

**UNIVERSITY OF THE VIRGIN ISLANDS
BOARD FINANCE AND BUDGET COMMITTEE**

Fiscal Year 2007 Employees' Compensation Plan – Phase IIB

Authorizing the approval of Phase IIB of the Fiscal Year 2006-2007 Compensation Plan for faculty and staff

WHEREAS, the University is committed to establishing and maintaining levels of employee compensation that are sufficiently competitive to enable the institution to carry out its mission; and

WHEREAS, the University is expected to develop and maintain fair compensation policies that respond to market changes, motivate high performance, recognize productive employees and job growth, are affordable to the university and comply with applicable legal requirements; and

WHEREAS, it is becoming increasingly difficult to recruit and retain employees at present salary levels; and

WHEREAS, the overall salary levels of the University are generally below the salary levels of institutions with which the University competes for faculty and staff, and these lower salary levels are continuing to contribute to high turnover especially among the faculty; and

WHEREAS, the University is cognizant of the impact of the relationship of employee salaries to external market rates and the need for market-based salary adjustments; and

WHEREAS, the Board of Trustees directed the administration of the University to prepare an employee compensation adjustment plan for review and approval by the Board of Trustees in Fiscal Year 2007; and

WHEREAS, on March 11, 2006 the Board of Trustees approved Phase I of the FY2005-2006 compensation plan which was implemented on April 14, 2006 and cost the University approximately \$2.4 million; and

WHEREAS, on September 23, 2006 the Board of Trustees approved approximately \$1.0 million for market salary adjustments under Phase II, of the 2005-2006 compensation plan which was implemented on October 19, 2006; and

WHEREAS, under Phase IIB, the University, seeks to closer align its salaries with the UVI CUPA market salaries, as defined in the attached exhibit, taking into consideration job descriptions and responsibilities for full-time UVI staff and faculty; and

WHEREAS, the FY2007 Operating Budget for the University provides \$1.672 million for the implementation of the compensation proposal based on the results of a Position Classification Study to be conducted by a consultant to be retained by the University; and

WHEREAS, the University retained the services of the Hay Group to conduct the position classification study of all staff-employees, which would better align the salaries within positions based on job descriptions and responsibilities; and

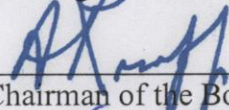
WHEREAS, the Hay Group's study of all staff-employees found no significant salary disparities within positions; thus, based on job re-categorizations staff positions recommended by the Hay Group, new pay plans have been developed for staff and faculty. Taking into account the job re-categorizations, an additional market salary adjustment is proposed to bring salaries closer to the UVI-CUPA market effective retroactive to October 1, 2006.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF THE VIRGIN ISLANDS AS FOLLOWS:

- A. That, for the purpose of implementing the new pay plans for faculty and staff of the University for Fiscal Year 2007, which began October 1, 2006 and ends September 30, 2007, the methodology and guidelines proposed by the Administration, copies of which are incorporated into this resolution as Exhibit "A", are hereby approved.
- B. That the President and Vice-President for Administration and Finance are authorized to take such actions as are necessary and proper to implement this resolution.

CERTIFICATION

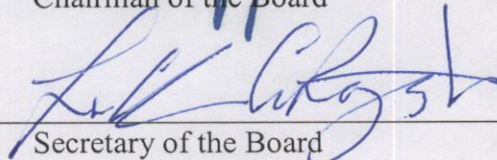
The undersigned do hereby certify that the foregoing is a true and exact copy of a resolution of the Board of Trustees of the University of the Virgin Islands adopted at its regular meeting on Saturday, June 16, 2007, as recorded in the minutes of said meeting.



Chairman of the Board

6-22-07

Date



Secretary of the Board

June 22, 2007

Date

**UNIVERSITY OF THE VIRGIN ISLANDS
PHASE IIB COMPENSATION PLAN PROPOSAL**

**SPECIAL MEETING OF THE BOARD FINANCE AND BUDGET COMMITTEE
MAY 30, 2007**

BACKGROUND

At the October 16, 2004 meeting of the University Board of Trustees, the Board of Trustees authorized the development of a comprehensive compensation plan to make UVI salaries more competitive with other institutions and markets in which the University competes for employees. In response to the Board's mandate, a compensation committee was established to develop a framework for addressing employee compensation. The University Compensation Committee (UCC), consisting of representatives from faculty, staff and administration developed the Framework for Granting Compensation Adjustments and Awards document which was presented to the Board of Trustees at the November 19, 2005 meeting. The document outlined a phased compensation plan consisting of an across-the-board salary adjustment, a comprehensive equity and market study, position reclassification and a performance based incentive awards program. This plan was approved by the Board of Trustees at its March 11, 2006 meeting.

