

An Evaluation

Personnel Policies and Practices

University of Wisconsin System

2005-2006 Joint Legislative Audit Committee Members

Senate Members:

Carol A. Roessler, Co-chairperson
Robert Cowles
Scott Fitzgerald
Mark Miller
Julie Lassa

Assembly Members:

Suzanne Jeskewitz, Co-chairperson
Samantha Kerkman
Dean Kaufert
David Travis
David Cullen

LEGISLATIVE AUDIT BUREAU

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

Reports are submitted to the Joint Legislative Audit Committee and made available to other committees of the Legislature and to the public. The Audit Committee may arrange public hearings on the issues identified in a report and may introduce legislation in response to the audit recommendations. However, the findings, conclusions, and recommendations in the report are those of the Legislative Audit Bureau. For more information, write the Bureau at 22 E. Mifflin Street, Suite 500, Madison, WI 53703, call (608) 266-2818, or send e-mail to leg.audit.info@legis.wisconsin.gov. Electronic copies of current reports are available on line at www.legis.wisconsin.gov/lab.

State Auditor - Janice Mueller

Audit Prepared by

Kate Wade, Director and Contact Person
Dean Swenson
David Bajkiewicz
Tim Coulthart
Jessica Lathrop
Scott Sager
Phoebe Scheel

CONTENTS

| | |
|---|-----------|
| Letter of Transmittal | 1 |
| Report Highlights | 3 |
| Introduction | 9 |
| Classified and Unclassified Staff | 9 |
| Staff Salaries | 12 |
| UW System Governance and Personnel Policies | 15 |
| Sick Leave and Vacation Time | 19 |
| Sick Leave Policies | 19 |
| Sick Leave Reporting Practices | 21 |
| Compliance with Required Record-Keeping | 28 |
| Conversion of Unused Sick Leave at Retirement | 30 |
| Vacation Time Reporting Policies and Practices | 34 |
| Limited Appointments and Back-Up Positions | 41 |
| Position Types | 41 |
| Restricting the Use of Back-Up Positions | 43 |
| Improving Oversight | 46 |
| Transfer into Back-Up Positions | 49 |
| Settlement Agreements | 52 |
| Consultants | 57 |
| Hiring Practices | 58 |
| Characteristics of Unclassified Consultants | 61 |
| Improving Reporting | 64 |
| Outside Employment | 64 |
| Faculty Sabbatical Leave | 69 |
| Use and Purpose | 69 |
| Compliance with Statutory Requirements and UW System Policies | 71 |
| Sabbatical Sick Leave Reporting | 73 |
| Compensation During Sabbatical | 74 |

Appendices

Appendix 1—Value of Unused Sick Leave Converted at Retirement
by UW System Employees

Appendix 2—UW System Employees with Back-Up Positions,
by Type of Position Title

Appendix 3—UW System Employees with Back-Up Positions,
by Type of Back-Up Position

Appendix 4—UW System Consultants, by Institution

Appendix 5—Previous Employment of All Unclassified Consultants

Response

From the UW System President



STATE OF WISCONSIN
Legislative Audit Bureau

22 E. Mifflin St., Ste. 500
Madison, Wisconsin 53703
(608) 266-2818
Fax (608) 267-0410
Leg.Audit.Info@legis.state.wi.us

Janice Mueller
State Auditor

October 13, 2006

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

We have completed an evaluation of the University of Wisconsin (UW) System's personnel policies and practices, as requested by the Joint Legislative Audit Committee. In September 2005, UW System had approximately 42,000 employees, including 28,100 unclassified staff who are primarily administrative, professional, and research personnel, senior administrators, and faculty.

We found that UW System's unclassified staff, and particularly faculty, reported using considerably less sick leave use than other UW System employees. For example, in 2005, 45.2 percent of all UW System employees who earned sick leave reported using none. During the same period, 77.1 percent of faculty reported no sick leave use. Accumulated unused sick leave is converted at retirement to credits that can help pay for health insurance. UW System employees who retired in 2005 converted an average of \$112,000, and faculty converted an average of \$222,100. We include a recommendation for the Board of Regents to consider modifying how sick leave use is reported within UW System.

UW System employees who are limited appointees serve at the pleasure of their appointing authority. In the past, limited appointees could move from their limited appointments to back-up positions. As of December 2005, 1,088 limited appointees held back-up positions. The number of position titles designated as limited appointments has been reduced by the Board of Regents, but its policies allow exceptions. To ensure their proper application, we include a recommendation for the Board of Regents to report to the Legislature on both the additional position titles UW System has designated as limited appointments and the job protections available to those who hold them.

"Consultant" is a position title for certain UW System employees. System policies do not limit salaries paid to unclassified consultants who are unclassified staff. We found instances in which consultants' salaries exceeded the pay ranges for positions with similar responsibilities. We include a recommendation for UW System to report more complete information on all of its consultants, including the duration of their employment.

We appreciate the courtesy and cooperation extended to us by staff throughout UW System. A response from the UW System President follows the appendices.

Respectfully submitted,

Handwritten signature of Janice Mueller.

Janice Mueller
State Auditor

JM/KW/ss

Report Highlights ■

Faculty reported using considerably less sick leave than other types of staff.

Many unclassified staff within UW System reported using little or no vacation time.

Policy changes related to back-up positions will require continued scrutiny.

Some consultants' salaries exceeded the pay ranges for positions with similar responsibilities.

The University of Wisconsin (UW) System provides instruction, research, and public service statewide through 26 campuses and an extension service. In September 2005, it employed approximately 42,000 individuals, including faculty, administrators, and other staff outside the State's classified service, as well as classified employees such as custodians, financial specialists, and information technology staff. UW System's classified staff are typically represented by unions that negotiate salaries and fringe benefits through collective bargaining agreements. Its 28,100 unclassified staff are typically eligible for the state benefits afforded classified staff, including sick leave and vacation time, but they are subject both to personnel policies that are defined in statutes and administrative rules and to UW System policies.

At the request of the Joint Legislative Audit Committee and the UW System President, we evaluated UW System's personnel policies and practices related to:

- the use and reporting of sick leave and vacation time by unclassified staff;
- the availability of "back-up positions" and extended paid leave to unclassified staff in administrative positions;
- the employment of consultants; and
- the use of faculty sabbaticals.

Our analysis of UW System’s employment of felons, which was also requested by the Audit Committee, was released as a letter report in February 2006.

Sick Leave

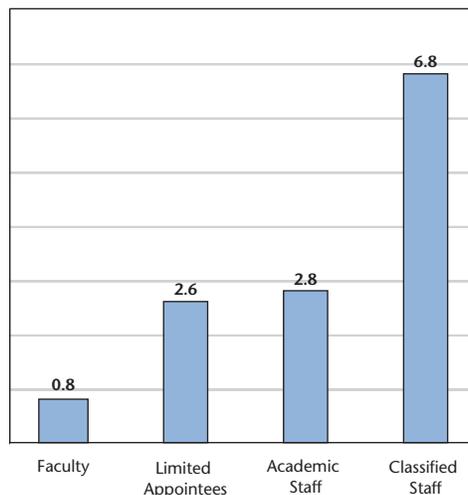
In addition to faculty, UW System’s unclassified staff includes:

- senior administrators such as the UW System President, the chancellors of individual institutions, vice presidents, and other limited appointees in administrative positions that are designated in statutes or system policies; and
- academic staff, who are administrative, professional, and research personnel.

As shown in Figure 1, we found that unclassified staff within UW System, and particularly faculty, reported using considerably less sick leave than classified staff. In 2005, 45.2 percent of all UW System employees who earned sick leave—including 4,975 faculty, 5,756 academic staff, and 613 limited appointees—reported using none. Most employees can be expected to report using at least some sick leave over a three-year period, but 6,772 unclassified staff reported using none from 2003 through 2005.

Figure 1

Average Number of Days of Sick Leave Reported by UW Employees in 2005

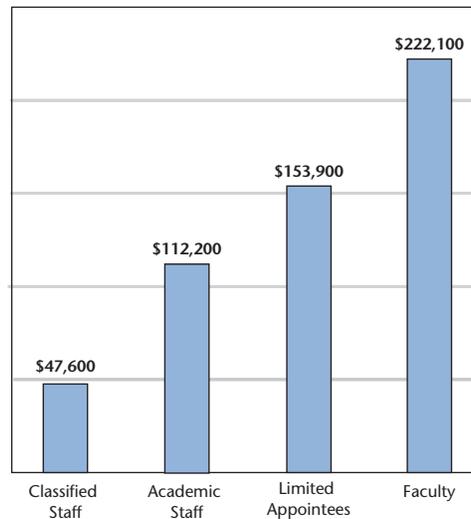


UW System’s unclassified staff, and particularly faculty, also convert more accumulated sick leave to health insurance credits than other state employees do. Statutes provide that unused sick leave is to be converted at retirement to credits that can help individuals pay post-retirement health insurance premiums.

We analyzed the value of conversion credit accounts for state employees who retired in 2005. The average account value for unclassified staff within UW System was greater than the average value for classified staff within UW System, as shown in Figure 2, and for staff in other state agencies. Although faculty salaries are higher, on average, than those of most other UW System staff, the number of hours of unused sick leave explained most of the variation in account values in 2005.

Figure 2

Average Value of Sick Leave Converted at Retirement in 2005



Vacation Time

Full-time unclassified staff within UW System, including faculty with 12-month appointments, earn 22 days of vacation time annually. Faculty with 9-month appointments do not earn vacation time.

From 2003 through 2005, faculty who earned vacation time reported using less of it than other UW System employees did. During this three-year period, 197 unclassified staff reported using no vacation

time at all, and 1,176 reported 20 days or less. The large number of unclassified staff who reported using little or no vacation time raises questions about the effectiveness of UW System's current reporting requirements and compliance with them.

Limited Appointments and Back-Up Positions

Unclassified UW System staff in limited appointments are "at will" employees who serve at the pleasure of their appointing authority. However, statutes provide that both tenured faculty and academic staff who accept limited appointments with any of 17 statutorily enumerated position titles cannot lose their original faculty or academic staff positions.

In December 2005, 1,088 UW System employees held limited appointments, including 117 with statutorily enumerated position titles and 971 others whose titles are not enumerated in statutes but whose positions were allowed to be limited appointments under UW System policies. All of these employees held "back-up positions" into which they could transfer when leaving their limited appointments, but only 218 of the 971 were in positions that required them to have faculty tenure. Most of the 753 remaining employees held back-up positions as academic staff.

In July 2005, after increased public attention was given to back-up positions, the UW System President suspended the practice for all newly hired limited appointees. In November 2005, the Board of Regents adopted a resolution to further limit the granting of back-up positions by amending UW System policies and, in some circumstances, offering up to six months of termination notice. The policy changes permit limited appointments for only the 17 position titles enumerated in statutes, unless the UW System President authorizes an exception. They also stipulate the circumstances under which what they term a "concurrent position" may be granted.

The Board of Regents noted, "The effect of this resolution is to eliminate 'back-up' appointments." However, there appears to be no substantive difference between concurrent and back-up positions, because in both cases an individual is guaranteed a faculty or academic staff position when leaving a limited appointment.

An important unanswered question is the number of employees who will hold concurrent or back-up positions in the future. Some UW System officials have indicated the policy changes will significantly reduce the number of positions with some form of job security, but that may not be the case. Employees who held back-up positions retain their job protections, position titles are being added

to those eligible for limited appointments, and future hiring practices are not known. As discussion continues, effective oversight will continue to be important to ensure adequate accountability.

Consultants

“Consultant” is a position title for certain employees within UW System who may be either classified or unclassified staff. In one month—September 2005—134 unclassified consultants were paid a total of \$308,600, and 56 classified consultants were paid a total of \$21,000. We focused our analysis on September 2005 payroll data for 24 unclassified consultants who worked at least half-time and whose annualized salaries were at least \$65,000.

UW System policies do not limit the salaries of unclassified consultants, and we found instances of unclassified consultants’ salaries exceeding the pay ranges for positions with similar responsibilities. Under system policies, unclassified consultants are to be hired on a short-term basis, but 6 of the 24 consultants on UW System’s payroll in September 2005 were also on the payroll in March 2003, March 2004, and March 2005.

We also reviewed UW System’s sabbatical leave program, which allows faculty to engage in intensive study for up to one year in order to enhance their teaching, or to conduct other scholarly activities. In the 2004-05 academic year, there were 205 faculty sabbaticals. We reviewed 73 sabbatical files and found that most demonstrated compliance with statutory and policy requirements. However, we found some inconsistencies among UW institutions in sabbatical policies, such as for sick leave reported and compensation received while on sabbatical.

Recommendations

We include recommendations for the Board of Regents to:

- ☑ consider modifications to policies for reporting sick leave use by unclassified staff, and report to the Joint Legislative Audit Committee by June 1, 2007, on an improved method ([p. 34](#));
- ☑ consider modifications to policies for reporting vacation time use by unclassified staff, and report to the Joint Legislative Audit Committee by June 1, 2007, on its proposal to improve reporting ([p. 39](#)); and

- ☑ report to the Joint Legislative Audit Committee by June 1, 2007, on the number of position titles that have been or are being considered for designation as limited appointments and the job protections available to those who hold them *(p. 48)*.

We include recommendations for UW System Administration to:

- ☑ report to the Joint Legislative Audit Committee by June 1, 2007, on efforts to ensure UW institutions provide and track concurrent and back-up positions uniformly *(p. 49)*;
- ☑ annually report to the Board of Regents on the employment of consultants by UW System *(p. 64)*; and
- ☑ develop both a standard agreement that lists all requirements related to faculty sabbaticals and a standard form to use in determining total compensation received by faculty on sabbatical *(p. 75)*.

We also include a recommendation for the Legislature to consider a review of the sick leave conversion credit program in light of new financial reporting requirements for public employee benefit programs *(p. 34)*.

■ ■ ■ ■

Introduction ■

UW System is the largest state agency and employs approximately 42,000 individuals.

