



MEMORANDUM

DATE: July 30, 2019

TO: Deans, Directors and Vice Chancellors

FROM: Jim Henderson, Interim Provost and Vice Chancellor for Academic Affairs
Laurent Heller, Vice Chancellor for Finance and Administration

RE: Central Funds for Compensation Adjustments, 2019-20 Fiscal Year

The central compensation funds in 2018-19 continued to provide the campus with much needed resources for compensation needs. Over the last few years, the funding has helped address market issues, retention challenges, and performance recognition for faculty and staff across campus, but there is still work to be done. Therefore, we are continuing our commitment to provide centralized pay adjustment funding for 2019-20.

We will proceed to fund the Block Grant, Discretionary Compensation Fund (DCF), Performance Bonus Fund, and Post-tenure review increment for 2019-20. These funding initiatives will allocate central funding to provide pay increases to address exceptional performance, market (including retention), and equity. New for 2019-20 is a faculty supplemental fund to continue to address market issues for faculty. This is in addition to the faculty Block Grant program. The funds allocated for these initiatives will total approximately \$20 million for this fiscal year.

Colleges, schools, and divisions are encouraged to continue supplementing the central funding with their own discretionary funds to address additional compensation issues. This divisional supplementation was important in 2018-19, resulting in more faculty and staff receiving increases (\$15 million more than the allocated \$11.5 million).

Colleges, schools and divisions should continue to use an integrated review strategy in determining how the central funds are used and where the pay funding initiatives are considered together (not mutually exclusive). For example, if an employee has done an excellent job on a one-time project but their position is also below peers in the labor market, a performance bonus could be provided for the project work and a salary increase (DCF funding) for the market deficiency. This holistic approach is best practice when considering any pay increases.

The central compensation funds will supplement future pay plan increases provided by the state budget (2% in January, 2020, 2% in January, 2021). The pay plan will provide more funding to close pay gaps relative to our peers.

Each college, school, and division will develop and make available for faculty and staff a process and timeline for using the central funding. This will include transparency to the decision making process. Attached is a sample process that can be used as a resource when developing strategies.

Our faculty and staff are the reason why UW-Madison has achieved success in so many endeavors. Continuing to provide central funding for compensation needs is crucial to support such outstanding faculty and staff.

Attached to this memo are the following documents:

- Specific provisions for each funding initiative
- Overarching HR guidelines/requirements for providing pay adjustments
- Budget allocations by colleges, schools, and divisions
- Sample process for implementing college, school and division strategies

These documents can also be found at www.ohr.wisc.edu

CC: Chancellor Rebecca Blank
Michael Bernard-Donals, Office of the Provost
Jennifer Klippel, Madison Budget Office
Jocelyn Milner, Office of Academic Planning and Institutional Research
Mark Walters, Office of Human Resources

The following provides guidance specific to each pay funding initiative - Overarching HR and budget guidance for administering these funding programs is at the end of this document.

Block Grant - Faculty Compensation Adjustments

For 2019-20, central campus will internally allocate \$3.5 million for salary base adjustments for tenured/tenure-track faculty and academic staff in nationally competitive markets (e.g., clinical faculty). The 101 funds will provide maximum flexibility to address retention, equity, performance and market considerations.

Academic Planning and Institutional Research (APIR) has provided schools and colleges with scatterplots and other information to help identify units that lag their national peers, and where salary compression is especially acute.

All faculty on 101 funding are eligible for adjustments. Please consider faculty at the assistant, associate or full professor level where compensation may be compressed or below peer averages for market increases.

This funding should be used in tandem with the faculty supplemental funding (as described below).

Faculty Supplemental Funding

For 2019-20, central campus will allocate up to \$9 million for increases to 101 funded tenured/tenure-track faculty to address retention and market considerations. Deans must have a Provost/VCFA approved proposal indicating how the funds will be utilized documenting market and retention issues in their school or college that are impacting the ability to advance their academic and/or research mission. Data has been provided (e.g., APIR resources) to aid deans in these determinations.

