May 14, 2012

To: Jamie Moffitt
From: The Officers of Administration Council
Subject: OA Compensation Subcommittee Report

Introduction

The events of 2011 and 2012 have focused the Officers of Administration Council (OAC) on the issue of salary equity for OAs. At our retreat in August 2011, this issue was identified as one of the top priorities for the 2011-12 OAC. Over the following months, the OAC has conducted extensive research into this matter and created a subcommittee to focus on this topic. Subsequently, the OAC has raised this issue with former President Lariviere, Provost Bean, Acting Provost Lorraine Davis, VPFA Jamie Moffitt, outgoing VPFA Frances Dyke and interim President Berdahl. This document will summarize our findings and raise a number of questions that we hope will result in a more formal analysis of OA salaries, as the baseline for a clearly articulated compensation policy for officers of administration.

Based on input from OAs across campus and our review of available HR policies—including input from Mary Beth Allen, Associate Director of Human Resources for OA Employment—we believe the University would be best served by undertaking a formalized compensation study, as a first step toward developing a compensation philosophy specific to OAs. Based on this philosophy, we urge University leadership to devise a coherent structure for ensuring internal and external salary equity, provide clear guidance to units and departments regarding OA review and compensation, and demonstrate greater transparency in all matters related to OA compensation.

Background

UO officers of administration have not received a COLA increase since 2008. However, in late Spring of 2011 it became known to some (but not the majority of) campus employees that equity-related salary increases were being granted to a limited number of OAs (33% as reported in the Spring 2012 Oregon Quarterly magazine), as well as the majority of faculty. It is our understanding, based on public statements by President Lariviere, that the rationale for granting these raises was to address equity and retention issues, with a particular emphasis on salary equity for faculty in order to bring their salaries into a more competitive alignment with the rest of the AAU. Unfortunately, many concerns remain about the lack of transparency regarding the manner in which these increases were implemented.
Because the 2011 OA salary increases were not institution-wide and apparently selectively targeted, many OAs have questions about the decision-making process and the salary data that was used to justify these increases. In fact, this was the main topic during the Q&A session at the November, 2011 OA Annual Meeting, hosted by the OAC. When questioned as to why raises were not granted institution-wide for OAs, President Lariviere reiterated that the rationale for the recent increases was equity and retention and added that, since many OA positions seemed to be able to be refilled upon vacancy, these positions were assumed to be at market value and therefore do not meet the criteria for equity and retention. Based on subsequent feedback we have received from OAs, many found this explanation lacking. This rationale also does not address salary equity for long-term employees whose positions have not been tested by the market and who may be in positions where salary compression is a real problem.

To pursue these issues further the OAC approved in early 2012 the formation of a subcommittee (Patricia Easley, David Espinoza and Lisa Raleigh) to research OA compensation and begin to develop a strategy for addressing this issue.

The subcommittee’s research has explored several areas:

1) Examples of salary equity studies at other four-year institutions as well as best-practices approaches to determining equity (internal vs. external)

2) Existing UO policies that describe and govern OA salary issues: setting of initial salary, merit increases, salary equity

3) Salary increases at other OUS institutions

4) Recommendations made in the 1997 and 2007 Accreditation Self-Study documents relevant to OAs, OA salaries and OA salary equity issues

The Unresolved Merger of Officers of Administration and Management Services Employees

Officers of Administration represent a diverse group of employees who fill administrative, managerial, supervisory, professional, and program director positions throughout the University. Prior to 1996, the term officer of administration was most often used to describe an appointment that had a designated area of administrative responsibility and usually an academic rank. After 1996, officers of administration and management service employees were merged throughout the OUS system. However, as far as we have been able to determine, there has been no subsequent effort to define the employment category of officer of administration that would account for the merger with management services employees. For instance, those who simultaneously hold faculty appointments continue to essentially function within a special hybrid category of employment. Further, many library staff who held OA appointments were recently converted to NTTF status, contributing to the general sense of confusion about where the OA/faculty boundary is drawn.
Our overall impression is that officers of administration comprise a rather amorphous category of employment, most often defined by what they are not: not classified and not ranked. This leads us to question whether or not the merger into a single employment category has been successful and to raise the possibility that perhaps this merged categorization should be revisited and re-evaluated — especially now that the University is transitioning to a more independent governance model, which would allow more freedom in specifying employment categories.