UW System is the largest state agency and employs approximately one-half of all State of Wisconsin employees. UW System employees work in:

- 13 four-year institutions, including 11 comprehensive universities that offer undergraduate and master's degrees and 2 universities that also offer doctorate degrees and postgraduate training;
- 13 two-year campuses known collectively as UW Colleges, which offer general education associate degrees and course credits that transfer to other degree-granting institutions;
- UW-Extension, which offers public service and continuing education programs in classrooms statewide and through distance learning courses; and
- System Administration, which assists the UW System President and the Board of Regents in overseeing the system.

Classified and Unclassified Staff

Outside UW System, most State of Wisconsin employees hold classified positions. They are typically hired through the state civil service system and are typically represented by unions that negotiate salaries and fringe benefits through collective bargaining

agreements. In contrast, approximately two-thirds of all UW System employees hold unclassified positions. Unclassified state staff, including UW System employees, are subject to personnel policies that are defined in statutes and administrative rules, and they are typically eligible for state benefits afforded classified staff, including sick leave and vacation time. Outside UW System, unclassified state staff include elected officials, senior state agency administrators, and employees in the legislative and judicial branches.

As shown in Table 1, UW System employed 42,006 individuals in 32,312.8 full-time equivalent (FTE) positions in September 2005. Its classified staff includes custodians, financial specialists, information technology staff, and library service associates who may be permanent, limited-term, or project employees. Limited-term employees are hired for provisional appointments or appointments of less than 1,044 hours per year. Project employee positions are normally funded for at least six consecutive months and may not last for more than four years. However, our report is focused primarily on UW System's unclassified staff.

Table 1
UW System Employees
September 2005

| | Number of Employees | Number of FTE Employees |
|------------------------------------|---------------------|-------------------------|
| Unclassified Staff | | |
| Academic Staff | 12,950 | 10,225.2 |
| Student Assistants ¹ | 6,774 | 3,129.7 |
| Faculty | 6,224 | 6,080.5 |
| Limited Appointees | 1,179 | 1,163.1 |
| Employees in Training ² | 999 | 916.2 |
| Other ³ | 21 | 1.8 |
| Subtotal | 28,147 | 21,516.5 |
| Classified Staff | | |
| Permanent | 9,696 | 9,271.0 |
| Limited-Term | 3,880 | 1,262.1 |
| Project | 283 | 263.2 |
| Subtotal | 13,859 | 10,796.3 |
| Total | 42,006 | 32,312.8 |

¹ Includes research assistants and teaching assistants.

² Includes research associates and research interns.

³ Includes employees coded as "other" in UW System's payroll data.

There are three principal categories of unclassified staff: academic staff, faculty, and limited appointees. UW System's academic staff, who make up almost one-half of its unclassified staff, are administrative and professional personnel whose duties are primarily associated with managing the activities of higher education institutions. They include student services specialists, advisors, administrative program specialists, and other individuals involved in policy development or execution and in directing, organizing, or supervising student-related activities. Some academic staff have teaching responsibilities, but they are known as instructional academic staff and are not considered or counted as faculty. For example, lecturers, associate lecturers, and senior lecturers are teaching academic staff who work under contract to teach particular courses. Similarly, there are research academic staff who are scientists and researchers, but they are not considered or counted as faculty.

The professional responsibilities of faculty differ significantly from those of other unclassified staff.

UW System faculty have professional responsibilities that include teaching, research, and community service and that differ significantly from those of other unclassified staff. Faculty workdays are scheduled according to academic rather than business practices and typically include nonstandard work hours to accommodate research and related activities. Faculty hold the rank of professor, associate professor, assistant professor, or instructor, and they are hired to work on either a 9-month basis, which parallels the academic year, or a 12-month basis. Faculty with 12-month appointments have year-round job duties and earn sick leave and vacation time during the entire year. In contrast, faculty with 9-month appointments do not have job duties or earn sick leave or vacation time during summer months. However, they have job duties during winter and spring breaks and are subject to all UW personnel policies during those times. In September 2005, 82.2 percent of UW System faculty had 9-month appointments and 17.8 percent had 12-month appointments.

Limited appointees are unclassified UW System staff who serve at the pleasure of their appointing authority, including the Board of Regents or a senior administrator. The UW System President, vice presidents, chancellors, and individuals in other senior administrative positions that are designated in statutes are limited appointees. Other limited appointees hold positions that have been designated under UW System policies.

Statutes provide that tenured faculty and individuals who move from academic staff positions to limited appointments cannot lose their original faculty or academic staff positions. Therefore, these employees hold what have commonly come to be known as "back-up positions" into which they can transfer when leaving limited appointments.

Staff Salaries

We reviewed staff salaries for all full-time UW System employees. As shown in Table 2, unclassified staff were paid more, on average, than classified staff from 2003 through 2005.

Table 2

Average Earnings of Full-Time UW System Employees¹

| | 2003 | 2004 | 2005 |
|---------------------------|----------|----------|----------|
| Unclassified Staff | | | |
| Limited Appointees | \$87,754 | \$88,705 | \$90,920 |
| Faculty | 74,884 | 75,111 | 76,174 |
| Academic Staff | 47,274 | 47,740 | 48,759 |
| Classified Staff | | | |
| | 34,968 | 34,868 | 36,081 |

¹ These earnings represent total pay as recorded in UW System payroll records and include summer session and lump-sum payments, as well as other adjustments.

Table 3 shows the average earnings of full-time employees at each UW institution in 2005. We found that the largest amounts were paid to:

- UW-Madison faculty, who were paid an average of \$101,125;
- academic staff at System Administration, who were paid an average of \$62,544;
- limited appointees at System Administration, who were paid an average of \$105,884; and
- classified staff at System Administration, who were paid an average of \$48,561.

Table 3
Average Earnings of Full-Time UW System Employees¹
2005

| Institution | Faculty | Academic Staff | Limited Appointees | Classified Staff |
|-----------------------|----------|----------------|--------------------|------------------|
| Colleges | \$52,552 | \$41,817 | \$ 73,923 | \$31,449 |
| Eau Claire | 61,512 | 44,829 | 86,420 | 34,641 |
| Extension | 53,375 | 42,571 | 95,343 | 35,705 |
| Green Bay | 57,199 | 44,214 | 72,793 | 32,467 |
| La Crosse | 65,311 | 42,077 | 83,376 | 33,193 |
| Madison | 101,125 | 52,348 | 98,062 | 37,795 |
| Milwaukee | 77,139 | 44,401 | 91,147 | 36,475 |
| Oshkosh | 61,514 | 44,531 | 103,339 | 32,970 |
| Parkside | 63,900 | 41,660 | 80,402 | 32,743 |
| Platteville | 60,895 | 39,952 | 88,237 | 30,449 |
| River Falls | 61,711 | 46,192 | 79,359 | 33,569 |
| Stevens Point | 61,012 | 46,080 | 84,311 | 33,792 |
| Stout | 61,089 | 43,217 | 84,596 | 32,430 |
| Superior | 61,724 | 41,922 | 69,776 | 33,014 |
| System Administration | – | 62,544 | 105,884 | 48,561 |
| Whitewater | 64,010 | 44,502 | 87,950 | 34,380 |

¹ These earnings represent total pay as recorded in UW System payroll records and include summer session and lump-sum payments, as well as other adjustments.

We also obtained the annual salaries of the UW System President and the chancellors of UW institutions as of September 2005. As shown in Table 4, the UW System President's salary was \$320,000, while the salaries of chancellors ranged from \$306,000 at UW-Madison to \$164,700 at UW Colleges and UW-Extension. Private foundations annually provide \$55,000 of the salary of UW-Madison's chancellor and \$20,000 of the salary of UW-Milwaukee's chancellor.

Table 4

**Annual Salaries of Senior UW System Administrators
September 2005**

| | Annual Salary ¹ |
|----------------------------|----------------------------|
| UW System President | \$320,000 |
| Chancellors | |
| Madison | 306,000 |
| Milwaukee | 270,000 |
| River Falls | 175,000 |
| Whitewater | 175,000 |
| Stout | 174,400 |
| Stevens Point | 172,500 |
| Eau Claire | 168,600 |
| Green Bay | 168,600 |
| La Crosse | 168,600 |
| Oshkosh | 168,600 |
| Parkside | 168,600 |
| Platteville | 168,600 |
| Superior | 168,600 |
| Colleges ² | 164,700 |
| Extension ² | 164,700 |

¹ Includes compensation received from private foundations but does not include compensation received from other sources, such as amounts paid for serving on a public company's board of directors.

² UW Colleges and UW-Extension are now jointly administered by one chancellor.

The UW System President and the chancellors of UW-Green Bay, UW-Madison, UW-Parkside, and UW-Platteville live in university houses. The other chancellors receive a housing allowance of \$1,706 each month. UW-Milwaukee's chancellor also receives a housing allowance because he does not currently reside in the designated residence, which is being sold because it is no longer cost effective to maintain it. The UW System President and most chancellors also each receive a \$700 monthly vehicle allowance and are reimbursed for business mileage. The vehicle allowance is being phased out, and chancellors hired in the future will instead have the option of being assigned vehicles that are leased under fleet contracts negotiated by the Department of Administration (DOA) or being reimbursed for the costs of using their personal vehicles for official business.

UW System Governance and Personnel Policies

In some important respects, UW System's structure and governance differ from those of other state agencies.

In some important respects, UW System's structure and governance differ from those of other state agencies. Under s. 36.09, Wis. Stats., the 17-member Board of Regents is solely responsible for appointing the UW System President, the 13 chancellors who head the four-year UW institutions, the chancellor who heads UW Colleges and UW-Extension, and the 13 deans of the two-year campuses that make up UW Colleges. In addition, the Board of Regents is statutorily responsible for establishing policies to govern UW System.

The responsibilities of UW System Administration are enumerated in s. 36.09(2)(a), Wis. Stats., and include assisting the Board of Regents and the UW System President in establishing, reviewing, and monitoring systemwide policies, including those related to personnel. The Board of Regents promulgates administrative rules and policies, while UW System Administration develops personnel guidelines that implement these rules and policies. UW institutions may develop additional policies governing themselves, as long as those policies do not conflict with UW System policies. As noted, most personnel policies and practices for classified staff are negotiated through collective bargaining.

Section 36.09(4), Wis. Stats., states that the faculty of each UW institution, subject to the responsibilities and power of the Board of Regents, the UW System President, and its chancellor, are vested with responsibility for institutional governance and shall actively participate in the development of policies. Under this system of "shared governance," faculty have primary responsibility for personnel matters that affect them. Similarly, s. 36.09(4m), Wis. Stats., states that a UW institution's academic staff shall actively participate in governance and policy development and have primary responsibility for the formulation and review of policies and procedures concerning them.

Despite differences in governance, many employment policies and practices that state agencies are required to follow because of federal law, state statute, and negotiated contracts also apply to UW System. For example, UW System employees participate in the Wisconsin Retirement System and in health and other insurance programs available to state employees, and they are paid for the state holidays designated in statutes. Classified staff also receive the same amount of sick leave as employees of other state agencies.

UW System's unclassified staff are subject to rules and policies that do not apply to other state employees.

UW System's unclassified staff, however, are subject to administrative rules and system policies that do not apply to the unclassified staff of other state agencies. For example, they earn sick leave and vacation time at different rates than unclassified staff in other state agencies, including an annual sick leave allocation of 12 days for full-time staff, rather than the 16.25 days earned by other state employees. UW System policies direct full-time unclassified staff to report both sick leave and vacation time in four-hour increments and allow them to report no sick leave if less than two hours are used on any given day. In contrast, both classified staff and part-time unclassified staff within UW System are required to report actual amounts of sick leave and vacation time used. UW System faculty and teaching academic staff are also allowed by system policies to report coverage by a colleague, rather than sick leave, if during an illness they make alternative arrangements to fulfill their teaching responsibilities at no additional cost to the institution. Colleagues may not, however, cover research or administrative responsibilities.

Statutes authorize faculty to apply to participate in UW System's faculty sabbatical program, which allows them to engage in intensive study related to their academic interests. Faculty sabbaticals may last for either a semester or the entire academic year, during which the faculty member has no teaching duties or other on-campus responsibilities. Faculty receive compensation while on sabbatical and are required by UW System policies to report sick leave.

Well-publicized incidents have raised concerns about personnel issues at UW System.

Several well-publicized incidents have raised concerns among legislators and the public about the application of personnel policies within UW System, including the use of back-up positions and sick leave. For example, a high-ranking administrator was involuntarily transferred into his academic staff back-up position in November 2004. It was initially agreed that he would use sick leave to address personal health issues and return to work in January 2005. However, he did not return until June 2005, and while away from work he continued to use accrued sick leave and vacation time, which was approved on a monthly basis by the chancellor. Aspects of this case are currently being litigated.

Concerns have also been raised about the amount of time UW institutions need to complete internal investigations to determine whether disciplinary action is required for employees. For example, in 2005, media reported that three UW-Madison professors who had been convicted of felonies remained on the payroll while lengthy investigations were conducted to determine whether they could be dismissed for cause, as eventually occurred.

In response, the Board of Regents began to revise administrative rules to change the employment termination process for any faculty or academic staff member who commits a felony. The proposed rules, which have been submitted to the Legislative Council:

- require faculty and academic staff to inform their UW institutions when they are charged with, plead guilty or no contest to, or are convicted of a felony;
- allow chancellors to place faculty members on leave without pay until an investigation is completed; and
- establish shorter time lines for the investigation and termination processes.

UW System has also proposed a systemwide policy that would require criminal background checks of all newly hired staff, including faculty. That policy is expected to be submitted to the Board of Regents in December 2006, following a comment period for faculty and academic staff governance groups at each UW institution, and to be enacted in January 2007.

Other personnel issues that have raised concerns include UW System employees' use of vacation time, the employment of consultants and their job duties, and the provision of extended paid leave after employees have announced their resignations. Along with a number of legislators, the UW System President requested an independent evaluation of these personnel issues. In response, the Joint Legislative Audit Committee approved a comprehensive evaluation of UW System's personnel policies and practices.

