

2010 – 2011
Academic Staff Assemblyⁱ
13 October 2010 Agenda

12:15 – 1:45 p.m.
University Center 264

1. **Vision and Priorities of the Campus with Chancellor Telfer**
2. ***Approval of 29 September 2010 Minutes***
3. **Academic Staff Committee Reports**
 - a. Awards [Weber]
 - b. Economic Issues [Ehlen]
 - c. Elections/Balloting [Clokey]
 - d. Government [Fragola]
 - e. Organization [Miolo]
 - f. Professional Development [Ehlen]
 - g. Instructional Promotions [Farmer]
 - h. Review [Ogunsola]
 - i. Title Appeals [Ehlen]
 - j. Titling [Naff]
 - k. Rewards and Recognition [Simes]
4. **Updates/Announcements**
 - a. Director of FUN [Naff]
 - b. Assembly Priorities [Ehlen]
 - c. *Council of Academic Staff Representatives [Miolo/Ehlen]*
5. **Other Business**
 - a. Collective Bargaining [Clokey/Ehlen]
 - b. Unit Clarification [Clokey/Ehlen]
 - c. *Competitive University Workforce Commission [Ehlen]*
 - d. *2009 Analysis of Tuition Assistance Benefits for UWS Employees [Ehlen]*
 - e. Miscellaneous/Round Robin [Assembly Staff]

ⁱ *Italicized items include attachments for review/discussion.*

**2010 – 2011
Academic Staff Assembly
29 September 2010 Minutes**

**12:15 – 1:45 p.m.
University Center 264**

PRESENT: Denise Ehlen [Chair], Nancy Farmer, Mike Flanagan, Patricia Fragola, Nadine Kriska, Giuliana Miolo [Vice Chair], Elizabeth Ogunsola, Kim Simes, Gene Toboyek, and Curt Weber

ABSENT: Freda Briscoe, George Clokey, and Kyle Naff

1. Approval of 15 September 2010 Minutes: Kriska/Miolo moved to approve the minutes. The Assembly discussed/reviewed the minutes. Approved by unanimous vote.

2. Academic Staff Committee Reports

- a. Awards [Weber]: No report
- b. Economic Issues [Ehlen]: Ehlen reported that the Committee will meet on Wednesday 13 October 2010 to discuss the Academic Staff Salary Equity Adjustment Policy and Procedures. Ehlen will share recommendations with the Assembly at an upcoming meeting.
- c. Elections/Balloting [Clokey]: Deferred until the next meeting.
- d. Government [Fragola]: No report
- e. Organization [Miolo]: Miolo will send out the Committee survey and will provide the Assembly with an update at an upcoming meeting.
- f. Professional Development [Ehlen]: Ehlen reported that the Committee will meet on Tuesday 12 October 2010 to review the Request for Proposals.
- g. Instructional Promotions [Farmer]: No updates
- h. Review [Ogunsola]: No updates
- i. Title Appeals [Ehlen]: No updates
- j. Titling [Miolo for Naff]: Miolo reported that the Committee met on 16 September 2010 to review one titling request.
- k. Rewards and Recognition [Simes]: No updates

3. Updates/Announcements

- a. Director of FUN [Naff]: Deferred until the next meeting.
- b. Assembly Priorities [Ehlen]: Ehlen reviewed the top four priorities and the action plan for those priorities. The Assembly recommended that the Government Committee develop a collective bargaining/unit clarification action plan for review by the Assembly. Miolo/Ogunsola moved to approve the recommendation. Approved by unanimous vote. Pellien will keep the priorities on the agenda for further discussion.

- c. Strategic Planning and Budget Committee [Ehlen]: Ehlen reviewed highlights from the 27 September 2010 meeting.

4. Other Business

- a. Collective Bargaining/Unit Clarification [Clokey/Ehlen]: Deferred until the next meeting.
- b. Faculty Union Movement [Ehlen]: Ehlen reviewed the article from the Royal Purple and the Assembly discussed their thoughts.
- c. HEOA Textbook Law [Ehlen]: Ehlen reviewed the announcement sent from Provost Kopper.
- d. Miscellaneous/Round Robin [Assembly Staff]: Ogunsola announced that the Campus Diversity Forum will be held on Thursday 14 October 2010 in the University Center.

Consensus to adjourn at 1:45 p.m.

Respectfully submitted,
Casey (Lemmon) Pellien, Governance Associate

Subject: FW: AS reps meeting highlights

Academic Staff Representatives Meeting Highlights

October 1, 2010

Collective Bargaining

Faculty at UW-Eau Claire and UW-Superior are now represented by collective bargaining units. The UW-Superior academic staff representative said that campus academic staff are becoming apprehensive about possible “decoupling” from faculty in terms of wages and benefits. She said that if academic staff at UW-Superior vote in favor of collective bargaining, the faculty would like to incorporate the academic staff in their unit.

The UW-Stevens Point representative said that faculty there are leaning in favor of collective bargaining and are trying to persuade the academic staff to form a unit with them. As at UW-Superior, UW-Stevens Point academic staff are concerned about decoupling.

At UW-Stout faculty are considering unionization but have been clear about wanting a bargaining unit that does not include academic staff.

Al Crist, Associate Vice President of Human Resources and Workforce Diversity, reported that the Wisconsin Employment Relations Commission has not yet made a decision regarding the unit clarification request filed by collective bargaining units. He said that every month WERC says that it will make a decision next month—possibly to delay a decision until after the election.

Multiyear Appointments

Al Crist reported on the progress of his audit of UW institutions’ compliance with Unclassified Personnel Guideline 3.05:

- UW-La Crosse: Draft audit under review by campus
- UW-Oshkosh: Audit completed
- UW-Stevens Point: Audit completed

Crist said that an audit assesses whether campus policy is in compliance with UPG 3.05, takes a random sampling of employees to see whether practice aligns with policy, and makes recommendations to the campus.

According to Crist, the UW-Oshkosh and UW-Stevens Point audits showed a high degree of compliance, with only minor adjustments needed.

A schedule for auditing the remaining campuses has not yet been determined.

Competitive University Workforce Commission

The CUWC has compiled recommendations for UW System and the Board of Regents to consider in budget planning. These include the following:

- Bring compensation up to peer-institution median salary levels by the 2015–2017 biennium
- Convince the state government to give UW System more flexibility in allocating funds and setting tuition
- Explore the possibility of establishing tuition assistance programs for UW employees and their families

Al Crist said that he didn’t have much hope for a tuition assistance program, given that the state legislature eliminated discounts on sports events for UW employees as soon as it found out about them.

