

**Commission on Staff Policies and Affairs**  
**Resolution 2007-08**  
**Resolution for Approval of**  
**Human Resources Policies for University Staff**

Background

Effective July 1, 2006, the University began operating as a covered institution in accordance with its Management Agreement for a period of four years. Individuals hired in non-faculty positions on or after July 1, 2006, are designated University Staff employees, and are not covered by the state's Personnel Act or state personnel policies. In June 2006, the Board affirmed the continuation of existing personnel policies for newly hired University Staff until such time as the new university policies are approved.

The university committed to engage employees in discussions and receive employee input in the development of the new university human resources system. Human Resources conducted a series of focus groups with randomly selected staff and faculty who supervised staff. Early in 2007, the Human Resources Departments of Virginia Tech and the University of Virginia partnered with the UVa Center for Survey Research (CSR) to develop and conduct a survey of all salaried staff, staff supervisors, and faculty supervisors of staff. The survey was intended to provide an empirical evaluation of the current personnel policies and procedures for staff. The survey was distributed to 3,826 university employees and 763 faculty supervisors of staff, with a 48% response rate (1,890 completed questionnaires by the web and 258 completed questionnaires by mail). The survey report is available at [www.restructuring.hr.vt.edu](http://www.restructuring.hr.vt.edu).

An Employee Advisory Committee (EAC) was formed, with diverse representation from across the university, including different organizational units, occupational levels, and supervisory and non-supervisory roles. Based on focus group and survey outcomes, the university determined to consider several areas in this first phase: 1) compensation and rewards, 2) performance management and employee relations, and 3) staff benefits and work/life policies. The design teams reviewed current human resource policies, focus group and survey results, and feedback from the Employee Advisory and Steering Committees in order to make policy and practice recommendations consistent with the university's strategic plan, the Management Agreement, and best practices in the field. A fourth team, consisting of members of the Commission on Administrative and Professional Faculty Affairs and members of the Employee Advisory Committee, developed a separate recommendation to expand the definition of administrative and professional faculty to include senior level professional and managerial staff positions (CAPFA Resolution 2007-08B).

The Employee Advisory Committee and the Design teams developed the principles for new performance management policies, and proposed modifications to compensation and rewards policies and minor changes to several other personnel policies. Teams also recommended the phasing of changes, with some policy areas identified as priorities for the first year and others deferred for further consideration as time and resources allow.

The following recommendations represent the first phase of the higher education restructuring policy redesign efforts. The Board of Visitors will be asked to approve the compensation policies. Consideration of new policies or enhancements to current policies will continue over the next several years.

Salary Administration Philosophy

The following Compensation Philosophy for Classified staff employees was approved by the President and submitted to the state's Department of Human Resources Management in December 2000.

Virginia Tech will use compensation to support and develop high performance, reward commitment, build diversity, and promote quality service to the citizens of Virginia, Virginia Tech students and their parents, and the other public and private constituencies served by the University. The approach is based upon the following principles:

- Provide a base pay system that links employee performance to university and department mission and objectives;
- Provide market competitive compensation that incorporates both salary and non-salary benefits, such as healthcare, retirement, life insurance, disability insurance, annual and sick leave, and other optional benefits;
- Encourage employees to make a performance difference either individually or through teams;
- Provide employee reward and recognition programs that acknowledge employee contributions to the university, the department, or other organizational efforts;
- Provide opportunities for salary increases that encourage employees to gain demonstrable skills and competencies that are critical to the accomplishment of university or department missions; and
- Support efficient administration and sound management of the significant portion of the university's financial resources that are devoted to employee compensation.

The university recommends that the above compensation philosophy continue to guide the salary administration for University Staff.

#### Salary Band and Job Classification Structure

The current broad-band structure provides appropriate flexibility for career and salary growth. Therefore, it is recommended the university maintains the same salary and job classification (roles) structure for university staff, except for those positions which may be converted to administrative and professional faculty under the separate recommendation developed by the Commission on Administrative and Professional Faculty Affairs, which expands the definition of Administrative and Professional Faculty roles to include senior professional and managerial staff positions. [The expanded definition for Administrative and Professional Faculty is addressed by separate resolution to be submitted to the Board of Visitors]

#### Compensation and Reward Policies

The management agreement between the university and the Commonwealth allows for compensation plans that take into account the prevailing rates in the labor market, the relative value of jobs, the competency and skill of the individual employee, internal equity, and the availability of necessary financial resources, and may include a variable merit-based performance management system.

Results of the survey and focus groups lent strong support to a compensation program linked to performance and greater flexibility in the compensation management process. The university will continue to use major elements of the current compensation plan, which is based on the state's Compensation Policies for Classified employees. This policy provides for the establishment of market-based ranges for specific occupational titles within the broader pay band and role titles. These ranges are used for the establishment of hiring ranges for jobs, negotiation of starting salaries for new hires and current employees seeking transfers or promotions, and "in-band" salary adjustments for such reasons as increased responsibilities,

acquisition of new knowledge or skills, salary compression, alignment/internal equity, and retention.

