

June 1, 2011

MEMORANDUM

TO: Shirley Willihnganz
Executive Vice President & University Provost

FR: Sam Connally
Vice President for Human Resources

RE: HR Progress Report for FY 2010-11
and Proposed Goals for FY 2011-12

Dear Dr. Willihnganz:

I am pleased to convey the following annual progress report regarding Human Resources priorities and strategies for FY 2010-11 and proposed goals for FY 2011-12. I appreciate your support for Human Resources during the past year and will welcome your feedback as we develop strategies to continue to improve our services to the UofL community.

HR Progress Report for FY 2010-11

Commitment to Service Excellence

Priority: Foster a commitment to service excellence that conceives of HR's role as a service unit whose primary goal is to help campus administrators get their jobs done.

FY 10-11 Accomplishments:

- HR staff have begun to demonstrate our move from a “rule-based” to a “judgment-based” approach to HR, evidenced most clearly in the adoption of salary administration guidelines that clearly vest decision making authority in academic and administrative officers, with HR's role being one of providing information, professional advice, and counsel.
- HR staff have embraced a service delivery model which envisions that our primary role is to “look for ways to say yes” to accommodate operational requirements, with multiple levels of review (cascading up to the chief HR officer) before we say no.
- HR units have streamlined a number of administrative processes that reduce the work burden for unit business managers, have developed and implemented core HR classes for unit business manager training, and expanded services to the academic community as detailed in this report.

Payroll & Position Management

Priority: Ensure the orderly transfer of Payroll & Position Management to Finance Division by July 1, 2010. Correct designated payroll process issues before the transfer.

Accomplishments:

- Reconciled Dec 2009 taxable benefits. Established monthly & quarterly taxable benefit option for employees with taxable benefits.
- Audited Jefferson County vs. Non-Resident occupational tax records. Corrective actions were completed by Dec 2011 with excess taxes refunded to employees.
- Implemented Voluntary Compliance Program agreement with the IRS to correct excess retirement contributions from 1998 through 2006.
- Implemented 12-mo disbursement option for incoming faculty to receive 2/12th their annual contract salary in August.
- Implemented new “Cash on Demand” process to ensure employees are paid on their first scheduled pay day and eliminate five-day wait for “emergency checks” when recruit-to-hire process goes awry.
- Modified Job Data Change form to eliminate redundant paperwork, eliminating 2,000 forms per year for term appointments at an estimated annual savings of \$35,000.
- Reviewed 2009 Payroll Audit findings and recommendations to ensure proposed remedies have adequately addressed internal controls.
- Completed transfer of payroll, position management, and HRMS functions to Finance Division July 1, 2010; while retaining responsibility for salary administration functions (below).

Salary Administration

Priority: Create a salary administration unit in HR to retain responsibility (independent of Payroll) to audit & approve salaries at hire, salary adjustments, and supplemental payments to ensure public accountability & transparency.

Accomplishments:

- Salary administration unit created and staffed through reallocation of existing HR resources and retention of Payroll-related operating expenses with the concurrence of VP Finance.
- Coordinated the restructuring of supplemental payments as separate appointments in PeopleSoft, rather than as payroll transactions, to facilitate audit compliance and reporting.

- Coordinated project to distinguish between UofL Foundation appointments and UofL appointments in PeopleSoft to ensure consistent external reporting.

Employment & Compensation

Priority: Consolidate Employment & Compensation functions in a single unit. Develop additional compensation expertise. Deploy compensation advisory function for senior academic and administrative officers.

FY 10-11 Accomplishments:

- Implemented new salary administration policies that eliminate fixed percentage thresholds in new hires, promotions, reclassifications, in-range adjustments, and supplemental salary transactions.
- Articulated a compensation philosophy, with the concurrence of Internal Audit, that salary decisions must be based on facts & data, be linked to market value, consider internal equity relationships (without being bound by them), and which are reasonably documented.
- Evaluated administrator, professional & administrative, and classified staff salaries in relation to market values to track progress toward Vision 2020 goal of achieving parity with market value by 2020. Staff salaries currently average 90.9% of market value (up from 90.0% in 2009) and would require \$33.4 million in new funding to attain full market value (representing approximately 1.9% of the current salary base per year).
- Developed and hosted new employee orientation sessions for undergraduate orientation leaders, graduate research and teaching assistants, and post doctoral fellows in the School of Medicine (in addition to regular faculty & staff), adding value to student employment processes by leveraging existing skill sets that have previously been focused only on regular faculty & staff.
- Implemented Federal e-verify I-9 and sanction check processing into new employee orientation process, administered by employment staff.

Benefits Administration

Priority: Enhance the value of university benefits, while containing or reducing costs.

FY 10-11 Accomplishments:

- Expanded retirement investment options for employees by adding IRA rollovers and a UofL 457(b) deferred compensation plan (July 1, 2010). Adopted three-year cliff vesting for new employees (July 1, 2011) with projected annual savings of \$550,000 per year after fully implemented.
- Re-bid health plan to ensure continuing access to UofL Physicians and identified strategies to continue growth of Cardinal Care. Realized savings of \$4.07 million

under budget upon selection of United Health Care. Documented 220% growth in payments to UofL Physicians after implementation of Cardinal Care (from \$985,000 in 2009 to \$2.2 million in 2010).

