

**PROVOST EMPLOYEE COMMUNICATION COUNCIL (PECC)
February 12, 2008 Meeting Minutes**

Those in attendance: Dawn Brennan, Susan Chisholm, William Corey, Shawna Edinger, Peggy Ehrenberg, Carol Garges, Iva Gillet, Katherine Harlow, Brad Holland, Brenda Kelley (Curry School alternate), Julie Lassetter, Laura Miller, Kim Olsen, Susan Pott, Beth Reinhard, Rob Schuett, Lee Ann Tyler (Darden guest), Jean Varner, Cindy Vaught, and Dawn Waller.

OPEN SESSION

Mr. James B. Traub, Director, HR Restructuring Project, Ms. Susan Carkeek, VP and Chief Human Resources Officer, and Mr. Darrell Kozuch, Director, Office of HR Administrative Operations & Support were introduced as our guest speakers.

HR Restructuring Task Force Update

Mr. Traub gave us an overview of the Human Resources (HR) restructuring task forces that have now been formed. The initial meeting of the employee task forces was on Tuesday, January 29, 2008, and the response to participate in this restructuring effort has been very strong. Of the 300 people who were nominated to participate in a task force, approximately one-third was self-nominated. There are 20 task forces of which 15 groups will lay out career paths for the University employee (groups represented are those such as facilities, financial, IT, and athletics). The other five task forces are working on policy issues (compensation, performance evaluation, leave, employment related policy, and A&P faculty). Membership lists of task force members are included in the HR restructuring website (<http://www.hrs.virginia.edu/restructuring/>).

UVaToday featured an article on this initial meeting that is a good reference and can be accessed by going to <http://www.virginia.edu/uvatoday/newsRelease.php?id=4042>.

Mr. Traub shared that HR is working with two other educational institutions that are also restructuring, Virginia Tech and William & Mary. They have been granted the same level of autonomy by the state as U.Va. The two schools are going in different directions that are specific to their schools.

U.Va. met recently with these schools to share lessons learned. Virginia Tech and William & Mary are moving a bit more quickly on their restructuring effort than U.Va., but their scope is different also. We will share when our schools publicly launch our programs. William and Mary is looking at a July 1, 2008 implementation date; VT is aiming for October; while U.Va. is looking at implementation January 2009.

Prior to the January 2009 implementation date, task force recommendations are due March 31, there will be a public comment period from May to June 2008, and task forces will get back together to respond to this comment period in July. August and September are designated for the implementation process with a 90-day enrollment period from October to December for Classified staff to learn about and evaluate the new system and decide if they want to switch.

Mr. Traub addressed questions that were submitted by PECC constituents and they are as follows.

- 1. Currently, the opportunity for staff to receive in-band adjustments is dependent on the various schools or business units being willing to fund them. I would like to know if any new pay initiatives that may be developed will be funded at the University level or at the school/department level.**

The new Pay Action 7 model (PECC March 2007 minutes includes information on this model) addresses pay initiatives and the effort is on-going to view market studies for comparing classified staff salaries. It is one possible option for compensation that will be considered Restructuring gives us an opportunity to develop it further and to consider other options.

The Pay Action 7 pilot program holistically looks at salaries. There is a combination of factors that determine salary increases such as the current market, internal equities, across grounds salaries, length of service. For more information on the Pay Action 7 pilot program featured in Inside UVA, go to http://www.virginia.edu/uvatoday/insideuva/inside_current.swf.

It is recognized that funding goes up and down, and this is not likely to change. Flexibility to raise tuition and investment income could help U.Va. financially in providing funds for pay initiatives, so reallocation could be a part of the restructuring. Funds for salary increases going forward is expected not to be an either/or but rather a combination of local/departmental funds and central funds.

2. What is the benefit to the University of restructuring if the classified staff switches over to become University Staff? Why is this desirable? Is there a monetary gain? What are the perks to the University?

Until task forces make recommendations, we don't know enough to compare. Once we have details we'll be able to evaluate side by side, but we can't do that yet. The goal is to have the best HR system so the University can recruit and retain the best staff possible. Areas for improvement as identified in our survey and focus groups are providing more development opportunities, offering competitive pay, and allowing flexibility to reward merit.

While employee career development and merit-based pay have key benefits to U.Va., having two different systems is not a cost savings to the University. With the new restructuring, the University will be running two entirely separate systems—Classified and University staff. This will be done at some expense in the short run, but in the long run, the new system will be of great benefit to employees and the University.

Classified staff members will not be required to switch from classified staff to university staff. Training management to prepare in this new environment is necessary to maintain fairness and consistency as much as possible. The purpose of a second system is to be better, so at some point there is bound to be a disparity between the two; that will be an issue that will need to be addressed.