The university proposes to modify the state's specific limits on salary adjustments, such as the current maximum of 10% for in-band salary adjustments in a fiscal year or 15% for competitive promotions. Instead of specific limits requiring state-approved exceptions, the university will establish internal parameters and appropriate levels of approval for salary adjustments.

It is also recommended that the existing comprehensive awards and recognition program, approved by the Board on (date), be enhanced by increasing the \$2,000 cap on award amounts to 10% of salary up to a maximum of \$5,000 for university staff.

### Implementation of the Annual Merit Review and Compensation Process

A merit pay program for university staff that allows for differentiation of pay increases based on individual performance is recommended. It is also recommended that a 4-point rating scale replace the current 3-point scale for classified and university staff. The new rating scale provides a means for differentiating between marginal and solid performance. This distinction supports the proposed merit pay program and can be used in the in-band adjustment process where performance is a consideration. A merit pay program could result in some university staff employees receiving a smaller annual salary adjustment than the standard state increase in order for top performers to receive a higher adjustment than the standard increase.

The university will provide a plan for the annual merit review and compensation process for University Staff at the same time that the Faculty Compensation Plan is submitted to the Board. This plan will address the funding provided by the General Assembly for non-faculty salary increases and will describe the salary merit process and the differential in pay based on performance for University staff.

- Based on the level of funding provided by the General Assembly, the university may determine to provide a standard increase for all University Staff who have achieved acceptable levels of performance, or may provide for differential increases based on performance.
- The University may elect to use institutional resources to increase the percentage provided by the state to achieve greater differentiation in merit pay for higher performing employees.
- While making salary decisions based on merit as described in this plan, the vice presidents and deans are expected to balance the overall salary recommendations within the pools provided to them.

To implement the merit review and compensation program, the Budget Office will develop salary pools for each academic and administrative area, based upon the existing University Staff salary allocations. The university will continue to address the need for salary adjustments throughout the year with the in-band process currently used for classified and university staff.

### Continuation of Existing Benefits Plans

The university's benefits, including cash match, life insurance, disability, the return to work program, and paid and unpaid leaves, will remain the same for University Staff. At any time, however, the university may choose to adopt new benefits plans or amend these plans for University staff, with the exception of the state's retirement, workers compensation, and health insurance plans, which will continue to apply to both Classified and University Staff employees.

### Continued Delegation of Authority to Approve Appointments and Salary Actions for University Staff

The Board previously authorized the President or designee to execute the Management Agreement on behalf of the University. This resolution affirms the continued delegation of authority for approval of personnel decisions affecting University Staff, in accordance with university policies guiding such actions.

#### Communications and Implementation

The Management Agreement requires that the University provide employees who have elected to remain State Classified employees the opportunity to join the University's Human Resources system at least every two years. At that same time, the University will provide each Classified employee with a comparison of the University Human Resources System with the State system. On the effective date of the new Human Resources system (October 1, 2008), the university will provide a 90 day enrollment period for Classified staff. Following the 90 day enrollment period, all University Staff and those Classified employees who choose to join the University Staff system will be covered under the new University policies (January 1, 2009).

## (Appendix A)

### Virginia Tech Human Resources Restructuring Survey Executive Summary

The Human Resources Department of Virginia Tech University commissioned the Center for Survey Research (CSR) at the University of Virginia to conduct a survey of all staff, staff supervisors, and faculty supervisors of staff of Virginia Tech University. The purpose of the survey is to develop a scientifically accurate evaluation of the current policies and procedures of the Human Resources system and to inform the development of the new HR system under restructuring. The survey was closely coordinated with a similar effort conducted by the HR department at the University of Virginia.

The survey was conducted by the Internet and by mail for those who did not have convenient access to the Internet. Invitations to participate in the survey were sent to 3,826 university employees and 763 faculty supervisors of staff.

The survey was conducted between June 11, 2007 and July 13, 2007. During that time, CSR received 1,890 completed questionnaires by the web and 258 completed questionnaires by mail. The response rate was 48%.

#### **Overall ratings**

Asked of all respondents: *Overall, how would you rate the current staff human resources system?*

Over three-quarters of the respondents (76.8%) rated the system as excellent, very good or good. The remaining 23.2% rated the system as fair or poor.

Asked of all respondents: *Overall, how would you rate the University as a place for staff to work?*

A large majority (90.8%) rated the University as an excellent, very good, or good place to work. The remaining 9.2% rated the University as a fair or poor place to work.

Asked of staff and staff supervisors: *I would recommend the University to my friends and family as a place to work.*

Over three-quarters (79.7%) said they strongly agree or agree with the statement. An additional 16.2% were neutral and the remaining 4.2% said they disagree or strongly disagree with the statement.

#### **Awareness**

Asked of all respondents: *How aware are you of the University's authority to restructure the human resources policies and procedures for university staff?*

Nearly two-thirds of the respondents (65.2%) said they were very aware or somewhat aware of the authority. The remainder (34.8%) was slightly aware or never heard of the authority.