Phase I: A Salary adjustment of 1.5% increment plus \$2,000 lump sum; 15% Part-time faculty

On April 14, 2006 the University implemented an across-the-board adjustment of 1.5% for each year of service completed from October 1, 2001 through September 30, 2005 plus a \$2,000 lump sum to full time employees. The salary adjustments were retroactive to October 1, 2005. Phase I of the policy made provision for a 15% increase in part-time faculty rates, effective with the 2006 spring semester.

Phase II: Salary Equity and Market Comparability Assessment

In an effort to make salaries of employees at the University of the Virgin Islands (UVI) more competitive to that of employees in comparable positions at other universities and the local market in which we compete, the University contracted the McLaughlin Consultant Team to conduct a market survey of all faculty and staff positions. They developed a comparator group consisting of 81 institutions from the College and Universities Professional Association (CUPA) Public Midsized Urban schools with similar characteristics to the University of the Virgin Islands. In addition, market salaries were drawn from the national and local Bureau of Labor Statistics for positions not covered in the CUPA surveys. Based on the market survey, a "UVI CUPA market salary" and a corresponding gap were identified for each position. On October 19, 2006 the University awarded a partial salary adjustment retroactive to October 1, 2005 to all employees who were determined to have a negative or below market gap.

Phase IIB: Job Classification of Staff Positions and Market Adjustments

The objective of the Phase IIB is to better align job descriptions and responsibilities with the recommended market salaries. The Hay Group Consulting Firm was contracted to conduct a comprehensive Job Classification study of all staff positions. Probably because of the salary compensation actions taken in Phase I and Phase II, the Hay Group assessment found no significant salary disparities within positions. Based on the job re-categorizations for staff-employees recommended by the Hay Group, new pay plans have been developed for staff and faculty. Taking into account the job re-categorization, an additional market salary adjustment is proposed to bring salaries closer to the UVI CUPA market salaries. The methodology to achieve this objective is outlined below.

Phase III – Performance Incentive Awards

To complete the compensation plan, a performance incentive awards program is being developed to reward employees for exceptional performance in furtherance of Vision 2012 goals. A proposed Performance Incentive Awards Program is being drafted by the Compensation Committee will be presented to the Board for its review and approval.

PHASE IIB METHODOLOGY

The basic framework for moving forward with Phase IIB was the development of a new proposed pay plan for staff and faculty; and the adjustment of salaries within one step of the recommended UVI CUPA market salary for all positions while preserving the current step differentials for salaries falling below the UVI CUPA market salary. The current pay plan consists of 35 grades and 47 steps; seven (7) of which are longevity steps with 6% differentials* between each grade and 1.5% increments between each step. The proposed new pay plan for staff consists of 26 grades and 34 steps with 6% differential between grades 1 through 20, 15% between grades 21 through 26 and 1.5% increments between steps. The proposed new pay plan for faculty consists of 14 grades and 34 steps with 6% grade differentials and 1.5% increments between steps. The specific methodologies are explained below for faculty and staff.

PROPOSED GUIDELINES

Who is eligible to receive a Phase IIB salary adjustment?

Full-time faculty and full-time staff who have continuously been employed as a full time employee at the University since October 1, 2006 and who are on the payroll at the time the Phase IIB Compensation is approved by the Board of Trustees will be eligible to receive the salary adjustments.

What is the effective period for the Phase IIB adjustment?

- (a) The salary adjustment will be effective October 1, 2006.
- (b) The effective period for new employees employed after October 1, 2006 will begin with the start date of employment. These employees will receive a prorated salary adjustment.

FREQUENTLY ASKED QUESTIONS

Will each employee within the same grade and position receive the same adjustment?

