



**Wharton County
Junior College**

**Proposed Agenda Item
Board of Trustees Meeting**

Date of Board Meeting: 10-15-19

Date of This Proposal: 9-23-19

SUBJECT (item as it will appear on agenda): Employee Bonus for Milestone Years of Employment

RECOMMENDATION: Approve Employee Bonus Proposal for Milestone Years of Employment

BACKGROUND/RATIONALE: Administration recommends the provision of a longevity bonus for all full-time employees who have reached a milestone year of employment, considered to be each five-year anniversary of full-time employment with the college. The intent of this employee bonus is to provide recognition and appreciation to employees who achieve milestone years of employment with WCJC. The bonus schedule is proposed as follows.

Following the first five years of full-time employment, an employee would receive a \$500 bonus. Employees reaching their 10-, 15-, and 20-year anniversaries would receive a \$1,000 bonus. Employees reaching their 25th year of employment and beyond would receive a \$1,500 bonus on each of their five-year milestone anniversaries. This proposal for a milestone year bonus provides an alternative to the request submitted by the Longevity Compensation Task Force proposal of a longevity salary increase, which was determined to not be fiscally feasible for the institution to implement. This proposal is not retroactive and would begin for the cohort of employees who reach a milestone year of employment during 2020 fiscal year (FY).

The estimated cost of the proposed bonus schedule over the next five years using projected employee numbers is \$50,500 (FY20), \$53,000 (FY21), \$55,500 (FY22), \$56,000 (FY23), and \$71,500 (FY24). Each year, the cost will be included as part of the Board-approved WCJC budget.

Estimated Cost and Budgetary Support (how will this be paid for?): \$50,500 contingency funds for FY20; included as part of the annual budget in future years

RESOURCE PERSON(S) [name(s) and title(s)]: VP Allen, VP Collins, VP Kocian, VP Youngblood

SIGNATURES:

Law B. Kocian
Originator

10-3-19
Date

Betty A. McCreed
Cabinet-Level Supervisor

10-9-19
Date

PRESIDENT'S APPROVAL:

Betty A. McCreed

10-9-19

Longevity Compensation Task Force

Response and Recommendation

In March 2019, the Longevity Compensation Task Force (LCTF) submitted a formal report to the President which attended to their initial charge, namely to:

- Research practices and policies from peer institutions related to longevity increases;
- Compare practices and policies of peer institutions to the current p&p of WCJC; and
- Recommend a change to the college's longevity compensation practice, if applicable.

VP Response

In April 2019, the report was forwarded to the WCJC Vice Presidents for consideration. The VPs elected to meet with the LCTF to discuss the proposal in detail. During the meeting, which took place on May 30, 2019, the LCTF reiterated their charge and their recommendation for addressing longevity compensation. In summary, the LCTF stated that:

- They were unable to identify a common standard of practice for longevity compensation across the various institutions that were surveyed.
- The compensation practices at external institutions could not be sufficiently compared to those of WCJC due to the large degree in variation among all schools surveyed.
- The LCTF developed three initial recommendations and, based on estimated costs associated with each, settled on a final recommendation which was included in their initial report.

The recommendation delineated by the LCTF stated the following:

- An increase in the amount of \$500 added to the salaries of all permanent, full-time employees every five years, beginning with the completion of their fifth year of full-time service to WCJC.
- The milestones consist of years of permanent full-time service to WCJC, only. Start dates within the fiscal year would determine the specific years eligible for the increase.
- Milestone years would be awarded in addition to salary schedule step increases for the fiscal year and would only reflect permanent full-time service years at WCJC.
- There was no estimated total cost for implementation provided as part of the report.

Several questions were asked during the course of the meeting in an attempt to determine feasibility of the recommendation. Some logistical concerns were raised, including the ability to automate the compensation proposal within Banner based on the current salary schedules that are programmed within the system. This was not an issue that was expected to be solved by the LCTF, but was, rather, an example of a barrier.

In addition, there were questions related to implementation, specifically that, without being retroactive, compensation packages may result in inequities among individuals on the same salary schedule who have recently passed a milestone year directly prior to implementation. However, it would not be feasible to go back and retroactively award compensation packages to all employees. The LCTF

responded that they believed that people would understand and would simply be appreciative of the compensation package, regardless.

The most pressing question was the availability of funds to pay for the increases. The LCTF stated that identifying funds was not a part of their charge but contended that there may be opportunities to find available funds, specifically if distinct initiatives were pursued that could help drive increases in enrollment.

Following discussions, the VPs indicated that there were numerous barriers that made implementation of the recommendation not feasible, most significantly the lack of monies available to fund the proposal. We appreciate the time and dedication of the group in putting forth a recommendation and consider the charge of the TF to have been met.

VP Recommendation

Although the recommendation proposed by the TF is not being moved forward, the VPs would like to propose an alternative bonus that, while not cumulative, provides recognition and appreciation to employees who achieve milestone years of employment with the college. The VPs recommend the provision of a longevity bonus for all full-time employees who have reached a milestone year (i.e. a five-year anniversary) anytime within a given fiscal year. Following the first five years of full-time employment, an employee would receive a \$500 bonus. Employees reaching their 10-, 15-, and 20-year anniversaries would receive a \$1,000 bonus. Finally, all employees who reach their 25th year of employment (and beyond) would receive a \$1,500 bonus on each of their 5-year milestone anniversaries.

