

HEALTH WEALTH CAREER

UNIVERSITY OF WISCONSIN

STAKEHOLDER INTERVIEW FINDINGS AND  
PRELIMINARY TOTAL COMPENSATION  
PHILOSOPHY GUIDING PRINCIPLES

DRAFT FOR DISCUSSION

June 20, 2017

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# PROJECT UPDATE



# PROJECT UPDATE

## WHERE ARE WE TODAY



### I. Design and Study Strategy

- Review data
- Develop project plan
- Stakeholder interviews and focus groups
- Compensation philosophy guiding principles
- Preliminary communication and change management strategy

### II. Assess Positions and Modernize Job Title Structure

- Job framework
- Map positions to the job/titling framework
- Create/update job descriptions
- Stakeholder briefings

Starting Phase 2 with Job Framework development

### III. Create Compensation Structure

- Analysis of compensation
- Salary structure
- Preliminary cost analysis
- Salary administration guidelines
- Stakeholder briefings

### IV. Review Benefits / Work-life and Leave Structures

- Analysis of benefits and work/life and leave structures
- Gap analysis and recommend solutions

### V. Implement New Structures

- Presentation to stakeholders
- Finalize program based on stakeholder feedback
- Finalize communication and change strategy
- Deliver targeted communications
- Training for ongoing program administration

Nearing completion of major Phase 1 work steps

# PROJECT UPDATE

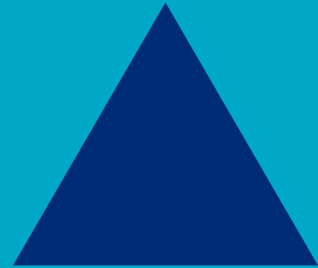
## Completed

- Stakeholder Interviews
  - Interview process started in May and ended in early June
  - Feedback and guiding principles are summarized in this document
- Communications Strategy
  - Provided document incorporating feedback from TTC Planning and the Advisory Council on May 25th
- Job Framework Education Sessions for UW System and UW-Madison Human Resource Directors
  - May 31 & June 12 (UW-Madison)
  - June 5 & 15 (UW System)

## Upcoming

- Stakeholder Interviews
  - Circulate interview feedback and guiding principles with participants.
- Job Framework On-site Meeting
  - June 20th (in Madison)
  - Develop consensus on foundational job framework components
- Demo JDXpert Job Description Software Tool
  - TBD June / July

# INTRODUCTION AND PROCESS OVERVIEW



# INTRODUCTION AND PROCESS OVERVIEW

- Mercer conducted interviews with key stakeholders across the UW to understand perspectives on the current approach to titling and total compensation and the desired future state of the program.
  - This document contains feedback and perceptions expressed by stakeholders during the interview process. The feedback has not been validated by Mercer.
- This is a first step in the development of a total compensation philosophy for the UW. Mercer will also incorporate inputs from the other project phases into the philosophy (e.g. talent markets will be refined in Phase 3: Create Compensation Structure).
  - The interview guide and a list of participants are included in Appendix A and Appendix B, respectively.

## *Stakeholder Interview Process:*

### **Conducted Interviews**

- Group and individual interviews were facilitated by Mercer with support from the TTC Planning Team.
- Interview questions were provided in advance to give participants context for the discussions.
- Stakeholders were given an overview of the Title and Total Compensation Study to ensure understanding of objectives, process and timing.

### **Summarized Findings**

- The following pages outline the key themes that surfaced through the interview process.
- Select quotes related to each theme are also provided.
- Preliminary guiding principles for the UW's total compensation program are based on the interview themes.

### **Review and Refine**

- A draft of the interview feedback and guiding principles was provided to the TTC Planning Team for review.
- Mercer refined the content based on TTC Planning feedback.

# INTERVIEW FEEDBACK



# INTERVIEW FEEDBACK

## CURRENT STATE AND THE UW STRATEGY

### *Interview Feedback*

- The UW is a preferred employer with a highly desirable mission and culture.
- Overall, there is enthusiasm and support for developing a contemporary titling and total compensation program for the UW.
- The current titling and total compensation program and practices across the UW are not universally understood and would benefit from simplification.
- State limitations on the budget and regulations on how and when the UW can compensate employees will have an effect on the new program.
- There is a desire for a compensation program that provides flexibility with some structure.
- Changing demographics of the student population may cause future challenges.
- Recognition that the UW needs to be more nimble to reflect a rapidly changing higher education environment. The UW needs to look forward and anticipate the jobs of future and build practices to support getting there.