Furloughs

Different opinions were expressed about whether the next biennial budget would include furloughs. Al Crist said that we would be “really lucky” if we didn’t have them. Freda Harris, Associate Vice President for Budget and Planning, said that we should be “optimistic” about not having furloughs. She said that state revenue is increasing this year, albeit very slowly. Nevertheless, she also said that the UW will probably be required to “lapse” some funds in the next budget.

The academic staff representative from UW-Milwaukee said that furloughs are better than declarations of fiscal emergency leading to salary and benefit slashes.

eCampus Portal

During the part of the meeting that was joint with UW faculty representatives, some faculty representatives expressed misgivings about the eCampus portal:

- Will the portal enable on-campus students to shop around for online alternatives if they don’t like on-campus courses or the instructors teaching them?
- If a student enrolled on a campus takes an online course from another campus, how will tuition be divided?

Rebecca Martin, Senior Vice President for Academic Affairs, said that the portal is designed to market online degree programs, not individual courses. Moreover, students can already shop around for online courses at the campus Web sites.

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**COMPETITIVE UNIVERSITY WORKFORCE COMMISSION
(CUWC)
UPDATE ON RESPONSES TO RECOMMENDATIONS**

EXECUTIVE SUMMARY

Regent Vice President and Co-chair of the CUWC, Michael Spector presented the Commission's recommendations to President Reilly at the June 2010 annual meeting of the Board of Regents held in Milwaukee. The Commission's work was completed over four months from February 2010 through May 2010.

The CUWC recommends aligning the UW System's human capital with the goals of the UW System's *Growth Agenda* by advancing the following recommendations. Following each recommendation listed below is a brief update on the response to each recommendation.

1. **CUWC Recommendation** - The UW System Board of Regents should adopt a UW System total compensation philosophy that states that the average salaries of faculty, academic staff, and academic and administrative leaders (limited appointees) should reach their respective peer median salary levels, while retaining competitive benefits, by no later than the end of the 2015-2017 biennium. While this reflects an extended timeline, the urgency of restoring the University System's competitive position should be broadly communicated.

RESPONSE - This recommendation will be reflected in the 2011-2013 pay plan recommended by President Reilly to the Board of Regents in December 2010.

2. **CUWC Recommendation** - Salaries represent approximately 73% of total compensation. Therefore, peer salary analyses should be the principal determinant in setting the target compensation levels for faculty, academic staff, and academic and administrative leaders (limited appointees) in the System.

RESPONSE - This recommendation will be reflected in the 2011-2013 pay plan recommended by President Reilly to the Board of Regents in December 2010.

3. **CUWC Recommendation** - The UW System Board of Regents should seek additional flexibility from the state to increase and redistribute resources to address competitive compensation needs across the entire UW System. The Regents should be provided the authority to determine pay plan increases for faculty, academic staff, and academic and administrative leaders (limited appointees), taking into consideration state funding and additional available resources.

- The Board should work with the state to develop an alternative process for determining compensation (pay plan plus base adjustments). For example, consideration should be given to:
 - Utilizing a separate process from that used for other state employees when determining pay plan increases for faculty, academic staff, and academic and administrative leaders (limited appointees);
 - Changing state statutes to include performance among the permissible reasons for using internal resources (base budget dollars) to augment salaries;
 - Providing the Board the flexibility to address salary needs when setting tuition rates.

RESPONSE - This flexibility has been requested in the 2011-13 budget which was approved by the BOR in August 2010. (See attached summary of flexibilities requested that relate to CUWC recommendations.)

- The Board should work with the Legislature and the Wisconsin Department of Administration (DOA) to explore entrepreneurial ways to generate funds as a means of addressing salary issues. The Board should seek greater flexibility and freedom to manage operations. Savings realized from flexibility could be redirected by the UW System to address high priority needs. Some examples include:
 - Flexibilities in the capital budget process to allow for greater speed in project completion and reduced costs;
 - Additional procurement delegation to the Board of Regents;
 - Management of facilities, utilities, telecommunications, and fringes, with savings accruing to the UW System.

RESPONSE – Procurement flexibility has been requested in the 2011-13 budget which was approved by the BOR in August 2010 (see attached summary). Flexibilities in the capital budget process and facilities management are being requested through the Wisconsin Division of State Facilities.

In return for flexibility, further accountability and performance measures must be developed and incorporated into the annual UW System accountability report.

RESPONSE - The accountability report is under revision to reflect more fully performance measures required by the Growth Agenda for Wisconsin.

4. **CUWC Recommendation** - Competitive compensation should be included in the UW System Administration’s and each institution’s advocacy campaign directed at faculty, students, alumni, business leaders, community organizations, the Governor, and the Legislature.

RESPONSE - This is a central pillar of the Growth Agenda strategic framework, linked to the “More Grads” and “More Jobs” goals as a foundational activity. This message has already been included with editorial board visits made by Regent

President Pruitt, Former Regent President Smith, and System President Reilly around the state, and is featured in the “Principles for Progress and Prosperity” paper. As the UW System Communications and External Relations Team works with institution Chancellors, PIOs, Legislative Liaisons, and others to develop and implement a budget advocacy plan, this message will be featured prominently.

5. **CUWC Recommendation** - A formal mechanism for sharing institutional human resources best practices across the UW System should be established. Institutions should be encouraged to target areas of greatest need.

RESPONSE - Such sharing already takes place on an ad hoc and informal basis at Systemwide meetings of academic and administrative leaders. We will form a committee of Human Resources Officers to more formally identify areas of greatest need and the identification of best practices in addressing these needs for the purpose of sharing and duplicating such practices across the UW System.

6. **CUWC Recommendation** - The Board should consider establishing some form of a Regents’ committee to focus on human capital to keep this issue at the forefront of its stewardship responsibilities. Human capital is essential to keeping the UW System and the state competitive.

RESPONSE - This recommendation will be discussed with Board of Regents leadership and the Business, Finance, and Audit Committee.

7. **CUWC Recommendation** - President Reilly should consider establishing workgroups to explore the following issues:
- Tuition remission and/or tuition assistance programs for employees, spouses, partners, and dependents;

RESPONSE - A report and analysis of this benefit has been prepared by the UWSA in consultation with the UW System President’s Fringe Benefits Advisory Committee. (See attached).

- Alternatives that maximize the UW System’s autonomy and financial capacity to effectively allocate all funds;

RESPONSE - Aspects of this recommendation were included in the Regents budget request for 2011-13 approved at the August Board meeting and are currently under review with the Wisconsin Division of State Facilities. (See attached summary of flexibilities requested that relate to CUWC recommendations.)

