

MEMORANDUM

TO: Kumble R. Subbaswamy, Provost and Chair,
University Committee on Academic Planning and Priorities

FROM: Staff Domain Subcommittee
Marianna Marsh – Chair, Physical Plant Custodial Services
Kim Wilson – Co-Chair, Associate Vice President for Human Resources
Patrice Carroll, Human Resources
Taunya Phillips, Research and Economic Development
Kathryn Wong-Rutledge, Teaching and Academic Support Center
James Zembrodt, UK HealthCare Finance

CC: Frank Butler, Executive Vice President
Finance & Administration

RE: Staff Domain Subcommittee Report

Date: March 16, 2007

On January 2, 2007, the Staff Domain Subcommittee was formed and charged with developing recommendations to achieve the goals of the 2006-2009 Strategic Plan through the following charges:

- I. Promote the University of Kentucky as “One Great Place to Work”, provide recommendations on how University departments should manage and plan for employment recruitment;
- II. Recommend a compensation philosophy to attract the best employees;
- III. Develop a strategy to offer a benefits package competitive with our Top 20 benchmarks;
- IV. Review and comment on the recommendations of the Work-Life Subcommittees, and in collaboration with the UK Work-Life Advisory Council, ensure recurring assessment of work-life issues, using systematic and scientific survey methodology for focusing on workforce changes;
- V. Recommend strategies that develop our supervisors and strengthen job performance;
- VI. Work with the Division of Human Resources to glean and disseminate best practices in human capital management from appropriate institutions concerning future trends and priorities;
- VII. Research and recommend a strategy to achieve a university-wide workforce development plan.

The subcommittee submits its report of findings and recommendations. As stated in the charge, some recommendations will be carried forward by Human Resources while others must be achieved at a university-wide level. The charge gives to the Staff Domain Subcommittee responsibility for monitoring progress in meeting Strategic Plan Goals I, III

and IV and advising on plan revisions. The subcommittee awaits guidance on next steps for fulfilling this responsibility.

EXECUTIVE SUMMARY

As charged by the Provost, the UCAPP Staff Domain Subcommittee presents findings and recommendations of actions to achieve Goals I, III and IV of the 2006-2009 Strategic Plan. In support of the administrative infrastructure needed for the continued success and growth of the other five domains, (i.e. undergraduate, graduate and professional, research, engagement, and faculty development) the Staff Domain Subcommittee identified seven (7) critical areas of focus. Our recommendations to address these areas provide strategic guidance to university leadership in supporting and expanding the capabilities of our staff. These include:

- Strategies to enhance the university's attractiveness as an employer and to guide recruitment efforts;
- A compensation philosophy to provide a basis for decision-making on compensation related issues;
- Build upon the decision to increase life insurance coverage in 2007 by next considering funding for dental insurance and offering flexible health credits to employees not using dependent health coverage, but not before salary and pay competitiveness is addressed;
- Support for the recommendations of the Work-Life Committees, with a suggested phased expansion of the employee education benefits;
- A plan to strengthen and support the training and development of all supervisors, including faculty;
- A framework for human capital management which can serve as the connecting force for the other staff domain efforts; and
- A strategy for a university-wide workforce development plan that takes into account the unique needs of the HealthCare Enterprise.

While the recommended benefit modifications would place the university closer to the median in comparison to its benchmarks, the Subcommittee places priority on addressing salary and pay issues.

Promote the University of Kentucky as “One Great Place to Work”, provide recommendations on how University departments should manage and plan for employment recruitment.

This charge contains two very distinct but interrelated components: employment branding and managing employment recruitment.

Employment branding includes an outwardly focused marketing strategy as well as a second, more challenging piece – an employee engagement process. This process is designed to highlight strengths and reveal opportunities to meaningfully improve the work environment, ultimately developing a compelling story of what it means to work here. Data from the Work-Life and Best Places to Work surveys show that fairness, trust, leadership and communication are qualities needing improvement in the university’s workplace environment. The employee engagement process must promote these qualities. This effort is critical to the success of the outward marketing of the brand – we cannot misrepresent what it is like to work at UK and then expect talent to stay.