To address these concerns, we interviewed officials at each of the 13 four-year UW institutions, System Administration, UW Colleges, and UW-Extension. We reviewed UW System personnel policies and examined UW System's leave data from January 2003 through December 2005, as well as payroll data, available information on employees with back-up positions in June and December 2005, and faculty sabbatical policies. To obtain more detailed information about personnel policies and practices, we reviewed records at six UW institutions: UW-Eau Claire, UW-Green Bay, UW-Madison, UW-Milwaukee, UW-Oshkosh, and UW-Platteville. We also contacted four universities in other midwestern states—the University of Illinois at Urbana-Champaign, the University of Iowa—Iowa City, the University of Michigan—Ann Arbor, and the University of Minnesota—Twin Cities—to obtain information about their personnel policies and practices.

Our report focuses on personnel policies and practices applicable to faculty, academic staff, limited appointees, and permanent classified staff. We excluded student assistants and employees in training from our analyses because these individuals generally do not earn sick leave or vacation time, do not participate in the Wisconsin Retirement System, and are not eligible for back-up positions.

■ ■ ■ ■

Sick Leave and Vacation Time ■

Most UW System unclassified and classified staff earn paid sick leave, which may be used for illness or for other health-related reasons. Unused sick leave accumulates from year to year. It has no cash value, but statutes allow all state employees, including UW System staff, to convert accumulated sick leave to credits that help pay for health insurance provided through the Wisconsin Retirement System.

Past audits have noted concerns about limited sick leave reporting by unclassified staff within UW System.

Past audits have noted concerns about limited sick leave reporting by unclassified staff within UW System and have questioned the effectiveness of UW System's oversight. Therefore, we analyzed sick leave reporting by UW System staff, as well as the conversion of unused sick leave at retirement. We also analyzed vacation reporting practices by classified and unclassified UW System staff.

Sick Leave Policies

Section UWS 19.01, Wis. Adm. Code, allows UW System faculty, academic staff, and limited appointees to use sick leave for personal illness, injury, disability, or pregnancy, as well as for attending to an immediate family member who dies or whose condition requires an employee's direct care. Similarly, under s. ER 18.03(4), Wis. Adm. Code, all state classified staff may use sick leave for personal illness, medical and dental appointments, bodily injury, or maternity; assisting an immediate family member who is sick or injured; and the death of an immediate family member.

Administrative rules provide that full-time UW System classified staff, like those in other state agencies, earn 16.25 days of sick leave annually. Under separate rules that were established in the 1970s, unclassified staff within UW System whose appointments are for at least 9 months earn 22 days of sick leave when they are hired and do not earn additional sick leave for the next 18 months. After 18 months, they earn 12 days annually. Table 5 shows the sick leave earned annually by various types of full-time UW System employees.

Table 5

Sick Leave Earned by Full-Time UW System Employees

| | Number of Days Annually |
|--|----------------------------|
| UW Unclassified Staff¹ | |
| Faculty ² | 12 |
| Academic Staff | 12 |
| Limited Appointees | 12 |
| UW Classified Staff | 16.25 |

¹ Unclassified staff within UW System are awarded 22 days of sick leave at hiring and do not earn additional sick leave for the next 18 months.

² Faculty with 9-month appointments earn 6 days of sick leave for each semester, or 12 days for the entire academic year.

As noted, UW System policies direct full-time unclassified staff to report sick leave use in four-hour increments and do not require reporting for absences of less than two hours. Faculty and teaching academic staff are not required to report sick leave when responsibilities such as classroom instruction and student advising are covered by colleagues. UW System policies also require unclassified staff to follow the standard work schedule established for classified state employees, which is 7:45 a.m. to 4:30 p.m., Monday through Friday, unless they designate an alternate schedule in writing. Human resources staff at the institutions indicate most faculty choose to work alternate schedules.

Unused sick leave may be converted at retirement to help pay for health insurance premiums.

Section 40.05(4)(b), Wis. Stats., states that accumulated unused sick leave shall, at the time of death or retirement, be converted to credits that can help state employees to fund their own post-retirement health insurance premiums and those of any eligible dependents. The conversion amount is calculated by multiplying the number of hours of unused sick leave by an employee's highest hourly rate of pay in state service. The sick leave conversion program was enacted as an incentive to limit state employees' use of sick leave during their careers. It is administered by the Department of Employee Trust Funds. Individuals who terminate employment after at least 20 years of state service and defer their application for retirement benefits are also eligible for this benefit.

Under the compensation plan administered by the Office of State Employment Relations, employees with 15 years or more of continuous state service also earn supplemental credits based on their hours of unused sick leave. Those in positions other than protective services receive up to 52 hours of supplemental credits per full year of state service through 24 years, and up to 104 hours of supplemental credits per full year over 24 years.

Sick Leave Reporting Practices

UW System faculty reported using considerably less sick leave than other UW staff from 2003 through 2005.

As shown in Table 6, unclassified UW System staff who earned sick leave, and particularly faculty, reported using considerably less than classified UW System staff from 2003 through 2005. Reported sick leave use by all types of UW System employees declined during this three-year period, but in 2005 classified UW System staff reported using an average of 6.8 days of sick leave, while faculty reported using 0.8 days.

UW System officials believe that comparing the sick leave of classified and unclassified staff is not appropriate because of differences in duties and responsibilities. For example, they argue that faculty report using fewer sick days because research is not generally scheduled according to business hours, and responsibilities such as grading papers and assignments can be performed at home when faculty are unwell and have no other campus obligations. We therefore compared sick leave use by UW System unclassified staff with that of other professionals in government but outside of UW System, using the Annual Sick Leave and Vacation Analysis Report prepared by DOA.

Table 6

Reported Average Sick Leave Use by UW System Staff
2003 through 2005

| | Average Number of Days | | |
|------------------------------|------------------------|------|------|
| | 2003 | 2004 | 2005 |
| UW Unclassified Staff | | | |
| Faculty | 0.9 | 0.8 | 0.8 |
| Academic Staff | 3.1 | 2.9 | 2.8 |
| Limited Appointees | 2.9 | 2.7 | 2.6 |
| All Unclassified Staff | 2.2 | 2.1 | 2.1 |
| UW Classified Staff | | | |
| | 7.2 | 7.1 | 6.8 |
| UW Overall | | | |
| | 3.9 | 3.8 | 3.7 |

¹ Includes only those employees who earned sick leave.

Unclassified staff in UW System report using less sick leave than other professional state employees.

As shown in Table 7, we found that, on average, UW System faculty, academic staff, and limited appointees reported using less sick leave than comparable professional staff in state government. Although there are no direct comparables to university faculty, state agencies do employ administrators, researchers, attorneys, engineers, scientists, and other professional staff who can reasonably be compared with UW System’s unclassified staff, and in 2005 these individuals reported significantly more sick leave than UW System’s unclassified staff did. Other professional state employees reported using between 4.4 and 11.1 times more sick leave than the 0.8 days reported by UW System faculty.

Table 7
Reported Average Sick Leave Use Comparisons¹
 2005

| Type of Staff | Number of Staff | Average Number of Days of Reported Sick Leave |
|---|-----------------|---|
| UW Unclassified Staff | | |
| Faculty | 6,453 | 0.8 |
| Academic Staff | 12,088 | 2.8 |
| Limited Appointees | 1,274 | 2.6 |
| Other Comparable State Employees² | | |
| Assistant District Attorneys | 389 | 5.7 |
| Assistant State Public Defenders | 249 | 6.5 |
| Attorneys in State Agencies | 300 | 5.0 |
| Economists and Research Analysts | 83 | 8.9 |
| Engineering Professionals | 1,101 | 6.3 |
| Executive and Administrative Managers | 572 | 3.5 |
| Executive and Administrative Professionals | 304 | 5.1 |
| Science Professionals | 1,105 | 5.6 |
| Section Chiefs, Directors, and Other Managers | 647 | 4.4 |
| State Officials and Executive Staff ³ | 1,171 | 5.1 |
| Supervisors of Professional Staff | 1,396 | 5.5 |

¹ Includes only those employees who earned sick leave.

² Source: Department of Administration Annual Sick Leave and Vacation Analysis Report. Includes only those professionals most comparable to unclassified staff within UW System.

³ Includes department secretaries, deputy secretaries, division administrators, and a variety of professional positions associated with areas such as budget, human resources, and information system technology.

As shown in Table 8, reported sick leave use varied among UW institutions in 2005. Overall, employees of UW Colleges reported using the smallest amount of sick leave—2.3 days—while System Administration employees reported using the most.

Table 8

**Reported Average Sick Leave Use, by UW Institution¹
2005**

| Institution | Average Number of Days | | |
|-----------------------|------------------------|------------------|---------|
| | Unclassified Staff | Classified Staff | Overall |
| Colleges | 1.5 | 4.8 | 2.3 |
| Eau Claire | 1.1 | 6.6 | 3.1 |
| Green Bay | 2.2 | 5.6 | 3.3 |
| River Falls | 1.4 | 6.9 | 3.3 |
| Stevens Point | 1.7 | 6.4 | 3.3 |
| Whitewater | 1.7 | 7.2 | 3.6 |
| Oshkosh | 2.0 | 7.8 | 3.8 |
| La Crosse | 2.4 | 7.0 | 3.9 |
| Madison | 2.2 | 6.8 | 3.9 |
| Platteville | 2.2 | 7.2 | 3.9 |
| Stout | 2.3 | 6.6 | 4.0 |
| Extension | 3.6 | 6.5 | 4.2 |
| Milwaukee | 2.2 | 8.9 | 4.2 |
| Parkside | 2.2 | 8.3 | 4.3 |
| Superior | 2.2 | 7.7 | 4.3 |
| System Administration | 4.4 | 5.9 | 5.3 |

¹ Includes only those employees who earned sick leave.

While average reported sick leave use was low, a small number of UW System employees reported a large amount of sick leave in 2005: 19 unclassified staff and 31 classified staff each reported using at least 60 days, or approximately three months. In contrast, a significant number of UW System employees have reported using no sick leave in recent years.

In 2005, 45.2 percent of all UW System employees who earned sick leave reported using none.

As shown in Table 9, 45.2 percent of UW System employees who earned sick leave reported using none in 2005, which is an increase from 43.3 percent in 2003. In comparison, 16.9 percent of employees at other large state agencies reported no sick leave in 2005. This proportion ranged from 11.0 percent at the Department of Corrections to 37.4 percent at the Department of Natural Resources.

Table 9

Sick Leave Use Reported by All UW System Employees¹

| Number of Days | 2003 | | 2004 | | 2005 | |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total |
| 0 | 13,435 | 43.3% | 14,105 | 45.2% | 14,216 | 45.2% |
| 1 to 5 | 9,646 | 31.0 | 9,547 | 30.6 | 9,657 | 30.8 |
| 6 to 10 | 3,988 | 12.8 | 3,705 | 11.9 | 3,706 | 11.8 |
| 11 to 15 | 2,020 | 6.5 | 1,897 | 6.1 | 1,869 | 6.0 |
| 16 to 20 | 1,118 | 3.6 | 1,042 | 3.3 | 1,057 | 3.4 |
| 21 or More | 877 | 2.8 | 913 | 2.9 | 866 | 2.8 |
| Total | 31,084 | 100.0% | 31,209 | 100.0% | 31,371 | 100.0% |

¹ Includes only those employees who earned sick leave.

In 2005, 77.1 percent of faculty reported using no sick leave.

Unclassified staff within UW System were more likely than classified staff to report using no sick leave. As shown in Table 10, 77.1 percent of faculty, 47.7 percent of academic staff, and 48.2 percent of limited appointees reported using no sick leave in 2005. In comparison, 21.1 percent of classified staff at UW System reported no sick leave in 2005.

Table 10

Sick Leave Use Reported by Faculty, Academic Staff, and Limited Appointees¹
2005

| Number of Days | Faculty | | Academic Staff | | Limited Appointees | |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total |
| 0 | 4,975 | 77.1% | 5,756 | 47.7% | 613 | 48.2% |
| 1 to 5 | 1,277 | 19.8 | 4,103 | 33.9 | 463 | 36.3 |
| 6 to 10 | 105 | 1.6 | 1,343 | 11.1 | 121 | 9.5 |
| 11 to 15 | 31 | 0.5 | 518 | 4.3 | 40 | 3.1 |
| 16 to 20 | 19 | 0.3 | 174 | 1.4 | 20 | 1.6 |
| 21 or More | 46 | 0.7 | 194 | 1.6 | 17 | 1.3 |
| Total | 6,453 | 100.0% | 12,088 | 100.0% | 1,274 | 100.0% |

¹ Includes only those employees who earned sick leave.

From 2003 through 2005, 40.6 percent of UW System’s unclassified employees who earned sick leave reported using none.

Most employees can be expected to report using at least some sick leave over a three-year period. However, as shown in Table 11, when we analyzed sick leave use by unclassified staff within UW System who earned it from 2003 through 2005, we found that 6,772 employees, or 40.6 percent, reported using none. That total includes 3,515 faculty. In comparison, 2,027 employees at other large state agencies, or 7.3 percent, reported using no sick leave during this three-year period.

Table 11
Sick Leave Use Reported by Unclassified Staff at UW System¹
 2003 through 2005

| Number of Days | Number of Employees | Percentage of Total |
|----------------|---------------------|---------------------|
| 0 | 6,772 | 40.6% |
| 1 | 1,639 | 9.8 |
| 2 | 993 | 5.9 |
| 3 | 778 | 4.7 |
| 4 | 604 | 3.6 |
| 5 | 525 | 3.1 |
| 6 to 10 | 1,731 | 10.4 |
| 11 to 20 | 1,884 | 11.3 |
| 21 or More | 1,770 | 10.6 |
| Total | 16,696 | 100.0% |

¹ For UW System employees who earned sick leave from January 2003 through December 2005.

In October 2005, the Board of Regents promulgated a policy that requires unclassified staff who report using more than five consecutive working days of sick leave to provide written certification from a health care provider. Because our audit examined sick leave data only through December 2005, we could not determine whether this policy change is being followed consistently and whether it has affected sick leave reporting. Furthermore, because UW System’s electronic leave records do not specify the days for which employees report using sick leave, we could not determine the number of unclassified staff who reported using five or more consecutive days of sick leave in recent years. However, given that most unclassified staff reported using a total of five days or less of sick leave during 2005, the new policy is likely to affect relatively few employees.