Faculty Post-Tenure Review Increment

For 2019-20, central campus is allocating \$600,000 for post-tenure review adjustments. Funds are distributed to schools and colleges based on an FTE headcount of tenured faculty on 101 funds.

Departments will follow their normal schedule of post-tenure review to coincide with the post-tenure review process guidance (see previous Provost's memo), and faculty will undergo the normal process of post-tenure evaluation as outlined in department, school/college, and university policies. (It is assumed that about one-fifth of each school's or college's faculty undergo post-tenure review each year.)

Departments will send the names of those faculty identified for a post-tenure review base adjustment to their schools/colleges – with documentation that substantiates

their superior performance – along with their post-tenure review reports by the date specified by their Dean. The information must be received and approved by the Dean no later than December 1, 2019.

Adjustments calculated as a percentage of base salary should use the 'new base,' which may include increases from the block grant or faculty supplement. Note: block grant/supplemental adjustment must be approved and entered in HRS to use the higher rate as the 'new base.'

Total adjustments (the central portion plus any school/college matching funds) should generally fall within a range between \$1,500 and a dollar amount equal to 5% of base salary.

Discretionary Compensation Fund (DCF)

For 2019-20, central campus will allocate \$4 million for salary base adjustments for academic staff, university staff, and limited appointees. The funds will be allocated to colleges, schools, and divisions to address retention, equity, performance and market considerations for staff on 101 funds.

Directors and deans are strongly encouraged to consider increases for employees in low-wage categories (e.g., office support, blue-collar, and technical support).

Performance Bonus Fund

For 2019-20, the central campus will allocate \$4 million for performance bonuses for faculty, academic and university staff, and limited appointees. The funding will continue to be used to maintain the university's commitment to rewarding performance, and will include employees paid on both 101 and non-101 funds.

Bonuses should only be provided to faculty and staff who have done exceptional work or service, often above and beyond their job responsibilities.

Directors and deans are strongly encouraged to consider bonuses for employees in low-wage categories (e.g., office support, blue-collar, and technical support).

Overarching HR Guidelines – 2019-20 Centralized Pay Adjustment Funding

The following provide guidance for all compensation adjustments/bonuses under the centralized funding programs.

- Final authority for proposing adjustments is delegated to deans and directors. It is expected that deans/directors' offices will work closely with departments/units to determine who is eligible to receive these funds. Adjustments will be submitted using the provisions in the campus pay adjustment policy. This will include providing justification and documentation to the Office of Human Resources (OHR) through the electronic rate/title change system. Further information about how to process these increases will be forthcoming from OHR (including possibility of mass uploads if preferred).
- Adjustments/bonuses can be processed immediately with the earliest effective date being July 1, 2019 (A-Basis), June 23, 2019 (H-Basis) or August 19, 2019 (C-Basis) or later. **The deadline for spending the funds is December 1, 2019 (A-basis), November 23, 2019 (H-Basis) and December 19, 2019 (C-basis).** Lump-sum bonuses can be provided at any time during the current fiscal year.
- The minimum and maximum increases will be consistent with the campus pay adjustment policy (e.g., market – 3% minimum; performance – 1% minimum with 10% maximum; equity – based on case-by-case analysis).
- Individuals who have already received a 10% performance increase in Fiscal Year 2020 are ineligible to receive an additional base-building performance increase. They are eligible for a market or equity adjustment or up to a 10% lump sum performance payment.
- Individuals at the maximum of their pay range (e.g., Category A range, extraordinary salary range) are not eligible for a base-adjustments. These Individuals can receive a performance bonus lump sum.
- Only faculty and staff fully or partially funded on 101 funds can be considered for base-adjustments under these funding programs. When both 101 and non-101 funds underwrite a faculty or staff salary, the portion of the base adjustment borne by central campus will be the 101 share of the salary; increases from this program cannot change the funding split. (The only exception to this guideline involves cluster faculty whose salaries include 233 or 135 funding.) Adjustments to salaries on non-101 funding must be made with non-101 funds.

