

Minutes
Senate Budget Policies Committee
Friday, April 20, 2018, 2–4 p.m.
CL 1817

Members in attendance: Elia Beniash, Tyler Bickford (secretary), Panos Chrysanthis, Laura Fennimore, Emily Murphy, Wesley Rohrer (chair), Adriana Maguina-Ugarte (SC), Phil Wion, David DeJong, Frank Wilson (Senate President), Katie Fike (UTimes), Amanda Brodish, Thurman Wingrove, Brian Smith (SC), Cheryl Johnson (HR), Maureen Kendall (HR), Steve Wisniewski (Office of the Provost)

Absent: Anthony Bledsoe, Maddie Guido, Shreyas Vamburkar, John Baker, Beverly Gaddy, Richard Henderson, Art Ramicone

Meeting called to order at 2pm by Chair Rohrer

1. Matters arising

- Rohrer: Brief discussion of committee officer elections for next year
 - Bickford will stand again for secretary
 - Will vote on officers at May meeting

2. Report on “Total Rewards” plan, Cheryl Johnson, Vice Chancellor for Human Resources (presentation slides available in BPC Box folder)

- We have moved away from “total rewards” language. Different groups interpreted the term differently.
- It has been twenty years since we have looked at system, a lot has changed.
- Our process is not just about base pay. We’re one of the few universities that offer retirement health care and parental leave. Our defined contribution program is exceptionally good. Replacement income given certain factors is 109% when you add Social Security.
- Staff workforce demographics
 - as of 12/31/2017 there are 7612 staff and union employees
 - 61.5% women, 38.5% men
 - generational: 1/3 Millennial, 1/3 Gen X, 1/3 Boomer. Smattering of Greatest Generation and 9 people 91yo or more
 - Different generations come into the workplace with different expectations. Some might be more interested in elder care, for others childcare may be an issue, career mobility is important across all generations
 - I’m excited because we read about organizations that are approaching a cliff of retirements, but we don’t really have that issue.
 - Prediction of labor shortage of 10k people over next 10 years in Allegheny County.
 - staff/union

- 10.9% union eligible
 - 89.1% staff
 - Race
 - 81.1% White
 - 9% African American
- Total Offering
 - We always want to make sure we are always benchmarking against a total offering and not just base pay.
 - Our work week is 37.5 hours, many employees have 40
 - We are keeping health care costs down—nationally health plans see 8-9% annual increases, we've been going up 2%.
 - Career development for staff employees is a significant area of opportunity.
- Engagement survey of staff
 - 46% response rate (4106 people)
 - Career advancement is an important issue for all demographics
 - We benchmarked our data against other institutions
 - For staff employees we don't have career tracking. We hear that it is very difficult to navigate your career following a natural process. Employees need to have a mentor or sponsor or by luck you fall into a new position. We know we need more intentional processes for people to grow their careers (not necessarily vertically but also horizontally).
 - Rohrer: My understanding is that it is difficult for staff to cross job lines (eg from admin support to technical). Is that correct?
 - Johnson: I think that is generally correct. When you look at organizational churn (people moving positions internally), we have a large number of people changing positions
- Engagement survey: next steps
 - Continue to meet with officers to discuss survey results and what comes next.
 - Continue development of focus on Pitt being employer of choice.
 - Our turnover is about 9% across the board. Anticipating labor shortage we need to be desirable employer. If we can get employees to stay for 3 years, the probability of them staying 10 years is good. Turnover for 1st year employees is 21% (double overall rate). When we survey employees who leave in first year (with good response rates), the reasons they give for leaving are that (1) the job they thought they were hired into is not the job they ended up in, (2) they didn't see career mobility opportunities, (3) their supervisor didn't create a welcoming environment.
- Compensation architecture approach
 - Currently there are 6700 unique job descriptions for 7000 staff employees—almost a 1:1 ratio. The way people were able to get increases was to go through classification process—in many cases you were doing the same thing but just more of it. So we were finding that our compensation architecture is broken.
 - Chrysthanis: Is this different from writing a job description?
 - Johnson: you want to look at the core job duties, and then take that into the market and benchmark the salaries for core job duties.
 - discussion (Chrysanthis, Johnson, Smith, Maguina-Ugarte)

- Kendall: You're not going to lose the ability to look for the skills you are looking for. For example, in IT they may need certain people—an app developer, and engineer, etc. But they also need someone with special skills. They can add those special skills into the job description when you advertise that. Some skills will have a premium. You have flexibility to hire, but we will benchmark salaries against the market for specific job duties.
 - Johnson: Currently the category we have is “programmer”, but that term is no longer even in use in market today.
 - Maguina-Ugarte: “Administrator 2” position—largely women, mid-career. What is the career path for that person. They might move from English to Anthropology.
 - Johnson: We would not have a job classification “administrator”. We're more focused on job families. Some units may have more funds, but equal employment regulations treat us a single employer, and regulatory agencies don't care that English has fewer resources than Engineering, so we need to be carefully about being equitable.
 - Kendall: 1/3 of all staff employees sit in “administrator” classification. As we build out the job families, we will build out functional areas, and subfunctional areas.
 - Rohrer: Will you be talking about adjustments to market?
 - Johnson: the first thing we did was use a questionnaire, had a good response rate. Maureen Kendall and her team are getting ready to go through those questionnaires and sort them by position. We will send those to Sibson Consulting, who will compare those positions to the market based on job responsibilities and duties performed. Sibson have valid and reliable market salary data. That will help us understand where we are within market. Then we will have to talk to the Pitt community to decide where we want to be based on what the results tell us. Some organizations say it's okay to lag the market (because our benefits are good, eg). Other organizations will want to lead the market. We need to decide where we want to be. We will be able to develop new salary grades based on the market.
 - Friedman: Where does the university want to be in relation to the market?
 - Johnson: We are having those discussions now. We just did that benchmarking with benefits, and we are highly competitive with defined compensation retirement plan, health care, and paid time off.
 - Smith: Will there be a university-wide target?
 - Johnson: Senior leadership will want to have a lot of input. It may be that we want to lead the market in a certain area (say information technology), but be parallel to the market in other areas.
 - Rohrer: Do you use local or national data for market benchmarking?