Other UW System policies may explain, in part, why unclassified staff and particularly faculty reported using little sick leave. In addition to not requiring full-time unclassified staff to report absences of less than two hours, and allowing unclassified staff to designate alternate work schedules that allow them increased personal flexibility, system policies allow department chairs to permit, in limited circumstances, faculty and academic staff to work extra hours at home in lieu of using sick leave if the work is completed during the same payroll period in which an illness occurs. Furthermore, human resources staff indicate that faculty:

- may teach their courses even if they are sick, because it can be difficult to reschedule courses and because students are inconvenienced if courses are cancelled;
- may choose not to record sick leave if they work more than 40 hours during a week in which they are sick; and
- may schedule medical procedures and appointments for the summer months, when faculty with 9-month appointments neither earn nor are required to report sick leave.

In 2005, more than 90.0 percent of faculty and teaching academic staff did not report any coverage of their teaching responsibilities by colleagues.

To the extent that faculty and teaching academic staff report colleagues covering their teaching responsibilities, they also may report using less sick leave. However, 5,969 faculty and 3,695 teaching academic staff, representing more than 90.0 percent of employees with instructional responsibilities, did not report using any coverage by colleagues in 2005, as shown in Table 12. Furthermore, the reported use of such coverage by faculty declined from an average of 1.5 hours in 2003 to 1.1 hours in 2005. Therefore, coverage by colleagues does not explain the decline in reported use of sick leave.

In 2005, 47 academic staff reported using coverage by colleagues even though they were ineligible to do so.

However, we found that 47 of the 234 academic staff who reported coverage by colleagues in 2005, or 20.1 percent, did not have teaching responsibilities at that time and therefore should not have reported such coverage. Included were 36 individuals at UW-Madison; 6 at UW-Milwaukee; and 1 each at UW-Eau Claire, UW-Green Bay, UW-La Crosse, UW-Stout, and UW-Stevens Point. UW-Madison has indicated that, based on our analysis, sick leave or vacation balances for 33 of these 36 academic staff have been reduced to reflect the inappropriate use of coverage by colleagues.

Table 12

**Reported Coverage of Teaching Responsibilities by Colleagues
2005**

| Number of Days | Faculty | | Academic Staff ¹ | |
|----------------|---------------------|---------------------|-----------------------------|---------------------|
| | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total |
| 0 | 5,969 | 92.6% | 3,695 | 94.0% |
| 1 | 292 | 4.5 | 151 | 3.8 |
| 2 | 86 | 1.3 | 35 | 0.9 |
| 3 | 41 | 0.6 | 23 | 0.6 |
| 4 | 16 | 0.2 | 10 | 0.3 |
| 5 | 17 | 0.3 | 6 | 0.2 |
| 6 to 10 | 23 | 0.4 | 7 | 0.2 |
| 11 or More | 9 | 0.1 | 2 | <0.1 |
| Total | 6,453 | 100.0% | 3,929 | 100.0% |

¹ Includes teaching academic staff, as indicated by UW System payroll data.

Our findings on reported sick leave use are similar to those of UW System internal auditors, who concluded in October 1998 that significant differences in sick leave use between faculty and classified staff raised questions about whether UW System policies were consistently being followed. The internal auditors found that, on average, faculty and teaching academic staff had reported approximately 1.0 day of sick leave in fiscal year (FY) 1996-97, non-teaching academic staff with 9-month appointments reported 1.7 days, non-teaching academic staff with 12-month appointments reported 3.6 days, and classified staff reported 6.1 days.

Compliance with Required Record-Keeping

To evaluate current compliance with the record-keeping required by UW System policies, we reviewed the 2005 leave files for 300 unclassified staff. Our review included employees who reported relatively little sick leave and those who reported more than 15 days in 2005. The files included all reported leave, not just sick leave. UW System policies require unclassified staff to report their leave use each month, and the monthly leave reports must be signed and dated by the employee and the employee’s supervisor. The information in these reports is subsequently entered into

UW System's electronic leave system. Because policies do not provide a specific time period in which an employee must submit a monthly report, we considered reports submitted more than 60 days after the end of a month to be late.

As shown in Table 13, almost all of the leave reports were in the files and signed by employees and their supervisors. UW institutions were subsequently able to locate missing leave reports or to provide new ones for six of the ten files that were missing reports at the time of our review.

Table 13

Analysis of UW System Leave Files¹
2005

| | Files in Compliance | | Files Not in Compliance | |
|--|---------------------|---------------------|-------------------------|---------------------|
| | Number | Percentage of Total | Number | Percentage of Total |
| All Leave Reports Present in the File | 290 | 96.7% | 10 | 3.3% |
| All Leave Reports Signed by the Employee | 285 | 95.0 | 15 | 5.0 |
| All Leave Reports Signed by the Supervisor | 288 | 96.0 | 12 | 4.0 |
| All Leave Reports Submitted Within 60 Days of the Leave Period | 266 | 88.7 | 34 | 11.3 |

¹ Based on our review of 300 files at six UW institutions.

We noted that 19 of the 300 files, or 6.3 percent, contained at least one leave report dated shortly before our visits to the UW institutions but after we had asked to review specific files, including 7 at UW-Milwaukee, 5 at UW-Madison, 4 at UW-Oshkosh, 2 at UW-Eau Claire, and 1 at UW-Green Bay. We also noted that the leave amounts in 79 files did not match the amounts in UW System's electronic leave system. These discrepancies do not necessarily indicate problems because, for example, leave balances in the system are sometimes adjusted to reflect a change in employment status or to correct data entry errors. However, neither the paper leave files nor the electronic leave system explains the adjustments. Based on a review of some of the 79 files, it appears the electronic leave system better reflects actual leave used.

UW System employees generally complied with paperwork-related requirements.

Although our file review found that UW System employees generally comply with paperwork-related requirements, variations in reported sick leave use remain. As a result, unclassified

UW System staff, particularly faculty, convert significantly more sick leave to health insurance credits at retirement than other state employees do.

Conversion of Unused Sick Leave at Retirement

In 2005, UW System employees converted more hours of unused sick leave than employees of other state agencies did.

We analyzed the value of unused sick leave conversion credits for state employees who retired in 2005 and had been employed either exclusively at UW System or exclusively at other state agencies. As shown in Table 14, we found that UW System employees converted an average of 2,906 hours of unused sick leave, including supplemental credits, while other state agency employees converted an average of 2,454 hours. Because of such differences, UW System employees are generally able to purchase more post-retirement health insurance through their sick leave conversion credit accounts. For example, if health insurance premiums increase 5.0 percent annually in the future, an employee who retired from UW System in 2005 will be able to purchase, on average, approximately seven years of health insurance at the state plan's family rate in Dane County, compared to approximately five years for an employee who retired from another state agency.

Table 14

Value of Unused Sick Leave Converted at Retirement Employees Who Retired in 2005

| Years of Service | UW System Employees | | | Other State Agency Employees | | |
|------------------|---------------------|--|--|------------------------------|--|--|
| | Number Who Retired | Average Number of Hours Converted ¹ | Average Value of Unused Sick Leave Converted | Number Who Retired | Average Number of Hours Converted ¹ | Average Value of Unused Sick Leave Converted |
| 20 or Less | 189 | 1,438 | \$ 43,200 | 358 | 1,810 | \$ 62,700 |
| 21 to 25 | 89 | 2,603 | 95,100 | 53 | 2,231 | 59,900 |
| 26 to 30 | 102 | 3,242 | 118,000 | 104 | 2,829 | 76,400 |
| 31 to 35 | 105 | 3,887 | 143,600 | 97 | 3,795 | 103,500 |
| 36 or More | 70 | 5,297 | 263,400 | 48 | 3,984 | 109,200 |
| Overall | 555 | 2,906 | 112,000 | 660 | 2,454 | 74,000 |

¹ Includes unused sick leave hours plus supplemental credits earned.

UW System employees accounted for 86 of the 100 state employees whose converted sick leave had the greatest value in 2005. The largest amount overall, \$570,000, was converted by a UW System employee with 39.2 years of service and 3,700 hours of unused sick leave and supplemental credits. The largest conversion for an employee of another state agency, \$327,000, belonged to an individual who retired from the Department of Health and Family Services with 27.3 years of service and 2,970 hours of unused sick leave and supplemental credits.

It should be noted that the information contained in Table 14 does not reflect amounts that will actually be used by the employees who retired in 2005 because not all retired employees exhaust the full value of their sick leave conversion credit accounts. For example, those who qualify for Medicare will use their credits only to pay for supplemental Medicare insurance, which costs considerably less than other state health insurance premiums. However, the more state health insurance premiums increase, the greater the likelihood that individuals will exhaust the entire value of converted sick leave credits in their lifetimes.

Faculty who retired in 2005 converted an average of \$222,100 in unused sick leave for health insurance premiums.

The average value of converted sick leave varied significantly among the different types of UW System employees who retired in 2005. We found that:

- faculty converted an average of \$222,100 each;
- limited appointees converted an average of \$153,900 each;
- academic staff converted an average of \$112,200 each; and
- classified staff converted an average of \$47,600 each.

The number of unused sick leave hours explained most of the variation in account values in 2005.

Both highest annual earnings in state service and an employee's years of service affect the value of the conversion credit account. For example, the account value for an employee with 25 years of state service and 1,000 hours of unused sick leave and whose highest earnings were a salary of \$90,000 will be greater than the account value for an employee with the same amount of state service and unused sick leave, but whose highest annual earnings were \$50,000. Nevertheless, we found that the number of hours of unused sick leave explained most of the variation in amounts converted by different types of UW System employees who retired in 2005.

Unclassified staff, particularly faculty, consistently accumulated significantly more hours of unused sick leave than classified employees. For example, faculty with 36 years or more of service converted an average of 6,055 hours, while classified staff with the same length of service converted 3,046 hours. This difference results in the average benefit value for faculty being \$283,300 more than the average benefit value for classified staff. Appendix 1 contains additional information about the amounts converted by the different types of UW System employees.

If faculty were to report sick leave at the same rate as classified staff within UW System, their benefit value would be reduced significantly. For example, faculty who retired in 2005 had an average of 27.7 years of state service and an average salary of \$103,000 for their highest-earning years. If a faculty member reported no sick leave during 27.7 years of state service, rather than the approximately 7.0 days reported by UW System classified staff, his or her account value would increase by \$103,800. This amount represents an additional benefit based on current sick leave reporting practices that is more than twice the \$47,600 that is the average value of unused sick leave converted by classified staff within UW System in 2005.

UW System officials acknowledge the differences we observed in the number of unused sick leave days. They argue that this disparity between faculty and classified staff in UW System, and between UW System employees and other state agency employees, will diminish over time because unclassified staff in UW System currently earn fewer sick days than classified staff in UW System and in other state agency employees, who in 1997 were provided additional days in lieu of larger salary increases. However, differences in future account values will depend on the amount and frequency of any salary increases, sick leave use and reporting patterns, and length of state service trends.

We attempted to determine whether sick leave conversion programs similar to Wisconsin's are in place at other universities. At two of the four midwestern universities that we contacted, unused sick leave has a value to retiring employees. At the University of Illinois at Urbana-Champaign, a portion of unused sick leave can be used to purchase service credits that determine the amount of retirement benefits, and at the University of Iowa—Iowa City, unused sick leave worth up to \$2,000 can be converted to cash at retirement. Unused sick leave has no value at retirement for employees at the University of Michigan—Ann Arbor or the University of Minnesota—Twin Cities. However, to encourage the use of sick leave for legitimate purposes only, civil service employees at the University of Minnesota—Twin Cities who have accumulated 400 hours or more of unused sick leave earn additional vacation time.

**1987 Wisconsin Act 27
was intended to address
disparities in unused sick
leave conversion.**

In an earlier evaluation conducted by this office (report 85-32), we found that faculty and administrative staff who retired between 1983 and 1985 converted an average of \$40,200 in unused sick leave, while employees who retired from other state agencies converted an average of \$28,600. We concluded that this disparity resulted, in part, because UW System did not ensure accurate sick leave reporting. After our evaluation, 1987 Wisconsin Act 27, the 1987-89 Biennial Budget Act, limited the amount of unused sick leave to be converted at retirement to 8.5 days per year for faculty and academic staff with full-time appointments, and 6.4 days for those with 9-month appointments. Section 40.05(4)(bp), Wis. Stats., provides that these limits can be waived at a UW institution if DOA determines that:

- administrative procedures exist at the UW institution for the crediting and use of earned sick leave for teaching faculty and academic staff, and they are comparable to the standard for a scheduled 40-hour work week;
- a sick leave accounting system comparable to the system used by classified state staff is used at the institution; and
- the institution regularly reports on the operation of its sick leave accounting system to the Board of Regents.

DOA reviewed each UW institution and, by 1993, determined that all had the requisite policies and procedures in place. Consequently, the statutory limits were waived retroactive to the enactment of Act 27, and all UW faculty and academic staff were allowed to convert all of their unused sick leave at retirement. DOA has not since reviewed the institutions' sick leave policies and procedures.

UW System officials argue that any changes to sick leave policies could negatively affect their ability to recruit and retain staff. However, we believe the need to recruit and retain qualified staff must be balanced with the need to ensure all state employees use and report sick leave as required. Reported sick leave use by faculty and other unclassified staff within UW System has been low and is declining. Because the effectiveness of past efforts to ensure accurate sick leave reporting remains doubtful, we believe the Board of Regents should consider modifications to UW System policies for reporting sick leave use by unclassified staff.

Another area for the Legislature's consideration is a review of the program in light of new financial reporting requirements for public employee benefit programs. To ensure full disclosure in financial statements, the Governmental Accounting Standards Board is

requiring that they include the actuarially determined costs for such programs beginning in FY 2007-08.

In many states and municipalities, these program costs have not been fully funded. However, that is not the case in Wisconsin. The Department of Employee Trust Funds, which oversees administration of the sick leave conversion credit program, reported that as of December 31, 2005, the program has accumulated \$1.9 billion in assets to pay estimated future benefits of \$1.8 billion. State agencies fund the program on an ongoing basis, based on a percentage of their payrolls. In 2005, UW System's contribution was an estimated \$20.4 million, based on a contribution rate of 1.4 percent of its payroll. UW System and other state agencies also contribute to fund debt service for pension obligation bonds that were issued to liquidate the State's unfunded liabilities in both the pension and sick leave programs in 2003.

