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University of Colorado Total Compensation Team (TCT)
April 19, 2005 Meeting Minutes

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<u>Members Attending</u>: Maryellen Ancell; Anne Costain; Vickie Hilty; Kevin Jacobs; Lynn Kirsling; Pam Laird; Jim Langstaff; Rosalie Lynn; Jacci McKenna; Rod Muth; Audrey Newman; Paul Perales; Laurels Sessler; Mary Ulibarri.

<u>Staff</u>: Catherine Larkins.

<u>Guests</u>:

<u>Members Absent</u>: Florie Montoya; Mike Wolfe.

Anne Costain called the meeting to order at 10:30 AM.

Approval of Minutes of March Meeting
> Costain asked for corrections to the minutes of the meeting of March 15, 2005. Paul Perales moved to approve the minutes; Maryellen Ancell seconded the motion. The minutes were approved as corrected by a voice vote, with Jacci McKenna abstaining.

Announcement
> Ancell announced that she brought posters with the schedule of informational meetings for the FY 05-06 benefits open enrollment process. She noted that the process is complex and includes many significant changes to the choices available. She asked team members to take posters and post them in their areas, and also to encourage other employees to attend one of the information sessions before they enroll in the benefits program.

Campus Reports on Current Performance Management Cycle
> <u>Boulder Campus</u> McKenna reported that 75% of evaluations were in by the April 1 deadline. At this time only 23 evaluations are not in, most of which are for employees with 1% on-call positions. The department plans to have all in by April 22, a new record. McKenna noted that 17 disputes have been filed, which is significantly higher than previous years—perhaps because better training has increased employee awareness of the dispute process. She announced that Boulder campus will be tracking performance planning in May using the PeopleSoft HR system.

> <u>Colorado Springs Campus</u> Vickie Hilty reported that 85% of evaluations are in and 75% of plans are in. She is contacting supervisors who have not submitted evaluations. She further reported that Colorado Springs has used the PeopleSoft HR system to track plans and it works well.

> <u>Denver/Health Sciences Center Campus</u> Kevin Jacobs reported that just over 90% of evaluations have been submitted, and they are still coming in. The HR department plans to run a report at month-end to send notices about delinquent evaluations. He noted that this year a few employees have contacted the HR department to complain that they have not yet been evaluated, so these supervisors have already been contacted. He reported that UCDHSC will be using PeopleSoft HR to track plans. Both Mary Ulibarri and Audrey Newman reported that they have heard of no problems with performance

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management in their departments. Jacobs added that, like the Boulder campus, UCDHSC has had significantly more disputes this year.

System Administration Perales reported that 95% of evaluations have been submitted in system administration. He reported that there has been one dispute, which has been resolved. He added that system administration also will be using Peoplesoft HR to track plans this year.

(Rosalie Lynn arrived at 10:40.)

Costain asked Rosalie Lynn for an employee perspective on how performance management has gone on the Boulder campus so far. Lynn reported that it went well in her department.

Department of Personnel and Administration (DPA) Audit Update

Costain announced that DPA began audits of Boulder campus and system administration HR practices for classified staff in December 2004. The audits are still in progress.

Reporting for the Boulder campus, McKenna referred to the handouts on the questions asked by the auditors for this audit and the audit response to the recent HSC audit. She commented that these documents would provide an example of what auditors look for. Although Boulder has not received a response from DPA yet, McKenna stated that there will likely be a couple of areas for improvement, such as providing information about FLSA eligibility in offer letters. At present the only FLSA notification happens when a PDQ is reclassified. McKenna also noted that the Boulder HR department received compliments from DPA on their maintenance of position files.

Reporting for system administration, Perales noted that system HR also has had no response from DPA yet, but expects to have a couple of areas for improvement, such as recording of time on the appropriate worksheet from Payroll and Benefit Services.

Pam Laird asked why the audits are being conducted. McKenna replied that DPA conducts audits to ensure that agencies with delegation agreements comply with the provisions of the agreement. Audits have been conducted more frequently in the last few years. Jacobs added that DPA now conducts "subject matter" audits, which focus on specific areas, rather than general audits of all HR practices. He noted that it took DPA one year to complete the report for the HSC audit. McKenna commented that the DPA auditor, Joy Lindsay, was helpful and collaborative in her conduct of the audit.

