AGENDA ITEM SUMMARY

1. **NAME OF ITEM:** FY14 and FY15 Compensation and Benefit Changes for Non-Represented Employees

2. **INITIATED BY:** James H. Page, Chancellor

3. **BOARD INFORMATION:**
   
   **BOARD ACTION:** X

4. **BACKGROUND:**

   Non-represented employees are in positions which are not covered by collective bargaining agreements. Compensation and employment policies for these employees are recommended by the Chancellor and approved by the Board of Trustees.

   Non-represented employees are comprised of five different groups:

   a. Non-Represented Hourly Employees, approximately 130 University Supervisors and 60 confidential employees;
   b. Non-Represented Salaried Employees, approximately 400 employees;
   c. Management Group, positions at or above the level of dean, approximately 65 employees;
   d. Non-Represented Faculty, including Law Faculty, full-time and part-time non-represented faculty, approximately 160 employees; and
   e. Presidents and Chancellor, 8 employees

   The Chancellor recommends wage, salary and benefit adjustments for non-represented employees for FY14 and FY15 as follows.

   **Salaries and Wages**

   The following describes pay increases available to eligible employees in each category. Non-represented employees may also be eligible for individual pay increases under existing policies such as promotion, reclassification, addition of significant increased responsibilities, retention, and correction of inequities. In addition, wage and salary programs based on performance similar to programs in place for represented employees will continue.

   To be eligible for an increase described below an employee must be actively employed and receiving pay in the pay period in which the increase is processed. To be eligible for an across-
the-board increase in either fiscal year, salaried employees must have been employed in a regular status as of June 30 preceding the effective date; i.e. June 30, 2013 for July 1, 2013 and June 30, 2014 for July 1, 2014.

Non-Represented Faculty Excluding Law Faculty

- For full-time non-represented faculty, salary increases, health plan premiums and any other benefit changes for FY14 and FY15 will be equivalent to what the faculty members would receive if they were included in the full-time faculty bargaining unit.
- For non-represented part-time faculty, salary increases and any other benefit changes will be equivalent to what the faculty members would receive if they were included in the part-time faculty bargaining unit, unless otherwise indicated below.

Law Faculty

- Effective July 1, 2013, Law faculty will be eligible for performance based increases equal to 3% of the total salary pool for Law faculty to be distributed in accordance with a plan approved by the President. This pool will cover both annual and post-tenure review increases.
- Health plan premium contributions, benefits and policies will be under the same terms as non-represented salaried employees, described below.

Non-represented Hourly Employees

- Effective July 1, 2013:
  - Employees will be moved to the hourly wage schedule applicable to the COLT unit for FY14.
  - Employees who were employed as of June 30, 2013, with satisfactory performance shall move to the next higher step on the wage band.
  - Employees whose hourly rates are at or exceed the maximum for the wage band will receive a one-time payment equal to 2% of their annual salary.
- Effective July 1, 2014:
  - Employees who were employed as of June 30, 2014, with satisfactory performance shall move to the next higher step on the wage band.
  - Employees whose hourly rates are at or exceed the maximum for the wage band will receive a one-time payment equal to 2% of their annual salary.

Non-represented Salaried Employees, Management Group and Presidents

- For employees in positions in the Salaried Employee Classification and Compensation Program, an across-the-board increase of 2% effective July 1, 2013. These employees are also eligible for “Moving through the bands” cohort increases based on two-year record of satisfactory or outstanding performance, effective July 1, 2013. Employees who have completed four or more years of continuous, regular service by June 30, 2013 will be assigned to two cohorts for purposes of these increases. During FY14 Cohort 1 employees will be eligible for consideration for an increase. Under this program each
two years an employee may receive a 1.5% increase for satisfactory performance and an additional base increase of $500 or $750 if they meet the standards for Level I or Level II of outstanding performance. Employees at or above the maximum for the salary band will not be eligible for an increase for satisfactory performance, but may receive a one-time payment of $500 or $750 for Level I or Level II outstanding performance.

- For employees in positions in the Salaried Employee Classification and Compensation Program, an across-the-board increase of 2% effective July 1, 2014. These employees are also eligible for “Moving through the bands” cohort increases based on two-year record of satisfactory or outstanding performance, effective July 1, 2014, as described above. During FY15 Cohort 2 employees will be eligible for consideration for an increase.