Promote the University of Kentucky as “One Great Place to Work”

Establish effective internal communications to foster a culture of respect, pride, fairness and trust with and among all levels of UK staff. The following is recommended to establish effective internal communications:

- The University should review all aspects of internal communications with employees and seek every opportunity to increase transparency by connecting senior leadership and institutional goals with employees and their work.
- Establish a fund for employment branding - print and online advertisement (recommend minimum of \$60,000 annually).
- Create employee testimonials to place on UK Jobs website, to share at job fairs and to promote in advertisements.
- Establish required curriculum for hiring officials to better educate them on conducting effective searches and how to make the most compelling case to work at UK.
- Request the President’s Cabinet establish the values of the institution that will be used as part of employment branding.
- Develop a presentation series and resources highlighting UK’s Great Place to Work principles, based on employee survey feedback, and best practices, while ensuring consistency with our performance-based employment values and brand.
- Identify internal UK great place to work best practices and develop mechanisms to effectively share these practices with leaders and managers.

The second component, managing employment recruitment, naturally involves a broad array of institutional partners. These partners all must work together to identify and recruit talented individuals who will effectively compliment our existing workforce and make our strategic plan a reality. The leadership measures highlighted below require coordinated efforts with Human Resources analytics and expertise; however, top leadership must embrace these efforts and hold their internal leaders accountable for outcomes that yield measurable progress toward our shared goals. To accomplish this we recommend the

following actions to guide University departments in managing and planning for employment recruitment:

- Leadership (deans, chairs, EVP's and Provost) clearly communicates diversity recruitment expectations and provide resources to promote the recruitment of diverse candidates. Initiate this process now and roll into the responsibilities of the new VP for Institutional Diversity.
- Leadership (deans, chairs, EVP's and Provost) develops and clearly communicates a comprehensive understanding of the types of people who will be productive in their areas (skills, attitudes towards work, aspirations, etc.) and will embody the values established by the President's Cabinet.
- Leadership (deans, chairs, EVP's and Provost) develops a well-defined expectation for the recruitment and interview experience that conveys to potential hires the attributes and values of their college/unit and the University.
- Leadership (deans, chairs, EVP's and Provost) reviews recruitment and selection quality measures provided by HR (turnover in first 90 days, results from post interview surveys, turndown reasons from first choice candidates, return on investment and cost per hire measures) and actively hold department level hiring officials accountable for quality through performance evaluations.
- Conduct staff recruitment needs assessment/environmental scan by college or administrative unit.
- Take advantage of phased retirement for staff as an opportunity to effectively manage succession planning.
- Coordinate recruitment needs by college/unit through structured recruitment strategies.
- Leadership (deans, chairs, EVP's and Provost) require hiring officials and all members of interview panels and search committees to complete training on best practices for interviews.
- HR partners with colleges and units to identify internal best practices in recruitment and selection as well as inefficiencies in the college/unit recruitment procedures including review process for advertising materials, purchasing approval for advertisements, span of control for hiring officials, routing of salary approval signatures, coordination of interview teams, interview structure and candidate follow up process.

Recommend a compensation philosophy to attract the best employees.

The total compensation philosophy should support the business strategy of the University of Kentucky. Similarly, the total compensation philosophy should be sensitive to the mission and culture of our organization. As a research and academic institution, we strongly associate our total compensation philosophy with our goal to be a top 20 university.

The following is recommended as the university's total compensation philosophy:

- Attract, retain, reward, and motivate the productivity and commitment of highly qualified, diverse faculty and staff.
- Provide flexibility appropriate to the dynamic challenges facing the University.

- With market-competitive compensation and benefits program and our commitment to work-life balance, effectively position the University to successfully compete for employees.
- Set pay in consideration of similar educational, research, and service organizations and recruiting markets.
- Maintain internal equity.
- As with any viable company, comply with fiscal constraints.

Market considerations, fiscal prudence, and/or regulatory demands may cause the University to change its total compensation (direct pay, benefits, and work environment) practices. While consideration will be given to ensure market competitiveness and to support internal equity, employees must be aware their pay and benefits may change over time as a result of University policy decisions.

Develop a strategy to offer a benefits package competitive with our Top 20 benchmark institutions.

Background

The University of Kentucky Employee Benefits Office contracted to measure the current benefit offerings against the university's Top 20 benchmark institutions. The survey revealed the University's current benefits for staff ranked 12TH out of 20 benchmark institutions.