### *Selected Quotes*



I'm personally excited about getting started. The System hasn't worked on a study like this before.

The UW is experiencing an increase in the number of Hispanic students due to the changing demographic of the K-12 population.

System needs to strategically prioritize academic and research initiatives since the staff are already overloaded.

The expectations for the TTC Study are high. People are expecting real change.

We need persistence and discipline to ensure the program is used as intended and avoid exceptions.

Hierarchy makes no sense internally or externally; better off scrapping rather than trying to modify.



# INTERVIEW FEEDBACK

## REASONS WHY EMPLOYEES JOIN THE UW

### *Interview Feedback*

- Many employees join and remain with the UW because they value the opportunity to align with UW's mission and vision.
- The UW has a strong and supportive culture and instills a sense of pride in employees.
- The UW is the largest employer in the state, so there should be opportunities to stay within the UW if an employee wishes to relocate and/or change jobs.
- Although IT staff are challenging to attract and retain, the UW provides a more attractive work/life balance than many corporate employers.
- The UW provides opportunities to participate in cutting-edge research.
- The UW maintains a strong reputation regionally, nationally, and internationally in many areas (specific examples included engineering, business, nursing, and sustainability).
- Institutions provide affordable educational opportunities for residents in underserved populations and many community development programs.

### *Selected Quotes*



Working with students is enjoyable.

Great culture, work-life balance, and a beautiful campus!

At the UW, there are opportunities to work with many truly excellent faculty members.

Employees are drawn to the UW's mission and the opportunity to touch the lives of students.

I enjoy being part of a University with such a great reputation. It is important to me to be contributing to society.



# INTERVIEW FEEDBACK

## SALARY AND BASE PAY ADMINISTRATION

### *Interview Feedback*

- Compensation levels are often dependent on the institution or department budget.
- Some believe that staff have not received a salary increase or cost of living adjustment in 5 to 6 years.
- Pay rates for hourly employees performing essentially the same work may vary across institutions.
- There is a desire for greater transparency in the salary increase process and clarity around how discretionary funds are distributed.
- Pay compression is an issue in some areas since new hires are brought in at market competitive rates (while pay for long-term employees lag the market due to infrequent salary increases).
- Shift differentials are perceived to be below market.
- In order to advocate for pay adjustments, some managers have created hybrid jobs or inflated position titles.
- Performance-based pay is desired by some, but others note that the concept has been difficult to grasp due to a long history of egalitarianism.
- The lack of a pay plan has caused compression and inversion.

### *Selected Quotes*

“Hourly employees (e.g. animal technicians and custodians) all progress differently in their role and may be paid differently, depending on the school.”

“Pay raises are different across institutions since merit budgets are discretionary and depend on the school's budget.”

“There is a lack of transparency about the process, which creates some hostility.”

“In general, cost of living adjustments have not been viewed positively.”

“Performance should be a key pay driver.”

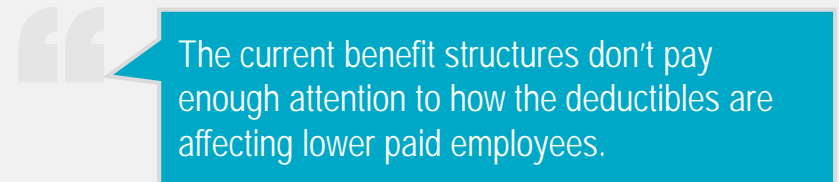
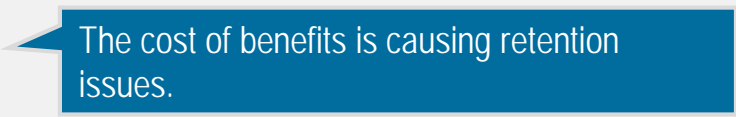
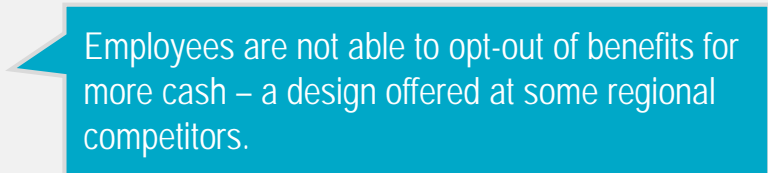
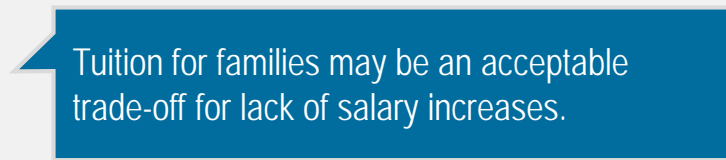
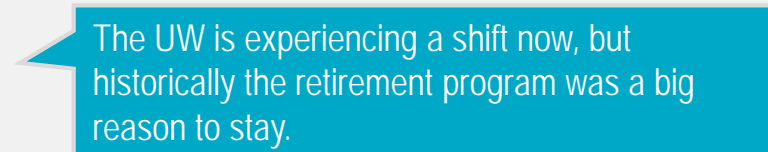
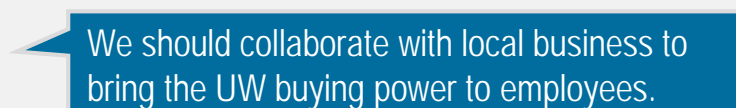
“Sometimes, decentralization creates inconsistencies.”