- How pay plan funds are allocated as a means of addressing competitive compensation gaps;

RESPONSE – This recommendation will be referred to the Human Resources Officers committee referred to above in Recommendation #5 for consideration as part of a review of best practices.

- The appropriateness of the current institutional peer groups.

RESPONSE - On September 22, 1983, by Executive Order #27, Governor Anthony Earl established the Faculty Compensation Study Committee, and charged it to “examine the current and historical levels of faculty salaries and other compensation, the internal and external salary pay plan practices of the State and University of Wisconsin System, and the possible funding sources for any recommended changes in compensation.”

Recommendations for improvement of faculty salaries included: “UW faculty salaries should be maintained at a position which is competitive with peer institutions and remain in a competitive position in future years.” Several sets of peer institutions were considered, but “for clarity and convenience of the report,” the Study Committee elected to use a cluster analysis set of peer groups developed by the Department of Administration. The peer “cluster” groups were based on a statistical analysis of several factors: “enrollment, student-faculty ratios, proportion of full professors among the total faculty, research expenditures per faculty member, ratio of total degrees awarded, proportion of doctoral degrees to total graduate degrees and proportion of first professional degrees to total graduate degrees, adjusted to reflect considerations of similar mission and quality.” While the cluster analysis peer groups were accepted, the Study Committee acknowledged that the peer groups “do not represent the only nor necessarily the best characterization of peer institutions of University of Wisconsin institutions.” From this cluster analysis, separate peer groups were adopted March 30, 1984 for UW-Madison, UW-Milwaukee, and the UW Comprehensive Institutions and UW Colleges.

Given that the peers were determined through the work of a study committee established by the Governor, it would not be in the purview of UW System Administration to make changes to the peer groups.

Flexibilities Requested in the 2011-13 Budget that Relate to CUWC Recommendations

Removal of \$12,000 Cap on Earnings from Another Agency

Section 16.417(2)(a), Wis. Stats., prohibits individuals who are employed or retained in a full-time position or capacity with a state agency or authority from earning more than \$12,000 per year from a position with another agency or authority. Each UW System institution must track dual employment situations against this cap, which is administratively difficult and resource intensive. Removal of this cap will free staff resources for other duties and allow UW System institutions to hire the most talented and qualified individuals available, regardless of their status with another state agency or authority.

Range Setting and Pay Plan Increase Authority

Compensation across the UW System continues to lag behind peer institutions, which makes recruitment and retention of high-quality faculty increasingly difficult. The Board of Regents should be authorized to increase and redistribute resources to address competitive compensation across the entire UW System. This includes: (1) the authority to approve compensation levels and salary ranges for employees serving as Vice Presidents or Provosts; (2) the ability to determine pay plan increases for faculty, academic staff, and academic and administrative leaders, while taking into consideration state funding and the availability of resources; and (3) the ability to make base adjustments for salary increases associated with performance. Authorization should also be granted to the Board of Regents to consider compensation needs within the UW System as part of the tuition authority provided under Section 36.27, Wis. Stats.

Expanded Procurement Authority

Section 16.753(1), Wis. Stats., requires that government agencies submit all major expenditures, which are defined as expenditures of \$10,000 or more or continuing expenditures of \$10,000 or more in a biennium, to the Governmental Accountability Board to be posted on the Internet. Because there is no automated system to segment expenditures that fall below \$25,000, which is the threshold for identifying major capital projects, this requirement has proven to be extremely staff intensive and costly.

Section 16.753(3), Wis. Stats., requires that all change orders to a contract subject to

the posting requirement, as well as any change orders to a contract that creates a major expenditure, must be reported and posted on the Internet. Statutory changes that provide some minimum threshold in order for change orders to be posted, as well as exempting change orders that reduce a contract below the major expenditure category, will reduce the administrative burden of complying with this requirement.

Independent procurement authority would streamline the purchasing process and allow the university to respond quickly and efficiently to the rapidly changing higher education purchasing environment. The UW System seeks flexibility in the procurement process to allow the System to use higher education consortial contracts, such as the Big 10 Consortium contract for office supplies. In addition, sole source processing time could be streamlined if DOA approval were not required.

Section 16.75(3t)(c), Wis. Stats., requires that, prior to seeking bids or competitive sealed proposals for the purchase of certain materials, supplies, equipment or contractual services, state agencies must offer prison industries the opportunity to supply the goods or services, as long as that the Department of Corrections is able to provide the goods or services at a price comparable to one which may be obtained through competitive process. The mandatory nature of prison industry contracts provides that only the Department of Corrections can waive this requirement for state agencies.

UW System seeks the ability to purchase from a minority business certified by the Department of Commerce under s. 560.036, Wis. Stats., instead of prison industries when the minority business offers an equal product at an equal or lower cost. Providing this authority will allow the UW System to encourage and support the development and growth of minority businesses while ensuring that goods and services are procured at a price that is competitive and fair for state taxpayers.

2009

An Analysis of Tuition Assistance Benefits Available to UW System Employees

This report will review current UW System tuition assistance policies, the prevalence of both employee and family tuition assistance programs among peer institutions, types of tuition assistance available to employees of public and private institutions, theories on the cost of tuition assistance and the possible employee tax ramifications of tuition assistance.



Executive Summary

This report compares tuition assistance benefits offered to UW System employees to those offered to employees of public and private institutions nationwide. The report will review current UW System tuition assistance policies, the prevalence of both employee and family tuition assistance programs among peer institutions, types of tuition assistance available to employees of public and private institutions, theories on the cost of tuition assistance and the possible employee tax ramifications of tuition assistance.

There is no official tuition remission or assistance policy for UWS employees or their dependents. Per University Personnel Guideline #8, UWS employees may be reimbursed for authorized education that provides knowledge for the employee's job or that will further the employee's career development at UW System. In general, no more than one course, up to 5 credits in any academic term should be reimbursed. There is no tuition assistance available to the spouses, domestic partners or children of UWS employees.

The vast majority of institutions of higher education offer some form of tuition assistance to their employees. All institutions within UW-Madison's and UW-Milwaukee's peer groups offer partial to 100% tuition assistance to their employees and a majority provide some form of tuition assistance to an employee's family members. Most tuition assistance programs offer a greater benefit to the individual employee than to his/her family members and almost all programs cap the number of credits available.