Findings and Recommendations to Attain Benchmark Medians:

Benefit Category	Rank	Comments
Retirement	8/20	Ranking determined when defined contribution 403(b) plans are compared.
Holidays	5/20	Bonus days are categorized as holidays.
Sick Leave	8/20	
Long-Term Disability	5/15	
Life Insurance	14/20	UK offers regular full-time employees \$10K of employer paid life insurance. <i>Changes to Life Insurance effective July 1, 2007 will move that component from 14th out of 20 to beyond the benchmark median.</i>
Dental Plan	15/20	The dental plan benefits are competitive; however, the university's low ranking is due to a lack of employer subsidy for dental plans.
Post-Retirement Medical	12/20	Changes in accounting standards make this benefit category difficult to benchmark.
Vacation	16/20	To reach the median, the university needs to provide professional staff with a vacation accrual of 22 days at hire and increase to 25 days after 21 years of service. For office and clerical staff, the vacation accrual needs to increase from 20 days after 20 years of

Vacation	16/20	To reach the median, the university needs to provide professional staff with a vacation accrual of 22 days at hire and increase to 25 days after 21 years of service. For office and clerical staff, the vacation accrual needs to increase from 20 days after 20 years of service to 25 days.
Health Plan	16/20	Single coverage and “employee plus children” are currently at or above the benchmark median; however, the university’s current funding level for “employee plus spouse” and “employee plus family” is low compared to both benchmark and large national employers.

Life Insurance

The University has decided to increase the basic life insurance benefit to 1 x salary effective July 1, 2007. This change will move the basic life insurance benefit above the benchmark median. *(Estimated annual cost of \$197,000.)*

Dental Plan

The dental plan benefits are competitive; however, the University’s low ranking is due to a lack of employer subsidy for dental plans. Proceed with funding 90% of the basic UK dental plan for single coverage and 80% for the dependent coverage levels. This “dental credit” would be applied to all dental plans (UK Comprehensive plus the Delta Dental Plans) similar to the health plan credit. This change will enable the dental plan to be at the median benchmark level. *(Estimated annual cost of \$1.6 million.)*

Post-Retirement Medical

The University medical benefits and employer contribution for single coverage are competitive. The University is below benchmark median due to a lack of employer subsidy for dependent coverage. This benefit is difficult to benchmark since many of the employees at benchmark institutions will not receive a retiree medical benefit due to their participation in the Optional Retirement Plan (ORP), which is a defined contribution retirement plan that is chosen instead of the state defined benefit plan. The ORP is portable and is chosen by faculty and staff that do not plan to spend their entire career necessarily within their given state. Additionally, the University of Kentucky has been proactive as it relates to Governmental Accounting Standards Board (GASB) statement 45. As state pension plans address this new accounting standard, benefit changes are expected and the University may be at the benchmark median over time without additional enhancements. Due to these circumstances, no changes are recommended to this benefit category.

Vacation

In order to reach the benchmark median, the majority of this benefit change would occur after employees reach 20+ years of service. Given the small portion of employees that would benefit from this, as well as the high ranking of holiday benefits, it is recommended not to change this benefit category.

Flexible Credit

Offering a flexible credit to employees not needing dependent health coverage or those employees who waive coverage would address equity amongst employees. A flexible credit

to those employees could be used for benefit expenses such as: health premiums, dental premiums, vision premiums, supplemental life insurance, accidental death and dismemberment insurance, and/or a health care spending account. (*Estimated annual cost \$9.3 million.*)

Health Plan

The University currently funds approximately 62% of the premium for dependent health insurance coverage. Increasing the funding level from 62% to 80% would bring the overall health plan benefit to the benchmark median. Given the current competitiveness of the “single” and “employee plus children” coverage, there is no recommended change to this benefit category. (*Estimated annual cost \$5.5 million.*)

The Committee recommends the following:

In addition to the approved life insurance, the Committee recommends increased funding for dental insurance. These changes will move both our dental and life insurance benefit categories to the benchmark median and improve our overall benefits package ranking. Funding for the above should be paid from the \$5 million pool, established for improving staff compensation and benefits. These recommendations would require the utilization of approximately \$1.8 of the \$5 million pool. Please note: while the Committee endorses the above mentioned items, any additional dollars should be directed toward addressing compensation issues, rather than adding additional funds to benefits.