Recommendation

We recommend:

- *the Board of Regents consider modifications to policies for reporting sick leave use by unclassified staff within the University of Wisconsin System;*
- *the Board of Regents report to the Joint Legislative Audit Committee by June 1, 2007, on an improved method for reporting the use of sick leave by unclassified staff within the University of Wisconsin System; and*
- *the Legislature consider a review of the sick leave conversion credit program in light of new Governmental Accounting Standards Board financial requirements.*

Vacation Time Reporting Policies and Practices

Under policies established by the Board of Regents, unclassified UW System staff, including faculty with 12-month appointments, earn 22 days of vacation time annually. Faculty and teaching academic staff with 9-month appointments do not earn any paid vacation time. Each year, unclassified UW System staff with 10 years

of service may transfer up to 40 hours (five days) of unused vacation time into annual leave reserve accounts, and those with 25 years of service may annually transfer up to 80 hours (ten days) into such accounts. This leave may be used at the employee's discretion, subject to supervisory approval.

Classified UW System staff earn from 10 to 27 days of vacation time annually, based on their years of state service, collective bargaining unit, and whether they are exempt from the minimum wage and overtime requirements of the federal Fair Labor Standards Act. In general, statutes allow classified staff to annually transfer between 40 and 120 hours (5 to 15 days) of unused vacation time into a reserve account, depending on their years of service. Classified staff with at least 15 years of service are allowed to exchange up to 40 hours (five days) of unused vacation time each year for cash.

Like sick leave, vacation time is to be reported in four-hour increments by full-time unclassified UW System staff, while classified staff are required to report actual vacation time used. Although employees are encouraged to use their vacation time in the year in which they earn it, statutes and UW System policies allow them to carry over unused time to the following year, after which it lapses. Human resources staff at the six UW institutions we visited stated that supervisors and employees are responsible for ensuring that leave policies are followed, and human resources staff do not verify the accuracy of individual leave reports.

Faculty who earned vacation time reported using less than other UW System employees did.

We analyzed the amount of vacation time used by UW System employees who earned it from 2003 through 2005, including amounts placed in reserve accounts. As shown in Table 15, faculty reported using less vacation time than other employees, and the amounts reported by all types of unclassified staff within UW System declined over a three-year period. Employees at 12 other large state agencies, most of whom are classified staff, reported using an average of 16.6 days of vacation in 2005.

Although it may be expected that employees will use at least a portion of their vacation time, this was not the case with a considerable number of UW System employees. As shown in Table 16, the proportion of UW System employees who reported using no vacation time increased from 6.8 percent in 2003 to 7.8 percent in 2005. Only 3.3 percent of employees at other large state agencies used no vacation time in 2005.

Table 15

**Reported Average Vacation Time Use by UW System Staff
2003 through 2005**

| | Average Number of Days | | |
|------------------------------|------------------------|------|------|
| | 2003 | 2004 | 2005 |
| UW Unclassified Staff | | | |
| Faculty ¹ | 13.4 | 12.4 | 12.3 |
| Academic Staff ¹ | 17.2 | 16.1 | 16.0 |
| Limited Appointees | 15.2 | 14.9 | 13.9 |
| All Unclassified | 14.2 | 13.6 | 13.5 |
| UW Classified Staff | | | |
| | 14.6 | 14.5 | 15.4 |
| UW Overall | | | |
| | 14.4 | 14.1 | 14.4 |

¹ Includes only those faculty and academic staff who earned vacation time.

Table 16

Vacation Time Use Reported by All UW System Employees¹

| Number of Days | 2003 | | 2004 | | 2005 | |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total |
| 0 | 1,544 | 6.8% | 1,845 | 8.0% | 1,806 | 7.8% |
| 1 to 5 | 2,025 | 8.9 | 2,101 | 9.2 | 2,135 | 9.3 |
| 6 to 10 | 3,538 | 15.6 | 3,517 | 15.3 | 3,049 | 13.2 |
| 11 to 15 | 4,680 | 20.6 | 4,802 | 20.9 | 4,989 | 21.7 |
| 16 to 20 | 5,136 | 22.6 | 5,181 | 22.6 | 5,187 | 22.5 |
| 21 or More | 5,804 | 25.5 | 5,521 | 24.0 | 5,869 | 25.5 |
| Total | 22,727 | 100.0% | 22,967 | 100.0% | 23,035 | 100.0% |

¹ Includes only those faculty and academic staff who earned vacation time.

In 2005, 11.5 percent of faculty reported using no vacation time, compared to 7.8 percent of academic staff and 3.8 percent of limited appointees.

In 2005, reported vacation time use varied among the different types of UW System employees. As shown in Table 17, 11.5 percent of faculty who earned vacation reported using none of it, compared to 7.8 percent of academic staff and 3.8 percent of limited appointees.

Table 17

**Vacation Time Use Reported by UW System Unclassified Staff, by Type¹
2005**

| Number of Days | Faculty | | Academic Staff | | Limited Appointees | |
|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total | Number of Employees | Percentage of Total |
| 0 | 130 | 11.5% | 727 | 7.8% | 47 | 3.8% |
| 1 to 5 | 151 | 13.3 | 1,153 | 12.3 | 94 | 7.6 |
| 6 to 10 | 200 | 17.6 | 1,341 | 14.3 | 135 | 11.0 |
| 11 to 15 | 241 | 21.3 | 1,773 | 18.9 | 274 | 22.3 |
| 16 to 20 | 203 | 17.9 | 2,008 | 21.5 | 337 | 27.4 |
| 21 or More | 209 | 18.4 | 2,361 | 25.2 | 343 | 27.9 |
| Total | 1,134 | 100.0% | 9,363 | 100.0% | 1,230 | 100.0% |

¹ Includes only those faculty and academic staff who earned vacation time.

From 2003 through 2005, 197 unclassified staff reported using no vacation time.

We analyzed total vacation time use reported by unclassified staff within UW System from 2003 through 2005, a period during which each full-time unclassified staff person would have earned a total of 66 days of vacation. As shown in Table 18, 197 unclassified staff reported using no vacation time at all during this three-year period, and 1,176 reported using 20 days or less. It should be noted that 173 of the 197 also reported using no sick leave during this three-year period. UW-Madison employees accounted for 122 of the 173 employees.

Table 18

**Total Vacation Time Use Reported by
UW System Unclassified Staff¹
2003 through 2005**

| Number of Days | Number of Employees | Percentage of Total |
|----------------|---------------------|---------------------|
| 0 | 197 | 2.0% |
| 1 to 5 | 184 | 1.9 |
| 6 to 10 | 229 | 2.4 |
| 11 to 20 | 566 | 5.8 |
| 21 to 30 | 901 | 9.3 |
| 31 to 40 | 1,269 | 13.1 |
| 41 to 50 | 1,785 | 18.5 |
| 51 to 60 | 2,181 | 22.6 |
| More than 60 | 2,354 | 24.4 |
| Total | 9,666 | 100.0% |

¹ Includes only those faculty and academic staff who earned vacation time.

Available information did not allow us to determine whether employees placed appropriate amounts of vacation in reserve accounts. However, we found:

- 1,728 academic staff placed an average of 42.1 hours in a reserve account;
- 492 faculty placed an average of 48.3 hours in a reserve account;
- 475 limited appointees placed an average of 48.3 hours in a reserve account; and
- 3,518 classified staff placed an average of 47.9 hours in a reserve account.

To address concerns about whether unclassified staff within UW System do not record using vacation time taken, but instead place that time in their reserve accounts and then use it again just before retirement, we analyzed the records of 177 unclassified staff who retired from UW System in 2005. We found that 54 of the

177 used vacation days in their reserve accounts during the six months before retirement. Among the 54, 36 used 10 days or less, 6 used 11 to 20 days, and 12 used 21 days or more. The most time used was 45 days.

Electronic leave records indicate that when UW System employees did not use all of their vacation time, including by placing it in a reserve account, the unused time was lapsed. Nevertheless, if employees are not complying with existing reporting requirements by failing to record the vacation time they actually use, there is potential for some to use more than they earn in a given year. Although the available information makes it impossible to know for certain whether unclassified staff accurately report vacation time used, the large number of unclassified staff who reported using little or no vacation time over a three-year period raises questions about the effectiveness of UW System's current reporting requirements and compliance with those requirements.

Recommendation

We recommend the Board of Regents:

- *consider ways to modify how vacation time use is reported by unclassified staff within the University of Wisconsin System, such as by more strictly enforcing existing policies; and*
- *report to the Joint Legislative Audit Committee by June 1, 2007, on its proposal to improve the reporting of vacation time by unclassified staff.*

■ ■ ■ ■

Limited Appointments and Back-Up Positions ■

In December 2005, 1,088 UW System employees in limited appointments also held concurrent, or back-up, positions.

UW System employees in limited appointments serve at the pleasure of their appointing authority, which may be the Board of Regents, a chancellor, or another senior administrator. In the past, these “at will” employees typically had rights to transfer to teaching, research, or administrative positions if they were removed from their limited appointments. In November 2005, the Board of Regents changed UW System policies in order to restrict both the number of employees hired into limited appointments and their eligibility for such “back-up positions,” which have since become known as “concurrent positions.” In December 2005, UW System employed 1,088 individuals in limited appointments who also held concurrent, or back-up, positions.

Position Types

425 of the 442 positions titles designated as limited appointments were designated under UW System policies.

Only 17 position titles for senior officials—including the UW System President, vice presidents, and chancellors—are enumerated as limited appointments in s. 36.17(2), Wis. Stats. However, the number of limited appointments has increased over time because s. UWS 15.01(2), Wis. Adm. Code, allows the Board of Regents, the UW System President, and chancellors to designate additional position titles as limited appointments. Under a UW System policy enacted in September 1999, 415 additional position titles were designated as limited appointments. Ten other position titles were designated as limited appointments under a second policy, enacted in November 2001. Including the 17 listed in statutes, UW System

had a total of 442 position titles designated as limited appointments before the Board changed policies in November 2005.

Of the 1,088 UW System employees in limited appointments who held back-up positions in December 2005:

- 117 employees had 1 of the 17 position titles enumerated in statutes;
- 927 employees had 1 of the 425 position titles designated under UW System policies; and
- 44 employees had 1 of 20 other position titles that were not enumerated in statutes or designated under UW System policies. These individuals were presumably granted back-up positions under the authority of the Board of Regents, the UW System President, or a chancellor.

Only 218 UW System employees with back-up positions and titles that are not specifically enumerated in statutes as limited appointments were in positions that required them to have tenure as faculty. The 753 remaining employees included 673 with back-up positions as academic staff, 49 with back-up positions as classified staff, and 31 with back-up positions as faculty.

Appendices 2 and 3 contain additional information about the 1,088 employees with back-up positions in December 2005, including the number of employees at each UW institution with back-up positions as academic staff, faculty, and classified staff.

To further analyze the position titles designated as limited appointments, we categorized them based on job responsibility. For example, administrative directors include position titles such as bursar; registrar; director of food service; director of child care; director of alumni relations; director of purchasing; director of the physical plant; director, associate director, and assistant director of intramural sports; director of general services; and director, associate director, and assistant director of university housing. Table 19 summarizes the responsibilities of the 1,088 employees who held back-up positions in December 2005. In most categories, there is a substantial difference between the number of position titles and the number of limited employees because some categories include position titles that no staff held at the time our review, and a number of employees hold position titles such as dean, associate dean, and academic program director.

Table 19

Position Titles Designated as Limited Appointments

| Category | Number of Position Titles | Number of Limited Appointees in Position Titles in December 2005 |
|--|---------------------------|--|
| Administrative Directors: | | |
| General Services and Unspecified | 26 | 184 |
| Student Services | 109 | 105 |
| Financial Services | 47 | 53 |
| Academic Support | 35 | 44 |
| Computer and Information Services | 28 | 30 |
| Auxiliary Support | 18 | 28 |
| Public Services | 18 | 24 |
| Other Administrative Directors | 31 | 21 |
| Athletics | 12 | 18 |
| Human Resources | 19 | 13 |
| Development and Alumni Relations | 15 | 5 |
| Budget Services | 15 | 3 |
| Media and Public Relations | 14 | 3 |
| Academic Administrators and Program Directors ¹ | 28 | 346 |
| Administrative Officers and Program Managers | 15 | 138 |
| Other Authorized Position Titles ² | 12 | 29 |
| Subtotal | 442 | 1,044 |
| Other ³ | 20 | 44 |
| Total | 462 | 1,088 |

¹ Includes the 117 employees in the 17 position titles enumerated in statutes, and others such as deans and associate deans.

² Includes position titles such as special assistant, consultant, secretary of the faculty, secretary of the academic staff, state geologist, director of the State Laboratory of Hygiene, director of the pharmacy intern program, and department chairperson.

³ Includes position titles not enumerated in statutes or designated under UW System policies.

Restricting the Use of Back-Up Positions

In November 2005, the Board of Regents acted to restrict the granting of back-up positions.

In July 2005, after increased public attention was given to back-up positions, the practice was suspended by the UW System President for all newly hired limited appointees. The Board of Regents affirmed this suspension and then adopted a resolution in November 2005 to further limit the granting of back-up positions

by amending UW System policies. The policy changes permit limited appointments to be provided only for the 17 position titles enumerated in s. 36.17(2), Wis. Stats., unless the UW System President authorizes an exception. The policy changes also stipulate the circumstances under which an individual will be provided with what they term a “concurrent position.”

There appears to be no substantive difference between a concurrent position and a back-up position.

The resolution adopted by the Board of Regents notes, “The effect of this resolution is to eliminate ‘back-up’ appointments,” and it applies to all newly hired employees. However, for those who will be granted what is now termed a concurrent position, there appears to be no substantive difference between it and a back-up position because in both cases an individual is guaranteed a faculty or academic staff position when leaving a limited appointment.