Jim Langstaff asked if the audit covers all staff or only classified staff. Costain replied that the DPA audit covers only classified staff. Audrey Newman asked what controls are in place for monitoring professional exempt staff HR practices. Costain replied that CU's Internal Audit department, which reports to the Board of Regents, is responsible for auditing HR practices for officers and exempt professional (OEP) employees. Newman asked if there are guidelines for titles, job descriptions, and salary ranges used for exempt professional employees. Costain commented that the Shockley Task Force recommended

improvement in this area in its final report. Jacobs commented that at UCDHSC there is a centralized process for setting market rates for OEP positions. Costain added that there are probably differences in how rates are set across the CU system. McKenna pointed out that at the Boulder campus the OEP system is much more decentralized; and that the HR department is involved only in certifying the status of exempt positions. Newman asked if there is any state oversight of the exempt professional system. Costain replied that the state has no authority over the OEP system—only the Board of Regents has personnel authority for exempt professional employees. Costain further commented that internal audit findings are not public record documents. Jacobs reported that the salary-setting process for OEP employees at UCDHSC is a collaborative process wherein the department estimates, but HR has final approval. He noted that the process was much less formal before the passage of SB 007. Costain added that salary setting for OEP employees is done in a similar way to faculty salary setting. Newman asked if the salary is negotiable, and noted that she often hears faculty complain of salary inequity. Costain replied that there is leeway for negotiation in the OEP system.

Costain reported that she spoke with Laurie Benallo of DPA to see if there had been any difficulties in collecting the data needed for the audit. Benallo replied that they got 150% of what they asked for and are now trying to analyze all the data. She could not predict a date for the report to be completed. Costain thanked the Boulder and system HR departments for doing so well in providing information for the auditors.

Costain added that DPA will be auditing UCD and UCCS campuses next. These audits will take place before the reports from Boulder and system are issued. Jacobs and Hilty reported that no audit meetings have been scheduled yet.

Budget Update

Lynn Kirsling distributed a handout with information on the current CU budget situation. She noted that some things have been firmed up since the last budget report to TCT in February, but until the long bill is passed by the legislature and the Regents approve the final budget at their June meeting, some budget items cannot be finalized.

CU's budget strategy this year has been to preserve flexibility. Kirsling provided information on the spending authority requested by CU and the spending authority approved by the Joint Budget Committee (JBC). JBC approved the mandated Colorado Commission on Higher Education (CCHE) funding, the restoration of funding for merit-based financial aid, the capital initiative, the quality initiative to aid in faculty recruitment and retention, and HSC graduate investment. The only item that JBC did not approve was additional funding for utility costs. All higher education units made a case to JBC that funding was needed above the mandated CCHE costs. Kirsling reported that getting JBC approval for this level of funding is very good news for CU.

Laird asked if there is an initiative at CU to promote utility savings. Kirsling replied that to her knowledge the Boulder campus has an on-going utility savings campaign that has been very successful. Costain added that there had been some issues of safety over the amount of "de-lamping" done on the Boulder campus. Laird asked if there was any

system-wide initiative for utility savings. Costain replied that since facilities management is managed separately at each campus, utility savings programs also would be handled separately.

Newman asked why professional exempt and faculty salaries are included in the "mandated" costs item, since only classified staff salaries are truly mandated by the state. Kirsling replied that the mandated costs referred to CCHE budget mandates. Jacobs and Laurels Sessler pointed out that there are other costs in the mandated line that are not truly mandated by the state, such as financial aid and library acquisition. Rosalie Lynn commented that too many line item legislative approvals would not be in CU's best interest. Newman reiterated that the use of "mandated" to refer to faculty and professional exempt salaries is misleading and that in the past the mandated nature of classified staff salaries has been used negatively.

Kirsling reported that the College Opportunity Fund has been recommended at $2,400 per student. Ancell asked if students are signing up for the funding. Kirsling replied that she did not have data on that. Langstaff commented that it will be difficult to know until payment is due next fall.

Kirsling reported that the JBC has recommended funding for governing boards at the same level as previous years, and actually is recommending an increase for state colleges, though the amount of that increase has not be set yet. Although there is less state funding for merit-based aid, Costain pointed out that not all merit-based aid is state funded. A percentage of the funding from tuition increases will be used for financial aid to keep education affordable. Kirsling pointed out that this year the JBC granted CU "spending authority" rather than a percentage or actual dollar funding increase. This allows the campuses to have more flexibility in how they set their budgets. Right now the campuses are working on budget models. Final tuition will be determined by the Regents at their meeting in June.

Kirsling presented information on HB 1194, the state budget proposal to correct the effects of Tabor during the economic downturn. She reminded the group that the proposal must be approved by the voters in November.