# INTERVIEW FEEDBACK BENEFITS

## *Interview Feedback*

- Differences in benefit structures between the academic staff and university staff impedes career progression and talent mobility.
- Benefits were once viewed as very competitive, but are now perceived to be “just on par” with competitors.
- Benefit administration is not coordinated across institutions. There is desire for enrollments to occur at the same time and for greater alignment in program design and eligibility.
- Some expressed interest in a flexible benefit plan structure or a design that provided options by employee profile.
- Lack of a tuition remission program is considered a major competitive shortfall among higher education institutions.
- University Staff time and attendance is monitored more closely than Academic Staff.
- Some expressed desire for flexible work arrangements and non-salary benefits to enhance employee satisfaction (i.e. telecommuting, on-site gym use, family leave, education benefit for family members).

## *Selected Quotes*

- 
- The current benefit structures don't pay enough attention to how the deductibles are affecting lower paid employees.
- 
- The cost of benefits is causing retention issues.
- 
- Employees are not able to opt-out of benefits for more cash – a design offered at some regional competitors.
- 
- Tuition for families may be an acceptable trade-off for lack of salary increases.
- 
- The UW is experiencing a shift now, but historically the retirement program was a big reason to stay.
- 
- We should collaborate with local business to bring the UW buying power to employees.

# INTERVIEW FEEDBACK

## ATTRACTION AND RETENTION

### *Interview Feedback*

- As a result of changing workforce priorities and rising benefit costs, the UW's benefits are perceived to be less of a competitive advantage for talent acquisition and retention.
- There is increased competition for IT staff. Need greater understanding of IT rewards (pay, benefits, employee development and work life balance) – even if the UW is unable to pay at market.
- Competition for cross industry jobs such as finance, security, food service, nursing and police is high for institutions located close to large metro areas with many employment options.
- Clear career paths would be very helpful for employee retention.
- Limitations on the number of FTEs – with increasing workload and stagnant pay – is a strain on current staff.
- Some salary ranges are not competitive and finding market data for the many unique/hybrid jobs is a challenge.
- Some titles are not recognized within the market.
- Attracting experienced talent is more challenging than entry level talent since pay isn't competitive.
- Markets outside of higher education are desirable for recruiting talent with certain skills, but it's difficult for a public higher education institution to match market pay levels.

### *Selected Quotes*



Benefits serve neither as an advantage nor a disadvantage...the focus for employees is on base salary.

The UW brand and reputation is slowly getting worse as an employer of choice [eroded by negative press]. The saving grace is that some people still want to work for a university.

Intangibles that aid in attraction/retention – work life flexibility, programming for families, mission, collegiate/family atmosphere, and daycare.

Our greatest competitor for custodial positions is the county which pays up to \$17/hour.

Greatest appetite [for understanding career progression] is among millennials.

The UW is a great place to start [your career], but long-term opportunities are not clear.

Diversity is a concern.



