



*TO:* Tom Sullivan, President  
Richard Cate, Vice President for Finance and Treasurer  
David Rosowsky, Provost and Senior Vice President  
Wanda Heading-Grant, Vice President for Human Resources, Diversity and Multicultural Affairs  
Gary Derr, Vice President for Executive Operations

*FROM:* Jeremy Arenos, Chair of the Compensation, Benefits & Budget Committee  
Anita Lavoie, Vice-Chair of the Compensation, Benefits & Budget Committee

*RE:* FY18 Non-Represented Staff Compensation and Merit Recommendation

*DATE:* December 5, 2016

In reflection of and based on the FY17 non-represented staff raises, we would like to recommend two potential FY18 raise structures for non-represented staff:

**Recommendation #1:** Merit

- 2% ATB and 2.5% Merit for those currently making 0-\$49,999
- 1.75% ATB and 2.25% Merit for those making \$50,000-\$99,999
- 1.5% ATB and 1% Merit for those making \$100,000-\$149,999
- 1% ATB and 1% Merit for those making \$150,000 or above

We believe that this merit structure is representative of sincere compensation for meritorious work. This structure positively rewards UVM employees for exemplary service and dedication to their units and to the University as a whole. We also believe that these percentages give supervisors more flexibility in awarding merit to their employees in a way that underlines the spirit of merit increases as a reflective reward for strong performance. Based on data collected from non-represented staff members, the CBB Committee believes the raise structure implemented in FY17 was not truly reflective of the merit increases deserved by many of our strongest and most dedicated staff members.

According to Mercer, highest performing employees in the U.S. in 2015 realized average base pay increases of 4.8% and average-performing employees realized average base pay increases of 2.7%, and these increases were projected to remain steady or better in 2016 (FY16 -FY17). At UVM our highest performing and most talented staff could only receive a maximum 2.5% increase in base pay in FY17. For a high-performing employee earning \$35,000, this represents a maximum gross increase of only \$350 ATB and \$575 Merit – netting approximately an additional \$27 on each paycheck. The FY18 raise structure recommended by the Committee will allow non-represented staff at UVM a deserved opportunity to achieve salary increases closer to these national averages.

If the University of Vermont is committed to awarding a merit component for FY18 staff raises, it must be in the true spirit of a merit raise and have the real potential to award our staff for the outstanding work they do. The CBB Committee believes strongly in the spirit of a merit component moving forward, and firmly supports President Sullivan's desire to implement a merit component for staff. However, based on what was budgeted in FY17 (1.5% merit component) and current budget forecasts, if the recommended merit potentials are not achievable, we could not in good faith continue to support a 'merit' component in FY18.

**Recommendation #2:** Across-the-Board

If our suggested merit percentages are not achievable, we would instead like to recommend an FY18 Non-Represented Staff Salary Increase of:

- 3.5% ATB for those currently making 0-\$49,999
- 3% for those making under \$50,000-\$99,999
- 2% for those making under \$100,000-\$149,999
- 1.5% for those making above \$150,000 or above

Rather than implementing a minimal (1.5%) merit component, we believe that the budgeted merit component should be absorbed into a higher ATB for all non-represented staff. We have found through extensive staff outreach that the merit component in FY17 was perceived as demotivating and demoralizing by many employees that it was designed to reward, especially those making less than \$50,000 per year. The increase in work and time for supervisors who implemented merit raises was also not viewed as worthwhile when the highest potential merit was only 1.5%.

Serious concerns were raised last year in units where no merit was awarded. In these cases, employees were only afforded a 1% raise due to budgetary concerns rather than performance concerns. Merit, in these cases, was seen as optional by supervisors and not given to even the most deserving staff.

It is also imperative in the eyes of the CBB Committee that any individual or departmental issues of compression be addressed separately and outside of the yearly FY18 salary increases. It was unreasonable in FY17 to expect both merit reward and issues of compression to be fairly addressed with a 1.5% raise pool, especially when 1.5% was often considered an inadequate amount to address merit alone.

We sincerely understand that the aforementioned recommendations may simply not be fiscally possible given budget constraints and the real costs of running our great university; however, we believe these recommendations are fair and just and are in the spirit of UVM leadership initiatives and Our Common Ground. We in Staff Council want to make our best and most honest recommendation to compensate staff in a way that helps them achieve and grow year after year, strongly supports their health and wellbeing, and leaves them in a better position to succeed and contribute to The University of Vermont.

We feel engaging in dialogue on these issues can be far more beneficial and productive than engaging in writing alone, and we'd be pleased to meet in order to discuss the Committee's recommendations further. We thank you for your time and consideration of our recommendation.