No. Based on the objective of Phase IIB, which is to move individuals closer to the UVI CUPA market salary while preserving current step differentials to the extent allowed on the proposed pay plan, an employee's market adjustment will be based on the current step within their pay grade. For example, an employee on step 5 of his/her respective grade will receive a different pay than an employee on step 7 within the same grade and position classification. In general, step differentials reflect the experience, past considerations for longevity, and performance of persons in their relative positions.

When would Phase IIB be paid out?

Subject to Board approval, bi-weekly and monthly employees will receive retroactive compensation for the UVI CUPA market adjustments no later than six (6) weeks after the Board's approval is made.

How would my new salary, grade and step be communicated?

A notification letter will be generated and distributed to all employees reflecting the new salary, grade and step at least two (2) weeks prior to the issuance of the compensation adjustment payout.

How will salary changes be treated for individuals who have changed positions during the effective period?

If an employee held more than one position within the fiscal year, a comparison will be made with the UVI CUPA market salary in each position. Any applicable salary adjustments will be prorated based on the time served in each position within the 2006-07 fiscal year.

How would the salary of an individual who is an acting capacity be handled?

If an employee was assigned to a temporary assignment, the salary adjustment will be based on UVI CUPA market for the individual's regular position. In addition, the individual's acting differential will be added to the adjusted regular salary in accordance with the Salary Adjustment Policy – Acting Assignments Section VII – No. 42.04.

How will faculty and staff appeals be handled?

An appeals process and review mechanism is provided to address discrepancies within a specified timeframe as outlined below.

Faculty

A faculty member who wishes to appeal a salary decision should, submit in writing within ten (10) days of receipt of official notification of his/her salary, an appeal to the administrative chairperson requesting a review of the decision. Such requests will be reviewed by a review panel consisting of the administrative chairperson, the Special

Assistant to the President, and a Human Resources representative. Based on this review, a written recommendation will be forwarded by the chair of the review panel to the Provost for approval/disapproval. This formal review process shall be accomplished within 30 days of the filing of the formal appeal request.

Staff

A staff member who wishes to appeal a salary decision should, submit in writing within ten (10) days of receipt of official notification of his/her salary, an appeal to the supervisor requesting a review of the decision. Such requests will be reviewed by a review panel consisting of the department head, the Special Assistant to the President and a Human Resources representative. Based on this review, a written recommendation will be forwarded by the chair of the review panel to the respective Component Head for approval/disapproval. This formal review process shall be accomplished within 30 days of the filing of the formal appeal request.

How will the Phase IIB salary adjustments impact component budgets?

Component budgets will be adjusted by a budget allocation equivalent to the salary adjustments for eligible employees in each component from funds appropriated from the Virgin Islands Government for Fiscal Year 2007 or from grant funds for those grants that have the flexibility to absorb the salary adjustments this year. Components are encouraged to make provisions to fund the new salary levels from their grants in the upcoming fiscal 2007-08 and future budgets as has been the case for previous salary increases.

PROPOSED FACULTY PAY PLAN:

The new proposed faculty pay plan of 14 grades and 34 steps was developed by truncating the first seventeen (17) grades and first eight (8) steps of the current master pay plan. Faculty grades ranged from grade 18 through 31 on the current pay plan.

The proposed pay plan will maintain a 6% increment between each grade and 1.5% increment between each step within each grade. Additionally, the plan makes provision for three (3) grades per rank with the exception of five (5) grades per rank for professors. The provision of multiple grades for each rank is designed to allow for appropriate compensation flexibility within each rank.

Placement of Salaries on the new proposed Pay Plan:

- Faculty positions will be categorized by rank, discipline, grade and step to select the UVI CUPA market comparator within each rank and discipline.
- The salary of the individual at the highest step within the rank and discipline will be selected as the comparator or internal benchmark for comparison with the UVI CUPA market salary.
- The UVI CUPA market salary will be placed on the closest step on the new pay plan.
- The salary of the selected comparator will be brought within one step of the UVI CUPA market salary.

