employee.

⁴ Reimbursement for unpaid absences include only those for 'educational' purposes.

⁵ On-campus access to medical services only at Orono campus.

⁶ Varies by campus.

⁷ UM campus only.

⁸ UM campus only.

⁹ UMPI and UMM have access on-site daycare managed by an independent 3rd party.

¹⁰ Closed plan which includes approximately 106 active employees, 871 retirees, and 404 vested terminations.

¹¹ Calculation based on FY'09 UMS employer match for defined contribution plan for 4,800 participants (i.e., \$23.2 million / 4,800 = \$4,842 per covered employee)

APPENDIX C
UMS Fringe Benefit Rate Comparison^{1,2}

Institution	Fringe Benefit Rate(s)			Source
	1	2	3	

UMS	48.4% All Emps	8.5% NonFaculty- Temp		http://usm.maine.edu/osp/fringe.htm , 2010
-----	-------------------	-----------------------------	--	--

UM Peer Institutions	Clemson University	34.3% 12 mth Fac/Staff & Fed, Temp Grant Emps	28.5% 9mth	22% Part-time	http://www.clemson.edu/cfo/comptroller/rates/pooled-fringe/index.html
	Montana State University	45% Classified	35% Fac & Prof	10% Part-time	OSP Montana State University: OSP Information Sheet Self-insured for medical/dental. Rate does not include retiree health.
	North Dakota State University – Main Campus	35% Full-time Benefited	30% Full-time Fac	10% Part-time	http://www.ndsu.edu/ndsu/gca/guidelines/guidelines.shtml#Fringe
	South Dakota State University	15% Faculty, Exempt & Career Service			Does not include health and life insurance, budgeted at \$5,860 per FTE.
	University of Arkansas – Main Campus	23.9% Salaried	7.6% Hourly		Colleges & Universities Rate Agreement, 7/1/10
	University of Delaware	32.3% Prof Staff FT/PT	50.6% Salaried Staff FT/PT Trades		http://www.udel.edu/Budget/Benefit%20Rates.html
	University of Idaho	No reply			
	University of New Hampshire – Main Campus	42.9% All emps	38% NHPB Full	12.5% NHPB Basic	Colleges & Universities Rate Agreement, 7/1/10
	University of Rhode Island	No reply			
	University of Wyoming	No reply			

University of Connecticut	57.4% Full- & Part-time			Colleges & Universities Rate Agreement, 7/1/09 (until amended) http://accountingoffice.uconn.edu/accounting/PDF%20FILES/FY09%20Fringe%20Rates.pdf
University of Massachusetts	24.5% All Regular Emps (Except Uniformed)			2009 State of Massachusetts Negotiated Rate. [Benefits & some employees' wages are provided by the State. The Univ pays State for all non-state funded employees]: 24.5% (Group Ins, Retire, & Terminal Leave) + 1.31% (Unempl, Health, & Medicare) http://www.umb.edu/administration_finance/controller/documents/memo-FY2009FringeBenefitRatefinal_000.doc http://www.mass.gov/Aosc/docs/fy_updates/fy09/fy09_agreement.pdf
University of Vermont	40.0% Restricted	32.8% Civil Service		http://www.uvm.edu/~gcaacct/?Page=GCA_rates.htm
University of Pittsburgh	32.8% Staff, Regular	22.4% Sr. Admin	20.9% /31.9% Med Fac/Other Fac	Colleges & Universities Rate Agreement, 6/30/08 (until amended)
University of Wisconsin System	49.5% Reg Classified	38.5% Reg Fac & Acad Staff		Colleges & Universities Rate Agreement, 7/1/10
Syracuse University	31.1% Full- & Part-time			Colleges & Universities Rate Agreement, 7/1/09 (until amended)
Ohio State University & OSU Research Foundation	43.9% Reg Classified	36.5% Admin & Prof	28.6% Faculty	Colleges & Universities Rate Agreement, 7/1/09 (until amended)
Brigham Young University	42% Staff Reg	31.8% Administrative	28.4% Faculty	Colleges & Universities Rate Agreement, 12/31/09 (until amended)
Tufts University	28.1% FT Fac & Emps	8.2% PT Fac & Emps		Colleges & Universities Rate Agreement, 7/1/10
University of Arizona	41.1% Classified-Reg	27.3% Fac-Reg		Colleges & Universities Rate Agreement, 6/30/10
Rochester Institute of Technology	28.4% FT	8.1% PT		Colleges & Universities Rate Agreement, 7/1/09 (until amended)
University of Chicago	21.9% FT	6.6% PT		Colleges & Universities Rate Agreement, 6/30/10
Colorado State University	27.7% State Classified	25.1% Fac & Prof		Colleges & Universities Rate Agreement, 6/30/10

Northeastern University	25.2% Fully Benefited			Colleges & Universities Rate Agreement, 7/1/09 (until amended)
Dartmouth College	38% Fac & Off & Staff			Colleges & Universities Rate Agreement, 7/1/10
University of Minnesota	30.4% Academic	32.7% Non-Academic		Colleges & Universities Rate Agreement, 6/30/09 (until amended)
University of Virginia	38.6% Classified	26.9% Faculty		Colleges & Universities Rate Agreement, 6/30/09 (until amended)
Louisiana State University	34% Main Campus Emps	29% Fed Emps	34% Non-Fed Emps	Colleges & Universities Rate Agreement, 6/30/09 (until amended)
University of Vermont	40% Reg Emps	32.8% Ext-Svc Emps		Colleges & Universities Rate Agreement, 7/1/10
Wellesley College	32.9%			Colleges & Universities Rate Agreement, 6/30/10
Yale University	47.2% Non-Exempt	31.3% Exempt	8.7% PT	Colleges & Universities Rate Agreement, 7/1/10

¹Figures reflect negotiated fringe benefit rates used for reimbursement of federal programs.

²Caution must be exercised when drawing conclusions from the fringe benefits data in this table. Higher fringe benefit rates do not necessarily reflect richer benefit plans. The variability in rates across institutions could be a function of differences in salary and wages and specific benefits selected for inclusion in the federal benefits rate vary across institution (e.g., FICA, WC, Medicare, Health (active/retiree), Medical, Dental, Life, Vision, STD, LTD, Tuition, Sabbaticals, Wellness, Childcare, Retirement, etc.).