# INTERVIEW FEEDBACK

## TALENT MARKETS AND COMPETITIVE POSITIONING

### *Interview Feedback*

- Flexibility to go beyond the market median is critical for certain positions.
- Non-exempt positions are typically recruited locally/regionally and the market broadens as the job level increases.
- Institutions often compete with each other for talent and also looks to find talent within its own departments or divisions.
- Institutions located within commutable distances to large cities noted significant pressure to maintain competitiveness with industries outside of higher education.
- Many believe that positions that are present at each institution, doing similar work, and require the same level of skill should be paid similarly. The only differentiator might be a geographic differential – which is easily explained to and understood by employees.
- Recognition that the future of talent requires modern skill sets.
- Many new jobs require different skills, knowledge, and expertise than in the past.

### *Selected Quotes*



The UW has difficulty meeting the median market pay levels which is why understanding total compensation is so important.

Recruitment [department] finds that the ranges are not competitive and positions are unique. Developing unique ranges for hybrid jobs creates a recruitment time lag and possible loss of candidates.

Customized markets are developed based on where the institution needs to recruit from. Cross industry jobs are a challenge.

Being located in an urban environment has unique market pressures.

Information on geographic differentials for the state of Wisconsin would be helpful.

We know that we lag the market because employees have not had an increase in years.



# INTERVIEW FEEDBACK TITLING AND CAREER PROGRESSION

## *Interview Feedback*

- Greater clarity around opportunities for career progression and skill development would aid in the retention of key talent.
- Some roles, such as program managers and student service coordinators, are perceived to be “dead end” (i.e., no clear path to advance).
- Employees would benefit from an understanding of opportunities for horizontal as well as vertical career moves.
- Horizontal career movement is rarely considered today, but it could be beneficial to employees as well as managers.
- There is consensus that the UW has too many titles and that the titling structure does not reflect the modern marketplace.
- Title inflation was cited as a key issue to address through the TTC study.
- The absence of a clear and consistent job title structure diminishes understanding of available career opportunities.
- Titles have evolved over time, incrementally changing often at the employee level, resulting in a lot of complexity, obsolescence, and inconsistency.
- Simplification of the titling structure is critical. Some distinctions are archaic (e.g. academic/university staff and instructional academic faculty). Clarify how working titles will be addressed in the study.

## *Selected Quotes*



Progression paths are not clear at the UW. People often feel stuck.

Transfers between institutions result in a loss of seniority – especially for trade jobs or laborers.

There is a need for more opportunities for progression and development.

Transferring within departments or institutions is common because employees feel that it's the only way to progress or receive a pay increase.

Focus on those titles that are so mismatched that employees are not seen as “peers” by their counterparts at other intuitions or outside the organization.

Today, horizontal career movement is not encouraged, but it could open doors for employees.

We have too many titles and many aren't accurate.

We need to reduce classism in categorization of staff and employees at the UW.



# INTERVIEW FEEDBACK

## PERFORMANCE MANAGEMENT

### *Interview Feedback*

- Performance management is perceived to be inconsistent – some institutions and departments regularly conduct performance evaluations and others do not.
- Some employees don't trust that managers perform evaluations fairly and equitably across departments.
- Some institutions link completion of performance evaluations to eligibility for compensation adjustments.
- Many cited support for pay and performance linkage or a combination of performance and seniority.
- There is broad recognition that shifting the employee mindset from pay linked to years of service to performance will be a major cultural shift that would require significant change management support.
- Performance should be the major driver of pay, but experience and longevity should be considered.

### *Selected Quotes*



It's not uncommon to see some departments give all employees a ranking of "exceeds expectations."

The culture has historically promoted treating everyone the same... a hold over from collective bargaining.

Employees won't complete performance evaluations without a tie to monetary benefits.

Performance expectations must be clearly defined.

Don't pay for simply for acquiring new skills and competencies – they must be required and demonstrated in the position.

Ideally, we want performance [based pay] but minimal salary increase [budgets] make it difficult to differentiate performance.



# INTERVIEW FEEDBACK

## HR AND ADMINISTRATION

### *Interview Feedback*

- There is a desire for a program that supports deeper collaboration between HR and managers on titling and total compensation matters – which would require a shift from viewing HR as the “approver” to a true partnership.
- Institutions aspire to more individualized decision making authority (e.g. “don’t limit market adjustments/raises based on the performance of other institutions”).
- Many employees have limited understanding of compensation programs and policies despite broad availability of policy documents on the UW website. Program complexity makes comprehension challenging.
- Some have expressed concern about sufficient resources to complete the study since the UW staff are already overcommitted .
- Some employees do not trust outside consultants or HR due to uncertainty surrounding the intent and outcomes of the project.
- Human Resources Directors expressed interest and willingness to lead communication with their institution's stakeholders. However, they reinforced that consistent messages need to be communicated and that they look to Mercer for communication strategies.