University of Oregon OA Compensation Policies

The lack of clarity about OA compensation — which arguably flows from the lack of clarity about the employment category itself — becomes apparent in an examination of University policies, which reflect the absence of a unified compensation philosophy tied to what employees actually do.

The 1997 Accreditation Self-Study Report stated that existing policies governing the appointment of officers of administration “are currently being revised to recognize the recent merger of officers of administration and management service employees.” (pg. 317, 1997 Accreditation Self-Study Report)

However, a review of existing University policies that govern officer of administration employment reveals that little referring to OA compensation has been updated since 1996. Current guidelines for OA compensation can be found on the Human Resources web site under the heading OA Employment. The compensation guidelines that are found in the section labeled Compensation Administration (http://hr.uoregon.edu/oa/compensation-administration) are qualified by the following statement:

Each vice president establishes the specific process regarding compensation decisions for OAs in his/her unit in consultation with the president and other vice presidents.

Delving further into the guidelines for OA compensation, we find that, while there appear to be existing policies covering salary at initial hire, merit increases and salary equity, a review of the policy statements linked to these areas indicates that there has been no revision of these policies since the merger of management service employees with officers of administration in 1996, some of which were already 10 years old at the time of the merger:

- Equity Salary Review - http://policies.uoregon.edu/policy/by/1/03000-human-resources/equity-salary-review, this policy was last updated 1/31/1986.

- Initial Hire Salary Factors - http://policies.uoregon.edu/policy/by/1/03000-human-resources(initial-hire-salary-factors, this policy was last updated 1/31/1996. It is indicated that this policy is currently under review but there is no notation as to when this review began or by whom, nor what its current status might be.
• Merit Increase Factors - [http://policies.uoregon.edu/policy/by/1/03000-human-resources/merit-increase-factors](http://policies.uoregon.edu/policy/by/1/03000-human-resources/merit-increase-factors), this policy was last updated 1/31/1986.

Moreover, *a close read of these policies reveals that they all refer specifically to faculty.* Nowhere in any of these documents is the term “officer of administration” used. We were unable to identify or locate other compensation policies that are specific to OAs.

Moving ahead to the 2007 Accreditation Self-Study Report it becomes clear that OA compensation persists as an issue in need of attention. In discussing compensation for OAs the observation is made:

> Although officers of administration (OAs) have received pay increases since the salary freeze, for the most part they have not been at the level of classified increases. This has led to salary compression in some cases between classified employees and their supervisors. Anecdotal information (e.g., failed searches and turnover) suggests that OA salaries are low, creating recruitment and retention problems. More formalized analysis of OA salaries conducted on a periodic basis will provide important information in meeting the goal of equitable pay. (2007 Accreditation Self-Study Report, Part III Investing in People and Ideas, B.5.c, pg. 195)

It is interesting to note that in the section prior to this one, the following statement is made:

> When a new or vacant officer of administration position is posted, a hiring salary range is determined using a variety of criteria. These include the level of job responsibilities, external market salary data for comparable positions and internal equity considerations. The pay rate for the individual selected and hired is set within this range, based on relevant experience and education. (2007 Accreditation Self-Study Report, Part III Investing in People and Ideas, B.5.b, pg. 195)

It is difficult to reconcile these two statements, one of which cites low pay and a need for addressing issues of OA salary compression and equity and the other which describes a process that references internal and external salary and equity data when setting an initial hiring salary.

Finally, the 2007 Self-Study acknowledges that there exists both a challenge and an opportunity for the University and recommends “conducting periodic analysis of OA compensation for both internal comparability and market equity.”

