

[In these minutes: Committee reports, 27 pay periods in FY11 discussion, CIC conference, Leadership Mining presentation with Chancellor Stephen Lehmkuhle]

CAPA MEETING

Friday, December 18, 2009

PRESENT

Representatives: Sarah Waldemar (chair), Neil Anderson, Richard Brown, Brenda Carriere, Will Craig, Christine DeZelar-Tiedman, Susan Doerr, Frank Douma, Pamela Enrici, Michael Fridgen, Scott Gilbert, Shawn Haag, Ann Hagen, Dawn Hoover, Kirsten Jamsen, Scott Madill, Caitrin Mullan, William Patrek, Steven Pearthree, Rand Rasmussen, Bill Roberts, Caroline Rosen, Laura Seifert, Andrew Swain, Travis Trautman, Roger Wareham, Sheryl Weber-Paxton, Patrice Webster, Julie Westlund.

Alternates: Agnes Chagani, Stephen Hearn, Zahra Khorasani, Michelle Koker, Rebecca Moss, Tatyana Shamliyan, Kimberly Simon, Dale Swanson.

Other: Meredith Poppele, Nan Wilhelmson.

ABSENT/REGRETS

Regrets: Laurene Christensen, Stephanie Dilworth, Jaime Gearhart, Cynthia Hagley, David Nicolai, Meg Stephenson, Pamela Wilson.

Absent: Jessica Kuecker Grotjohn.

1. COMMITTEE REPORTS

Benefits and Compensation (B&C)

Steven Pearthree stated that the Benefits & Compensation Committee met on December 2 with Dale Swanson, a P&A member of the Benefits Advisory Committee, to receive an update. The committee also received more information on compensation from Mary Luther and notice from Jackie Singer that the new socially-responsible investment fund is live. There are no Human Resources policy reviews at this time. The last remaining issue concerns the 27 pay periods, which will be discussed later today.

Communications

Susan Doerr noted that the committee would be developing a statement on the 27 pay period issue following today's discussion.

Professional Development and Recognition (PD&R)

Ann Hagen said the PD&R committee is working on the advocacy plan, equitable distribution of current University awards, determining which current awards could be expanded to include P&A, revising the Unit Award, and a spring survey of P&A employees.

Representation and Governance (R&G)

Stephen Hearn said that there was no report as the committee has not met since he was elected chair at the last meeting.

2. EXECUTIVE COMMITTEE REPORT

Chair Waldemar said that she and Randy Croce met with the Faculty Affairs Committee (SCFA) on two issues. One was salary adjustment principles and an across-the-board amount being awarded for all employees. The second issue was SCFA's support of a resolution asking that P&A governance service be included in yearly evaluations and reviews. They were supportive of this effort.

She said that she is also trying to connect with P&A serving on Senate committees who are not CAPA members to provide a better link between the groups.

In spring semester, CAPA will be brought information on pros and cons regarding becoming a Senate. The Civil Service Committee is also considering this change after five years of participating in the University Senate.

The leadership mining presentations will continue. Today Chancellor Lehmkuhle from Rochester is scheduled, Senior Vice President Cerra will be the guest in January, and a Regent will be invited for February. These presentations are being recorded and linked from the CAPA website.

3. 27 PAY PERIODS IN FY11

Vice President Richard Pfutzenreuter and Julie Tonneson from the Office of Budget and Finance and Joe Kelly and Kelly Krattiger from the Office for Human Resources joined the meeting to discuss the 27 pay period issue.

Vice President Pfutzenreuter said that the pay period structure led to 27 pay periods for FY10. Due to the state and University budget problems, the extra pay period was shifted to FY11 in the hope that the state forecast would be better, but this is not the case. The state has a forecasted deficit of \$1.2 million. The University was already cut \$80 million from this year's budget and might see additional retrenchment of \$36 million next year.

This issue was discussed a few years ago among financial and human resource administrators with the intention that the message would be spread to other employees; this did not happen. The administration knows that there are now questions and confusion among employees.

The University is required to pay hourly employees for the hours worked, therefore these employees will be paid 27 times in FY11. However, there was a consensus among those administrators charged with resolving the issue to take the salary of employees paid under annual contracts and divide it among 27 pay periods. This involves a decrease in the per-paycheck amount for salaried employees, but saves the University part of the \$50 million it would cost to pay both groups.

The administration has a principle of treating all employee groups the same, however the University cannot afford to do everything for everyone this year. The decision was also made not to lay off employees for a one-time cost savings. University funding balances are already declining, and paying this extra check to all employees could decrease the balances to a point

that the University's bond rating would be affected. The University is committed to finding an equitable solution in advance of the next time this happens in 11 years.

Q: Does the University have a response to CAPA's suggestion of 10 vacation or personal days, since paying the last paycheck is not possible?