### *Selected Quotes*



It would be helpful to have market data that is in a structured format, easy to understand, and aligned to our institutions' markets.

We would like flexibility to build our own career ladders and career progressions within the final structure.

Consultants will give us a cookie cutter solution.

Consultants will encourage HR to get rid of jobs.



# INTERVIEW FEEDBACK COMMUNICATION

## *Interview Feedback*

- The UW has a culture of open communication that is supported by collaborative governance and prior history of transparency in other initiatives (e.g., UPS and HR Design)
- There is broad agreement that continuous, clear communication and change management at all levels will be critical to the success of the TTC study.
- All communications related to the TTC Study should be carefully coordinated in terms of timing and messaging.
- Human Resources Directors have begun communicating to staff and governance groups on the initial study progress (e.g. vendor selection, overview of project plan etc.).
- Some issues were “tabled” during the UPS and HR Design project in anticipation of the TTC Study. As a result, the expectations for the study are high and need to be managed.
- The approach to communication should recognize that many employees do not have easy access to electronic communication formats.
- Managing expectations throughout this study is essential.

## *Selected Quotes*



Full transparency is needed for the study.

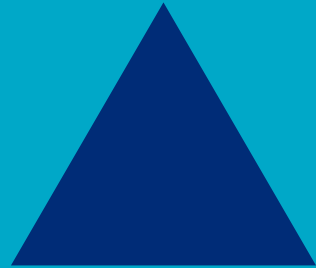
Communication should include University Governance. Also, limited term staff aren't on campuses at all so we need to ensure communication outreach includes those employees.

A shift in mindset will be critical to the success of the study.

We should archive all messaging and make available to employees so they can see what has been communicated over time.



# COMPENSATION PHILOSOPHY DEVELOPMENT



# COMPENSATION PHILOSOPHY DEVELOPMENT

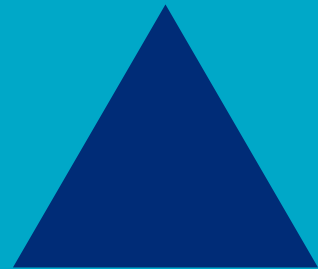
## TOTAL COMPENSATION PHILOSOPHY INFLUENCES



## TOTAL COMPENSATION PHILOSOPHY COMPONENTS



# PRELIMINARY TOTAL COMPENSATION PHILOSOPHY GUIDING PRINCIPLES



# PRELIMINARY TOTAL COMPENSATION PHILOSOPHY GUIDING PRINCIPLES

Guiding Principles	Stakeholder Feedback
<ul style="list-style-type: none"> <li>Adopt a total compensation philosophy and program that aligns with the UW's mission and culture, supports the attraction and retention of talent and has the flexibility to accommodate the needs of each institution</li> </ul>	<ul style="list-style-type: none"> <li>Belief that the UW is a preferred employer with a desirable mission and culture</li> <li>Concerns about a one-size-fits-all program</li> <li>Recognition that institutions have different talent needs</li> </ul>
<ul style="list-style-type: none"> <li>Reference regional and/or national compensation benchmarks that reflect the specific market(s) in which each of the UW institutions compete for talent</li> </ul>	<ul style="list-style-type: none"> <li>Recognizes that customized markets are developed based on the institutions recruitment needs and that these markets vary across the System.</li> <li>Supports experiences that indicate some positions are typically recruited locally/regionally and the market broadens as the employee level increases</li> </ul>
<ul style="list-style-type: none"> <li>Provide clear and transparent communication about compensation, benefits, career opportunities and performance management at the UW</li> </ul>	<ul style="list-style-type: none"> <li>Expectations for open communication based on collaborative governance structures and prior history of transparency in similar projects</li> <li>Need for transparency and simplification</li> <li>Recognition that the UW can no longer rely on benefits as a primary driver of attraction and retention</li> </ul>