In response to this and other conclusions from the Self-Study, the VPFA’s office authorized the OA Personnel Policy Initiative in 2007, organized around a perceived need for policy revision:

> The policy structure that governs [OA] employment is driven by [the] OAR created for instructional and research faculty and is not easily or consistently applied to the widely varied jobs held by officers of administration. In recent years, the need to examine and address the special employment and professional needs of officers of administration has become increasingly evident.
One of the charges of this group has been "researching other institutions’ policies on similar employment categories" and our understanding is that a subset of this group was charged with addressing the UO’s OA compensation policy specifically, but then was disbanded in 2010 due to an inability to make meaningful progress, owing to the magnitude of the project and the lack of resources for specialized support.

On a final note, a review of the 2011-12 CUPA Midlevel and Professional Salaries report raises questions and suggests possible steps forward for putting in place an approach to OA compensation that is benchmarked to national standards.

In responding to question #1 in Sec. B Salary Structures under the heading Pay Practices, “Does your institution have salary structures for mid-level administrative and professional positions?” the University reports "some." A close review of the subsequent salary tables reveals 1) few of the positions listed reference a rate structure and 2) for those that do, the majority are for administrative and professional positions that are assumed to be part of the SEIU bargaining unit (i.e., non-exempt). For virtually all of the exempt positions (OAs) listed there is no rate structure indicated. Consequently, we interpret rate structure to refer to pay scales as represented by the classifications and salary steps that are negotiated with each two-year non-exempt collective bargaining process.

Our understanding is that the University has not made a systematic attempt to align its exempt administrative and professional positions with the Administrative Compensation Survey Position Descriptions found as an appendix to the CUPA 2011-12 Administrative Compensation Survey. If not, it would seem that doing so would be a step toward widely accepted and reliable benchmarking for OA positions.

It is interesting to note that in response to question #2, “On average, how often does your institution adjust its salary structure for mid-level administrative and professional positions?” the University answers, two years. In our research, however, we have not found evidence to support this for OAs and assume this refers only to those administrative and professional positions that are part of the bargaining unit.

In summary, as far as we can ascertain, there has been no formal analysis or equity study of OA salaries. It is therefore hard to escape the conclusion that OA compensation and salary equity has suffered from neglect.

Salary Freeze and Other Institutions’ Policies

In the aftermath of the firing of Richard Lariviere by the State Board of Higher Education, it was assumed that any further salary increases for OAs were off the table. However, the OAC felt it important and critical to continue to raise this issue with senior administrators, believing this is an ideal time to pursue the articulation of an OA compensation policy, as OAs will be expecting increases when the freeze is lifted and it would benefit all parties to correctly set expectations.
In conducting its research, however, the OA compensation subcommittee learned of recent raises for OAs at Oregon State University, Portland State University and Southern Oregon University. These raises took effect in 2012, were across the board and were not specifically targeted to address equity or retention. It is interesting to note that at PSU, it is their tradition and practice to award to their OAs the same increase that their represented faculty receives. In addition, at both OSU and PSU, monies were set aside for merit and equity increases, above and beyond the across-the-board increase granted to all OAs.

The raises at other OUS institutions seem inconsistent with the message that has been conveyed on the UO campus that we are not allowed to implement any OA salary increases this year. In talking with UO senior administration regarding this issue, however, we were told that in the fall of 2011, the University of Oregon was informed by OUS that it had effectively “used up” its salary increase allocation for the biennium with the May 2011 increases and that no further increases could be made. Other OUS institutions were allowed to implement increases – whether merit, equity, or COLA – during this time period, as they had not implemented any increases the previous spring. Regardless of the rationale, if University of Oregon OAs have to wait until FY2014 to receive their next increase, the majority of OAs on campus will not have seen any salary increase for six years (since the 3.5% COLA given in 2008).