There is debate regarding the true cost of offering tuition assistance. Many believe that providing partial to full tuition remission may be "cost neutral" to a university. A University of Minnesota Faculty Senate study determined that a 100% tuition remission benefit for an employee's child after ten years of employment would cost the university nothing and actually reduce overall employee costs to the university due to increased employee retention. The University of Texas-Arlington believes that its 50% tuition remission policy for its faculty members and their spouses and children is cost-neutral. On the other hand, human resources staff from the University of Minnesota contacted many institutions that offer tuition assistance to employees' children, in an attempt to quantify the policy's effect on recruitment, retention and reduced employee turnover. They were unable to find concrete statistics to support the claim because the policy's effect on employee behavior is too difficult to quantify.

UW System may need to expand its tuition assistance program to remain competitive with peer institutions. A tuition assistance program for both employees and family members may be a minimal cost program that could improve morale, create educational opportunities and further the Growth Agenda for Wisconsin.

An Analysis of Tuition Assistance Benefits Available to UW System Employees

Scope of comparison and studies used in analysis

This report compares tuition assistance benefits offered to UW System employees to those offered to employees of public and private institutions nationwide. The sources include the 2007-08 Association of American Universities Data Exchange (AAUDE) Survey of Benefits Programs (a report that includes benefit information from 24 university systems across the United States) and information gathered from the human resources and benefits websites at peer and private institutions. See Appendix A for a listing of peer institutions.

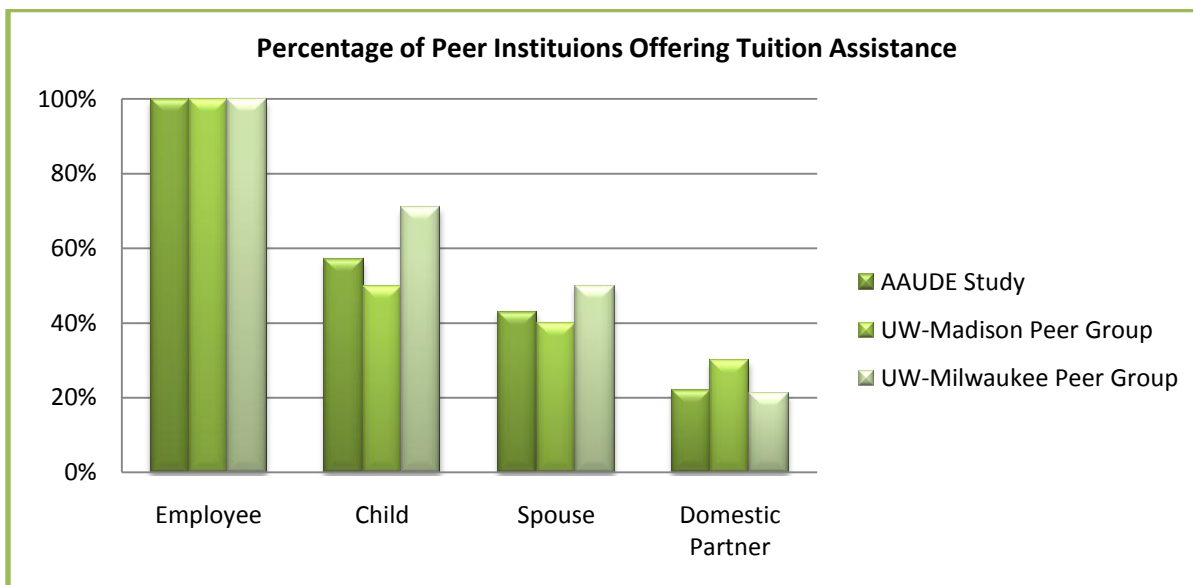
There is limited tuition assistance available to UWS employees and no benefits for dependents.

There is no official tuition remission or assistance policy for UWS employees or their dependents. Per the Policy Paper, Educational Assistance for Faculty and Staff (revised 9-19-1997) and University Personnel Guideline #8, UWS employees may be reimbursed for authorized education and training that provides knowledge for the employee's job or that will further the employee's career development at UW System. In order to be eligible for the benefit, an unclassified employee must carry at least a 50% appointment and a classified employee must have either permanent or project status. In general, no more than one course, up to 5 credits (or a training equivalent) in any academic term should be reimbursed. Assistance is approved at the institutional level and may be denied if it is determined that the course is not of sufficient benefit to UW System. Courses may be taken at any state accredited public or private institution. If courses are taken at a private institution, reimbursement should be limited to the tuition cost of the home institution. Each institution is responsible for establishing an equitable distribution of the opportunity for educational assistance. There is no tuition assistance available to the spouse, domestic partner or children of UWS employees.

Tuition assistance is widely available at peer institutions for both employees and their families.

According to the AAUDE survey, 100% of responding institutions offer tuition assistance to their employees and 60% offer assistance to dependents. Every institution in UW-Madison's and UW-Milwaukee's peer group offers partial to 100% tuition assistance to employees. Most tuition benefits are available only at the campus of the employee or on a campus within the same university system. Only the University of Michigan offers a substantial tuition benefit, up to \$1352/semester, for education received out of system. Half of UW-Madison's peer group offer tuition assistance to dependent children with an average benefit of 50% tuition remission. Within UW-Madison's peer group, four institutions offer a spousal discount and three offer a domestic partner discount. Of UW-Milwaukee's peer group 71% offer assistance to dependent children, 50% offer assistance to the employee's spouse and 21% offer assistance to domestic partners.

The following chart compares tuition assistance availability for employees, dependent children, spouses and domestic partners at peer institutions.



Eligibility for tuition assistance varies among peer institutions.

Eligibility for tuition assistance varies a great deal among universities. Many institutions also have different eligibility requirements for faculty/academic staff and classified/civil service staff. The vast majority of institutions require at least a 50% appointment to be eligible for any benefits. The universities of Indiana and Texas provide benefits only to full time employees. Within UW-Madison’s peer group, 70% of institutions allow employees to receive employee tuition assistance from the date of hire. The remaining institutions require employees to work from six to twelve months before eligibility begins. Of the five UW-Madison peer institutions that provide assistance for children, four provide the benefit immediately, but employees at the University of Illinois must have seven years of service before their children are eligible for assistance. According to the AAUDE study, 65% of surveyed institutions offer tuition assistance to employees upon hire.

Institutions that offer tuition assistance often cap or limit benefits.

There is considerable variation in the types of tuition assistance available to employees and their families. One common trait among institutions is that tuition assistance will only cover the cost of the course, not associated fees or textbooks. Most institutions cap the amount of credits that an employee can take each semester. Of the UW-Madison peer group, 80% will pay the entire tuition cost of a course if the employee takes one to two courses per semester. Most institutions also offer prorated benefits to employees who work less than 100%. Institutions use credit caps and attainment of a degree to limit the benefit available to children. All of the institutions in the AAUDE survey cap either the credits or dollar amount of tuition assistance available for employees and their dependents.