A: The President wants to treat all employee groups the same so is examining the possibility of a furlough for all employees next year by closing the University between Christmas and New Year's. This would amount to five unpaid days for all employees. The University is contracted to pay these holidays to civil service and bargaining unit employees. The President discussed the furlough option with the Civil Service Committee yesterday.

Q: When will a final decision be made?

A: The President is hoping to communicate a decision by early in the next year.

Q: How is it possible to have 27 pay periods in a year?

A: There is a difference between a calendar year, fiscal year, and payroll year. There are only 364 days in a payroll year instead of 365 or 366 in a calendar year. These remaining days add up to an additional pay period every 11 years and need to be accounted for in the payroll calendar.

Q: If P&A are not paid, then they will bear a heavier burden during FY11. The following year, P&A checks will increase by 6-7 percent. What will be done to explain this increase to unionized employees so that they do not request the same increase?

A: If everyone is paid for 27 pay periods and has a furlough, then everyone will equally share the burden and see the same increase the following year.

Q: How can P&A appointments for FY11 encompass 27 pay periods when the appointment policy says that P&A appointments can be for no more than one year?

A: Again, 27 pay periods and a 54 week appointment reflect the difference between a calendar year and a payroll year. This does not violate University policy since 26 pay periods in the previous years is less than a full calendar year.

Q: Would it be possible to not pay P&A employees the two percent salary increase in FY11 and instead pay the full 27 pay periods?

A: This was considered, but again the President wants to keep benefits as equitable as possible among the employee groups.

Q: The email that employees received in October said that employees would receive the same amount in total, and that this would save the University money. How is this possible?

A: While the biweekly pay check amount will be reduced, employees will receive the same amount in total. The savings to the University will occur because P&A will only be fully-paid for 26 pay periods, not 27.

Q: If the University knew that this problem existed 11 years ago, why was another solution not found?

A: The University knew that there would be a year with 27 pay periods, but could not predict the state's budget situation. Once the forecast was made, the University's decision has always been

to divide the yearly pay by 27 pay periods. This is also a way to equalize pay to employees who have been overpaid the previous 11 years.

Q: What approach are other organizations taking?

A: Some are dividing the yearly pay by 27 while others have found funding for all pay periods.

Q: Instead of awarding P&A employees personal days, has the University considering awarding 10 professional development or research days? Not all P&A employees are able to partake in research or professional development each year and this would be a way to ensure that it is allowed.

A: This option would need to be researched. The University does not want to spend money programming systems for a one-time problem. There is also the question of whether an employee would need to use the extra personal days before vacation days, when the employee's vacation days might be expiring.

Q: Is it not possible for units to track these extra 10 days?

A: Tracking days within units is not reliable, or equitable, which is why vacation days were centralized last year.

Q: Going forward how can the University better explain this issue to employees, , , which does not seem that complicated?

A: It is a very complicated situation, but there is agreement that more and better communication is needed with employees once a final decision is made.

Q: A per-paycheck decrease is easier to afford when someone is making a higher salary. Did the University consider paying 27 pay periods for employees making below a certain amount?

A: This would not be an equitable solution.

Q: Does this problem affect 9 and 10 month employees paid over 12 months?

A: Yes, but to a lesser extent. The pay for these employees is already spread across extra pay periods, so they will not see as big an impact. Extra vacation or personal holiday days would not be awarded to these employees.

Q: Has the University considered moving back to bimonthly payroll?

A: The expense is too great for the University to run two payroll systems and bimonthly payroll is too unpredictable for hourly employees since their paychecks will vary from 7-15 days.

Vice President Pfutzenreuter said that another complication is that it is not clear if the University would win if a P&A employee grieved this situation. The Office of the General Counsel is exploring this possibility. If the University would not win a grievance then another revenue-neutral solution will need to be found. This might delay a final decision being communicated.

He said that there is also the broader morale issue for all employees. P&A are already seeing this situation as working for free for two weeks, on top of other benefit reductions this year and in the coming years. The University wants to find a solution that preserves morale while being one that the University can afford. He is willing to answer more questions via email and return to a future meeting once a final decision has been made.

Chair Waldemar asked members to send her any other questions and thanked the guests for attending.

4. REPORT ON CIC CONFERENCE

Jill Trites, former CAPA representative, attended the P&A CIC meeting October 18-19 and referenced a handout of general information from this meeting. This is a group of P&A representatives from the Big 10 plus the University of Chicago, although only 7 institutions had representatives at the meeting. After hearing from the institutions present, she believes that the P&As at the University have a good situation due to their positions in the University Senate, retirement package, and Regents scholarship benefits. Participants also admired the University for its PEL program, collegiate-level P&A units, and CAPA for its advocacy plan for the year.

Common concerns from the institutions were job classification and career paths, governance, finances, notification rights, and each state's economy affecting the institutions.

Highlights from other institutions were:

- Purdue has developed a web portal for training opportunities and provides free medication to the top four diseases
- Ohio State allows employees to take classes at other state institutions

The 2010 conference is at Northwestern and 2011 is at Wisconsin.