- Colleges and schools should use reason codes in the campus pay adjustment policy accurately and effectively. For example, if a faculty member's salary is inequitably low or compressed, and the inequity or compression makes that well-performing faculty member a retention risk, the appropriate code would be "equity," since it most accurately describes the underlying reason for the adjustment.
- Adjustments provided utilizing the Faculty Supplemental Fund must be tracked at the college or school level in addition to using JEMS for the transaction. The Office of Human Resources and Madison Budget Office (MBO) will provide divisions with a spreadsheet to track the adjustments. After spending their allocation, colleges and schools will return the completed spreadsheet to OHR and MBO.
- Colleges, schools, and divisions must provide adjustments/bonuses on 101 funding of at least their allocated amount to receive their full 101-allocation for the program. Additional central campus funding will not be provided for 101 adjustments in excess of the allocation amount.
- This fund is not to be used for, or as a substitute for, promotions or base adjustments based on change in job duties/job titles. These adjustments should continue as appropriate outside of this funding source.
- It is expected that these central funds for are generally not used for senior leaders (deans, directors, coaches, etc.).
- The following employees are ineligible for adjustments under this funding program:
 - Employees on a probationary period or evaluation period (can end probation/evaluation period early to make eligible as appropriate)
 - Rehired annuitants
 - Employees who have not completed the required UW-Madison Sexual Harassment Prevention training – reports will be available to track faculty and staff completion
 - Supervisory staff who are not current with their employee performance evaluations
 - Employees who are not eligible for FY20 Pay Plan due to documented performance issues

FY20 Faculty Block Grant Allocation

Organizational Unit	Allocation
A07 - COLLEGE OF AGRICULTURAL & LIFE SCIENCES	406,069
A12 - SCHOOL OF BUSINESS	178,391
A17 -SCHOOL OF EDUCATION	232,007
A19 -COLLEGE OF ENGINEERING	394,190
A27 - SCHOOL OF HUMAN ECOLOGY	52,605
A40 - NELSON INSTITUTE FOR ENVIRONMENTAL STUDIES	21,137
A45 -LAW SCHOOL	78,250
A48 - COLLEGE OF LETTERS & SCIENCE	1,605,453
A53 - SCHOOL OF MEDICINE AND PUBLIC HEALTH	369,885
A54 - SCHOOL OF NURSING	29,845
A56 -SCHOOL OF PHARMACY	52,125
A87 - SCHOOL OF VETERINARY MEDICINE	80,043
TOTAL	3,500,000

FY20 Faculty Supplemental Allocation

Organizational Unit	Allocation
A07 - COLLEGE OF AGRICULTURAL & LIFE SCIENCES	900,000
A12 - SCHOOL OF BUSINESS	0
A17 -SCHOOL OF EDUCATION	550,000
A19 -COLLEGE OF ENGINEERING	1,400,000
A27 - SCHOOL OF HUMAN ECOLOGY	150,000
A40 - NELSON INSTITUTE FOR ENVIRONMENTAL STUDIES	50,000
A45 -LAW SCHOOL	150,000
A48 - COLLEGE OF LETTERS & SCIENCE	4,200,000
A53 - SCHOOL OF MEDICINE AND PUBLIC HEALTH	1,100,000
A54 - SCHOOL OF NURSING	80,000
A56 -SCHOOL OF PHARMACY	120,000
A87 - SCHOOL OF VETERINARY MEDICINE	300,000
TOTAL	9,000,000

FY20 Faculty Post Promotional Allocation

Organizational Unit	Allocation
A07 - COLLEGE OF AGRICULTURAL & LIFE SCIENCES	74,890
A12 - SCHOOL OF BUSINESS	30,221
A17 -SCHOOL OF EDUCATION	36,400
A19 -COLLEGE OF ENGINEERING	59,704
A27 - SCHOOL OF HUMAN ECOLOGY	6,273
A40 - NELSON INSTITUTE FOR ENVIRONMENTAL STUDIES	3,154
A45 -LAW SCHOOL	9,842
A48 - COLLEGE OF LETTERS & SCIENCE	290,755
A53 - SCHOOL OF MEDICINE AND PUBLIC HEALTH	61,865
A54 - SCHOOL OF NURSING	2,644
A56 -SCHOOL OF PHARMACY	8,644
A87 - SCHOOL OF VETERINARY MEDICINE	15,606
TOTAL	600,000