# PRELIMINARY TOTAL COMPENSATION PHILOSOPHY GUIDING PRINCIPLES

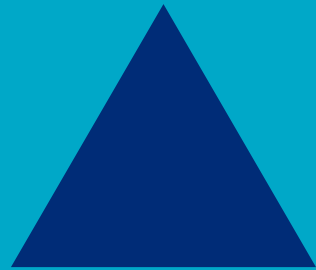
Guiding Principles	Stakeholder Feedback
<ul style="list-style-type: none"> <li>Reinforce that performance is a factor in determining pay</li> </ul>	<ul style="list-style-type: none"> <li>Recognition that performance management is perceived as inconsistent – some institutions and departments regularly conduct performance evaluations and others do not</li> <li>Recognition that shifting employee mindset from pay linked to years of service to performance will be a major cultural shift that would require significant change management support</li> <li>Understanding that performance is one of the acceptable factors in determining compensation adjustment by the State of Wisconsin</li> </ul>
<ul style="list-style-type: none"> <li>Develop a contemporary and market-informed total compensation structure that considers the external and the UW's market for jobs and is responsive to changing market conditions</li> </ul>	<ul style="list-style-type: none"> <li>Desire to compensate employees fairly and financially reward performance</li> <li>Desire for relevant market data to support compensation decisions</li> <li>Recognition of the uniqueness of certain jobs, as well as, hybrid positions</li> </ul>
<ul style="list-style-type: none"> <li>Clarify career development opportunities with a well- defined job framework, consistent and modernized titles and up to date job documentation</li> </ul>	<ul style="list-style-type: none"> <li>Desire to clarify opportunities for career growth</li> <li>Recognition that job titles are abundant, frequently unclear, and do not reflect market practices in some cases</li> <li>Concerns about title inflation</li> </ul>

# PRELIMINARY TOTAL COMPENSATION PHILOSOPHY GUIDING PRINCIPLES

Guiding Principles	Stakeholder Feedback
<ul style="list-style-type: none"> <li>Prepare leaders to manage titles, and compensation effectively and fairly through a program that balances structure with flexibility and provides ongoing training, tools and support</li> </ul>	<ul style="list-style-type: none"> <li>Recognition that managers are actively engaging in employee development and would value enhanced support</li> <li>Perception that managers would benefit from a compensation program that balances structure with flexibility</li> <li>Recognition that manager training will be key to program success</li> </ul>
<ul style="list-style-type: none"> <li>Follow a robust process which includes periodic review of the total compensation philosophy, administrative guidelines and policies</li> </ul>	<ul style="list-style-type: none"> <li>Expectation for collaboration</li> <li>Recognition that the UW is due for a comprehensive review of compensation policies and programs</li> <li>Request for a robust, repeatable data collection methodology</li> <li>Desire for greater partnership and collaboration with HR on titling and total compensation matters (shift from viewing HR as the “approver” to a true partnership).</li> <li>Desire for more autonomous decision making</li> </ul>
<ul style="list-style-type: none"> <li>Design a program that complies with federal and state laws, is fiscally responsible, and sustainable over time</li> </ul>	<ul style="list-style-type: none"> <li>Understanding that a portion of the UW’s budgets are determined by the State of Wisconsin and compensation adjustments must comply with existing policies (e.g., adjustments based on equity, job reclassification, market or merit adjustment)</li> </ul>

# APPENDIX A

## INTERVIEW GUIDE



# APPENDIX A

## INTERVIEW GUIDE

### Current State and the UW Strategy

What are the key strategic imperatives for your institution related to staffing/employment in the next one to four years

- Employee attraction, retention and/or engagement
- Performance management
- Employee development

Are there any expected major changes in size/composition of student population, programs/degree offerings, education delivery, etc. that might have an influence on your institution's staff talent strategies?

Are there any expected major changes in the organizational structure, staffing, etc.?

### Total Compensation Philosophy

How important is compensation program consistency across individual institutions/ colleges/schools/divisions? Across institutions in the UW?

Where do you compete for talent (by geography and/or industry) for the following groupings of employees? Industries may include more than one (health care, education, public sector). Geography may also include more than one (national, region, state, metropolitan area)

- Non-exempt
- Entry professional
- Professional and Managerial
- Senior Administrators

# APPENDIX A

## INTERVIEW GUIDE

### Total Compensation Philosophy *continued*

Many organizations target pay at the median of the marketplace. Are there any positions or functions that you believe should be targeted differently?

What are the key factors that should drive the level of pay?

- Performance
- Level of skills and key competencies
- Years of relevant experience
- Other

In regards to total compensation, what are your current thoughts regarding the mix of total compensation (base salary/health benefits/leave benefits/additional benefits) provided today? How would you like to see that change in the future?

