University Resources Policy Committee

Minutes from Wednesday, February 25, 2015, 1:30-3:00 PM, POTR B-50

In Attendance: Amanda Gill, Chris Kulesza, Doug Nelson, Pam Aaltonen, Trent Klingerman, Doug Nelson, Eva Nodine, Mike Cline, Larry DeBoer, Joe Sinfield, Cliff Fisher, Alan Friedman, Bill Hutzel

Update on Space Utilization (Mike Cline)

With Keith Murray retiring as head of Space Management, Mike is working with Bill Sullivan and Gerry McCartney about how to manage space. They had a brief conversation with Provost Dutta and an advisory group about how to understand space particularly in new buildings. Would like to meet with Provost’s Advisory Council, figure out how to go forward from a customer care standpoint about how university members can locate space and connect with Physical Facilities. Want to discuss office space and classroom space utilization. Want to work with partners on campus about what are best ways forward. Don’t know what will happen going forward, perhaps some advisory group. We do have some data, but there is also data that hasn’t been collected. Will identify needs and move it forward. Will have some forums about this. Friedman: Maybe should do a study of the perception by faculty of space available. Aaltonen: Also, look at how teaching is taking place now, not meeting in the same way it has in the traditional lecture model. Could provide better insights into true utilization of classrooms.

BIER Committee Update (Larry DeBoer)

Distributed reports on appropriation. Increasing fraction of non-Indiana students, we have been shifting enrollment from in-state to out of state. Formula for state aid depends on percentage of in-state students as one factor in the metrics, so increasing non-resident population leads to less state support. Most metrics, including student success, also only apply to Indiana resident students. Goal of the report was to provide a platform of information that people at Purdue could use to understand issues. The report includes a simulation that in order to freeze tuition, every biennium the university needs to come up with $40 million new revenue (or reduced costs) to keep tuition frozen. Also noted that in the medical budget, there has been much slower growth than in prior years. Purdue is able to deliver medical budget at lower cost.

Sinfield: Question about return on research expenditures. With a robust budget of real breakdown.

Larry will provide a digital version of his handouts on the BIER committee website once it has been created.

Leave Policies (Trent Klingerman)
Fosmire distributed via email copies of benchmarking report provided by Trent Klingerman. Fosmire also distributed spreadsheet comparing proposed leave policy to policies of institutions used for benchmarking study.

**Background**

This initiative started as opportunity to automate leave process. Started discussing with APSAC, but the decision was made to not go forward. Luis Lewin convened committee with Vic Lechtenberg in Fall 2013, during Spring semester focus groups. Modelled plan in 2014 sent to Diaz, but not in time before he left. Came back to leaves committee in 2014 with some revisions to the plan, discussed in Sept/Oct. 2014. Made recommendations to Treasurer Sullivan, and began communicating fact to APSAC/CSSAC. Preview to APSAC/CSSAC in February.

**Procedure**

The policy still needs to be approved by the University Policy Committee (broad committee with representation from all staff levels) and Executive Policy Review Group (http://www.purdue.edu/policies/eprg.html). The UPC will likely get this proposal March or, more likely, April for consideration, and recommendation to the EPRG. The proposal needs to be approved by majority vote of the EPRG; no action by the Board of Trustees is required, although they will need to approve the purchase of the Short Term Disability benefit, as it is a contract over $1million.

**Budget impact**

No monetary savings up front from the change in policy. Will cost approximately $1million to add short term disability for all staff. Currently, when someone leaves a department, separation payouts (vacation and sick time) comes out of the departments’ fund. Currently, the university pays out about $5million a year in accruals. Feedback from a meeting with the Deans, indicates that Departments and Schools are using general funds to cover terminal pay for employees, rather than sponsored grants. University has approximately $57million accrued liability on balance sheet associated with potential separation payouts. Not expected that all of that balance will be paid out, as faculty/staff use leave time, but that is the potential cost to the university.

Is there savings in administration – very unlikely there would be a full FTE savings, but people who put little bits of time into administration will be freed up to contribute to other things. The PTO plan allows HR to automate the plan, so one can actually see the sick time available. Currently, sick time is kept manually, and no one is able to see their real-time available sick leave.

**Extent of impact on faculty**

Currently, of 2570 total faculty, about 710 are FY faculty.