EXHIBIT A

- The salaries of other faculty within the same rank and discipline will be determined based on the step differentials from the comparator salary to the extent that the old step differentials can be maintained on the new pay plan. Due to steps compression between the old and new pay plan, a one-to-one match may not always be the case. Also, consideration will be given to preserving salary grade differentials for faculty within the same rank and discipline.
- In cases where a comparator's salary exceeds the UVI CUPA market salary and step differentials cannot be maintained on the proposed new pay plan, the salary of the employee on the next lower step will be placed (5) steps from the UVI CUPA market salary. This action will result in bringing the individual closer to the UVI CUPA market salary.
- Faculty salaries that fall above the UVI CUPA market salary will be placed on the next closest step on the proposed new pay plan.
- In cases where the application of the step differential results in a salary that is equivalent to an individual's current salary, the individual salary will be adjusted to five (5) steps to the UVI CUPA market salary while preserving some of the step differential.

Outlined below are various scenarios that will affect the relative salary adjustments made:

1. Example: Rank with Step Differential

In the example below, John Dow1 at step 22 was selected as the comparator.

Name	Rank	Current Grade	Current Step	Current Salary	UVI CUPA Market	Proposed New Grade	Proposed New Step	Phase IIB Salary
John Dow1	Asst. Prof	21	22	\$51,495	\$50,090	F10	14	\$51,495
Peter Swift	Asst. Prof	21	16	\$47,094	\$50,090	F10	09	\$48,515
Mary Gray	Asst. Prof	21	17	\$47,800	\$50,090	F10	10	\$49,245

- a) Since John Dow1 is over the UVI CUPA market, he will be placed on the proposed new pay plan without any additional adjustment to his current salary. His equivalent salary is placed at grade F10 step 14.
- b) Mary Gray, at step 17 who has the next lower step differential, will be placed one step from the UVI CUPA market. Her new proposed salary is moved to grade F10 and step 10.
- c) Peter Swift, at step 16 will be placed one step away from Mary Gray. Peter Swift new proposed salary is moved to grade F10 and step 9.

2. Example: Current Salary is above the UVI CUPA market

If a faculty salary is above the UVI CUPA market, the salary will be placed on the equivalent or closest salary step on the proposed new pay plan as illustrated in the example below. Tom Bow, an Associate Professor's whose current salary at \$56,306 (grade 24, step 15) exceeds the UVI CUPA market salary of \$54,700. The corresponding salary on the proposed new faculty pay plan will be placed on grade F7, step 8.

Name	Rank	Current Grade	Current Step	Current Salary	UVI CUPA Market	Proposed New Grade	Proposed New Step	Phase IIB Salary
Tom Bow	Assoc. Prof.	24	15	\$56,306	\$54,700	F7	08	\$56,306

3. Example: The Comparator salary exceeds the UVI CUPA market

The example below illustrates a situation where the comparator's salary exceeds the UVI CUPA market and the current nine (9) step differential could not be maintained for the next closest employee in the same rank.

Name	Rank	Current Grade	Current Step	Current Salary	UVI CUPA Market	Proposed New Grade	Proposed New Step	Phase IIB Salary
Ken Judd	Assoc. Prof.	25	29	\$72,524	\$82,621	F8	25	\$76,973
Len Post	Assoc. Prof.	26	34	\$82,923	\$82,621	F9	26	\$82,923

- Since Len Post, the comparator's current salary at grade 26, step 24 exceeds the UVI CUPA market, his salary is placed at the equivalent or closest salary on the proposed new pay plan. Len Posts' proposed new salary grade and step will be F9 and 26.
- Ken Judd with the salary of \$72,524 at grade 25, step 29 is the next highest position in the rank. There is a nine (9) steps differential between grades. If this nine (9) step differential is maintained, it would have resulted in a salary of \$72,524 this would mean that Ken's position would remain at the current salary. To closer align the position's salary to the UVI CUPA, the market salary is adjusted to five (5) steps to UVI CUPA market as provided in the proposed guidelines. Thus, Ken Judd proposed new salary will be pegged at \$76,973 at F8 step 25.

4. Example: Old Step Differentials not maintained on the new pay plan illustrated below.

This situation is one in which the employee's phase II salary is close to the UVI CUPA market; the current phase II salary is \$84,167, the UVI CUPA market for the rank and discipline is \$85,409. Because Shaw Rhymes' current salary is less than one (1) step differential from the UVI CUPA market, his salary is adjusted to the next highest step on the proposed new pay plan at \$85,428.