Review and comment on the recommendations of the Work-Life Subcommittees, and in collaboration with the UK Work-Life Advisory Council, ensure recurring assessment of work-life issues, using systematic and scientific survey methodology for focusing on work force changes.

The UCAPP Staff Domain has reviewed the three Work-Life Subcommittee preliminary reports and the progress reports for the Employee Assistance and the Child Care Committees. We will provide final comment on the committee reports when released.

Child Care Committee

The Staff Domain Subcommittee offers our support for the recommendations the committee has made to date. The provision for two on-site child care centers for faculty and staff are resources that have been discussed for years. It is good to see this resource coming into fruition.

Career Advancement and Professional Development

This Committee examined barriers to information and opportunities for employee career advancement and professional development. A number of specific areas for improvement were considered, including improved communication about job opportunities, job and career coaching, possible monetary incentives for completing a GED, and finally, the designation of an academic advisor and career counselor.

The initial findings and recommendations are supported by the UCAPP Staff Domain:

- To consider a one-time monetary incentive to employees who earn their GED diplomas.
- For those employees who might not be able to afford a personal computer, to set up a first-come-first-serve computer loan program for employees so that a key barrier to employment success might be removed.
- To engage in enterprise workforce development so the university can support the growth to top 20 excellence by better forecasting university support needs while also allowing employees to align career planning, educational goals, and work-life issues.
- To recruit and hire a staff career counselor dedicated to assisting staff employees in reaching their career goals.

Employee Assistance Program

The Employee Assistance Program Committee has completed a great deal of benchmark research and considered a number of recommendations to date:

- Establish a single, centralized access point for information and a single database for all services available at the university.
- Create a Program Coordinator position (requiring a Master's level degree) to serve as the frontline point of contact for all EAP offerings and information.
- Contract the services of a consultant with expertise in determining the various EAP model options commonly available in higher education. A consultant recently completed a site visit to the university and met with stakeholders and members of the Subcommittee to talk with the Committee and university stakeholders to recommend a range of viable models and funding mechanisms for an EAP at the University of Kentucky.
- Proposing an increase in funding for the REFER Program to better support the referral strategies.
- Initiate marketing efforts to improve awareness of EAP services.

Employee Education Program (EEP)

The UCAPP Staff Domain Subcommittee reviewed the EEP proposal and found it to be a forceful plan for expansion of the program to spouses and dependents. The subcommittee would not endorse the singular recommendation to expand the program, but encourage the Subcommittee to examine a phased approach. Before transferring educational benefits to a spouse or dependent, we ask that incremental growth be accomplished by considering the following:

1. Program eligibility should require employees be employed with the university a minimum number of years.
2. Program eligibility should require an employee to be in good standing with the university and not under corrective action probation or suspension.
3. Spouses or dependents should be able to apply the benefit to all levels of study.
4. Eligible dependents must maintain good academic standing.

Domestic Partner Benefits

The UCAPP Staff Domain Subcommittee fully endorses the recommendations of the Work-Life Domestic Partner Benefits Committee that healthcare and other benefits available to University employees and their households be extended to include domestic partners, both same-sex and opposite-sex, as well as their children.

Recommend strategies that develop our supervisors and strengthen job performance.

The current supervision program (SuperVision) was instituted in 1996 as a result of a SACS recommendation to offer universal training to staff supervisors. Participation in the program is mandated in HR Policy 50.0; however, the policy provides no means to enforce participation. Program topics include: HR Policies & Procedures, Diversity, and Performance Evaluations.

Supervisors are identified as SuperVision candidates at the point when Hiring Officials indicate the position has supervisory responsibilities in the online employment system (OES). Faculty positions are not posted in the system, so faculty supervisors are not identified for participation. There is no established standard for determining the level of supervisory responsibility. Once hired, new supervisors receive a letter from the UK Employment Office stating they are required to attend supervisory training. After the letter is issued, no further prompts are sent.

New hires register online for the SuperVision program. If the new hire self-reports they have at least two years' prior supervisory experience and have hired, used corrective action, and have conducted performance evaluations, they are offered a two day program. If the new hire has little or no prior supervisory experience, they are registered for a five day program.

Conditions

- A standardized curriculum does not meet the needs of all University supervisors.
- Not every supervisor works in Fayette County.