Kirsling reported that CU is involved in fee-for-service negotiations with CCHE. She also reported that the long bill is scheduled to be approved by the legislature and sent to the governor by the end of the week. The governor then has 10 days to sign it. Ancell commented that getting the long bill approved earlier would help CU get final rates on employer contributions for benefits plans sooner.

Costain thanked Kirsling for her budget report.

Ideas and Suggestions for Performance Management Subcommittee Work on Forms and User Guide
Jacobs reported that the Performance Management Subcommittee was initially charged with revising and making consistent the forms and user guide for classified staff

performance evaluation. Later the committee was asked to re-draft the performance management plan in response to a request from DPA. Now that the plan has been submitted and approved, the subcommittee has returned to its original charge.

The subcommittee has not been able to reach a consensus on basic issues related to performance evaluation and is asking the team to provide guidance. Although the user guides and forms follow similar formats across the campuses there are some variations. These variations force the question: do we need a uniform user guide and form, or are campus individualization more important? Jacobs reported that during the consolidation of UCDHSC a similar issue has come up. The decision has been made to have uniformity in the consolidated campus, but to allow time for the individual campuses to adjust to and incorporate changes.

o An example of differences among the campuses is the use of pass-fail on supervisory factors. Currently that results in a rating of either 1 for fail or 4 for pass. Jacobs commented that giving every employee who passes a 4 could cause rating inflation.

o Another area of difference is in the use of decimals in the rating system. Decimals are used by Boulder campus and by some departments at UCDHSC. Use of decimals is problematic. Do the decimals apply to weights as well as ratings? Should decimals be used as a threshold measurement, or rounded up? Should decimals be prohibited, allowed, or required? Jacobs pointed out that if some people use rounding up and others use threshold systems, inequities will result: the same score could result in a different final rating.

o Another example of differences is in the use of the supervisory factor. Is it a core competency or a specific objective? Does one rate the supervisory factor only on the mechanics of managing forms and processes or on the level of engagement and involvement?

o In addition, the campuses differ on the weighting of core competencies. Should there be mandatory weighting of core competencies or should the core competencies vary depending on the position and responsibilities? Jacobs reminded the team that for employees who are hired only a short time before evaluations are due, core competencies are the only factor that can be rated. Ulibarri commented that the weight of core competencies should be more even and not vary with supervisory discretion. Langstaff disagreed, stating that core competencies are more important in service oriented positions and less important in non-service positions. Jacobs added that it can be helpful to have the flexibility to focus on problem areas in the core competencies by assigning different weights.

Jacobs reported that the subcommittee had been surprised by the variations in evaluation processes from campus to campus. The subcommittee needs direction from the team on these issues.

Costain stated that it was originally assumed that it would be simple to develop a uniform evaluation form. Given the differences on the campuses, would it be better to allow separate forms with uniform principles? Jacobs commented that the subcommittee had been unable to develop a uniform evaluation form. Newman added that it is important to create a framework to ensure fairness.

Costain asked the campus HR staff members if the theoretical differences on performance evaluation among the campuses are problematic. McKenna stated that Boulder prefers to keep the decimal system for ratings. Jacobs suggested that decimals could be used for communication with the employee, but that the final rating on each factor should be a whole number. Newman commented that this is a fundamental difference that needs to be resolved.

Jacobs pointed out that using decimals can lead to ratings inflation, which cheats the best employees in the final raise allotment. Laird disagreed, stating that in academic grading situations just the reverse happens. If the system allows no pluses or minuses, only whole letter grades, the tendency is to grade higher, giving the student the benefit of the doubt. Costain agreed, citing her experience on the Faculty Council Educational Policy and University Standards Committee. When uniform grading was changed to allow assigning pluses and minuses to grades, no grade inflation resulted.

Jacobs reported that he had surveyed only a couple of other state agencies, but found that they do not allow decimals in ratings. Langstaff stated that he will ask other higher education representatives what they use. Costain commented that higher education will be more likely to use decimals because of the similarity to the academic grading process.

Costain asked the subcommittee members to meet again now that they are informed of team members' opinions on these issues. She requested that the subcommittee prepare a list of macro principles for performance management that involve issues such as due process and equitable treatment. She additionally asked the subcommittee to prepare a list of micro principles involving the rating procedures. Jacobs announced that the subcommittee will meet before the May TCT meeting and prepare the report for the June TCT meeting.

Costain adjourned the meeting at 12:00 PM.