Of those who were aware of the authority, most learned about it through newsletters, announcements, meetings or the VT website on HR restructuring.

#### **Performance Planning Program**

Asked of staff and staff supervisors: *How would you rate the university's performance planning program?*

Just over half (52.5%) rated the program as excellent, very good, or good. Just less than half (47.5) rated the program as fair or poor.

#### **Performance Evaluation Program**

Asked of staff and staff supervisors: *How would you rate the university's performance evaluation program?*

Less than half (44.8%) rated the evaluation program as excellent, very good, or good. Over half (55.2%) rated the evaluation program as fair or poor.

### ***Relative Importance of Performance Evaluation***

Staff and staff supervisors indicated that the most important factors that should be used in performance planning and evaluation include: employees should know what is expected of them, employees should be given clear goals and objectives, and supervisors should recognize employees' contributions.

### ***Performance Management System***

Performance management system factors that received the highest agreement ratings from supervisors include: performance planning helps in setting expectations and the performance evaluation helps in assessing performance.

The factors that received the lowest agreement ratings from supervisors include: the system encourages achievement, the system helps the supervisor in motivating employees, and the three-point scale is effective in distinguishing various levels of performance.

### ***Compensation***

Asked of staff and staff supervisors: *How would you rate the university's compensation program for staff?*

Four in ten (43.2%) of the respondents rated the compensation system as excellent, very good, or good. Over half (56.8%) rated the system as fair or poor.

The compensation factor that has the greatest affect on the overall evaluation of compensation is the university's current policies and procedures for determining staff pay.

### ***Staff Compensation System***

Supervisors were asked to evaluate the university's staff compensation system. In general, the ratings fell below the mid-point on the scale. Areas that cause the greatest concern include: a supervisor's ability to compensate employees relative to organizations outside the university, the program's effectiveness in retaining and motivating employees, and the ability to reward employees through pay.

The area that received the greatest agreement from supervisors was support of a compensation program that allows the supervisor to recommend pay increases based on employee performance.

### ***Relative Importance of Factors Determining a Staff Employee's Pay***

All respondents were asked to rate the importance of factors that are currently used in determining staff employees' pay.

The three factors receiving the highest importance ratings are: skills and abilities; performance; and duties and responsibilities.

Lower importance ratings were given for local external equity, pay history, and regional or national external equity.

### ***Relative Importance of Pay Determinants***

All respondents were asked to evaluate the importance of factors that should be used in determining an employee's pay level.

The four factors that received the highest importance ratings are: performance; skills and abilities; duties and responsibilities; and experience.

The lowest rated factors include: regional or national external equity, length of service, and pay history.

### ***Employee Leave Benefits***

Staff and staff supervisors were asked: *How would you rate the state's leave benefits?*

A large majority (92.8)% indicated that the benefits are either; excellent, very good, or good.

The most important aspect of the benefit program is that benefits are viewed as being competitive relative to organizations outside the university.

### ***Staff Leave Benefits***

Asked of all supervisors: *How would you rate your staff employees' state leave benefits?*

Similarly to staff, a large majority of supervisors (92.2%) indicated that the benefits are either; excellent, very good, or good.

Supervisors also agree that the most important aspect of the benefit program is its competitiveness with organizations outside of the university.

### ***Relative Importance of Pay, Benefits, and Work Life for You***

Staff and staff supervisors indicate that job security, leave benefits, health insurance, and tuition benefits were the most important factors in their decision to accept employment with the university.

They also indicate that supervisor relationships, leave benefits, health insurance, and job security are the most important factors in their decision to continue employment with the University.

### ***Relative Importance of Pay, Benefits, and Work Life for Employees***

Supervisors indicate that university reputation, opportunities for responsibilities, and job security are the most important factors for attracting employees to the University.

Supervisors also indicate that job security, coworker relationships, tuition benefits and paid leave benefits are the most important factors for retaining employees with the University.

### ***University Staff and Classified Staff System***

Supervisors were asked if the potential benefits of creating a new University Staff System would outweigh the complexities of managing the two human resources systems.

Just over half (52.1%) of the supervisors believe that the benefits will outweigh the complexities. Just over one-quarter (28.8%) are neutral and 19.1% believe the complexities will outweigh the benefits.

An analysis of the supervisors' responses about the overall benefit of restructuring suggests that the most important aspect of the restructuring program will be the potential benefits of creating a new performance planning and evaluation system.

### ***Priority Analysis***

When overall quality ratings are considered jointly with ratings of importance, the results can suggest which areas should have highest priority for restructuring. These results point to compensation as the area of highest priority, because it receives relatively low quality ratings while being seen as high importance. In contrast, leave benefits are seen as important, but are rated very high in quality, suggesting little immediate need for change. Performance evaluations rated lower in importance, but also lower in quality.

These results, along with other more specific findings in this report, suggest that respondents' ratings of both the compensation and performance evaluation systems would be higher if changes were to be made that linked compensation outcomes with performance evaluations.