

June 12, 2012

MEMORANDUM

TO: Deans and Directors

FROM: Paul M. DeLuca Jr., Provost
Darrell Bazzell, Vice Chancellor for Administration

Subject: 2012-13 Critical Compensation Fund (CCF)

Since he returned to campus in June 2011, Interim Chancellor David Ward has championed the idea of recognizing and retaining high-performing employees. UW-Madison salaries have not kept pace with the market for faculty, classified staff, academic staff and limited appointees. This has made it more difficult to attract exceptional talent and retain our best employees. To address this increasingly critical situation, the university has decided to proceed with a plan to provide the authority and funding to help close this compensation gap. The purpose of this Critical Compensation Fund (CCF) is to preserve the university's ability to carry out its mission by providing funds to increase the compensation of critical faculty and staff. The fund will provide targeted pay increases to address equity, retention, market influences and, for classified employees, exceptional performance.

This is not a pay plan, which the university has not had for several years. It will apply only to selected faculty, academic staff and classified staff. This fund was created by an overcut of fund 101 allocations to generate a pool of funds to distribute to all eligible employee groups.

Attached are the criteria, guidelines and procedures for use of the CCF. Here are a few key points.

- The funding is to be used to address market, retention and equity concerns. In addition, performance may be used as a criterion for classified employees (but not unclassified employees). Although performance cannot be used as a basis for an adjustment for faculty, academic staff or limited, exceptional performance is a necessary condition. In addition, please consider significant educational innovation as a marker of meritorious performance.
- The earliest effective date for adjustments utilizing this fund is July 1, 2012 (A-basis) and August 27, 2012 (C-basis). Adjustments cannot be made retroactively; the earliest effective date will be determined using the standard campus practices for adjustments.
- The adjustments will be base adjustments for faculty, academic staff and limited employees. For classified employees, the increase can be a base salary increase or lump sum, depending on the type of employee (see the attached CCF guidance document for details). Lump sum adjustments will not be permanent base allocations. The Budget Office will process mid-year transfers for FY13 for both permanent base salary increases and lump sum adjustments for GPR-funded positions. Continuing funding for GPR permanent base salary increases will be included in your FY14 budget planning allocations.
- Faculty, classified staff, academic staff and limited employees on non-state funds (including gifts, grants, contracts and auxiliary revenue) are subject to the same policies as state-funded staff. Units are expected to expend 2 percent of funds for this purpose.

- It is anticipated that no more than 30 percent of eligible employees within a school, college or division may receive increases.
- For each employee category, there are minimum percentage and/or dollar-amount increases.
- Deans and directors may use their school, college or division funds to exceed the 2 percent allocated under this fund.
- Please keep in mind internal salary equity issues, such as race and gender equity, as you make these allocations.
- Funding and authority cannot be transferred from one employee category to another (e.g., from academic staff to faculty).
- We have fully delegated the authority to deans and directors to approve adjustments under this initiative for faculty, academic staff, and limited employees. For classified adjustments, you will need to apply the campus Discretionary Merit Compensation (DMC) policy.

We will provide your HR representatives with detailed information this week about how to process your adjustments.

If you have any questions, please contact Tim Norris in the Madison Budget Office or Mark Walters or Steve Lund in the Office of Human Resources.

Attachment

xc: David Ward
Heather Daniels, Academic Staff Executive Committee
Debbie Weber, Council of Non-represented Classified Staff
Mark Cook, University Committee
Bob Lavigna
Tim Norris
Mark Walters
Steve Lund
HR Reps