- Obtained Federal approval for UofL's participation in the Early Retiree Health Reimbursement program, which will result in a refund to UofL of approximately \$500,000 in one-time health plan expenses.
- Completed review of shared leave program and obtained Trustee approval to establish as a continuing benefit for staff employees, while increasing maximum award from 320 hours to 480 hours to complement FML. Included sick leave option in bereavement leave policy.
- Streamlined Family & Medical Leave process, eliminating 35% of current forms processing, expected to result in annual savings of \$5,000 per year in administrative costs and saving employees the cost and time to obtain medical certification for short-term FML-related absences.
- Completed benchmark survey and cost estimates for expanding parental leave. Obtained Trustee approval to expand parental leave from three weeks to six weeks (with the additional cost funded through the health plan).
- Coordinated review of Tuition Remission program and obtained Faculty Senate and Staff Senate concurrence in program changes that are expected to result in annual savings of \$570,000 per year and promote a more sustainable program.

Health & Disease Management

Priority: Promote healthier lifestyles through Get Healthy Now! and disease management programs to help contain long-term health care costs.

- Documented results of health care integration team efforts to contain long-term health care costs (which have averaged 6.0% the past three years and 2.9% in the last year, in relation to national average increases of 10.0%).
- Implemented diabetes disease management program in 2010 with 125 enrollees (out of 420 known diabetics) with year-over-year reduction in health care costs of 15% per participant. Implemented COPD disease management program in 2011 with 25 initial enrollees (out of approximately 100 known COPD patients).
- Received CUPA-HR Award for Excellence in HR Practices; inaugural Business First Healthiest Employer Award from Humana; American Heart Association Platinum Start! Award; and Mayor's Health Hometown Movement Worksite Wellness Award – in recognition of UofL's health management and disease management programs.
- Coordinated Provost's initiative for a Smoke Free Campus and developed Green Health Initiative. Supported creation of health promotion and prevention science

research center in collaboration with the College of Education and Human Development.

EEO/AA, Staff Development, and Employee Relations

Priority: Enhance the visibility and role of the EEO/AA function; promote more effective employee relations services; foster HR's role as an "honest broker" in the employee relations function; and develop internal staff development capacity.

Accomplishments:

- Consolidated EEO/AA functions into the role of VPHR, permitting the former Director of AA & Employee Relations to be recruited as the inaugural Director of Staff Development & Employee Relations to invest in staff employees and convey institutional value.
- Reviewed disciplinary and grievance processes in collaboration with Staff Senate and developed consensus on principle recommendations. Pending Dean/VP review and comment, new policies should be published on or before July 1, 2011.
- Sponsored "Customer Service Excellence" workshops for service division staff, including three complements of 24 employees each and a "train the trainer" workshop for supervisors and managers of service employees.
- Sponsored "Communicating Across Cultures" workshop for 60 staff that serve students and other employees from other cultures.
- Launched "Introduction to Supervision" training (June 2011) targeted to team leaders and 1st line supervisors to augment Successful Supervision series.

HR Administration & Partnership Building

Priority: Foster confidence on the part of University administrators that HR is an effective partner in helping them achieve organizational excellence.

Accomplishments:

- Completed "listening tour" with vice presidents and deans to assess HR and identify strategic priorities.
- Streamlined HR organization by consolidating administrative functions into new HR Administration unit; consolidated Employment & Compensation units; inaugurated separate Staff Development unit to foster employee training and professional development.
- Inaugurated efforts to align HR functions with the academic, research, and service mission of the University – by focusing on core functions; distinguishing among customers, beneficiaries, stakeholders, and co-service

providers in order to evaluate services through the eyes of our customers; identifying appropriate outcome metrics; and establishing performance standards.

- Renewed HR's partnerships with the Faculty Senate, Staff Senate, CODRE, COSW, HRAC, FSHR, and BFSA to help foster more effective HR functions. See summary at the end of this report of policy revisions adopted with the consensus of Faculty Senate (where applicable) and Staff Senate resulting from these public partnerships and shared-governance collaborations.

Proposed HR Goals for FY 2011-12

Employment & Compensation

- Coordinate review of "Board Appointed Administrator" job groups in collaboration with Faculty Personnel and Institutional Research to enhance reporting consistency.
- Coordinate faculty salary equity study in collaboration with COSW, CODRE, and Council of Academic Officers.
- Develop and implement "Total Rewards" website in collaboration with Great Places to Work initiative.
- Develop capacity to provide enhanced administrative support to faculty search committees in collaboration with the College of Arts & Sciences.

Salary Administration

- Assure compliance with salary administration guidelines to maintain appropriate audit control and support public accountability expectations.
- Develop capacity to provide front-line guidance to supervisors and managers in policy interpretation and application for staff employees.
- Review and rejuvenate Employee Suggestion Program.