Implementation Process and Timeline

This proposal is not retro-active and would begin for the cohort of employees reaching a milestone year of employment during the 2020 fiscal year. The timeline for implementation is as follows:

- October 2019:
 - Longevity bonus submitted as an agenda item to the Board of Trustees (see attached).
 - Email communication (see attached) sent out from the President's Office announcing the initiation of the bonus.
- February 2020:
 - HR will forward the list of employees reaching their milestone years of employment to the Executive Cabinet, per usual, for review and approval.
 - Following approval by Executive Cabinet, the list of employees reaching their milestone years of employment will be forwarded from HR to Payroll.
- April 2020:
 - Milestone awardees announced at the annual WCJC Employee Banquet. Presented with a certificate.
 - Payroll will add bonus to milestone awardees' paycheck to be distributed as part of the regular monthly payroll.

Estimated Cost

The estimated total cost of the proposed bonus schedule over the next five fiscal years is outlined below:

Projected Employee Numbers:

- Fiscal Year 2020: \$50,500
- Fiscal Year 2021: \$53,000
- Fiscal Year 2022: \$55,500
- Fiscal Year 2023: \$56,000
- Fiscal Year 2024: \$71,500
- **Total: \$286,600**

Funds to pay for the initial year of implementation would be transferred from the Contingency Fund following approval by the Board of Trustees. In future years, the Longevity Bonus would be taken into consideration as part of the annual budget approval process.

Current Number of Employees

Years of Service	AY 2020	AY 2021	AY 2022	AY 2023	AY 2024
5	20	24	32	39	44
10	15	12	20	22	26
15	8	5	19	9	8
20	4	20	6	7	13
25	4	2	7	12	9
30	4	2	2	1	2
35	0	0	0	0	5
40	1	2	1	0	2

Cost	AY 2020	AY 2021	AY 2022	AY 2023	AY 2024	
\$500	\$10,000	\$12,000	\$16,000	\$19,500	\$22,000	
\$1,000	\$15,000	\$12,000	\$20,000	\$22,000	\$26,000	
\$1,000	\$8,000	\$5,000	\$19,000	\$9,000	\$8,000	
\$1,000	\$4,000	\$20,000	\$6,000	\$7,000	\$13,000	
\$1,500	\$6,000	\$3,000	\$10,500	\$18,000	\$13,500	
\$1,500	\$6,000	\$3,000	\$3,000	\$1,500	\$3,000	
\$1,500	\$0	\$0	\$0	\$0	\$7,500	
\$1,500	\$1,500	\$3,000	\$1,500	\$0	\$3,000	
	\$50,500	\$58,000	\$76,000	\$77,000	\$96,000	\$357,500

Projected Number of Employees

Years of Service	AY 2020	AY 2021	AY 2022	AY 2023	AY 2024
5	20	24	24	25	25
10	15	12	15	17	17
15	8	5	9	9	8
20	4	15	6	7	13
25	4	2	6	6	6
30	4	2	2	1	2
35	0	0	0	0	4
40	1	2	1	0	2

Cost	AY 2020	AY 2021	AY 2022	AY 2023	AY 2024	
\$500	\$10,000	\$12,000	\$12,000	\$12,500	\$12,500	
\$1,000	\$15,000	\$12,000	\$15,000	\$17,000	\$17,000	
\$1,000	\$8,000	\$5,000	\$9,000	\$9,000	\$8,000	
\$1,000	\$4,000	\$15,000	\$6,000	\$7,000	\$13,000	
\$1,500	\$6,000	\$3,000	\$9,000	\$9,000	\$9,000	
\$1,500	\$6,000	\$3,000	\$3,000	\$1,500	\$3,000	
\$1,500	\$0	\$0	\$0	\$0	\$6,000	
\$1,500	\$1,500	\$3,000	\$1,500	\$0	\$3,000	
	\$50,500	\$53,000	\$55,500	\$56,000	\$71,500	\$286,500

"Everyone" Email - Longevity Bonus

As a show of appreciation and in recognition of the exceptional WCJC faculty and staff, the WCJC Executive Cabinet and Board of Trustees have approved the implementation of a Longevity Bonus for all full-time WCJC faculty and staff upon reaching a milestone anniversary of employment with the college. For all full-time employees who reach this milestone, considered to be at each five-year interval of full-time employment with WCJC, employees will now receive a bonus in recognition of their dedicated service to our students, institution, and community.

The Longevity Bonus would be additional to any incremental increases proposed during the budget process. The schedule of increase is as follows:

- Following the first five years of full-time employment, an employee will receive a \$500 bonus.
- Employees reaching their 10-, 15-, and 20-year anniversaries will receive a \$1,000 bonus.
- Employees reaching their 25th year of employment and beyond will receive a \$1,500 bonus on each of their five-year milestone anniversaries.

This bonus provides an alternative to the request submitted by the Longevity Compensation Task Force proposal of a longevity salary increase. While that proposal was not found to be fiscally feasible, the WCJC Executive Cabinet was dedicated to finding an avenue to recognize the dedication and loyalty of the WCJC family across their many years of commitment to the institution.

This bonus will be added to each recipient's regular check received in April and will be considered as taxable income. The bonus will not be retroactive and will begin with those employees who celebrate a milestone anniversary in Academic Year 2020.

The Executive Cabinet and Board of Trustees want to stress our appreciation for the dedication and diligence you each bring to this school every day. It is your commitment to the student experience and to student success that makes WCJC the exceptional institution that it is.