The policy changes are intended to limit the number of newly hired limited appointees with concurrent positions. Table 20 shows the circumstances under which back-up positions were granted before November 2005 and the circumstances under which concurrent positions are now provided. The most significant difference is that under the policy changes, some individuals hired into limited appointments may receive up to six months’ termination notice, during which they are paid their current salaries.

Table 20

Eligibility of Limited Appointees for Concurrent or Back-Up Positions

| Type of Staff | Before November 2005 | After November 2005 |
|--|-----------------------------------|---|
| Hired from Within UW System | | |
| Tenured Faculty | Typically provided under statutes | May be provided under statutes ¹ |
| Academic Staff | Typically provided under statutes | May be provided under statutes ¹ |
| Hired from Outside of UW System | | |
| Tenured Faculty | Typically provided by policy | May be provided by policy ² |
| Non-Tenured Faculty | Typically provided by policy | Not provided ³ |
| Academic Staff | Typically provided by policy | Not provided ³ |

¹ Concurrent positions will be provided only to tenured faculty or academic staff who remain within the same UW institution when hired into limited appointments.

² Concurrent positions will be provided only to those individuals hired into limited appointments that require them to have tenure.

³ These individuals are granted up to six months’ termination notice, during which they are paid their current salaries.

The number of employees with back-up positions is unlikely to decrease rapidly.

Employees in limited appointments who held back-up positions at the time of the policy changes will retain their back-up positions as long as they remain in those limited appointments. Consequently, the number of staff holding back-up positions is not expected to be greatly reduced in the near future.

Indeed, from June 2005 to December 2005, the number of staff with back-up positions remained virtually unchanged, based on the best available information. As shown in Table 21, the number of employees with concurrent or back-up positions declined by four in the last six months of 2005, but the number of employees with concurrent or back-up positions actually increased at seven institutions over this period, including at UW-Madison. Combined, UW-Madison and UW-Milwaukee accounted for more than one-half of all such positions within UW System.

Table 21

UW System Employees with Back-Up Positions

| Institution | June 2005 ¹ | December 2005 ² |
|-----------------------|------------------------|----------------------------|
| Colleges | 30 | 35 |
| Eau Claire | 46 | 47 |
| Extension | 55 | 55 |
| Green Bay | 29 | 31 |
| La Crosse | 50 | 51 |
| Madison | 404 | 411 |
| Milwaukee | 172 | 169 |
| Oshkosh | 39 | 38 |
| Parkside | 21 | 20 |
| Platteville | 26 | 27 |
| River Falls | 14 | 12 |
| Stevens Point | 58 | 55 |
| Stout | 35 | 32 |
| Superior | 25 | 22 |
| System Administration | 47 | 40 |
| Whitewater | 41 | 43 |
| Total | 1,092 | 1,088 |

¹ As reported by UW System to the Joint Legislative Audit Committee.

² Based on data provided by UW System Administration and additional information obtained from human resources staff at UW institutions.

In general, the number of back-up positions held at each UW institution is highly correlated with the number of staff employed; the largest UW institutions have the most staff with back-up positions, and the smallest tend to have the fewest. The primary exception is UW System Administration, which has provided a large number of back-up positions for its staff relative to its size, in part because it has a greater concentration of senior administrative positions.

Improving Oversight

Since November 2005, UW System has begun to implement the policy changes made by the Board of Regents, and senior officials have indicated that individuals hired into limited appointments will be granted concurrent or back-up positions only if permitted under the policy changes. However, as permitted under policies enacted by the Board of Regents in November 2005, UW System has acted to expand the number of position titles designated as limited appointments beyond the 17 enumerated in statutes. First, in December 2005, UW System designated seven additional position titles as limited appointments: dean, associate dean, assistant dean, academic program director, associate academic program director, assistant academic program director, and department chairperson. UW System policies require all employees in these position titles to be tenured faculty, and 218 individuals held those position titles in December 2005.

Second, through June 2006, UW System authorized an additional 46 exceptions to restrictions on the use of limited appointments that were specified in the Board of Regents' policy changes. The criteria for these exceptions included whether an employee serves in a critical role or has a major responsibility for significant functional areas within UW System. However, the exceptions are for specific positions that do not require employees to be tenured faculty.

Third, UW System is currently considering on a case-by-case basis whether certain director, associate director, and assistant director position titles should be designated as limited appointments. None of the position titles under consideration require an employee to be tenured. As of December 2005, there were 229 directors, 35 associate directors, and 52 assistant directors employed in these position titles.

Finally, UW System is considering whether to further expand the list of position titles designated as limited appointments in order to ensure flexibility and speed in making staffing changes. Officials believe that many, if not most, of the 425 additional position titles designated as limited appointments under the policies in effect before November 2005 may appropriately be so designated in the future.

UW System also argues that the use of concurrent or back-up positions or paid termination notice helps to reduce its expenses associated with settlement agreements and court proceedings when dismissed employees bring legal action. Without the ability to transfer staff into back-up positions, UW System believes it would be subject to more frequent lawsuits.

Because UW System does not generally use employment contracts, providing some guarantee of continued employment through the use of concurrent or back-up positions also helps to recruit qualified faculty from outside of UW System, including from other states. In addition, it allows current staff the security of returning to their prior positions, or to similar positions, when they fill an administrative role by accepting a limited appointment. For example, back-up positions give tenured faculty who serve as deans and academic program directors the right to return to a teaching or research position. Such a right is important to those wishing to fill administrative roles for only limited amounts of time, or when individuals are unsure whether they are well-suited to the responsibilities of administrative positions.

We found, however, that other universities do not provide concurrent or back-up positions as extensively as UW System does. Instead, they use other methods of recruiting and retaining administrators. At the four midwestern universities we contacted, administrators can return to faculty positions, but non-faculty administrators generally do not have back-up positions. The University of Illinois at Urbana-Champaign provides administrators with a paid 6- or 12-month termination notice, depending on seniority. Although termination notices to allow for additional pay for a specified period of time are not required at the University of Michigan–Ann Arbor or the University of Minnesota–Twin Cities, they may be provided on a case-by-case basis, particularly to senior administrators. The University of Iowa–Iowa City does not provide termination notices.

An important question that is unanswered is the number of employees who will hold concurrent or back-up positions in the future. Public statements made by some UW System officials indicated that policy changes will significantly reduce the number of positions with some form of job security, but that may not be the case. As noted, employees who held back-up positions retain their job protections, position titles are being added to those eligible for limited appointments, and future hiring practices are not known. Therefore, as discussion continues about the use of concurrent or back-up positions, effective oversight will continue to be important to ensure adequate accountability for their use. At a minimum, we believe the Board of Regents should review all position titles

designated as limited appointments and annually receive information on the number of employees with concurrent or back-up positions or notice of termination protections.

Recommendation

We recommend the Board of Regents:

- *review all additional position titles beyond the 17 enumerated in statutes that University of Wisconsin System Administration designates as limited appointments;*
- *require University of Wisconsin System Administration to report annually on the number of employees with concurrent or back-up positions or notice of termination protections at each institution for the current and prior years; and*
- *report to the Joint Legislative Audit Committee by June 1, 2007, on the number of additional position titles beyond the 17 enumerated in statutes that have been designated or are being considered for designation as limited appointments and on the job protections available to those who hold them.*

We found variations among UW institutions in the circumstances under which back-up positions were granted. In December 2005, the proportion of limited appointees with back-up positions ranged from 100.0 percent at UW-Oshkosh (all 38 limited appointees had them) to 46.2 percent at UW-River Falls (12 of 26 limited appointees had them). In December 2005, 100 limited appointees did not have back-up positions, including 14 whose position titles were among those enumerated in statutes.

Similarly, UW institutions have been inconsistent in their tracking of employees with back-up positions. Although UW System directed the institutions to record information on back-up positions in the same database, UW-La Crosse, UW-Oshkosh, UW-Platteville, and UW-River Falls track some information in separate electronic systems or on paper; UW-Green Bay and System Administration do not record all relevant information in the database; and UW-Superior does not formally track such information because its human resources staff is aware of all employees with back-up positions.

UW System does not centrally track the number of employees with back-up positions.

Finally, UW System does not centrally track the number of employees with back-up positions, and some UW institutions had difficulty in providing us with information on such employees. UW institutions initially provided us with information indicating that 1,008 employees had back-up positions in December 2005. However, we identified errors in this information, including the apparent exclusion of 80 employees. We also found at least 26 employees who were not included in the June 2005 total but should have been, and 2 who were included but should not have been because they did not actually have back-up positions.

Recommendation

We recommend University of Wisconsin System Administration report to the Joint Legislative Audit Committee by June 1, 2007, on efforts it has taken to ensure that University of Wisconsin institutions provide and track concurrent and back-up positions uniformly.

Transfer into Back-Up Positions

Questions have been raised about the extent to which individuals transfer into their back-up positions and the reasons for those transfers. In September 2005, the Board of Regents made two changes to the policies for faculty who move from administrative positions to their back-up positions. First, they are now compensated at a salary level that is commensurate with that of other faculty in the department. Before this change, they could have received up to 82.0 percent of their limited appointment salaries, which could be considerably higher than the salaries of their faculty peers. Second, they are offered up to one academic semester as transition time to prepare to return to faculty duties, or up to two semesters if they held a limited appointment for at least five years. They must provide a proposal for the work to be completed during the transition and report on the work that was accomplished.

From July 2002 through December 2005, 95 employees transferred into their back-up positions.

As shown in Table 22, we found that 95 employees transferred into their back-up positions from July 2002 through December 2005. This represents less than 10.0 percent of all employees with back-up positions in December 2005. We found that 47 of the 95 employees transferred into faculty positions, 46 transferred into academic staff positions, and 2 transferred into classified positions. Nine employees received paid transition periods ranging from 1.5 to 12 months to prepare to return to faculty duties.

Table 22

Employees Who Transferred into Back-Up Positions

| Institution | July 2002 through June 2005 | July 2005 through December 2005 | Total |
|-----------------------|--------------------------------|------------------------------------|-----------|
| Colleges | 2 | 0 | 2 |
| Eau Claire | 3 | 0 | 3 |
| Extension | 4 | 1 | 5 |
| Green Bay | 3 | 1 | 4 |
| La Crosse | 2 | 0 | 2 |
| Madison | 28 | 3 | 31 |
| Milwaukee | 25 | 2 | 27 |
| Oshkosh | 3 | 0 | 3 |
| Parkside | 3 | 0 | 3 |
| Platteville | 0 | 0 | 0 |
| River Falls | 0 | 1 | 1 |
| Stevens Point | 0 | 1 | 1 |
| Stout | 0 | 1 | 1 |
| Superior | 1 | 0 | 1 |
| System Administration | 3 | 1 | 4 |
| Whitewater | 5 | 2 | 7 |
| Total | 82 | 13 | 95 |

Based on the available documentation and discussions with human resources staff, we categorized the reasons why the 95 employees transferred into their back-up positions. As shown in Table 23, 50 employees transferred voluntarily, presumably because they wanted to return to their former duties. However, 45 employees transferred involuntarily, often as a result of office reorganizations and budget cuts, poor job performance, or decisions by senior officials to make changes in administrative leadership. Eleven of the 95 employees held 1 of the 17 position titles enumerated in statutes, 82 held 1 of the 425 additional position titles designated in UW System policies, and 2 held position titles that were neither enumerated in statutes nor designated in policies.

Table 23

Voluntary and Involuntary Transfers into Back-Up Positions
July 2002 through December 2005

| Institution | Number of Employees | | |
|-----------------------|---------------------|----------------------|-----------|
| | Voluntary Transfer | Involuntary Transfer | Total |
| Colleges | 0 | 2 | 2 |
| Eau Claire | 2 | 1 | 3 |
| Extension | 2 | 3 | 5 |
| Green Bay | 0 | 4 | 4 |
| La Crosse | 2 | 0 | 2 |
| Madison | 17 | 14 | 31 |
| Milwaukee | 19 | 8 | 27 |
| Oshkosh | 2 | 1 | 3 |
| Parkside | 0 | 3 | 3 |
| Platteville | 0 | 0 | 0 |
| River Falls | 1 | 0 | 1 |
| Stevens Point | 1 | 0 | 1 |
| Stout | 1 | 0 | 1 |
| Superior | 0 | 1 | 1 |
| System Administration | 3 | 1 | 4 |
| Whitewater | 0 | 7 | 7 |
| Total | 50 | 45 | 95 |

Concerns have been raised that employees' salaries increased after they transferred into their back-up positions. Data that would allow us to determine precise salary changes at the time of transfer were not readily available. Therefore, we analyzed the extent to which the employees' salaries changed from one year to the next.

As shown in Table 24, the salaries of 22 employees increased after they transferred into back-up positions. Salaries stayed the same for 21 employees, and they decreased for 52 employees. For 20 of the 22 employees whose salaries increased after they transferred into back-up positions, the increase was less than 4.0 percent, likely because of annual pay plan increases. However, the increase was at least 5.0 percent for two others who both voluntarily returned to their

Table 24

Salary Changes of Employees Who Transferred into Back-Up Positions
July 2002 through December 2005

| Institution | Number of Employees | | | Total |
|-----------------------|-------------------------------|------------------------|------------------|-----------|
| | Salary Increased ¹ | Salary Stayed the Same | Salary Decreased | |
| Colleges | 1 | 1 | 0 | 2 |
| Eau Claire | 1 | 0 | 2 | 3 |
| Extension | 2 | 0 | 3 | 5 |
| Green Bay | 1 | 2 | 1 | 4 |
| La Crosse | 0 | 1 | 1 | 2 |
| Madison | 6 | 10 | 15 | 31 |
| Milwaukee | 7 | 4 | 16 | 27 |
| Oshkosh | 1 | 1 | 1 | 3 |
| Parkside | 1 | 1 | 1 | 3 |
| Platteville | 0 | 0 | 0 | 0 |
| River Falls | 0 | 0 | 1 | 1 |
| Stevens Point | 0 | 1 | 0 | 1 |
| Stout | 0 | 0 | 1 | 1 |
| Superior | 0 | 0 | 1 | 1 |
| System Administration | 1 | 0 | 3 | 4 |
| Whitewater | 1 | 0 | 6 | 7 |
| Total | 22 | 21 | 52 | 95 |

¹ Salary increases likely occurred as a result of annual pay plan increases in 20 of the 22 cases.

faculty appointments. Upon reassignment, one was promoted from an associate professor to a full professor, with a 5.8 percent salary increase; the other accepted a position as chair of an academic department, with a 27.5 percent salary increase.