An additional note: in researching other salary equity studies, the subcommittee came across a report of the efforts at Indiana State University (2009) to address the OA compensation issue. One of the most compelling aspects of the Indiana effort is their commitment to a compensation philosophy that sought to “develop an equitable, consistent and competitive classification and compensation plan” as part of the Indiana State University’s Strategic Plan. In other words, at Indiana State, compensation is considered a strategic priority.

Questions

We’d like to summarize the questions that have been posed to the OAC—and that we have posed to each other—as we have explored this issue:

1) The 2007 Accreditation Self-Study Report specifically acknowledges and recommends the need to address OA compensation through formalized analysis conducted on a periodic basis. What steps have been taken and what progress has been made in following through with this recommendation?

2) Is the development of an OA compensation policy part of the charge of the OA Personnel Policy Review Initiative? Moving forward, where should ownership of this issue reside?

3) Given that each vice president is charged with establishing "the specific process regarding compensation decisions for OAs in his/her unit," has each VP in fact established these processes and, if so, how might they be reviewed? To which University-wide policies governing OA compensation are they accountable?
4) Given that we now operate under an RCM budget model, many units are more cost-constrained than others. How does—or should—this financial reality impact the ability to provide increases to OAs and support internal equity across campus? Our understanding is that this was one of the factors that determined which OAs did or did not receive increases in 2011.

5) Human Resources web pages and existing UO policy statements make reference to external market and salary data that is available for use when setting an initial hire or when considering an employee for an equity increase. Exactly what is the nature of this data, where is it located, how often is it updated and is it actually used?

6) The salary increases granted in 2011 were given for reasons of “retention and equity.” According to Russ Tomlin, there were comparators to support each decision. What is the source of this comparator data? And how was it actually used?

7) Has the University evaluated the Administrative Compensation Survey Position Descriptions in the CUPA survey appendix as possible benchmarks for OA positions? And a related question: As a participant in the CUPA survey the University has the option of purchasing a subscription to their Data-on-Demand application. A review of the reporting that is possible through this application suggests it could be a valuable tool to assist with regular analysis of OA salaries. Has this been evaluated as a potential resource?

8) How can the potential for merit increases be factored into all of the above?

**Recommendations**

It is the intention of the OA Council to address the question of OA compensation for the purpose of focusing the University’s leadership on an issue that is of great importance to many in the University community. Our sense of obligation to the OA community compels us to engage the University’s senior leadership in this dialogue. The realities of the financial and political landscape are not lost on us. However, we believe that it is important for the University to work toward a comprehensive OA salary policy that is fair, equitable and transparent. Our hope is that this will be considered a strategic priority for the University as it strives to enhance its reputation as a national leader—not just academically, but at all levels.

We understand that Frances Dyke is currently developing a job family structure to help provide a framework for clarifying responsibilities and salary ranges, and we believe the development of such a structure will be an important tactic toward achieving transparency and creating a unified process that will support fair and equitable decision-making. However, we believe the University and its officers of administration will ultimately benefit from conducting a formal compensation study to determine a baseline from which an overarching OA compensation philosophy and strategy can be articulated. From this broader framework, a job family structure could then be developed to support it.
In addition, different parts of OA employment are managed by UPS and HR which causes confusion as to who is/should be ultimately responsible for overseeing these issues. This disconnect may have contributed to the lack of progress in the past. **We recommend that the issue of authority over HR issues—UPS or HR?—be addressed as part of the investigation into OA employment as a whole.**

As mentioned previously, the merger of officers of administration and management services employees does not appear to have been completely integrated and has not created the synergies originally hoped for. As this lingering lack of completion has been pointed out in two Self Studies over the past 15 years, the development of clear policies that are applicable to officers of administration as a unique class of employment remains unfinished business.

The Officers of Administration Council wishes to support University leadership in addressing these issues and **we lastly recommend that the OAC be represented on any task force or committee charged with advancing the development of a clearly defined OA compensation philosophy and policy.**

We appreciate the opportunity to present this summary to the VPFA’s office and look forward to future discussions on this matter.

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