FY20 Discretionary Compensation Fund Allocation

Organizational Unit	Allocation
A0110 - UNIVERSITY ADMINISTRATION	37,963
A0160 - SECRETARY OF THE FACULTY-GEN	2,994
A0170 - SECRETARY OF ACADEMIC STAFF	758
A0204 - STUDENT AFFAIRS	970
A0205 - DIVERSITY, EQUITY & EDUCATIONAL ACHIEVEMENT	49,299
A0208 - VICE CHANCELLOR FINANCE&ADMINISTRATION	26,321
A0215 - OFFICE OF DATA MANAGEMENT AND ANALYTICS	5,430
A0220 - HUMAN RESOURCES	74,888
A0224 - UNIVERSITY RELATIONS	41,340
A0225 - OFFICE OF STRATEGIC CONSULTING	12,567
A0235 - CHAZEN MUSEUM	10,775
A0241 - CONFERENCE CENTERS & MAIL SERVICES	24,947
A0267 - OFFICE OF LEGAL AFFAIRS	25,102
A0280 - REC SPORTS INSTRUCTIONAL SUPPORT	4,185
A03 - BUSINESS SERVICES	58,624
A04 - DIVISION OF STUDENT LIFE	47,674
A05 - ENROLLMENT MANAGEMENT	95,487
A06 - DIVISION OF INFORMATION TECHNOLOGY	313,128
A07 - COLLEGE OF AGRICULTURAL & LIFE SCIENCES	274,694
A10 - INTERNATIONAL DIVISION	24,366
A12 - SCHOOL OF BUSINESS	75,171
A17 - SCHOOL OF EDUCATION	135,799
A18 - ART INSTITUTE	7,762
A19 - COLLEGE OF ENGINEERING	173,154
A27 - SCHOOL OF HUMAN ECOLOGY	33,847
A34 - VICE CHANCELLOR FOR RESEARCH & GRADUATE	257,131
A37 - COLLABORATIVE FOR LEARNING AND TEACHING	42,784
A40 - NELSON INSTITUTE FOR ENVIRONMENTAL STUDIES	18,828
A45 - LAW SCHOOL	78,810
A48 - COLLEGE OF LETTERS & SCIENCE	577,089
A49 - GENERAL LIBRARIES	153,906
A53 - SCHOOL OF MEDICINE AND PUBLIC HEALTH	430,931
A54 - SCHOOL OF NURSING	70,697
A56 - SCHOOL OF PHARMACY	67,855
A57 - UNIVERSITY HEALTH SERVICES	16,470
A63 - OFFICER EDUCATION	1,991
A71 - FACILITIES PLANNING & MANAGEMENT	455,811
A77 - UNIVERSITY POLICE	97,427
A87 - SCHOOL OF VETERINARY MEDICINE	149,595
A93 - DIVISION OF CONTINUING STUDIES	23,429
TOTAL	4,000,000