Settlement Agreements

Concerns have been raised about the extent to which UW System has resolved personnel issues by executing settlement agreements under which employees moved into back-up positions. Media reports have indicated that some employees received substantial payments under agreements without being required to complete any substantive work. In September 2005, and in response to those concerns, the Board of Regents changed its policies to require

UW institutions to seek the UW System President's approval for any settlement involving the termination of an employee in a limited appointment, and to require all settlement agreements to be reported to the Board of Regents.

From 2003 through 2005, UW System executed 13 settlement agreements with employees.

As noted, one potential benefit to the use of providing job security is that fewer settlement agreements may be needed to resolve personnel matters. We requested that UW System provide us with settlement agreements that it executed with employees from January 2003 through December 2005. The 13 agreements that UW System provided included 5 executed by UW-Madison, 4 executed by UW-Milwaukee, 2 executed by UW-Green Bay, and 1 each executed by UW-Platteville and UW-Superior. Five of the 13 agreements involved employees in limited appointments, and all five employees had back-up positions.

Most settlement agreements that we reviewed specified that the employees would continue to work for UW System for a specified period of time, either in their existing positions or in new positions. Six agreements referenced claims against UW System that the employees agreed to withdraw as a result of the agreements. Five of the settlement agreements required UW System to make payments for a variety of purposes, including:

- \$65,171 in back wages for three employees;
- \$27,000 in fees for three employees' attorneys;
- \$20,000 in compensatory damages for one employee; and
- \$3,000 paid to one employee for unspecified reasons.

Provisions in two settlement agreements are unclear about whether the employees were required to deliver a work product.

The agreements do not indicate whether they were prompted by pending litigation or other factors, and UW System was unwilling to discuss them because of confidentiality clauses. Nevertheless, provisions in two agreements raise questions, because it is unclear whether the employees involved were required to deliver work products despite being paid salaries.

In January 2005, a UW-Milwaukee employee resigned from a limited appointment and transferred into a faculty back-up position. Under the agreement:

- from January 2005 to January 2006, the individual was on paid administrative leave in order to prepare to resume his research activities and was paid an annual salary of \$187,400;

- from January through June 2006, while UW System continued to pay his \$187,400 annual salary, the individual was expected to conduct research but to have no teaching duties, after which he was required to resign his faculty position; and
- from July through December 2006, the individual has been placed in a non-faculty project appointment as a researcher and will be paid a total of \$22,200.

Under the agreement, the individual was provided office space and allowed to use UW-Milwaukee office supplies and services. Throughout 2006, the individual is expected to work full time and report directly to a senior administrator, although the work times and days are at the individual's discretion. The individual is required to resign from UW-Milwaukee no later than December 31, 2006.

We requested the individual's work products and were provided two reports. The first, which was submitted in September 2005, was approximately one page long and indicated that no UW-Milwaukee official had yet inquired about the individual's work. The second, which was approximately three pages long, was submitted in March 2006, a short time after we requested copies of the work products. This report summarized and described the individual's research activities, including the completion of a chapter in a published book and ongoing work on other manuscripts.

Another settlement agreement, reached in May 2004, provided that a UW-Green Bay employee would resign from a limited appointment on June 30, 2004, move into a tenured faculty position as special assistant to the chancellor for up to one year, and resign from the faculty position no later than June 30, 2005. The agreement provided that during this one-year period, the individual was on paid leave, did not have duties on campus or a campus office, and was forbidden from representing the institution in any capacity. The individual continued to receive an annual salary of \$113,000.

When UW System employees pursue personnel actions in court, the Department of Justice (DOJ) represents UW System. From 2003 through 2005, DOJ was involved with UW System personnel cases involving 22 individuals. In most instances, the individuals were awarded no funds because the courts ruled against them or they withdrew their claims. However, four individuals did receive payments. According to information provided by DOJ:

- Three UW-Madison employees settled with UW System before their cases were resolved in court and received a total of \$200,000 in back wages from UW System. DOA's Risk Management program, which insures state agencies against financial losses, paid an additional \$304,700, some of which covered the individuals' attorney fees.
- One individual had received a written offer of employment from UW-Madison that was subsequently rescinded. The courts ruled against UW System and awarded the individual a \$393,300 judgment, all of which the Risk Management program paid.

From 2003 through 2005, the Risk Management program paid \$1.1 million for UW System personnel claims.

The Risk Management program paid a total of \$2.0 million for all personnel claims by state employees from 2003 through 2005, which includes payments for cases settled in prior years. UW System accounted for \$1.1 million of this total, while other state agencies accounted for \$939,400.

Employees of public and private entities in Wisconsin may also file employment discrimination complaints with the Department of Workforce Development's (DWD's) Division of Equal Rights, which investigates the complaints. If DWD determines that probable cause exists, it refers the case to an administrative law judge, who considers the case and can award back wages, interest on back wages, and attorney fees to employees. From July 2003 through June 2006, 147 employment discrimination complaints were filed against UW System. DWD did not substantiate any of these complaints, and it stated that no UW System employees received financial compensation as a result of the complaints. During this same time period, 9,834 employment discrimination complaints were filed against all public and private employers statewide, 58 of which were substantiated by DWD.

■ ■ ■ ■

Consultants ■

Consultant is a position title for some UW System employees.

“Consultant” is a position title for certain employees within UW System who may be either classified or unclassified staff. Some UW System faculty also work as consultants in the more traditional sense, through outside employment with businesses, research firms, and other public or private organizations. Finally, UW System frequently contracts with outside firms for consulting services ranging from information technology services to legal or other professional services.

We reviewed a number of concerns that have been raised about UW System’s hiring practices related to consultants it employs, including the extent to which:

- individuals are hired as consultants at high rates of pay;
- consultants remain on the payroll for extended periods of time; and
- former UW System employees are hired as consultants at pay rates that are higher than their previous earnings.

The outside employment of UW System faculty has also raised questions about whether faculty with outside responsibilities are also able to fulfill their teaching duties, and whether conflicts of interest affect their work. Neither UW System’s contracting with outside firms for consulting services nor the contractors providing

these services are included in our analyses. However, UW System's use of contractual services was reviewed in our evaluation of UW System staffing (report 04-10).

Hiring Practices

UW System typically hires consultants as classified employees to provide short-term or specialized services focused on a specific project or event, such as acting as patients on whom medical students can practice diagnostic and examination skills or as emergency medical technicians at athletic events. UW System policies state that unclassified consultants are to be hired for short periods of time to provide professional advice, assistance, or other services for a specific program or project. One UW System policy identifies the unclassified consultant position as an academic staff position, while another identifies it as a limited appointment. Individuals hired as unclassified consultants have duties similar to those of employees with other position titles, including director, special assistant, and advisor.

We reviewed payroll records to determine the number of UW System staff employed as consultants and found that consultants who are unclassified staff are paid significantly more than those who are classified staff. As shown in Table 25, in one month—September 2005—134 unclassified staff were paid a total of \$308,600, or an average of \$2,303 each, while 56 classified staff were paid a total of \$21,000, or an average of \$375 each. In total, the number of consultants declined from March 2003 through September 2005.

Table 25

UW System Staff Employed as Consultants

| | Unclassified Staff | | Classified Staff | | Total | |
|----------------|--------------------|--------------------------------|------------------|--------------------------------|--------|--------------------------------|
| | Number | Total Amount Paid ¹ | Number | Total Amount Paid ¹ | Number | Total Amount Paid ¹ |
| March 2003 | 147 | \$318,300 | 78 | \$29,100 | 225 | \$347,400 |
| March 2004 | 132 | 326,200 | 63 | 23,800 | 195 | 350,000 |
| March 2005 | 122 | 297,600 | 91 | 26,700 | 213 | 324,300 |
| September 2005 | 134 | 308,600 | 56 | 21,000 | 190 | 329,600 |

¹ Includes all payments to all consultants on the payroll during the month.

We focused our analyses on September 2005 payroll data for 24 unclassified consultants who worked at least half-time and whose annualized salaries were at least \$65,000. As shown in Table 26, nine UW institutions employed these individuals. Payroll data indicate that 15 of the 24 worked full-time, while the others worked part-time. Seven of the 24 served as directors, 5 served as special assistants or advisors, 5 served as information or financial systems consultants, and the remaining 7 provided various other types of services. Fourteen of the 24 had academic staff appointments, and 10 had limited appointments.

Table 26

**UW System Unclassified Consultants with
Annualized Salaries of at Least \$65,000¹
September 2005**

| Institution | Number | Lowest Annualized Salary | Highest Annualized Salary | Average Annualized Salary |
|-----------------------|-----------|--------------------------|---------------------------|---------------------------|
| Madison | 6 | \$76,200 | \$141,400 | \$ 98,700 |
| System Administration | 6 | 67,300 | 171,800 | 105,100 |
| Stevens Point | 4 | 65,000 | 96,400 | 81,300 |
| La Crosse | 2 | 95,500 | 123,800 | 109,700 |
| Oshkosh | 2 | 71,200 | 86,000 | 78,600 |
| Milwaukee | 1 | – | – | 163,200 |
| Eau Claire | 1 | – | – | 101,700 |
| Green Bay | 1 | – | – | 92,300 |
| Parkside | 1 | – | – | 90,800 |
| Total | 24 | | | |

¹ Includes staff working at least half-time.

In September 2005, the highest-paid UW-Madison employee with the position title of consultant was a former “director, unspecified (8)” who moved into a back-up position as a consultant. The highest-paid System Administration employee with the position title of consultant was a former senior vice president who moved into his back-up position as a regent professor. Neither is currently employed by UW System. UW-Milwaukee’s highest-paid employee with the position title of consultant is currently a senior advisor to its chancellor. Appendix 4 provides information on the salaries or wages of all 190 consultants on the UW System payroll in September 2005.

Consultant salaries can exceed the pay ranges for positions with similar responsibilities.

UW System policies do not limit the salaries of unclassified consultants, and we found instances of unclassified consultants' salaries exceeding the pay ranges for positions with similar responsibilities. For example:

- A UW-Eau Claire consultant who serves as an executive director of development had an annual salary of \$101,700 as of September 2005, even though UW System's "development director" position title has a pay range of \$56,812 to \$85,219.
- A UW-Milwaukee consultant who serves as a senior advisor to the chancellor had an annual salary of \$163,200 as of September 2005, even though UW System's "senior special assistant" position title has a pay range of \$85,611 to \$128,416.
- A UW-La Crosse consultant who serves as the interim executive director of a health science consortium had an annual salary of \$123,837 as of September 2005, even though UW System's "director, unspecified (7)" position title, which was used by his predecessor, has a pay range of \$56,812 to \$85,219.
- A UW-Stevens Point consultant who serves as interim news service director had an annual salary of \$78,000 as of September 2005, even though UW System's "director of public information" position title, which was used by his predecessor, has a pay range of \$49,559 to \$74,338.

We reviewed the work products of 10 of the 24 consultants and found documentation to indicate that the consultants fulfilled the responsibilities they were hired to complete, given the information included in their appointment letters and position descriptions. The ten consultants included five at UW-Madison, two at UW-Oshkosh, one at UW-Eau Claire, one at UW-Milwaukee, and one at UW-Green Bay.

Characteristics of Unclassified Consultants

Six of the 24 consultants were on the payroll for extended periods of time.

Although UW System policies state that unclassified consultants are to be hired on a short-term basis, we found that 6 of the 24 consultants in September 2005, or 25.0 percent, had also been on the payroll in March 2003, March 2004, and March 2005. System Administration employed three of the six, while UW-Madison, UW-Eau Claire, and UW-La Crosse each employed one. We found:

- The UW-Eau Claire consultant has served as the executive director of development since July 2001, and a recent appointment letter extended her consultant position through June 2008, which will be seven years after the initial appointment.
- The UW-La Crosse consultant served on a team of UW System employees developing a payroll and appointment system from April 2001 through October 2005, when he retired.
- The UW-Madison consultant served as the director of the medical school's Blue Cross gift program from October 2001 to June 2006.
- One of the System Administration consultants has served on a team of UW System employees developing a payroll and appointment system since before February 2000. Her appointment is scheduled to end in October 2006, although UW System anticipates she will remain on the payroll until January 2007 as she uses her accumulated vacation time.

Available data indicate that only 4 of the 24 consultants, or 16.7 percent, were hired from outside of UW System. As shown in Table 27, we found that 9 individuals, or 37.5 percent, held other UW System positions immediately before accepting consultant positions, and 11 individuals, or 45.8 percent, were retired from UW System. Three of the 11 retired employees returned to work as full-time consultants. Appendix 5 provides information on the previous employment of all 134 unclassified consultants on the UW System payroll in September 2005.

Table 27

**Previous Employment of Unclassified Consultants with
Annualized Salaries of at Least \$65,000¹
September 2005**

| | Hired from Outside of UW System | Held Another UW System Position Immediately Before Accepting a Consultant Position | Retired from UW System Before Accepting a Consultant Position | Total |
|-----------------------|---------------------------------------|--|--|-----------|
| Madison | 0 | 4 | 2 | 6 |
| System Administration | 0 | 3 | 3 | 6 |
| Stevens Point | 0 | 1 | 3 | 4 |
| La Crosse | 1 | 1 | 0 | 2 |
| Oshkosh | 0 | 0 | 2 | 2 |
| Eau Claire | 1 | 0 | 0 | 1 |
| Green Bay | 1 | 0 | 0 | 1 |
| Milwaukee | 1 | 0 | 0 | 1 |
| Parkside | 0 | 0 | 1 | 1 |
| Total | 4 | 9 | 11 | 24 |

¹ Includes staff working at least half-time.

In most instances, we found that employees who had previously worked for or retired from UW System did not receive large pay increases when they were hired as unclassified consultants. Instead, their pay either decreased or increased by only a small amount. However, two employees received substantial pay increases:

- A UW-La Crosse consultant had an annual salary of \$85,964 in April 2001, which was \$12,000, or 16.2 percent, higher than his salary as director of administrative computing services in the prior month.
- A System Administration consultant had an annual salary of \$79,000 in February 2000, which was \$13,359, or 20.4 percent, higher than her salary as a special assistant in the prior month.