- For employees in positions not in the Salaried Employee Classification and Compensation Program, for FY14 each president and the chancellor will have an amount equal to 3% of the salary base for that group of employees, to be distributed by the presidents and chancellor on the basis of performance, to correct inequities and for retention. All increases awarded from this pool will be effective July 1, 2013 and reported to the chancellor by March 31, 2014. Each president will make determinations for employees at the applicable university. The Chancellor will make determinations for presidents and for employees at the System Office.

- For employees in positions not in the Salaried Employee Classification and Compensation Program, for FY15 each president and the chancellor will have an amount equal to 3% of the salary base for that group of employees, to be distributed by the presidents and chancellor on the basis of performance, to correct inequities and for retention. All increases awarded from this pool will be effective July 1, 2014 and reported to the chancellor by August 31, 2014.

**Special Retirement Incentive for Law Faculty**

Law faculty will be eligible for a special retirement incentive with window periods in FY14 and FY15. A description of the special retirement incentive is attached.

**First window period**

- Available to faculty at least age 62 with 20 or more years of completed, continuous, regular service as of date of retirement, no later than 8/31/14 unless faculty member is asked to defer as described below.
- Benefit = 1.25% of final base salary for each completed year of service up to 27 paid into retirement account (in addition to existing IRP)
- Faculty member gives notice of decision to retire by no later than 3/15/14
- Faculty member retires at end of academic or fiscal year (8/31/14 or 6/30/14)
- UMS may ask an eligible faculty member to defer retirement by one to four semesters. This request must be made by March 31, 2014. If faculty member agrees to defer, s/he receives addition to incentive of $3,000 for each year ($1,500 per semester) of deferral. Decision by UMS to ask a faculty member to defer retirement is solely at the discretion...
of UMS. Faculty member must meet eligibility criteria by 8/31/14 even if deferring retirement at request of UMS.

- This Special Retirement Incentive (SRI) is available to eligible faculty participating in the PPRP program with the benefit based on the PPRP (reduced) salary

- SRI will be administered in accordance with all IRS regulations

Second window period

- Available to faculty at least age 62 with 20 or more years of completed, continuous, regular service as of date of retirement, no later than 6/30/15 for fiscal year appointments and 8/31/15 for academic year appointments unless faculty member is asked to defer as described below

- Benefit = 1.0% of final base salary for each completed year of service up to 27 paid into retirement account (in addition to existing IRP)

- Faculty member gives notice of decision to retire by 10/10/14

- Faculty member may retire at end of fall semester or calendar year (12/31/14 or 1/15/15) and no later than the end of the fiscal or academic year

- UMS may ask a faculty member to defer retirement by one to four semesters. If faculty member agrees to defer, s/he receives addition to incentive of $3,000 for each year ($1,500 per semester) of deferral. Decision by UMS to ask a faculty member to defer retirement is solely at the discretion of UMS. Faculty member must meet eligibility criteria by 6/30/15 or 8/31/15 even if deferring retirement at request of UMS.

- This Special Retirement Incentive (SRI) is available to eligible faculty participating in the PPRP program with the benefit based on the PPRP (reduced) salary

- SRI will be administered in accordance with all IRS regulations

Health Insurance Plan and Wellness Incentive

Non-Represented Hourly, Non-Represented Salaried, Law Faculty, Non-Represented Part-time Faculty, Management Group, Presidents and Chancellor:

Health plan provisions and premium share and wellness program incentives will be modified if necessary to manage the increase in the group health plan for calendar year 2014. Plan modifications will be reviewed by the Employee Health Plan Task Force and to the extent possible will be consistent with the pathways established by the Task Force.

Employees will be eligible for unlimited vouchers for use of university fitness facilities for themselves and members of their immediate families who are enrolled in the UMS group health plan.

Retirement Plan Investment Alternatives

- Changes to investment alternatives for the retirement plans will be applicable to non-represented employees consistent with the move to a single record keeper and streamlined investment menu. These changes will be implemented in 2014 at a date determined to be feasible by UMS.
5. TEXT OF PROPOSED RESOLUTION

That the Board of Trustees approves the recommendations of the Chancellor for wage and salary adjustments and changes in benefits and policies for non-represented employees for FY14 and FY15 as presented.

1/16/2014