- Johnson: Where we recruit locally we'll use local data, nationally we'll use national data, etc. Our consultant has good data for each context.
 - DeJong: We would not have different market targets between one school or campus, because then you would have a lot of churn of people moving to more highly paid units. But by category you might.
 - Chrysanthis: Will schools with more resources hire people into higher ranks?
 - DeJong: We don't see that happening currently. It is pretty equitable across schools
 - Kendall: compensation has a lot of regulations from federal and state government. Important to make sure that we have the right jobs and right level. We have to make sure we are paying people equitably across classifications. Agencies treat us as a single employer.
 - Friedman: I appreciate these comments about equity. But there are places when retention gets in the way of equity, and vice versa. I'm wondering where the flexibility is there?
 - Kendall: It may be how equity is being looked at. How are we hiring people in. When I talk to managers they think that they have to bring in new people at the midpoint. And then they bring someone in as a transfer and they are not in the right place compared to the new hire. But the problem isn't the transfer, it is that the recent graduate was brought in at too high a salary. And if a hire has a well documented skill that is a need you can compensate them for that. You have to look at each situation. Currently we are talking about equity at every hire. In some circumstances we say that if a unit wants to pay a new hire a certain salary that's fine, but they may have to bring another employee up to that salary for equity reasons.
 - Johnson: Everyone does not have to be brought in at market. We should use the whole salary range.
 - Smith: We have a situation where we brought someone in at low salary who is doing very good work, but we are not able to bring them to an appropriate salary. If we had a career path where you could build them toward that, some people might move more quickly.
 - Johnson: We want to develop paths where if people aspire to have some individual mobility, they can have that, and people who want to be a leader, they can have that path to. But not everyone may want to move into a leadership role.
- Appendix B slide shows salary spread. We want to have a spread. New hire salaries more condensed, broader spread for more senior employees.
- Proposed next steps
 - Develop employee value proposition, June 2018
 - Reimagine compensation structure and career pathing, May 2018–August 2019
 - Develop implementation strategies, January 2019–August 2019
 - Design robust performance management system, FY 2021
 - We need to have a real conversation about what we want our performance management system to involve?

- Chrysanthis: If I have somebody really good, and I budgeted so much money for this person, there is no way I can compensate properly and retain this person. There is no mechanism for the university to help to retain this person. Maybe this is a limited situation, but it is kind of a problem. Fringe benefit calculation increased, created further challenges to retaining people
- Rohrer: I recognize that benefits are generous, and some people want to be here for those benefits regardless of base pay, but other people want to be rewarded for good work, and if I only have 1.5% to spread out for merit, that is not enough to reward and retain people.
 - Johnson: We may need to figure out how to free up resources to retain people. If we have 9% turnover, they say the cost of turnover is 20% of base salary and fringe, so turnover costs us about \$5 million. If we can retain people it frees up resources. As an organization we can get creative about the waste, and we can reallocate those resources.
- Rohrer: You mentioned people left because they experienced “unwelcoming or incompetent supervision”
 - Johnson: They didn’t say incompetent, but they said they did not feel welcomed.
 - Kendall: We found we had a number of people who thought they were managers who were not, and we had a number of managers who did not think they were managers. That screams that we have something wrong in the classifications.
 - Smith: That is also related to people thinking that they have to be managers to move up.
 - Johnson: We also need to support and train people who move into managerial roles.
- Maguina-Ugarte: Can you tell the group about the paid parental leave policy?
 - Johnson: The Staff Council came to us with a proposal for paid parental leave. I will admit the first reaction was “no.” But we did some research, and learned that there are a lot of universities that do have paid parental leave. We saw that the turnover of staff who have a child and do not come back was high. We’ve cut that turnover in half since we created this policy.
- Chrysanthis: First slide caught my attention: about 10% are "union eligible." What does that mean?
 - Johnson: In our state it is a choice to be a member of your union. We have seven unions, largest is SEIU.
 - Discussion. Union eligible means all employees are represented by collectively bargained contract, may not all be members of union.
- Rohrer: I am more enthusiastic about this activity and the planfulness of this than anything I have seen coming out of HR in a long time. This is a huge positive. This is the first time there has been a satisfaction survey—for how long?
 - Johnson: For staff employees, I think the first time ever
- Smith: What is the new name, if not “total rewards”?
 - Johnson: Employee value proposition. Total rewards got us off on the wrong foot.

3. Update on PBS oversight survey, Thurman Wingrove, Comptroller

- We sent out 317 surveys, with two weeks to respond. Survey period ended on April 17. 147 people completed surveys (46% response rate). We are looking at the information now, will put together some reports, and I will present those at the May meeting.

4. Closed session for FY17 Revenue and Cost Attribution Study, Thurman Wingrove, Comptroller

- Attribution study is still in draft form. When finished will be made available to BPC members for further consideration.

Meeting adjourned at 4pm

Next meeting: Friday, May 18, 2–4pm, CL 817