Distribution of Central Turnover Reserve to Non-Pilot Schools and Divisions

What is happening?

The FY12 balance in the central university turnover reserve is being fully allocated to non-Pilot schools and divisions.

Why is this being done?

The EVP and the Provost believe that departments should be accountable for costs related to all types of salary decisions, including hire, promotion, market/equity, reclassification, merit and probationary actions.

How is the allocation determined and where will the funding be placed?

Each school or division will receive a portion of the existing balance in the central turnover reserve according to their share of total university planbase position salaries as of 4/14/11. This amount will be transferred to and combined with their existing market/equity reserve. For pilots that previously had separate turnover reserves, turnover will also be merged with market/equity pools. (See handout for reserve balance breakout for your organization)

When will the new dollars be added?

Each area’s share of turnover dollars was added to their market/equity reserve on 5/20/11. The goal was to have these dollars in place before June 1, so that all FY12 compensation actions could immediately be charged to each area’s reserve.

Other need to knows:

- Probationary reserves will remain separate. This helps to 1) remind areas of pending probationary actions to be processed and 2) identify unused dollars which can be pulled back centrally at year end.

- Headcount/FTE changes (+/-, temp or perm) and unusual actions beyond a division/school’s ability to cover cost will be handled through other reserves such as VP/Dean Operating Pools, Infrastructure, or Academic Maintenance. These would include: severance, requests for new
positions, hire salaries substantially beyond current position planbase, and large group actions resulting from market studies or reorganizations.

- Areas will be expected to exhaust their own resources first before turning to other sources of funding for compensation actions. If the salary reserve is fully depleted or committed, it will be necessary to find funding from other sources within the Dean or VP area. If these are both unavailable, only then should you appeal to the Provost or EVP. The Provost will approve and pay for atypical actions on the academic side and the EVP will approve and fund all other extraordinary actions. When making requests to the EVP or Provost, detailed rationale for the action, along with an explanation of why the area’s salary action reserve cannot support the cost, will be required.

- The process for funding the reclassification of vacant positions will change. Previously, the department was charged or credited with the difference between the position’s old and new MRPs. Central turnover picked up any cost/savings between the existing position planbase and old MRP. The salary action reserve will now be charged or credited with the overall difference between the existing position planbase and new MRP in a one step process, in advance of a hire. (See example)

- The planbase balance in your salary action reserve will roll forward to the next year in entirety with standard salary growth applied (e.g., 2.5%). New dollars will also be added to this reserve each year for the market/equity component (e.g., 0.5%). No new dollars will be added annually for turnover except in instances where funding from other sources is used to fund turnover during a fiscal year or turnover actions during the year.

- The salary reserve is not intended to fund temporary salary actions. These should be funded by temporary dollars from such sources as vacant positions and operating reserves.

Suggestions for good management practices around use of this salary reserve:

- Prevent overuse of salary reserve dollars too early in the fiscal year, leaving nothing for unexpected turnover or other unplanned activity.

- Take into consideration the impact of pending or planned market/reclassification actions.

- Ensure salary decisions are consistent and compatible with Compensation policy and practice.
- Manage job candidate salary expectations early on in the recruitment process, and discuss any issues with the Compensation Office.  *(See attached)*

- Ensure funding source and amount are agreed upon at all necessary approval levels before setting expectations or making hire offers or other types of salary commitments. *(See attached)*

- Hold/set aside dollars from this reserve that may be a more long-term commitment to a particular purpose until all approvals or paperwork has been processed using account 54000.

- Monitor salary reserve balance and track specific reserve actions via:
  - PSoft-HR system “BC Reserve Account” on-line screen;
  - HR Manager Query “BC_HR_MGR_RESERVE_HISTORY”.

**Next steps**

- Review these changes with your division head or dean.