See the following tables for more information about tuition benefits available at institutions within UW-Madison’s and UW-Milwaukee’s peer groups.

Tuition Assistance Available at Institutions in UW-Madison's Peer Group

	Employee Minimum Appt %	When employee can receive benefits	Undergrad benefit at own institution	Graduate benefit at own institution	Child Benefit	Spousal Benefit	Domestic Partner Benefit
Indiana University	100%	Upon hire	\$983/yr	\$1194/yr	50% thru 140th credit	100% up to annual max (indexed annually)	
Michigan State University	100% <i>(PT EE's - pro-rated benefit)</i>	6-12 months	75% of 14-16 cred/yr		50% thru 120th credit	50% at MI institution thru 120th credit	
Ohio State University	75%	Upon hire	Up to 10 cred/term & up to \$7500/sem		50% if 1 parent employed & 75% if 2 parents employed. Up to 200 credit hrs	50% of tuition thru 200th credit	
Purdue University	50%	Upon hire	7 cred/sem + 4 cred/summer		% adjusted by board on annual basis - ends when 1st degree attained.	EE must have 2+ yrs of service, up to 7 cred/sem + 4 cred/summer	NA
University of California - Berkeley & LA	50%	Upon hire	2/3 reduction in registration & educational fee for the greater of 9 units or 3 courses per quarter or semester.		NA	NA	NA
University of Illinois - Urbana & Champaign	Civil Service: 50%+ AS/Faculty: 25%+	Upon hire	Civil Service: 100% - 11 cred/sem; 50-99% - 5 cred/sem AS/Faculty: 100%		After 7 yrs service; 50% off tuition (undergrad only)	NA	NA
University of Michigan	50%	6+ months	75% for 4 hrs/term; prorated according to FTE% if less than 100%		NA	NA	NA
University of Minnesota - Twin Cities	75%	Upon hire	100% of 1-2 courses/sem		NA	NA	NA
University of Texas - Austin	100%	12+ months	100% up to 3 credits/sem		NA	NA	NA
University of Washington	50%	Upon hire	100% up to 6 credits		NA	NA	NA

Tuition Assistance Available at Institutions in UW-Milwaukee's Peer Group

	Employee Minimum Appt %	When employee can receive benefits	Undergrad benefit at own institution	Graduate benefit at own institution	Child benefit	Spousal benefit	Domestic Partner Benefit
Cleveland State University	50%	Upon hire	8 cred/sem		EE at least 75% w/ 1 yr (faculty) or 2 yrs (staff) service. Up to 100% undergrad and 50% grad, max of 144 credits or 2 degrees (whichever is less)		
Georgia State University	100%	6+ months	8 cred/sem		NA	NA	NA
Rutgers University - Newark	100%	Upon hire	Staff:100% for salary at or below \$95,638; others 50%; Faculty: 100% for below the rank of Associate Professor; others 50%		EE must be FT – 100%, up to 10 terms for 4 yr undergrad or 12 terms for 5 yr undergrad		NA
State University of New York - Buffalo	50%	6+ months	50% up to 15 credits		NA	NA	NA
Temple University	100%	Upon hire	100% up to 8 credits		EE must be FT - 100% up to 10 semesters	EE must be FT - 50%	
University of Akron	100%	Upon hire	Greater of two courses or six credit hours per semester		100% of course fee		NA
University of Cincinnati	50%+	Upon hire	6 cred /sem (3 cred/sem if PT); if FT & in degree seeking program, receive 100% remission upon approval of vice president		100% up to 216 undergrad credits		
University of IL - Chicago	Civil Service: 50%+ AS/Faculty: 25%+	Upon hire	Civil Service: 100% - 11 cred/sem; 50-99% - 5 cred/sem (if off U of IL campus, 3-6 cred/sem) AS/Faculty: 100%		50%+ w/ 7 yrs service; 50% for undergrad only - attend U of IL or any state of IL Senior Public University		NA
University of Louisville	80% (40% for partial benefits)	Upon hire	6 cred/sem; if greater than 40%, 3 cred/sem		100% if EE 80%+	NA	NA
University of Missouri - Kansas City	100%	6+ months	75% up to 15 cred/year		50% of 140 credit hours (any level)		NA
University of New Orleans	100%	12+ months	6 credit hours/sem		NA	NA	NA
University of Texas - Dallas	100%	12+ months	100% up to 3 cred/sem		NA	NA	NA
University of Toledo	50%+	12+ months	8 cred/sem (prorated if less than 100%)		100% (prorated if EE less than 100%)		
Wayne State University	50%+	Upon hire	100% for the greater of one class or four credit hours/sem		50%	50%	50% for same sex DP

Tuition assistance and tuition exchange programs are common at private institutions.

Private colleges are much more likely to offer tuition assistance to employees and their families. Within Wisconsin, colleges such as Beloit College, Cardinal Stritch, Carthage College, Concordia University, Edgewood College, Lawrence University, Marquette and Viterbo University all offer 75% - 100% tuition remission to employees. All of these institutions, except Concordia, also offer 100% tuition remission for children. Concordia offers 75% tuition remission for children. Nationwide, large private colleges such as Boston College, Cal Tech, Duke, Emory, Harvard, Northwestern, Notre Dame, Princeton and Stanford offer 75% - 100% tuition remission to employees. Of those institutions, all but Harvard offer partial to full tuition remission to the children of employees. Most of these schools also offer tuition assistance to children who attend other schools.

Many private colleges are also members of tuition exchange programs. These programs allow children to attend institutions other than where the parent is employed and still receive partial to full tuition remission. A few of the programs include:

- Associated Colleges of the Midwest (ACM): Children receive full tuition remission at one of the eleven participating institutions
- Great Lakes College Association (GLCA): Children receive full tuition remission at one of the twelve participating institutions
- National Tuition Exchange: Children can apply for a tuition exchange scholarship to one of 380 institutions
- Catholic Coop Tuition Exchange Program: Children whose parents work for certain Catholic universities can attend other Catholic universities with partial to full tuition remission

See Appendix B for examples of tuition assistance available at selected private institutions.

Some believe that tuition assistance is cost neutral.

