

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

Fiscal Year 2006 Employees' Compensation Adjustment – Phase II

Authorizing the approval of Phase II of the Fiscal Year 2005-2006 Compensation Adjustment 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 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 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 2006; 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, under Phase II, the University, with the assistance of consultants with expertise in higher education salary analyses, determined that gaps exist in salaries between full-time UVI faculty and staff and the average salaries of similar positions in comparable institutions; and

WHEREAS, in the Omnibus Authorization Act of 2006 the Government of the Virgin Islands appropriated \$2.5M to the University for salary increases, of which \$1M is available to address Phase II salary adjustments.

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

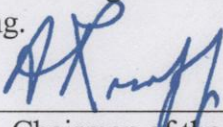
- A. The Fiscal Year 2006 Employees' Compensation Adjustment Proposal - Phase II, as amended by the Finance and Budget Committee, a copy of which is attached as an exhibit, is hereby approved. However, the University reserves the right, upon

further research, to choose a different comparator group other than the CUPA Public Midsize Urban Institutions.

- B. The Administration is directed to develop a performance incentive program proposal for Phase III to be presented to the Board of Trustees at the Spring 2007 meeting of the Board.
- C. 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.

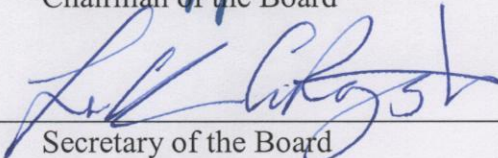
CERTIFICATION

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 a special meeting on Saturday, September 23, 2006, as recorded in the minutes of said meeting.



Chairman of the Board

9/28/06
Date



Secretary of the Board

Sept. 28, 2006
Date

UNIVERSITY OF THE VIRGIN ISLANDS
FY05-06 UNIVERSITY COMPENSATION COMMITTEE
Compensation Adjustment Plan Phase II 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 II:

After discussing and reviewing market data and internal data, the UCC recommends the following for consideration by the University community:

1. For Phase II, the "negative gap" reflects the amount that University employees' current salaries are below the average for similar positions within the College and Universities Professional Association (CUPA) Public Midsize Urban Comparative institutions, CUPA-equivalent institutions and the US Virgin Islands Bureau of Labor Statistics salary data. The CUPA market group was comprised of 81 universities which have similar characteristics to the University of the Virgin Islands.
2. The University will use up to \$1M of available funds to allocate: (a) approximately \$640,000 to reduce the staff salary gap - an estimated 31% of the salary gap of staff excluding that of cabinet members, and an estimated 15% of salary gap of cabinet members, except, in cases where a staff employee's adjusted salary exceeds the adjusted salary of a cabinet member who holds a management position over that employee, the cabinet member will receive one step adjustment above the adjusted salary of the subordinate, provided that in no case shall a cabinet member's adjustment exceed 31% of his or her salary gap; and (b) approximately \$360,000 to reduce an estimated 43% of faculty salary gap. All salary adjustments shall be retroactive to October 1, 2005.

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 allotments equal to or in excess of the full amount of the appropriation.
- c) Phase I adjustments cost \$2.4M to implement.
- d) The University has committed up to \$1.0M total for the Phase II implementation.
- e) Employees affected:

EXHIBIT I

All active full-time faculty and staff (regular, professional, administrative and executives) employed on or before October 1, 2005 who maintain continuous full-time employment up to the date the Board of Trustees approves this action and whose salaries have been determined to be below the urban average market salaries for the comparative group for their classification will receive the proposed adjustment to their base salary.

An employee whose salary is equal to or is above the comparable urban average market salary will not receive any adjustment under this plan.

Regular, full-time and part-time personnel who have been terminated, retired or voluntarily left the University prior to the Board approving this action are not eligible.

- f) Phase II addresses the challenges of recruitment and retention and is consistent with Vision 2012 in achieving institutional improvement and educational excellence. After reviewing the CUPA Public Urban Midsize institutions' average salaries it was apparent that the compression in salary and reduction in competitiveness was most prevalent among faculty, middle management and the executive staff of the University.
- g) Contingent on the Board of Trustees' approval at the September 2006 special meeting, Phase II will be implemented by October 31, 2006.

Next Steps:

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 February 2007.

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.