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System Governance Office

MEMORANDUM

DATE: August 6, 2014

TO: Michelle Rizk

FROM: LaNora Tolman, Executive Officer, System Governance *JAT*

RE: Staff Alliance - FY16 Staff Salary Increase Proposal

The following proposal is submitted on behalf of Staff Alliance for FY16 budget planning purposes:

Purpose/Justification

The Staff Alliance Compensation Working Group appreciates the opportunity to provide a proposal for the FY16 staff salary increase. We understand the financial hardship the university has been facing and will continue to face as State revenue declines. At the same time it is important staff compensation reflects the continued increases in the cost of living in Alaska communities and is comparable with unionized staff and faculty increases.

The 2013 CPI(Consumer Price Index) is at 3.1% and projected to increase for 2014. The new rate should be published August 2014. In relation to the increase in CPI, the staff increase for FY15 is 1.1% under the rate of inflation. This occurs at the same time that the elimination of positions due to attrition, hiring delays and in some cases lay-offs is putting increasing pressure and work demands on remaining employees and is making retaining and recruiting staff even more difficult.

University staff is regularly compared to state staff when discussing benefits and compensation increases. For FY15, state staff will receive a 1% ATB increase plus a step increase. The university no longer has an annual step increase, whereas state staff workers receive an annual step increase of 2.5-2.9% up to Step I, while steps J to Z receive a 3.6% step increase. Their compensation increase system has been consistent these past few years despite these tough financial times. Since the loss of an annual step increase in addition to cost of living adjustment, university staff have seen some highs and some lows and the uncertainty that accompanies such unpredictable forecast makes staff increasingly nervous. In addition, the loss of annual movement up steps is leading to salary compression, where new hires are coming in to pay steps equal or above longer-term employees in the same position who have more institutional

knowledge and experience.

Proposals

Considering the increases union-represented faculty and staff will receive for FY16, along with the 2013 CPI, the Compensation Committee would like to offer three proposals for UA staff FY16 compensation increase.

1. Straight ATB (Across the Board) increase: To better compensate for the rising CPI, an increase in the range of 3.25-3.75%, with a 3.25% increase being the minimum.
2. Reinstate grid and step increases: To encourage staff retention and for use as a recruiting tool, the committee proposes a grid increase of 2.0%-3.0% and a step increase of 1.0-2.0%.
3. ATB increase with a non-salary benefit: For FY15, this option was offered. Though staff prefer monetary increases to keep pace with rising costs, we understand the need for alternative solutions. The Compensation Committee proposes an ATB increase of 2.75%-3.25% plus two additional personal holidays for both exempt and nonexempt employees. This will total two personal holidays for exempt and three personal holidays for nonexempt.

Sources

SWHR 5/22/14: Salary Increases Spreadsheet FY85 to Present.

http://www.alaska.edu/files/classification/Salary-Adjustment-History-master-table_05_22_14.pdf

CPI 2013: http://www.bls.gov/cpi/cpi_dr.htm#2014

State Employee Salary Schedules: http://doa.alaska.gov/dof/payroll/sal_sched.html

cc: Patrick Gamble, President, University of Alaska
Dana Thomas, Vice President, Academic Affairs and Research
Staff Alliance Members: Monique Musick, Chair; Kathleen McCoy, Vice Chair; Chris Beks; Faye Gallant; Tom Langdon; Dayna Mackey; Gwenna Richardson; and Liz Winfree