What should be the roles of the UW human resources, institution human resources and managers in making pay recommendations and decisions?

How transparent or easily understood are the compensation and titling programs today? What level of communication and degree of transparency do you desire for these programs?

# APPENDIX A

## INTERVIEW GUIDE

### Attracting and Retaining Staff

What elements of the current compensation program enable or hinder the UW from successfully recruiting, retaining, and engaging staff?

Which job families/functions/departments are particularly critical to the UW's future or pose particular recruiting challenges?

What do you believe candidates find attractive about potentially joining the UW?

What do you believe current staff find attractive about staying?

### Project Outcomes

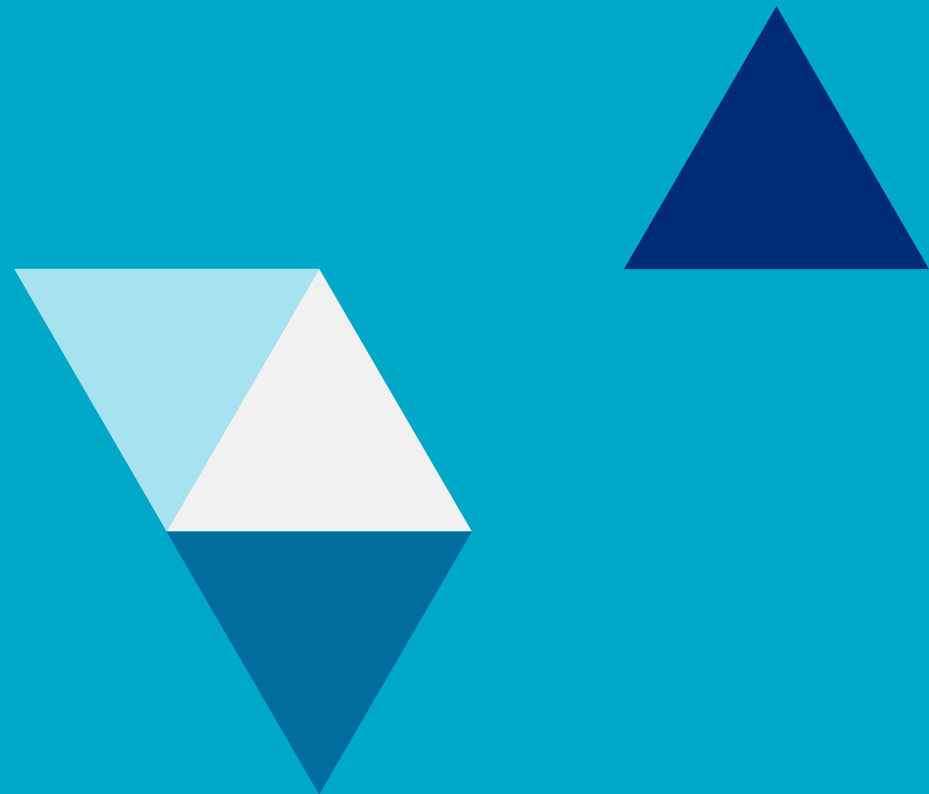
What are the most important outcomes you would like to see from this project?

Do you have any process improvement recommendations related to the compensation and titling program?

What questions haven't we asked that would be important, and/or what other information may be useful to us as we proceed in our efforts?

# APPENDIX B

## INTERVIEW PARTICIPANTS



# APPENDIX B

## INTERVIEW PARTICIPANTS

- UW System Stakeholders
  - March 21st
    - Advisory Council
  - April 12th and 13th
    - Human Resources Directors
  - April 20th
    - President
    - Chief Business Officers
  - May 5th
    - Joint Governance
  - June 2nd
    - Chancellors
  - June 7th
    - Provost Council
- UW-Madison Stakeholders
  - April 12th
    - Academic Staff Executive Committee
    - Associate Vice Chancellor Academic Staff (Enrollment Division)
    - Athletics
    - University Staff Central Committee
    - VCFA Directors
    - Dean, School of Nursing
    - Dean, School of Letters and Science
  - April 13th
    - Human Resources Directors
    - Administrative Council
    - Provost
    - Vice Chancellor Finance and Administration
    - Chancellor
    - Vice Chancellor for University Relations
    - Director, Academic Planning and Institutional Research
    - School of Medicine and Public Health
    - Vice Provost of Faculty and Staff Programs
    - Vice Provost and Chief Diversity Officer