

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

Fiscal Year 2006 Employees' Compensation Adjustment

Authorizing the approval of a compensation adjustment for faculty and staff for Fiscal Year 2006.

WHEREAS, the University is committed to developing 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 maintain fair compensation policies that respond to market changes, keep pace with the cost of living, motivate high performance, recognize employee and job growth, are affordable to the university and comply with 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 optimal ranges, and 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 University has not implemented salary adjustments for its employees since Fiscal Year 2001-2002 because of the unavailability of funds; and

WHEREAS, the Board of Trustees directed the administration of the University to prepare an employee compensation adjustment plan for the review and approval of the Board of Trustees in Fiscal Year 2006; and

WHEREAS, in the Omnibus Authorization Act of 2006 the Government of the Virgin Islands appropriated \$2.5M to the University for salary increases.

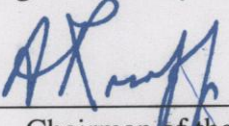
NOW THEREFORE BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE UNIVERSITY OF THE VIRGIN ISLANDS AS FOLLOWS:

- I. That the University will implement the compensation adjustment plan for Fiscal Year 2006 in the following phases:
 - a) Phase I – The University shall implement in accordance with the attached compensation proposal:

- i. Effective October 1, 2005, an adjustment of 1.5% of each year's base salary for each full year of service starting October 1, 2001 through September 30, 2005 plus \$2,000 across the board per full-time employee added to base salary.
 - ii. Effective spring semester 2006, part-time faculty shall receive a 15% salary increase.
 - iii. Sections a) i) and a) ii) shall be implemented no later than April 14, 2006 and shall provide salary adjustments to full-time faculty and staff employed on April 14, 2006 and part-time faculty as noted in Section a) ii).
- b) Under Phase II the University shall develop an objective model which will be used to align existing salaries with equity and market conditions. This proposal is projected to be presented for review and approval by the Board of Trustees in June 2006.
 - c) Under Phase III approximately \$150,000 shall be made available in Fiscal Year 2006 for employee performance incentive awards. The plan to award employees for excellence in performance shall be presented for approval by the Board of Trustees in September 2006.
- II. 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

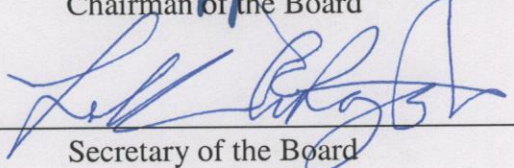
The undersigned do hereby certify that the foregoing is a true and exact copy of a resolution of the Board of Trustees of the University of the Virgin Islands adopted at its meeting on Saturday, March 11, 2006, as recorded in the minutes of said meeting.



 Chairman of the Board

3-14-06

 Date



 Secretary of the Board

Mar. 14, 2006

 Date

UNIVERSITY OF THE VIRGIN ISLANDS
FY05-06 UNIVERSITY COMPENSATION COMMITTEE
Compensation Proposal

Preamble: In response to the UVI Board of Trustees' mandate to present a compensation adjustment for faculty and staff during FY2005-2006, President Ragster's Cabinet approved the establishment of a compensation committee which was charged with developing a compensation adjustment to be recommended to the Board of Trustees. The University Compensation Committee (UCC), comprising representatives from faculty, staff and administration, has been meeting frequently since August 2005 and developed the Framework for Granting Compensation Adjustments and Awards document which was presented to the Board of Trustees at the November 19, 2005 meeting.

Proposal – Phase I:

After discussing and reviewing several approaches and options, the UCC recommends the following for consideration by the University community:

1. Effective October 1, 2005, an adjustment of 1.5% of each year's base salary for each full year of service starting October 1, 2001 through September 30, 2005 plus \$2,000 across the board per full-time employee added to base salary.
2. A 15% increase in the rate for part-time faculty.

General Assumptions:

- a) The major funding source for the Fiscal Year 2005-2006 Compensation Plan is the \$2.5M appropriated by the VI Government in the Omnibus Authorization Act of 2006.
- b) Financial sustainability is tied to the receipt of the allotments equal to the full amount of the appropriation.
- c) Contingent on the Board of Trustees' approval at the February 2006 special meeting, Phase I will be implemented by April 14, 2006.
- d) Employees affected: All active full-time faculty, part-time faculty and staff (regular, professional, administrative and executive) employees at the time the salary adjustments are processed through payroll.

Regular, full-time and part-time personnel who have been terminated, retired or voluntarily left the University prior to the processing of the individual payments through payroll are not eligible.
- e) The UCC will continue to work on an approach to the resolution of the market, equity and performance incentive compensation issues.

Next Steps:

- Phase II Discipline or program-specific equity and market adjustments – An objective model will be used to align existing salaries with equity and

market conditions. Phase II proposal is projected to be presented for review and approval by the Board of Trustees in June 2006.

Phase III Performance Incentive Program – A plan to award employees for excellence in performance is projected to be presented to the Board of Trustees for review and approval in September 2006.

Points of Consideration:

Be reminded that the University remains committed to a compensation adjustment for its employees that:

1. Strives for equity in compensation with persons in comparable positions at other workplaces in our defined job market, over a comparable period of time;
2. Strives for equity in compensation among University employees who are in comparable positions, with similar experience and performance histories, over a reasonable period of time;
3. Applies accepted compensation practices that work well in most cases;
4. Adapts to the reality of financial resources;
5. Results in the hiring and retention of quality people; and
6. Motivates excellence in performance.