EXHIBIT A

Lee Jones current salary of \$72,452 is eleven (11) steps below Shaw Rhymes' salary. If this eleven (11) step differential is to be maintained, it would result in a salary of \$72,452, which is his current salary. Similar to example three (3) above, Lee Jones salary is adjusted to the proposed five (5) steps of UVI CUPA.

Shaw Rhymes' proposed new adjusted salary is now pegged at grade F8 and step 32, while Lee Jones is at grade F7 and step 31.

Name	Rank	Current Grade	Current Step	Current Salary	UVI CUPA Market	Proposed New Grade	Proposed New Step	Phase IIB Salary
Lee Jones	Assoc. Prof.	25	30	\$72,452	\$85,409	F7	31	\$79,300
Shaw Rhymes	Assoc. Prof.	26	41	\$84,167	\$85,409	F8	32	\$85,428

PROPOSED STAFF PAY PLAN:

A new staff Pay Plan of 26 Grades and 34 Steps was developed by truncating the first three (3) grades and first fifteen (15) steps of the old Pay Plan. The grade and step differential of 6% and 1.5% were maintained respectively on grade 1-20; a 15% between grades and 1.5% between steps for grades 21-26 was applied.

Placements of Salaries on to new Pay Plan:

- The salary of the position with the highest step within the position group will be selected as the comparator or internal benchmark for comparison with the UVI CUPA market salary.
- The UVI CUPA market salary will be placed on the closest step on the new pay plan.
- The salary of the selected comparator will be brought within one step of the UVI CUPA market salary.
- The salaries of other staff within the same position title will be determined based on their respective step differentials from the comparator salary to the extent that the old step differentials could be maintained on the new pay plan.
- In cases where a comparator's salary exceeds the market and step differentials cannot be maintained on the proposed new pay plan, the salary of the next higher position will be brought five (5) steps below the UVI CUPA market. This action will result in bringing the individual's salary closer to the UVI CUPA market.
- In cases where the application of the step differential result in a salary that is equivalent to an individual's current salary, the individual salary will be adjusted to five (5) steps to the UVI CUPA market salary while preserving some of the step differential.

EXHIBIT A

- For staff salaries above the UVI CUPA market salary, the salary will be placed on the equivalent salary step on the new proposed pay plan as illustrated in the example below.
- The salaries of other staff with the same position title will be determined based on the step differentials from the comparator salary to the extent that the old step differentials can be maintained on the new pay plan. Due to steps compression between the old and new pay plan, a one-to-one match may not always be the case.

1. Example: Position Title with Step Differential

- a) Peter Swift1 at step 21 is selected as position title comparator since the salary is closer to market salary. His current salary will be adjusted within one (1) step of the UVI CUPA market. His new adjusted salary is now pegged at grade 8 step 15.
- b) John Dow at step 15 is the next lower salary and will be placed six (6) steps below Peter Swift1's new adjusted salary. His new salary is now placed at grade 8 step 9.
- c) Mary Gray at step 13 will be placed three steps below from John Dow. Her new salary is now placed at grade 8 step 6. (Note, the increase in the step differential is due to the proposed new pay plan structure).

Name	Position Title	Current Grade	Current Step	Current Salary	UVI CUPA Market	Proposed New Grade	Proposed New Step	Phase IIB Salary
John Dow	Admin. II	11	15	\$25,577	\$29,626	8	9	\$27,751
Peter Swift1	Admin. II	11	21	\$27,968	\$29,626	8	15	\$29,251
Mary Gray	Admin. II	11	13	\$24,827	\$29,626	8	6	\$25,583

2. Example: Current Salary is above the UVI CUPA market

If a staff salary is above the UVI CUPA market salary, the salary will be placed on the equivalent salary step on the new proposed pay plan as illustrated in the example below. Jane Doe will now be placed on the equivalent or closest salary of the new proposed pay plan; the new salary now falls on step 1 of the new proposed pay plan.

Name	Rank	Current Grade	Current Step	Current Salary	UVI CUPA Market	Proposed New Grade	Proposed New Step	Phase IIB Salary
Jane Doe	Director	24	15	\$56,318	\$54,700	21	1	\$56,318

Notes:*A step differential is the percentage change between each salary step on the pay plan.