Benefits Administration

- Launch participation in KY Rx Coalition and reduction in prescription drug network with Express Scripts, expected to result in annual savings of \$650,000 per year in health plan costs.
- Provide education and outreach to lower-salaried employees and women to foster broader participation in retirement savings. Implement Roth after-tax contributions to 403(b) retirement plan.

- RFP term life, dental, and vision insurance plans. Explore potential of creating “Cardinal Dental” plan and continue to enhance “Cardinal Care” as the University’s core health plan option.

Health & Disease Management

- Maintain Get Healthy Now! participation rates at or above 70%.
- Support development of comprehensive soldier fitness program for Fort Knox and interdisciplinary wellness coaching minor in collaboration with CEHD.
- Maintain diabetes and COPD disease management programs and launch mental health management program in collaboration with UPA/ULP.

Staff Development & Employee Relations

- Coordinate development of new performance management program for staff employees with campus input. Provide training to supervisory and management staff in conducting performance evaluations to foster confidence in a return to merit-based salary increases in FY 2012-13.
- Continue “Introduction to Supervision” training to augment Successful Supervision for team leaders and 1st line supervisors. Establish “Customer Service Excellence” training as on-going campus-wide program.
- Identify and train college, school, and division EEO representatives (in collaboration with Vice Provost for Diversity) to support university-wide EEO program objectives.

HR Administration & Partnership Building

- HR staff are committed to focusing on employees’ and campus administrators’ needs and operational requirements and will continue to work to improve the quality, effectiveness, and timeliness of HR services.
- HR staff share the 2020 Vision for the University of Louisville to become a premier, metropolitan, research university and will strive to ensure that all HR services contribute toward the University’s efforts to recruit, retain, recognize, and reward top quality faculty and staff.
- HR staff will support the Great Places to Work initiative through active participation in its committee structure and integrating GPTW recommendations into future HR administrative initiatives, where possible.

I welcome your feedback as to whether HR priorities, FY 2010-11 accomplishments, and FY 2011-12 proposed goals reflect the vision you have for Human Resources and represent reasonable progress toward the realization of that vision. Thank you.

**HR Policy Initiatives for 2010 – 2011
Adopted with Concurrence of Faculty & Staff Senates**

	<u>Effective</u> Jul 1, 2010
Salary Administration Policy	
<ul style="list-style-type: none"> ▪ Eliminated fixed percentages from all salary policies. ▪ Established conceptual framework to guide salary decisions. 	
Catastrophic Shared Leave Policy	Jul 1, 2010
<ul style="list-style-type: none"> ▪ Enhanced leave donation options, including direct transfers. ▪ Enhanced leave award options (from 320 to 480 hours). 	
Bereavement Leave Policy	Jul 1, 2010
<ul style="list-style-type: none"> ▪ Added sick leave option, after three days, when necessary. 	
Expand Vacation Leave Accrual Limit	Jul 1, 2010
<ul style="list-style-type: none"> ▪ Increased limit from two time's to three time's annual accrual. ▪ Eligibility for pay out, transfer, or FY carry forward not changed. 	
Commitment to Include “Regular PT Staff” in Future Salary Increase Programs	Jul 1, 2010
Create “Cash on Demand” Payroll Correction Process	Aug 1, 2010
Offer UofL 457(b) Deferred Compensation Plan	Nov 30, 2010
Permit Provisional Employees to Use Vacation Leave	Dec 2, 2010
Recognize Prior University Service Immediately Upon Re-hire	Jan 1, 2011
Regularize Continuing Leave Payout for Retirements/RIFs/Death	Jan 1, 2011
Correct Vacation Leave Accrual Calculation in PeopleSoft	Jan 1, 2011
Increase Parental Leave from Three to Six Weeks	Jan 1, 2011
Add 2 ½ Month “Grace Period” to Flexible Spending Accts	Jan 1, 2011
Add Qualifying Adult to Family & Medical Leave Policy	Jan 1, 2011
Permit Related Employees to Each take FML for Birth/Adoption	Jan 1, 2011
Eliminate FML Request for Employees with Sick/Vacation Leave	Jan 1, 2011
Enhance Health Subsidy for Regular PT Employees (to 50% of FT Subsidy)	Jan 1, 2011
Provide Three Months Health Benefit during Short Term Disability	Feb 8, 2011
Evaluate of Cost Saving Strategies for Retirement & Tuition Remission	Mar - Apr 2011
Staff Salary Increase Guidelines (ATB Increases 2011 / Restore Merit 2012)	Apr 1, 2011
Permit Provisional Employees to Earn/Take Personal Leave	July 1, 2011
Revise Disciplinary Policy (Approved by Staff Senate)	Pending VP Review
Revise Grievance/Appeal Policies (Approved by Staff Senate)	Pending VP Review
Adopt Flexible Scheduling Guidelines (Approved by Staff Senate)	Pending VP Review