Q: Has the group been able to do any benchmarking between schools on issues?

A: Some information has been collected but not all institutions have participated. This project is also very hard because the job titles vary so greatly between institutions that it is hard to match data between the 11 institutions.

5. LEADERSHIP MINING PRESENTATION WITH CHANCELLOR STEPHEN LEHMKUHLE

Stephen Lehmkuhle, Chancellor at the University of Minnesota Rochester, was introduced for this month's discussion on leadership. He thanked CAPA for the opportunity to speak with them and share his views. He believes that leadership is an evolving process that one never achieves, but aspires to.

Chancellor Lehmkuhle began his career as a faculty member at the University of Missouri – St. Louis. During this time he served in the Faculty Senate and then was presented with the opportunity for an administrative internship, which thrust him into a leadership role that he did not understand.

As a faculty member in a field, he was an expert in an area. His focus was narrow, but his knowledge was deep. Once in administration, his first lesson was that the exact opposite is true. He was not an expert in any field, and his focus was a mile wide with his knowledge only an inch deep. He learned to acknowledge that he could not be an expert and thinking that you have more knowledge than you do can be dangerous.

Since a leader is not an expert in the field, an important aspect of leadership is to surround oneself with knowledgeable people. Leaders make quality decisions by surrounding themselves with people. If the circle of advisors is too small, then a leader does not have the breadth needed to make informed decisions. Leaders need to connect with many different people with a variety of expertise and empower them to make changes.

Chancellor Lehmkuhle said that as a faculty member he studied brain cells and he saw that individual cells are stupid. However, power is in the connectivity between the cells. This same concept is important for leaders. Leadership is not about being but doing.

A third principle of good leadership is getting the right people for the right conversations and then having the right conversations. Leaders guide the process while promoting and advocating for the institution's mission.

Today's educators are being asked to prepare students for jobs that do not exist, to solve problems that are not known, both with technology that does not yet exist. Students, revenues, and the definition of learning are all changing. The demographics and academic preparation of students has changed. The mass production of education from the 1950's and 1960's is no longer viable with such a diverse student population. Learning is now defined as content-driven, but it is also rapidly changing. Today's focus needs to be on concepts and teaching students how to learn.

He said that he was excited to come to Rochester to start an institution from scratch and build it in a new way. The institution has a focused mission with a distinct partnership with Mayo. Partnerships equate to more ambiguity and less control, but lend something distinct to the learning environment. There is a focused curriculum for the first two years which allows for efficiency and core information for all students while helping students to avoid making a career decision based on not liking one course. Flexibility is then possible in the capstone year to create opportunities for the students.

Q: To what extent does the campus rely on soft money from grants?

A: The campus does generate revenue from grants, but it needs to be in support of the mission. The campus's 7.12 statement includes research on student learning and grants are sought on this topic. This is supplemental to core state funding and tuition. The campus can operate this way because there are fewer students and less infrastructure risk.

Q: How does the campus stay true to its mission while maintaining partnerships with corporations that might push for greater increases in revenue?

A: Higher education has to change. In the past decades it has been growth through expansion but now growth is through substitution of funding for opportunities – if a campus wants to do something new, it needs to stop doing something else. Leaders need to find a way to best assemble assets and find mutually beneficial partnerships.

Q: Since leadership is always changing, what are the core values?

A: There was just an article about managing crisis fatigue. Today's enemy can sometimes be the campus system. There is now urgency to find solutions from people on campus with the expertise and who have been empowered to make changes.

Q: What is the role of P&A staff at Rochester?

A: Everyone needs to be able to contribute. With a staff of 70 employees, of which 15 are P&A, there is a culture of teamwork. Employees recognize that things will not be done without working together.

Q: Are there luxuries to being a new campus?

A: Rochester is not better, but as a new campus it can explore new ways to do things and determine what will or will not work. It also helps that there are not separate departments or colleges so that everyone participates in building the curriculum.

Q: How is change being built into the culture?

A: Campus decisions are data-driven so investments are being made in this area. Rochester must remain nimble and adaptable to change.

6. NEW BUSINESS

Randy Croce, a member of the Faculty Affairs Committee (SCFA), said that he has spoken with that committee about the difficulties P&A members have serving in University governance, especially from some areas of the University. One reason is that University service is not a standard part of the evaluation process for P&A. A resolution will be crafted to encourage P&A, but he would like to be able to include some examples. He asked that P&A members email Chair Waldemar to let her know if governance service is part of their evaluation process and any examples of governance service being discouraged or penalized.

Nan Wilhelmson said that University service has been added to the revised performance review policy, which provides the process and evaluation criteria. However, there is no standard P&A evaluation form.

Members noted that the revised policy should be referenced in the resolution and departments should be asked to update their evaluation language to comply with the revised policy.

7. OLD BUSINESS

With no further business, Chair Waldemar thanked the members for attending and adjourned the meeting.

Becky Hippert
University Senate Office