Many employers believe the cost to provide tuition assistance to employees is prohibitive due to lost tuition revenue. The loss of tuition revenue may be offset by additional money coming in to the university or increased efficiencies due to a reduction in employee turnover. A tuition remission policy may attract researchers or faculty who may not otherwise work for the university and these employees may bring a sizable amount of grant money with them. If there is a minimum service requirement before dependents are eligible for tuition remission, there may be a large incentive for employees to remain with the same employer, thus reducing turnover and costs associated with hiring and re-training. Below are two examples of the potential cost of providing tuition assistance to employees and their families.

University of Minnesota Study

In 2000, the University of Minnesota Senate Committee on Faculty Affairs presented an analysis of the cost to provide partial to full tuition remission to the children of University of Minnesota employees. The study was entitled *Resolution on Tuition Benefits for Children of University Employees* and can be found online at <http://www1.umn.edu/usenate/resolutions/tuitionbenefit.html>. A summary of the study can also be found in Appendix C. The study focuses on an employee's total compensation package and how a tuition remission policy encourages retention. The

proponents of the study believe that the cost savings from reduced turnover exceeds the costs associated with a tuition remission policy; therefore, the benefit could save money and would improve the overall efficiency of the university.

The study has a series of assumptions about how many people are expected to use the benefit:

- 50% of employees have dependents and of those with dependents, each has 1.8 children between 0-23 years.
- 50% of children will qualify to attend the university
- 50% of those qualified will choose to attend the university
- Overall “risk” of child attending the university is 22.5% for each employee

The study also estimates the cost to replace an employee:

- 150% of annual salary for faculty
- 67% of annual salary for professional employees
- 50% of annual salary for civil service employees

According to the analysis, the present value of a 100% dependent tuition remission policy for four years to an employee with ten years of service is \$5,568 (the present value of a 50% tuition remission policy is \$2,784). However, if turnover is reduced by 10%, the net cost savings to the university from providing this benefit, after turnover cost reductions, for an employee with ten years of service would be \$929 for faculty and \$577 for civil service employees. The overall weighted cost savings for all employee categories would be \$23.73 per year for each ten year employee. If a 50% remission is applied, the savings would be \$112.13 per employee per year.

The theory behind the analysis was that a dependent tuition assistance benefit will reduce employee turnover by 10%, thereby reducing employee replacement costs. The final proposal was a 100% tuition remission for dependent children after the employee has ten years of service. The proposal also included 50% tuition remission after five years of employment and increased the benefit by 10% per year until 100% tuition remission after ten years of service. Given the assumption that employee turnover will decline by 10%, the policy would save the university an estimated \$1.2 million in employee turnover costs. According to this analysis, dependent tuition remission would cost the university nothing and actually create a decrease in overall employee costs to the university.

The 2000 Faculty Senate resolution failed to pass. The Faculty Senate reintroduced the resolution in 2005, but it also did not pass at that time. The University of Minnesota contacted many institutions who offer tuition assistance to children in an attempt to quantify the policy’s effect on recruitment, retention and reduce employee turnover. Unfortunately they were unable to find any concrete statistics to support the policy because the policy’s effect on employee behavior is too difficult to quantify. To date, the University of Minnesota has not adopted a tuition remission policy for dependent children. The university does; however, provide the Regent Scholarship Program for active employees.

University of Texas-Arlington

UT-Arlington allows faculty, dependent children and spouses to attend campus classes for 50% off the normal cost of tuition. Jean Hood, UT-Arlington's vice president for human resources stated, "If your enrollment goes up, your revenue goes up. This is not an added cost to us." Hood also indicated, "It's a great enrollment and retention tool. It's clearly something that people really want." Jerry Lewis, UT-Arlington communications vice president, added, "We're not looking to make money from it. We're looking at it to be revenue neutral." (*Star-Telegram.com 7-28-08*)

UW System may want to expand the current tuition assistance policy for employees and research tuition assistance options for the spouse, domestic partner and/or children of employees.

UW System's employee tuition assistance policy is very limited and only applies to courses that pertain to an employee's current position. UW System may want to consider expanding the current policy to allow employees to take classes outside of those relative to their current field or position. This type of tuition assistance policy could be considered an investment in future talent and as a way to groom people for new roles and higher levels of responsibility. If the program is expanded, a cost containment measure may be to provide only a certain percentage off the normal cost of tuition.

UW System may also want to do more extensive research into the costs and benefits associated with tuition assistance for an employee's family. This program could take many different forms – a percentage off tuition for all family members, a tuition discount program for children only, an either/or program – either the employee could receive tuition discounts or the employee's child could receive the discounts. There are many potential different plan types that could be offered, thus additional research is needed to determine the appropriate tuition assistance program for UW System.

A comprehensive tuition assistance program would help UW System become more competitive relative to its peer institutions. The program may also promote recruitment and retention by improving both employee morale and educational opportunities for employees and their families. A tuition assistance program would also support UW System's Growth Agenda for Wisconsin initiative by allowing more people to receive undergraduate degrees and creating an affordable way for non-traditional, older working students to pursue a degree.

There may be tax ramifications of a tuition assistance program.

The taxation of tuition assistance benefits are outlined in Section 117(d) of IRS code for undergraduate courses and Section 127 of IRS code for graduate level courses. According to current IRS code, tuition benefits for employees and their immediate family members for undergraduate courses are not taxable. The first \$5,250 in employee tuition benefits in each calendar year for graduate level courses is not taxable. Any assistance above that level is considered a taxable fringe benefit.

If a tuition assistance benefit is offered to an employee's domestic partner, the full value of assistance is considered a taxable fringe benefit to the employee because the IRS does not consider a domestic partner the same as a legal spouse for tax purposes. Only tuition assistance benefits for an employee's immediate family per IRS regulations receive favorable tax treatment. If a tuition assistance program is

offered, a more in-depth review of applicable tax laws will be needed.

Summary

UW System employees are eligible to receive tuition reimbursement for a limited amount of courses that provide job-related knowledge or that will further the employee's career development at the UW. Members of an employee's family are eligible for tuition assistance. Almost all peer institutions provide employee tuition assistance and half provide tuition assistance to eligible children. UW System may need to expand its tuition assistance program to remain competitive with its peer institutions. A tuition assistance program for both employees and family members may be a minimal cost program that could improve morale, create educational opportunities and further the Growth Agenda for Wisconsin.