Across all groups, usage of leave is about 20 days per year. Reported by college, the range for FY faculty is 13.3-26.1 days used per year.
What does PTO vs. Sick Leave incentivize
Aaltonen: If no separate sick leave, people come in sick to preserve ‘vacation’ type availability, which reduces overall effectiveness of unit. Klingerman: Current policy of paying out unlimited sick leave encourages staff to hoard sick time. PTO encourages staff to utilize their entire leave allotment because it is a ‘use it or lose it’ policy. Fosmire: Current proposal of 25 days, with minimal carryover will encourage staff/faculty to hoard sick leave, since they are used to 25 days of vacation/personal days already, so every day sick effectively reduces their vacation time.

Streamlining of Leave policies
Fosmire: One rationale for combining policies was to reduce confusion of 17 leaves. How many leaves are really reduced? Answer: 6 (see slide 7 of the PPT slides on the web site): Vacation (non-exempt and exempt), Illness, Family Illness, Personal Business Day, Personal Holiday. [Note: This equals 4 policies for each employee category.] The more complicated leaves for staff/faculty to understand such as compared to military leave, FMLA, Outside Activities, Research Travel, Jury Duty, are not simplified by this process.

General Discussion
There was a robust discussion about whether and to what extent the proposed policy reduces or improves benefits for staff and faculty. It was pointed out that Indiana University provides PTO for their professional staff and faculty in the amounts of 30 (<5 years) and 36 (> 5 years) day per year, with a maximum carryover of one year’s leave. The PTO is paid out at separation. An additional sick leave of 12 days a year that cannot be used for discretionary leave (and is not paid out at separation) can also be carried over to the next year.

There is greater protection for all new employees under this plan, particularly for short term disability. For exempt staff, currently, the 66 days (100%)+66(75%) of sick leave that effectively acts as a STD plan is not fully realized until the 3rd year of service, and there is no voluntary STD option available for that classification.

A question was raised about how comparable the numbers are that are used to describe the situation for each policy. Specifically, whether one should compare the 44 day carryover in the current plan to the 40 days (15 day carryover + 25 new allocation available July 1) for exempt staff. The argument was made that a more comparable number is the actual number of days one might be able to take in leave during one year, assuming maximum carryover. In that case, the old policy would allow a minimum of 69 days (44 days carryover + 22 vacation days + 3 personal days) not including the 132 extra days of sick leave. So, the comparable numbers are 40 days vs. 69-201 days. It was also pointed out that the FAQ tutorials on the Leave web page rely on the use of banked sick/vacation leave to maintain maximum level of compensation in the scenarios listed, which is something not available to new employees and decreasingly available to current employees as the deplete their bank of sick/vacation days.

The value of the short-term disability was discussed, which is calculated at .0068 of an individual’s salary (http://www.purdue.edu/hr/Benefits/STD.html). This corresponds to approximately 13.6 hours of work, or a little over 1.5 work days. Currently, the STD
benefit is voluntary and completely paid for by staff who participate. It was suggested that the proper way to value the STD benefit added under the new policy was at that rate of leave.

Other benefits of the proposed policy discussed included that instead of keeping track of leave in four hour increments, the new policy indicates that if one has the ability to work from home or come in for some time during the day, you don’t have to take any time off.

Also, clerical staff can go to the campus health clinic in paid status, which also reduces the amount of time they need to take through PTO.

The issue of non-payout of carryover PTO was also broached. Currently, vacation is generally seen as a benefit that is paid out at separation. Moving to PTO blurs that designation, since PTO is in a sense both vacation and sick leave rolled into one, and as such it is less clear how that might equate to a vacation payout. It was noted that, with an estimated $5 million payout each year, those are real dollars in wages/benefits that are being lost in the terms of employment for our current staff, going forward. An equitable way to make this seem like a more revenue neutral policy, and thus not punitive to faculty/staff would be to allocate the $5 million in wage increases, primarily to hourly workers who lose not only vacation but accrued sick leave going forward under this policy. Perhaps one way to arrive at that number is to calculate the average amount of sick leave carried over by hourly staff, convert that to a raise percentage and allocate it to staff. Additionally, the floor salary levels for incoming hourly staff should be increased accordingly to reflect the change in terms of employment from what Purdue has offered prior (i.e., the decreased benefits payable at retirement/separation from the university).