FY20 Performance Bonus Allocation

Organizational Unit	Allocation
A0110 - UNIVERSITY ADMINISTRATION	14,905
A0160 - SECRETARY OF THE FACULTY-GEN	1,270
A0170 - SECRETARY OF ACADEMIC STAFF	551
A0204 - STUDENT AFFAIRS	1,031
A0205 - DIVERSITY, EQUITY & EDUCATIONAL	17,915
A0208 - VICE CHANCELLOR FINANCE&ADMINISTRATION	14,333
A0215 - OFFICE OF DATA MANAGEMENT AND ANALYTICS	2,055
A0220 - HUMAN RESOURCES	23,892
A0224 - UNIVERSITY RELATIONS	18,284
A0225 - OFFICE OF STRATEGIC CONSULTING	4,274
A0235 - CHAZEN MUSEUM	3,931
A0241 - CONFERENCE CENTERS & MAIL SERVICES	11,920
A0267 - OFFICE OF LEGAL AFFAIRS	8,480
A0280 - REC SPORTS INSTRUCTIONAL SUPPORT	1,618
A03 - BUSINESS SERVICES	30,517
A04 - DIVISION OF STUDENT LIFE	25,013
A05 - ENROLLMENT MANAGEMENT	38,079
A06 - DIVISION OF INFORMATION TECHNOLOGY	155,549
A07 - COLLEGE OF AGRICULTURAL & LIFE SCIENCES	265,802
A10 - INTERNATIONAL DIVISION	20,938
A12 - SCHOOL OF BUSINESS	102,798
A17 - SCHOOL OF EDUCATION	166,475
A18 - ART INSTITUTE	3,271
A19 - COLLEGE OF ENGINEERING	191,955
A27 - SCHOOL OF HUMAN ECOLOGY	35,479
A34 - VICE CHANCELLOR FOR RESEARCH & GRADUATE	272,386
A37 - COLLABORATIVE FOR LEARNING AND TEACHING	14,299
A40 - NELSON INSTITUTE FOR ENVIRONMENTAL STUDIES	15,494
A42 - ATHLETICS	111,727
A45 - LAW SCHOOL	41,451
A48 - COLLEGE OF LETTERS & SCIENCE	576,539
A49 - GENERAL LIBRARIES	50,048
A53 - SCHOOL OF MEDICINE AND PUBLIC HEALTH	1,049,659
A54 - SCHOOL OF NURSING	33,894
A56 - SCHOOL OF PHARMACY	39,506
A57 - UNIVERSITY HEALTH SERVICES	42,770
A63 - OFFICER EDUCATION	629
A71 - FACILITIES PLANNING & MANAGEMENT	255,364
A77 - UNIVERSITY POLICE	31,759
A80 - REC SPORTS	7,215
A85 - UNIVERSITY HOUSING	95,535
A87 - SCHOOL OF VETERINARY MEDICINE	109,798
A93 - DIVISION OF CONTINUING STUDIES	38,251
A96 - WISCONSIN UNIONS	53,341
TOTAL	4,000,000

Compensation Review Process (Sample Process)

UW-Madison is again providing FY 2020 central funding to colleges, schools, and divisions to facilitate compensation adjustments and one-time performance bonuses. College X is excited to use this funding to address compensation issues including awarding faculty and staff exceeding expectations.

College X will proceed with the following process to utilize this funding for college pay adjustments.

- Each department/center will receive a funding allocation (broken down by ongoing and one-time bonus funding) and a listing of eligible faculty and staff. The funding amounts will be based on the number of faculty and staff in the department/center.
- Faculty/supervisors will holistically review the contributions faculty and staff have made and advance recommendations (names, justifications for base-adjustments and one-time performance bonuses, and amounts) to the chair or director by (insert date). The below guiding principles will be used when recommending adjustments and/or bonuses.
 - (College inserts principles related to exceptional performance, achieving college initiatives, demonstrating college values, etc.)
- Chair/director will convene a small committee to review the recommendations and decide who should receive the pay adjustments and performance bonuses.
- Final list of faculty and staff receiving pay adjustments and performance bonuses will be forwarded to the Dean's Office by (insert date). Specifics of awardees will include name, justifications, and amounts. The aggregate adjustments and bonus amounts submitted cannot exceed the department or center allocation amount. However, there is the ability to exceed the funding if a department or center wants to use supplemental funds (encouraged).

Some funding has been set aside at the Dean's office for unexpected retention issues. If a department/center has this need after spending their central funds, contact the Dean's office to discuss using this special fund.

Some basic campus-wide parameters for the funding include:

- Faculty and staff must have completed their Sexual Harassment Prevention training to be eligible for increases. Go to: <https://compliance.wisc.edu/titleix/employee-training/>
- Supervisory staff must be current with their employee performance evaluations
- Employees cannot be on a probationary period or an evaluation period

- Employees are not eligible if there are documented performance issues
- Rehired annuitants are not eligible for bonuses/base-adjustments under this funding program.
- This fund is not a substitute for promotions or base adjustments based on change in job duties/job titles. These adjustments should continue as appropriate outside of this funding source.

Pay adjustment/bonus programs fall under the campus pay adjustment policy (all provisions apply). If you have questions, please contact XXX.