Appendix A: UW System Peer Institutions

UW-Madison Peer Group (11)

Indiana University
Michigan State University
Ohio State University
Purdue University
University of CA – Berkeley
University of CA – Los Angeles
University of IL – Urbana/Champaign
University of Michigan
University of MN – Twin Cities
University of TX – Austin
University of Washington

UW-Milwaukee Peer Group (14)

Cleveland State University
Georgia State University
Rutgers University – Newark
State University of NY – Buffalo
Temple University
University of Akron
University of Cincinnati
University of IL – Chicago
University of Louisville
University of MO – Kansas City
University of New Orleans
University of TX – Dallas
University of Toledo
Wayne State University

Comprehensive University Peer Group (33)

Bemidji State University
Central Michigan University
Chicago State University
Eastern Illinois University
Ferris State University
Grand Valley State University
Indiana – Purdue University at Fort Wayne
Indiana University – Northwest
Indiana University – South Bend
Indiana University – Southeast
MN State University- Mankato
Michigan Tech University
MN State University – Moorhead
Northeastern Illinois University
Northern Michigan University
Oakland University

Purdue University – Calumet
Saginaw Valley State University
Southern IL University – Edwardsville
University of Akron
University of IL – Springfield
University of MI – Dearborn
University of MI – Flint
University of MN – Duluth
University of Northern Iowa
University of Southern Indiana
Western Illinois University
Western Michigan University
Winona State University
Wright State University
Youngstown State University

Appendix B: Tuition Assistance Available at Selected Private Institutions

	Eligible Employees	First Eligible	Undergrad benefits at own institution	Grad benefit at own institution	Benefits at other institutions	Eligible Children	Eligible Spouse	Eligible Domestic Partner
Beloit College	100% permanent	Upon hire	100% of 1 cred/term		Children, spouse, DP eligible for tuition exchange programs after 2 yrs: ACM, GLCA & Nat'l Tuition Exchange	Educational Asst Prog: 100% of 1 cred/term Tuition Remission at Beloit College: Eligible after 2 yrs-100% of tuition up to 8 semesters or graduation. Tuition Exchange Program: eligible after 2 yrs		
Boston College	50%+	Upon hire	100%; prorated if PT	100% up to 6 cred/sem; prorated if PT	NA	After 5 yrs, 100% of undergrad only	Less than 5 yrs - 50%, of 6 cred/sem; 5+ yrs, 100% of 6 cred/sem	NA
Cal Tech	100%	6 mos	100% (FT & PT EE's), up to \$5250/yr	100% (FT EE's only), up to \$10,000/yr	100% for schools within specific network	FT EE after probation, 100%, undergrad only	NA	NA
Cardinal Stritch	FT & PT employees		Up to 100%	Up to 100%	Through the Tuition Exchange Program and the Council of Independent Colleges, employees & dependents can receive tuition waiver at hundreds of participating colleges and universities throughout the nation.	Up to 100%	Up to 100%	Up to 100%
Carthage College	FT & PT EE (work at least 1000 hrs/year)	3+ months	100%		Children of FT EE's w/ 6+ yrs of service can apply for Student Exchange Program - 2 programs (through ELCA & another w/ selected colleges nationwide).	Eligible after 1 yr – FT EE - receives: 25% after 1 yr, 50% after 2 yrs, 75% after 3 yrs, 100% 4+ yrs If EE PT - receives: 12.5% after 1 yr, 25% after 2 yrs, 37.5% after 3 yrs, 50% after 4+ yrs Limited to 4 yrs of assistance.		

	Eligible Employees	First Eligible	Undergrad benefits at own institution	Grad benefit at own institution	Benefits at other institutions	Eligible Children	Eligible Spouse	Eligible Domestic Partner
Concordia University	100%	Upon hire	75%, up to 12 cred/sem		NA	After 1 yr of FT employment - 25% after 1 yr, 50% after 2 yrs, 75% after 3+ yrs. Up to 6 cred/sem-undergrad only		NA
Duke	100%	2 yrs	100% of 2 classes/sem, up to \$5000		100% of 2 classes/sem, up to \$5000 within specific network	75% of Duke's tuition at any school up to 16 for all kids of parent (no more than 8 sem/kid)	NA	NA
Edgewood College	50%+	Upon hire	100%		Discount at Edgewood High School & 100% tuition remission at Edgewood nursery school. Tuition exchange program for kids & spouses of FT employees thru Institutions in Catholic Coop Tuition Exchange program.	FT employees after 90 days; 100% tuition remission at Edgewood.		NA
Emory	50%+	1 yr	100% up to 5 cred/sem (prorated for PT)		NA	After 2 yrs, 50-100% depending on yrs of service		
Harvard	50%+	90-180 days	75%-90%, up to \$5250, 4-10 credits, depending on yrs of service			NA	NA	NA
Lawrence University	50%+ permanent employees	Upon hire	FT: 100% of 3 courses/yr PT: 100% of 1 course/yr	FT: 100% of 3 courses/yr PT: 100% of 1 course/yr	After 2 yrs, kids of FT ee's may apply for tuition remission at participating ACM college, or the Tuition Exchange, Inc.,	After 2 yrs, FT EE's only, 100% tuition remission	FT: 100% of 3 courses/yr PT: 100% of 1 course/yr	

	Eligible Employees	First Eligible	Undergrad benefits at own institution	Grad benefit at own institution	Benefits at other institutions	Eligible Children	Eligible Spouse	Eligible Domestic Partner	
Marquette	50%+	1 semester	100% of 7 cred/sem + 8 cred/summer (prorated if less than 100%)		FACHEX program allows kids to get tuition remission at other Jesuit schools.	After 5 yrs, 100% undergrad or grad	FT EE's only following 1st semester: 100% of 7 cred/sem + 8 credits per summer (prorated less than 100%)	NA	
Northwestern	100%	Upon hire	75% up to \$8000/yr	85% up to \$8000/yr	NA	FT only; 37-90% at school, 37%, up to \$5616 at other school.	FT only; 37-90% at school	FT only; 37-90% at school, same sex DP only	
Notre Dame	100%		90% of 1 course/sem	100% of 1 course/sem	Up to \$1500/yr	After 5 yrs, 50% up to 8 semesters; at other schools - 50% of Notre Dame's tuition	NA	NA	
Princeton	In benefits eligible position	1 yr	85% up to \$5250/yr				50%, up to \$11,840 for undergrad at any accredited institution	NA	NA
St Scholastica College	50%+	Staff: 1st semester following start date Faculty: Semester following start date	Staff: 50% after 1st semester, 100% after 1 yr FT Faculty: 100% All: PT employees receive prorated benefit.		NA	If EE is FT Staff: 50% after 1st semester, 100% after 1 yr. If EE FT Faculty: 100% If PT EE, receive prorated benefit.		NA	
Stanford	50%+	6 mos	Up to \$5250, prorated if PT			50%+ after 6 months, up to 50% of Stanford's tuition (\$17,400)	NA	NA	
Viterbo University	100%	Upon hire	100%	50%	NA	After 1 yr - 100% undergrad only		NA	

Appendix C: University of Minnesota Tuition Assistance Proposal

Resolution on Tuition Benefits for Children of University of Minnesota Employees

FOR INFORMATION:

Background

In spring 1999 the SCFA Benefits Subcommittee, representatives of ASAC, and the Civil Service Committee met to request a new employee benefit: a 50% tuition reduction for dependents of employees enrolled in undergraduate degree programs at the University of Minnesota. The Employee Benefits Department conducted an informal survey of other universities, including all Big Ten members, to determine what levels of tuition remission benefits were offered.