3. Are they going to look at all jobs with similar functions in conjunction with the disparity in pay?

Yes, UHR is currently collecting data to be able to evaluate salaries of similar jobs across the University (see PA7 above). There are going to be differences in policies for Classified and University staff. However, there are limits in what we can do because the University has to follow the state's pay policies for Classified staff.

4. Will Classified Staff be able to follow the same career paths as University Staff?

The opportunities and policies to enhance career paths are being designed for University staff. There may be some benefits for Classified staff but the new policies won't apply to them.

Classified staff members will not be required to change to be University staff members.

5. Will Classified and University staff be given equal consideration when applying for jobs under the new HR system?

Yes, absolutely. There is no discussion of not doing that.

6. If they are to be treated equally, why have two different systems in the first place?

While they will be treated equally when applying for jobs, once in the job there will be different policies that will be in effect. Under restructuring HR was given autonomy to create a new system and required to keep the old system. Our goal is to improve the current system in a manner consistent with deficits found in the HR survey such as compensation and merit based increases.

7. It would appear that the University has several tools to improve employee compensation - In-band Pay adjustments and the Pay Action 7 program to name just two. Yet when employees who appear to be worthy, request salary action through those programs, the most common excuse is that there is no money in the budget to pay for the requested increase.

Funding will always be a factor, but not the only factor. One possibility is that instead of everyone getting the same increase, some get more than average and some get less. There are hundreds of employees getting pay adjustments every year, and that process and reasoning is not always transparent. The task forces are examining many options and the restructuring groups will be able to make suggestions.

8. Do you anticipate that money will be budgeted at the Department level to fund salary increases for University Staff under the new HR Restructuring Career Path System? Will those funds be equally available for raises for Classified Staff as well?

See No. 1. While we expect to have both central and departmental funds, it will be different for the Classified staff. These are two different systems and it could be that one system will get higher increase than the other or that one will receive an increase and the other not, depending on many factors. Classified staff will continue to be subject to state rules; University staff don't have those same restrictions.

Automated Time and Attendance System

Mr. Darrell Kozuch, Director, Office of HR Administrative Operations & Support, addressed the planning stages of implementing an Automated Time and Attendance System. It is *emphasized* that this system is

in the planning stages only and the purpose of bringing this subject to the PECC was to hear concerns and receive feedback.

The purpose of the new system is to reduce the chance for error and the time spent processing time and attendance. One option is to have each person submit their timesheet electronically to their supervisor for approval, eliminating the need for an timekeeper to input the time. It was also stressed that this system is not a “big brother” initiative, nor will be connected in any way to the daily log-in to your computer, or be a phone-based system similar to the hospital. Transition to a new system will not be happening anytime soon—in fact, if all goes well, the implementation timeframe being looked at is April-May 2009.

The automated time and attendance will apply to all academic-side staff—both classified and University, but not to faculty. It will replace paper time sheets and the new system would be run through the IS (Oracle) self-service module, where you currently go to see your payslips, W-2s, and change personal information like addresses. For those areas around Grounds that are using time clocks, HR will be using the time between now and projected implementation to research how this system can be integrated with the time clock usage with the online system—the goal is that those employees could continue to punch in and out as they do now.

The only way this new system will make sense is if there is a change from a semi-monthly payroll—where staff is paid on the 1st and the 16th—to a biweekly payroll, where you are paid every other Friday.

Reasons why automating a semi-monthly payroll doesn't make sense:

- It can be done, but the value of the hourly rate changes every pay period, which is difficult for you as the employee to track and enter in the new system.
- In today's system, the employee fills out time, leave, and overtime by the day on the timesheet.
- The timekeeper divides that worked time/leave/OT across an uneven number of days depending on the length of the pay period.
- This is because a semi-monthly pay schedule has pay periods of varying lengths—you can have pay periods of 14, 15, even up to 18 days long, but your paycheck for each pay period is the same.
- The timekeeper calculates hours worked as well as other balances in order to make everything come out even.
- If you work overtime on a given day in the current system, you don't always know when you'll be paid for that OT because the work week and the pay period don't necessarily coincide.
- It would be difficult to expect all employees to do that calculation when entering their own time in an on-line system, which is what would be necessary if the existing semi-monthly payroll was automated.
- It is recognized that the transition will be difficult for individual employees' budgeting styles and habits. Experience of those who have gone through similar conversions tell us it is short-term, and the University is prepared to help employees through the change.

