Staff Council Minutes
Thursday, March 12, 2020 9:00 a.m.

1. Call to Order - Chad
2. Attendance - Diane - quorum established
3. Approval of Minutes - Chad - approved
4. Facilities RFP Presentation - Brian Foisy - presentation
    - History: It has been a couple of months since the RFP (request for proposal) was posted. It covers the portions of Facilities: Custodial, Grounds, and Maintenance/Trades. The first paragraph of RFP requested vendor response. The vendors made their recommendations. The University received proposals from 5 vendors – 4 are full-scale outsourcing (all employees become vendor employees). The least expensive was $11M, most was $17M. Budgets for these is $8.3M currently. The committee convened to review proposals, with the majority of the conversation regarding whether we should do it, but committee's job was to evaluate the proposals, not to decide whether to do it. President Green favors keeping U of I employees. The 4 full-scale outsourcing proposals were therefore rejected. The fifth option recommendation was a management plan. Sodexo was one company that responded with a full-scale outsourcing. Brian's opinion was that management option was not worth their time. They are interested in multi-services for event management, facilities, and food service.
    - AFS submitted a management only contract (Minot state has them, hired by Brian in a former job), they bring 1 employee just to provide management, all other employees are still w/ University. They also provided an alternative of a hybrid plan that includes replacing vacancies with AFS employees. So far, only management has been considered. The options are remaining are 1. not taking a contract, 2. taking the contract with UI employees staying as UI employees, all same benefits with new supervision and management. Vacant positions are still a possible change. Q: if someone takes a vacant position to move up, will they still get to be a UI employee? A: That is up to negotiation with vendors. Can be on a position by position basis. Vendor does not get to decide. Pres. Green still needs to make a decision. Desire is not to harm University. Q: If there is both an external and internal candidate, there might be a problem, also what about how employees are treated? A: Already a conflict but gives the vendors the benefit of the doubt that they know the climate. As far as current employees being forced out, vendor wouldn't benefit. Also, experience would show that doesn't happen. If that happened, we would terminate contract. We can do that at any time. They are in the business of keeping their clients happy. Difference between being profit oriented than University oriented. Vendor will not put a contract at risk over a small amount of difference in employees' salaries. We have tremendous leverage. Q: Potential impact of hybrid model? (Spreadsheet is shared) Will that impact morale? (difference between UI and vendor

employees) A: Transition to mixed workforce is always difficult. It did happen with Sodexo' food service. Everything is negotiable. Trades could be eliminated from the negotiations Q: problem with spreadsheet is that it shows total turnover in 6 years, not everyone will leave. A: yes, the pro-forma makes some assumptions. The hamster wheel that we are on now will cause positions to be eliminated. This model will ensure that no positions are lost due to (mean 15 positions that won't be eliminated). If off by 10-15% then we are perhaps able to save only 12-13 positions. Still worth it. Elaina Perry: Facilities feel like all one, don't want to split off trades from custodial and grounds. U of I is still able to compete due to pension even without the salary. We already are efficient, but we can find more efficiencies. Team forming does take time. Everyone at University is also feeling the pain. Q: Formula seems to show higher salary savings that might be too high. A: Actually, savings should be greater than shows. Q: why are they able to be more successful? A: U of I benefits are very generous. AFS is not but is still able to compete and is still in business. Reference calls to other institutions that use AFS are all positive. Q: Why this right now? Why not wait to see what consolidation and voluntary separation and retirement shakes out? A: If we make this assumption (spreadsheet), it only gets worse, not better. Morale is taking a hit across the institution, so Pres. Green doesn't want to drag this out, but take the pill and move on. Q; When will we know? A: One more big thing, then Pres. Green will decide. He has seen the feedback and analyzed the data, but Brian thinks he is still undecided. Pres. Green asks and listens. Q: What is the difference in hybrid vs. management only. Is there saving with management only, not hybrid model? Outsourcing will remove the incentive to stay without the benefit package. Reducing compensation will come at a cost of institutional knowledge that will be lost. How will we measure success or failure? We haven't operated with new consolidation, new budget? We don't have a baseline. We are not given a chance to show if we can do it better. We have some ideas of how to do it better. A: Pros and cons to every issue. Brian Johnson will be taken care of, so just hiring a new manager doesn't save money. Cost savings need to be identified before they are hired. If it doesn't work, we terminate the contract. AFS has delivered cost savings every year above the cost of the contract at Minot state. There won't be a real baseline, but have standards that we set, including not bullying employees. Brian feels that national vendor can bring experience to the table. 10:45 a.m.