A majority of the universities that were surveyed offered tuition benefits. Many remitted 50% with a few (mostly privates) offering 100%. In the Big Ten, 7 of 14 offered tuition remissions with Northwestern offering 85%; Penn State, 75%, and all others at 50%. Iowa, Michigan, Minnesota, and Wisconsin do not offer a tuition benefit for dependents of employees.

The analysis performed by Employee Benefits (appended to this report) suggests that the cost of a 50% tuition remission, when fully implemented with students in all four years, would be between \$1.2 and \$1.7 million. (See appended report.) Assuming that dependents are equally distributed across employment categories, this would mean that 44% of eligible dependents are associated with Civil Service/Bargaining Unit staff while 56% are associated with Faculty and Professional Administrative Staff. Using \$1.45 million as the full cost (halfway between \$1.2 and \$1.7 million estimates), the added percentage fringe benefit increase would be .25% for CS/BU and .21% for Faculty/PA.

New Analysis

Employers design benefit plans to influence employee behavior—particularly with relation to attraction and retention to the organization. A benefit program that has certain features is more attractive to some segments of the labor force than others. For example, health care subsidies for dependents increases the attractiveness for applicants and employees with dependents. A retirement program with a service requirement for vesting of benefits encourages retention.

An employee's total compensation consists of cash payments and economic benefits designed to reduce risk (insurance), pay in kind (recreation subsidies), pay during nonworking periods (vacations and holidays), and provide for retirement (pensions). The mix of cash payments and benefits reflects the joint interests of employers and employees. In turn, public policy has favored employers providing benefits for employees rather than the employees purchasing benefits themselves due to the nontaxability of benefits, but not cash payments.

A tuition remission program for dependents of employees that includes a service requirement would be expected to increase attractiveness of employment for those who have dependents who will likely be admissible to the university. It would also reduce turnover because sustained service would be necessary to

make use of the benefit.

If cost savings from reduced turnover exceed increased costs of a tuition reduction benefit, then the benefit would be costless—actually improving the efficiency of the university.

Assumptions

We begin with the following enrollment assumptions which are largely similar to those used in last year's proposal:

- 50% of employees have children/dependents, Of those with dependents, each has 1.8 children/dependents between 0-23 years of age
- 50% of children will be qualified to attend the university
- 50% of those qualified will choose to take advantage of university enrollment
- Thus, the "risk" of an employee having a child/dependent attend the university is about .225.

The current proposal requires some additional assumptions:

- Assume that the transition probabilities from freshman to sophomore, sophomore to junior, and junior to senior are .90 for each year
- The real (after inflation) rate of tuition increases will be a constant 2% into the foreseeable future
- The real (after inflation) discount rate will be a constant 3% into the foreseeable future
- Implementing the tuition benefit will be associated with a turnover reduction of 10% in the current rate of turnover during each year of an employee's employment with the university
- The cost of replacing an employee who quits is equal to 150% of annual salary for faculty, 67% for PA, 50% for civil service, and 33% for bargaining unit employees.

Analysis

With these assumptions in place, the present value of the 100% tuition remission for four years to an employee with 10 years of service is \$5,568 (at 50%, \$2,784). If we were to calculate the present cost of providing this benefit to the proportion of employees (by classification) who would be expected to accrue 10 years of service (under reduced turnover expectations), the cost would be \$2,968 for P/A, \$4,043 for faculty \$2,537 for civil service, \$2,443 for Teamster members, and \$2,014 for AFSCME members. (Keep in mind that these figures are approximate.) However, if turnover were reduced by 10%, the net (cost) saving for the university from providing this benefit, after turnover cost reductions, for a 10 year service employee would be (\$137) for PA, \$929 for faculty, (\$577) for civil service, (\$1,594) for Teamsters, and (\$1,077) for AFSCME. The overall weighted cost would be \$23.73 per year for each 10 year employee. If a 50% remission is applied, the savings would be \$112.13 per employer per year.

If the university were to implement a 100% tuition remission program, with vesting starting at 50% in year 5 and increasing by 10% per year until full vesting at year 10, and if turnover declined by 10% in each employee group as a result, the following conservative estimate would apply. Assuming that all employees work for up to 20 years, and that there are about 5% of employees in each year of service between 1 and 20, then the annual cost savings, net of tuition costs, per employee is about \$89 and the annual savings across the employee

population would be in excess of \$1,200,000.

Spreadsheets on which this analysis is based are available upon request from the Senate office.

Resolution

Whereas: The University of Minnesota, as a land grant institution, has as one of its central missions the education of highly qualified undergraduate students, and

Whereas: The University of Minnesota benefits from the efforts and commitment of all of its employees, and

Whereas: University of Minnesota employees, especially as employees of an institution of higher learning, understand the benefits of higher education and seek to make them available to their children/dependents, and

Whereas: The University of Minnesota desires to improve the effectiveness of its workforce and reduce employment costs by reducing employee turnover, and

Whereas: The faculty of the University of Minnesota seeks a stronger sense of community among all employee groups, each of which contributes to the mission of the university, and

Whereas: It can be demonstrated that the inclusion of a partial tuition remission benefit would reduce employment costs under relatively conservative assumptions, therefore

Be it resolved: That the Faculty Senate strongly recommends that the children/dependents of all university employees having accrued 5 or more years of uninterrupted university service be granted a 50% tuition reduction upon being regularly admitted to an approved undergraduate program leading to a bachelor's degree, that the tuition reduction will be applied to half of the tuition for the first four year's of a child/dependent's enrollment, during periods in which the child/dependent student is in good academic standing; and that the percentage of tuition reduced be increased by 10% for each additional year of uninterrupted service through year 10.

COMMENT:

The SCFA Benefits Subcommittee, under the direction of its chair, Professor John Fossum, has developed the above-mentioned resolution and supporting information. It has been presented to and approved by both the Senate Committee on Faculty Affairs (SCFA) and the Faculty Consultative Committee (FCC). April 20, 2000.