

UMKC: A Workplace of Choice

Discussion of Raises: 2003-04 and Emerging

Possibility

Produce a breakthrough in UMKC as a Workplace of Choice.

UMKC employees say the salary and benefit package and the salary decision-making process is empowering. Salaries and the process make people feel valued because they are merit based, relative to the market, fully transparent and address compression.

Goals

In 2007, the faculty salary and benefit package rewards individuals “appropriately”. “Appropriately” is defined as: faculty whose performance is at the level of faculty performance at comparator institutions have compensation packages at a comparable level to faculty at those institutions, and the compensation package for faculty who are especially meritorious is at the level of comparator institution’s high performing faculty. Comparator groups are determined by each Dean; for example, AAU universities for Arts and Sciences.

In 200x, the staff salary and benefit package is appropriate. Appropriate is defined relative to market, the process for which is led by the Assistant Vice Chancellor for Human Resources.

In 2004, budgets and the salary-decision process within units and across the university are transparent.

Context/Brief History

Changes over the last three years

- Unspent dollars at the end of the fiscal year remain within unit accounts.
- Both responsibility and authority reside in the units.
- Decision-making on revenue and expenses is more transparent.
- Priorities and allocations link to the university vision and goals.

Guidelines from the Curators for raises for Academic Year 2003-2004

- Each campus must reallocate 2% of salary and wage dollars to a salary pool.
- More than 2% may be allocated, but at least 2% must be allocated to a pool.
- Salary adjustments should be merit based.
- Each campus is responsible for the increased cost of benefits.
- Note: there was no new State money to fund the salary pool or the benefit increases.

Cabinet Discussion: Spring 2003

- Curators’ guidelines were provided to each Dean.
- Deans have the responsibility and authority for the salary decision process since revenue and expense budgeting are now decentralized.

Approach of Central Administration over the last two and a half years

- Restructure in order to downsize (see attached *Restructuring in the Context of the Vision, Values and Goals*). This restructuring produced a loss of jobs for some people; in other cases, job responsibilities changed.
- “Promote from within” was a key element of the restructuring; many persons received promotions to new jobs with more responsibilities.
- Proportionally, take more of the state budget cuts and withholdings than the academic units (see attached *Allocations of Withholdings as Percentage of Operating Fund*).

Deans' Approach in 2003

- During the spring and summer of 2003, the process used by Deans to develop and distribute a raise pool varied.
- The financial capacity of different units to handle the financial problem also varied.

Where are we today?

- Faculty salaries among Schools and the College are highly variable due to extraordinarily different markets (e.g. Business/Medicine/Engineering vis-à-vis Education/Humanities/Arts).
- The extent to which faculty salaries within a school diverge from the market is different school to school at UMKC (in some schools, most faculty are close to mid-point of the market; in others most faculty are not close to the mid-point for that market).
- In at least one School, the faculty and dean brought faculty salaries to a peer group mid-point through restructuring the curriculum and adding revenue from enrollment increases.
- A large variation in the financial capacity of the Schools and College to handle this issue exists and may exist for some time.

What happens now?

Jointly we will develop and implement a plan. The plan must have a revenue component and an allocation component.

Develop Revenue Sources

Identify potential revenue sources for raises for reward and retention of those faculty who are most meritorious and most out of market (e.g. as a consequence of compression).

1. Some revenue sources can be developed within and by the academic units by asking the question *“What can we do to give ourselves a raise?”*

Examples of what can be done to produce dollars internally include:

- a. Use enrollment dollars that develop in the future and that are allocated to units under existing net revenue formulas; use professional school enrollment fees that can be increased.
- b. Set priorities at the unit level which can release dollars toward a raise pool (a process embodied in the unit level action plans and the work of the Resources for the Vision committee).

- c. Identify opportunities for restructuring within a department and across departments and determine the dollars available if those opportunities are implemented.
 - d. Explore the use of Research Incentive Funds for salary increases for faculty with research funds.
 - e. Restructure curricula and class sizes while at the same time improve quality.
 - f. Have faculty address faculty productivity issues, recognizing that low productivity (if it exists in their department/unit) hurts their salaries. Only the faculty has the authority to handle this where it exists.
 - g. Continue to clean up “Sacred Frogs.”
 - h. Use reserves, fund balances in excess of 5%, for one-time rewards (e.g., into a supplemental retirement account, as outstanding achievement awards, etc.).
2. Some revenue sources can be developed by Central Administration – the Deans and Vice Chancellors at the Cabinet level, as advised by the Budget Advisory Committee, by asking the question ‘*What can we do for the campus to achieve the goals? (as stated in this document)*’.

Examples of what can be done to produce dollars internally include:

- a. Use enrollment dollars that develop in the future and are held centrally (could include consideration of a formula to help those units with the greatest problem and the least capacity).
- b. Develop a campaign strategy for an endowed pool for merit raises in special cases.
- c. Acquire additional state dollars (perhaps next year, 2004-05, but surely by 2005-06).
- d. Continue to clean up “Sacred Frogs.”
- e. Use reserves, fund balances in excess of 5%, for one time reward (as supplemental retirement account).

Next Steps

1. Vice Chancellors and Deans make unit budgets transparent.
2. Complete the analysis (both at the unit level and centrally) to identify possible internal resources, as outlined above.
3. In each unit, develop an allocation plan.
 - a. Analyze the salary dollars needed individual by individual to address merit, market, and compression, as related to performance Determine dollars needed.
 - b. Develop a plan over “several” years to address the need.
 - c. Determine additional internal resources available annually to address salary needs.
 - d. Develop and submit a proposal to Executive Cabinet that demonstrates ways to shorten the number of years needed to address the salary needs if unit funds were leveraged with funds from central administration.

Timeline