Challenges

- Current program compliance is poor.
- Perception that current program is not relevant to some worksites.
- Current program training is not integrated into the workplace.
- Perception that University supervisors are not well trained.
- Current programming does not provide for continuing professional development.
- Current process does not capture faculty who supervise staff since faculty positions are not posted in the online employment system.

The findings and recommendations supported by the UCAPP Staff Domain:

1. Integrate a supervisory assessment into the job requisition process. This will aid managers in identifying their supervisors' responsibilities.
2. Establish a professional coach in HR Training and Development to guide supervisors in their training. This person will work with supervisors and their managers to establish training needs and expectations. The coach will maintain the relationship throughout the supervisor's engagement in SuperVision. Please note: completion of "supervisory training curriculum" will become an essential function of that employee's performance evaluation. The employee will have up to 18 months to complete the curriculum.

3. Restructure the curriculum to meet individual needs of supervisors. The curriculum will have core offerings all supervisors must take. Other offerings will be required based on specific responsibilities.
4. Diversify delivery means to address needs of supervisors outside Fayette County and those who work non-regular hours. This could include use of interactive TV, webcasts, and online courses.
5. Establish a supervisory program for faculty supervisors. In conjunction with the Provost's Office a program will be structured and developed that meets the needs of faculty supervisors.
6. Expand opportunities for continued professional development. Once an employee has completed SuperVision, the essential function changes to "professional and staff development." There will be an expectation the employee will continue to enhance skills as well as plan to develop his or her staff. At specific points beyond completion of SuperVision curriculum, the employee will be automatically notified of follow-up courses.

Work with the Division of Human Resources to glean and disseminate best practices in human capital management from appropriate institutions concerning future trends and priorities.

Human capital management addresses strategies which help organizations make the best use of their people to improve performance and establish long-term competitive advantage. We must align the performance of our people to the university's goals. This enables people to understand what they need to do, how to do it, and be rewarded for doing it well. These strategies engage employees, inspire leadership and establish effective systems and processes that eventually feed into the performance of the organization. The Subcommittee has only begun to consider the wealth of models and frameworks for true human capital management.

The University of Kentucky has engaged in some human capital efforts through different programs and initiatives, but without a well-defined roadmap and long-term vision these efforts are not integrated to their full competitive advantage. This new environment requires a high level of commitment on the part of all employees and university leadership. In order to address this important issue, the Subcommittee requests the formation of a workgroup to investigate and recommend integrated human capital strategies best suited for the University of Kentucky.

Using HR's strategic plan as a starting point, the workgroup would create a roadmap for our human capital investment. This would include, but not be limited to:

- A clear vision for UK's human capital;
- A plan to integrate cutting-edge technology and processes;
- A plan to prepare the workforce for the new environment; and
- A comprehensive internal marketing and communication plan to transform the way human capital management is viewed by the individual employee and by the organization.

Research and recommend a strategy to achieve a university-wide workforce development plan.

Workforce development and planning are one component of human capital management. Given the university's plans to add new faculty throughout the institution and increase staff in the HealthCare Enterprise, the university must implement a strategy to build and support the growing human infrastructure.

The Subcommittee reviewed numerous planning efforts at our benchmarks, in addition to corporate and public sector institutional best practices. Our recommendations for an approach for workforce planning are to:

- Support the University of Kentucky's business plan in academic growth by collaboration with deans and unit administrators to determine and evaluate staffing needs in light of new faculty hiring.
- Develop organizational metrics (predictive modeling data) to drive business decisions.
- Create one system of record for employee position descriptions and competencies to better plan for future needs which must include linkages to job positions, performance management, career development and succession planning. This would involve, in part, moving job analysis from a paper-based system to an interactive, online platform, which would enable more effective and efficient usage of records. It would provide the much needed, consistency among Job Analysis Questionnaires (JAQ), performance evaluations and practices, and the skills and qualifications described in the online posting. This requires purchasing the technology and additional resources needed to implement this initiative.
- HR assists in analysis of external staffing models reviews that best meet the needs of the university.
- HR support of UK HealthCare in development of a healthcare workforce strategic plan.
- Develop a pilot succession planning model within one college.
- Initiate HR consultation in developing long-term strategies for units with hard-to-fill /high-impact positions.