The advantages of automating a semi-monthly payroll that benefit the University and employee are as follows:

- Standardized pay cycle of 14 days: pay day is based on day of the week rather than day of the month.
- This means employees WILL get paid every other Friday.
- As opposed to now, when it is possible for staff to go much longer than 14 days without pay (for example, in December 2007 staff paid semi-monthly were paid on 12/30 and then not again until 1/16—an 18-day lag).
- No more figuring out that the 16th is on a Tuesday this month and Friday next month.
- Exempt employees will only record leave taken (not time worked).
- Non-exempt employees will record leave taken, time worked, and overtime, which is good, because you'll never be in doubt about whether you are owed overtime in a given week, since all the pay periods are consistent.
- “Monthly paid premium benefits”—these benefits are any that are calculated on a monthly basis such as health insurance and parking—are debited from pay twice a month, which comes out to 24 times a year, but you get paid 26 times a year on a biweekly pay roll (52 weeks divided by two). Therefore, twice a year (May and November) staff will receive a check that has only Social Security, taxes, and any voluntary contributions withheld.
- It does NOT result in any changes to annualized deductions such as tax withholding.
- The lags sometimes created by the fiscal quarters and the end of the fiscal year would be eliminated. That lag, particularly around July 1, has been a frequent source of complaint.
- By doing away with paper time sheets there is less waste, less error, it is more convenient and efficient, and we relieve HRMS Timekeepers of much of their timekeeping responsibilities, which allows them to focus on other priorities.
- Reduces the number of payrolls the University runs from 86 to 38 annually.
- Helps ensure we remain FLSA-compliant.

The disadvantage of automating a semi-monthly payroll:

- Each check *will* be smaller – but there will be more of them (26 per year instead of 24 per year).
- The implementation date is being planned around a month where there would be three bi-weekly pay checks, and these are May and November.

Attached is Figure 1, an impact of the conversion in April 2009 on an exempt employee being paid semi-monthly at a salary of \$25,000 that demonstrates the following:

- If the change is made in April/May 2009, staff will get paid on the semi-monthly payroll for the last time on April 16 (that payroll period ends April 9), and then would get three bi-weekly checks on May 1, May 15, and May 29. (In the example given, the employee gets an additional \$94.70 on May 1 for the days worked between April 9 and April 12.)
- Conversion of personal budgeting practices—people who are used to being paid semi-monthly have set up bill paying, auto-banking, etc. on that cycle. The conversion would require

significant adjustment to personal finances. However, HR would want to hold financial workshops to help with the transition.

- There is a one-time cost to the University.

CLOSED SESSION

There was no new or old business and the meeting was adjourned.

The next PECC meeting will be March 11, with Mr. Tim Garson, Executive Vice President and Provost. The meeting location will be Newcomb Hall, Commonwealth Room.

Figure 1. Impact of the conversion in April 2009 on an exempt employee being paid semi-monthly at a salary of \$25,000)



This figure shows the impact of the conversion in April 2009 on an exempt employee being paid semi-monthly at a salary of \$25,000. Note that the shift in pay periods ending in April would be reflected in three checks in May. The fiscal impact on the University is represented by the extra \$735.72 shown in the overall salary.

FY 2009 -- Switching EX, SM to Bi-weekly 4/13/09 and changing Work Week to Mon---->Sun. (based on annual salary of \$25,000)				
PPE	Chk Dt	Semi Paid SM	Paid BiWk	
24-Jun	1-Jul	1,041.67		
9-Jul	16-Jul	1,041.67		
24-Jul	1-Aug	1,041.67		
9-Aug	16-Aug	1,041.67		
24-Aug	1-Sep	1,041.67		
9-Sep	16-Sep	1,041.67		
24-Sep	1-Oct	1,041.67		
9-Oct	16-Oct	1,041.67		
24-Oct	1-Nov	1,041.67		
9-Nov	16-Nov	1,041.67		
24-Nov	1-Dec	1,041.67		
9-Dec	16-Dec	1,041.67		
24-Dec	1-Jan	1,041.67		
9-Jan	16-Jan	1,041.67		
24-Jan	1-Feb	1,041.67	2083.34	
9-Feb	16-Feb	1,041.67		
24-Feb	1-Mar	1,041.67	2083.34	
9-Mar	16-Mar	1,041.67		
24-Mar	1-Apr	1,041.67	2083.34	
9-Apr	16-Apr	1,041.67		
12-Apr	1-May	94.70		
26-Apr	1-May		961.54	2979.32
10-May	15-May		961.54	
24-May	29-May		961.54	
7-Jun	12-Jun		961.54	1923.08
21-Jun	26-Jun		961.54	
		20,928.03	4,807.69	25,735.72