5. Lisa: CEC recommendations:
    - Please see attached document for correct numbers and alternatives.
    - The committee is asking for the endorsement of the Staff Council for 4A.
    - Q; is there an option to forfeit your personal raise to raise floor? A: Wes wouldn't want to see this happen. Model doesn't work that way unless you are above target, because target will just try to keep compensating.

- Q: I am trying to better understand dinner and dessert theory, UI reduced target from 120% of market to 100% of market – not counting experience years any further past %100 of market. A; There is still a disparity.
- Please review the recommendations and give comments and concerns to Lisa. In one week, we will send a poll endorsing the recommendation or not. Need by March 23.

6. Other business and announcements will be made during then next week by Chad.
7. Close - Chad 11:14 a.m.

Date: March 12, 2020

From: Staff Compensation Committee

To: Staff Council

Re: FY21 Change in Employee Compensation (CEC) Recommendation

FSH Policy 1640.81 provides for the Staff Compensation Committee to be strategically involved in the annual CEC process and to advise and provide reports to the administration, Staff Council and Faculty Senate. As we seek to fulfill our responsibility, we are asking for your endorsement of the recommendation for the staff FY21 CEC we are providing President Green.

It is our understanding that the U of I anticipates an approximate 1% overall CEC this year for staff employees. Given this relatively low increase, the U of I is prevented from making significant progress toward our market-based compensation goals this coming fiscal year. However, we believe we can remain on course and hold on to what we've gained from our previous efforts.

To help you understand our thought process behind our recommendation, we are providing the options we considered as outlined below.

Option 1: An across-the-board (ATB) increase based on current employee salaries. (A "same-percentage" increase of current salary added to current salary)

Pros: All eligible employees receive an increase
Cons: Does not support market-based compensation goals of achieving improved pay equity.

ATB increases have the appearance of equality, but our analysis of the last four years indicates salaries are not equitable amongst staff employees. Our path has been to work toward improving pay equity; and ATB increase maintains the equity problem without improvement to the present situation.

Option 2: ATB based on target salary. (A "same-percentage" increase of target pay added to current salary)

Pros: All eligible staff receive an increase
Eligible staff further behind their target pay would receive a relatively larger salary increase as a percent of current salary
Still supportive of market-based compensation goals by moving staff further behind target pay toward target pay
Cons: Does not maintain the progress we have made the last three years toward market-based compensation equity U of I has previously achieved 85% of target.
Non-traditional ATB approach; may not be readily understood

Option 3: Discretionary/Merit

Pros: Provides increases to reward performance
Cons: Comes at the expense of little to no increase for satisfactory performance
Does not support market-based compensation goals through target pay for the purposes of achieving improved pay equity.

While merit pay is an important part of compensation, this year's relatively low overall increase would provide a meaningful increase to relatively fewer staff while satisfactory performers would see no movement toward their target pay goals.

Additionally, there are no existing parameters on *how* discretionary/merit increases would be delegated and likely, negatively impact overall morale due to the ambiguous nature of how such increases were allotted.

Option 4: Stay the Market Rate course – (The options below are the preferences of the Staff Compensation Committee)

a) First apply pay increases based on maintaining current target markets (hourly rate, % of target, exempt salary test), then applying the remaining funds using the "swing-method" formula which allows for relative larger increases using a gradient scale based on "percent of target" for employees furthest behind target pay.

Pros: Keeps U of I moving in the direction of target pay goals
Same approach as used for the two previous CECs
Message to campus that we have not given up on our new salary structure even with our current budget challenges
Cons: Staff above target would not see an increase, which is around 18% of staff.

b) Option (a) above, modifying the "swing-method" upper parameter from 100% of target to 94% of target (campus target pay average)

Pros: Keeps U of I moving in the direction of target pay goals with larger equity increases for those further behind target
Cons: Relatively more staff above the lower target would not see an increase, which is around 40% of staff.

c) Option (a) or (b) above without the "swing method"—raise the minimum target compa ratio (CR) higher than 85% as far as the available CEC funding permits. (In an ordinary cycle with a 3% overall increase (or better) we would seek to raise the minimum beyond last year's minimum of 85%. If we forego the swing-method, we could raise the minimum to 87% or 88%.)

Pros: Keeps U of I moving in the direction of target pay goals with larger increases for those further behind target
Cons: A large majority of employees would not see an increase.
Conversely, a relatively small number of employees would see impactful increases.

After consideration of the options listed above, the Staff Compensation Committee recommends option 4(a) above: Equity increase based on maintaining minimums and some increase for all employees behind target through the "swing-method." We seek the endorsement of the Staff Council for this recommendation.