Five of the 24 consultants transferred from limited appointments into back-up positions as consultants.

Because the consultant position is intended to be short-term employment, some UW institutions have used it as a back-up position. We found that 5 of the 24 consultants transferred from limited appointments into back-up positions as consultants. According to human resources staff, three of the transfers were voluntary:

- two System Administration employees transferred into back-up positions early in 2005, after the new UW System President was hired; and
- one UW-Madison employee transferred into a back-up position in August 2005, to direct a special project before retiring in September 2006.

The involuntary transfers involved UW-Madison employees. The first transferred into a back-up position in March 2005 to help with an office reorganization, an on-line master's degree program, and distance education courses and programs. The second transferred into a back-up position in May 2005 to evaluate the operation of other universities' presses. In both cases, work on assigned duties was ongoing at the time of our audit.

The consultant position is one of the 425 additional position titles that UW System policies designate as a limited appointment. We found that 3 of the 24 consultants had back-up positions. According to human resources staff:

- One consultant at UW-La Crosse and another at System Administration each worked temporarily on a UW System project to develop a new payroll and appointment system and were provided academic staff back-up positions into which they could move when the project ended. However, the UW-La Crosse consultant retired in October 2005.
- One consultant was hired from out of state to serve as a senior advisor to UW-Milwaukee's chancellor.

Improving Reporting

UW System's reports do not include all employees with the position title of consultant.

UW System compiles reports twice each calendar year on the number of consultants it employs, but the reports could be improved. First, we found that the count excludes consultants paid on a lump-sum basis, which is often used when a consultant provides specific services for a brief period of time. For example, UW System reported 47 individuals in 31.4 FTE consultant positions in March 2005, and 48 individuals in 30.4 FTE consultant positions in October 2005. In September 2005, however, 88 of the 134 unclassified consultants on the payroll were paid lump-sum amounts that ranged from \$130 to \$4,167.

Second, UW System's reports do not explain why some unclassified consultants have been on the payroll for significant periods of time, instead of the short periods specified by system policies. As a result, the reports provide an incomplete understanding of the extent to which consultants have been hired and remain on the payroll.

Recommendation

We recommend University of Wisconsin System Administration annually report to the Board of Regents on:

- *all consultants hired, including those paid on a lump-sum basis; and*
- *the number of unclassified consultants who have been employed in the same position for more than one year and why, as well as how long they are expected to remain in those positions.*

Outside Employment

Some have raised concerns about whether outside employment by UW System faculty who work as consultants for other organizations or have private business interests may affect their faculty duties. As noted, faculty have a considerable amount of flexibility in deciding when and how they complete their non-classroom responsibilities, which may include conducting research, publishing articles in academic journals, and presenting the results of their work at professional conferences.

Unclassified staff must report annually on outside economic activities related to their academic fields.

In some instances, faculty may receive additional income for work or expertise they provide to other organizations, but this work may improve their teaching abilities or increase the prestige they bring to their UW institutions. For example, a pharmaceutical firm may pay a faculty member to research a new chemical compound. That work could enhance the education of students who serve as research assistants, attract other students or faculty, improve course material and teaching, or result in additional federal grant funding. However, to prevent conflicts of interest, s. UWS 8.025, Wis. Adm. Code, requires all unclassified staff within UW System to annually report to their respective institutions on:

- their associations with organizations related to their fields of academic interest;
- private remunerative relationships with non-governmental sponsors of university research for which they are principal investigators; and
- payments for outside activities in their fields of academic interest, including for consulting work.

UW-Madison policies specify that its employees are not required to report on compensation received from:

- affiliated entities such as UW Hospitals and Clinics, the Veterans Administration Hospital, and the UW Medical Foundation;
- royalties received from the Wisconsin Alumni Research Foundation; or
- payments under grant or gift agreements with UW Foundation.

Seventeen of the 50 UW-Madison faculty whose reports we reviewed received monetary compensation from outside organizations.

However, policies require faculty members to report the salary of a spouse who is employed in the same academic field but not at UW-Madison or an affiliated entity. We requested the 2005 outside activity reports filed by 50 randomly selected faculty at UW-Madison who work in science, engineering, business, or agriculture and life sciences. Thirty individuals did not report receiving any monetary or non-monetary compensation, such as stock options, from outside organizations, and one faculty member did not submit a report. Seventeen individuals reported monetary compensation from a total of 31 outside organizations.

As shown in Table 28, 16 of the 31 organizations each paid UW-Madison faculty or their spouses less than \$5,000. Individuals were paid for a variety of services, including serving as consultants (13 organizations), working as employees (5 organizations), serving as trustees or members of boards of directors (4 organizations), serving as executive officers (4 organizations), providing expert witness testimony at trials (2 organizations), and providing various other services (3 organizations).

Table 28

Faculty-Reported Compensation Received from Outside Organizations¹
2005 Outside Activity Reports

| Compensation | Number of Organizations | Percentage of Total |
|----------------------|-------------------------|---------------------|
| Less than \$5,000 | 16 | 51.6% |
| \$5,000 to \$10,000 | 4 | 12.9 |
| \$10,000 to \$20,000 | 4 | 12.9 |
| More than \$20,000 | 7 | 22.6 |
| Total | 31 | 100.0% |

¹ Based on our review of 50 outside activity reports submitted by UW-Madison faculty in 2005. Excludes compensation from UW Hospitals and Clinics, the Veterans Administration Hospital, UW Medical Foundation, Wisconsin Alumni Research Foundation, and UW Foundation.

As noted, faculty with 9-month appointments do not have work obligations to UW System during the summer months, which provides them with additional flexibility to work for other organizations. During the one-year period we sampled, the 14 UW-Madison faculty with 9-month appointments each worked an average of 32.5 days for the outside organizations, while those with 12-month appointments each worked an average of 11.0 days.

Eight faculty reported receiving non-monetary compensation from organizations, including some who also reported monetary compensation. Six faculty each reported stock or stock options worth at least \$10,000, while two faculty each reported stock or other ownership interests worth less than \$10,000.

Recent legislation has addressed conflicts of interest involving UW System employees and private research companies. Section 946.13(1), Wis. Stats., prohibits a public employee with a private monetary interest in a contract from executing it in his or her official capacity. However, in an attempt to encourage research and entrepreneurship, 2005 Wisconsin Act 417 specifically excludes certain contracts between UW System and private research companies from this provision if:

- the companies are engaged in commercial activity related to research conducted by UW employees;
- the contract is approved by the UW System official responsible for evaluating potential conflicts of interest; and
- either less than \$75,000 in payments over a 24-month period is required by all contracts between the same parties, or UW System submits the contract to the Attorney General for review and the Attorney General does not notify UW System within 30 days that the contract violates the statutory provision relating to conflicts of interest.

Act 417, which applies to contracts regardless of when they were executed, was enacted in May 2006 and sunsets in June 2011.

■ ■ ■ ■

Faculty Sabbatical Leave ■

UW System's sabbatical leave program is authorized under s. 36.11(17), Wis. Stats., to allow instructional faculty to engage in intensive study for up to one year in order to enhance their teaching, develop courses and curricula, or conduct research or other scholarly activities related to their fields of expertise. The Board of Regents annually approves sabbaticals based on faculty members' applications, including past academic contributions.

To evaluate compliance with statutory program requirements and UW System's sabbatical policies, we reviewed 73 sabbatical files from six UW institutions: UW-Eau Claire, UW-Green Bay, UW-Madison, UW-Milwaukee, UW-Oshkosh, and UW-Platteville. We also reviewed the sabbatical policies of individual UW institutions, as well as systemwide practices related to sick leave reporting and compensation during sabbaticals.

Use and Purpose

There were 205 faculty sabbaticals in the 2004-05 academic year.

As shown in Table 29, use of faculty sabbaticals has declined since the 2002-03 academic year. According to UW System reports to the Board of Regents, there were 205 sabbaticals in 2004-05. Of these, 115, or 56.1 percent, were for a single semester, and 90, or 43.9 percent, were for the entire academic year.

Table 29

Number of Faculty Sabbaticals

| Institution | Academic Year | | |
|---------------|---------------|------------|------------|
| | 2002-03 | 2003-04 | 2004-05 |
| Colleges | 6 | 6 | 2 |
| Eau Claire | 13 | 17 | 11 |
| Green Bay | 5 | 3 | 3 |
| La Crosse | 6 | 8 | 5 |
| Madison | 88 | 78 | 95 |
| Milwaukee | 50 | 42 | 38 |
| Oshkosh | 12 | 11 | 13 |
| Parkside | 5 | 5 | 3 |
| Platteville | 4 | 0 | 6 |
| River Falls | 5 | 5 | 5 |
| Stevens Point | 13 | 12 | 0 |
| Stout | 10 | 10 | 11 |
| Superior | 3 | 0 | 4 |
| Whitewater | 15 | 13 | 9 |
| Total | 235 | 210 | 205 |

Using information from sabbatical applications, we categorized the primary goals of sabbaticals taken in the 2004-05 academic year. As shown in Table 30, the primary goals involved:

- conducting research, which allowed faculty to focus intensively on ongoing projects, new research, or collaborative efforts with others in their academic fields;
- publishing, which allowed work on books, articles, paintings, musical theater pieces, documentaries, or screenplays;
- both developing new courses and curricula and updating or revising existing courses;
- enhancing teaching through research, extensive reading, or the acquisition of new skills; and

- other scholarly activities, which included creating exchange programs for students and faculty, developing successful grant-writing skills, and attending workshops and classes.

Table 30

Primary Goals of Faculty Sabbaticals
2004-05 Academic Year

| Primary Goal | Number | Percentage of Total |
|----------------------------------|------------|---------------------|
| Conducting Research | 83 | 40.5% |
| Publishing | 46 | 22.4 |
| Developing Courses and Curricula | 40 | 19.5 |
| Enhancing Teaching | 19 | 9.3 |
| Other Scholarly Activities | 17 | 8.3 |
| Total | 205 | 100.0% |

Compliance with Statutory Requirements and UW System Policies

Section 36.11(17), Wis. Stats., allows the Board of Regents to grant sabbaticals of up to one year to faculty members who:

- have completed at least six years of full-time instructional service in UW System;
- have not taken sabbatical leave during their last six years of full-time instructional service, excluding leaves of absence; and
- agree either to return to their respective UW institutions for at least one year after the sabbatical or to return all compensation received from the institution during the sabbatical.

UW System policies also require that:

- UW institutions must specify how the absent faculty member's courses will be covered, such as by having colleagues teach them, deferring courses, or hiring temporary instructors; and

- faculty must report in writing on their sabbatical accomplishments within three months of completing a sabbatical.

Most of the 73 sabbatical files we reviewed complied with statutory and policy requirements.

As shown in Table 31, most of the 73 files we reviewed contained information demonstrating compliance with both statutory and UW System requirements. The UW institutions that kept these files all require their faculty to agree in writing to return for at least one year following a sabbatical, although statutes do not require written agreements. We found only one file, at UW-Platteville, without a signed agreement. (Six other UW institutions—UW Colleges, UW-La Crosse, UW-Parkside, UW-Stevens Point, UW-Stout, and UW-Superior—do not require signed agreements.) Five of the 73 files we reviewed—three at UW-Milwaukee, one at UW-Platteville, and one at UW-Oshkosh—did not contain any information on how the UW institutions intended to cover the absences of the faculty. Eight of the files—three at UW-Green Bay, three at UW-Oshkosh, and two at UW-Madison—were missing final reports.

Table 31

Compliance with Selected Faculty Sabbatical Requirements¹
2004-05 Academic Year

| Requirement | Files in Compliance | | Files Not in Compliance | |
|---|---------------------|---------------------|-------------------------|---------------------|
| | Number | Percentage of Total | Number | Percentage of Total |
| Recipient with Six Years of Full-Time Instructional Service | 73 | 100.0% | 0 | 0.0% |
| No Sabbatical in the Prior Six Years | 73 | 100.0 | 0 | 0.0 |
| Signed Agreement to Return for One Year | 72 | 98.6 | 1 | 1.4 |
| Plan for Coverage of Instructional Duties | 68 | 93.2 | 5 | 6.8 |
| Final Written Report of Sabbatical Activities | 65 | 89.0 | 8 | 11.0 |

¹ Based on our review of 73 sabbatical files at UW-Eau Claire, UW-Green Bay, UW-Madison, UW-Milwaukee, UW-Oshkosh, and UW-Platteville.

During the period we reviewed, ten faculty systemwide did not return for one year following a sabbatical. Three individuals, all from UW-Madison, repaid the salaries and fringe benefits they received while on sabbatical. Another died shortly after his sabbatical ended, one retired because of ill health, and there were legitimate reasons for not requiring repayment from two more

individuals. However, three others could reasonably be expected to repay the salary and fringe benefits they received:

- One UW-Madison faculty member did not return for a full year after a sabbatical for the 2003-04 academic year, and UW-Madison has requested that the Department of Justice initiate litigation to collect \$37,400.
- One UW-Platteville faculty member was granted a sabbatical for the spring semester of 2004 that was postponed for one year because of funding constraints. In March 2003, she notified the institution that she planned to take the sabbatical and then retire in December 2005, one semester after returning, in order to save it the costs of her salary and fringe benefits. Although UW-Platteville's chancellor agreed, he is not authorized by statutes or policies to waive the statutory repayment requirement.
- One UW-Stout faculty member retired immediately following her sabbatical in the fall semester of 2004 and claimed she was not required to repay any funds because she had not signed an agreement to do so. Although UW-Stout does not require its faculty to sign such an agreement, statutes do not specify that a signature is required to indicate agreement.

We reviewed the final reports included in sabbatical files and found that all complied with UW System policies. However, individual UW institutions have different requirements for the reports' length and contents. For example, UW-Milwaukee requires faculty to complete a one-page report, while UW-Madison requires a two- to three-page report. On average, the 62 final reports we reviewed were 2.5 pages long, but a few individuals submitted additional information. For example, one UW-Platteville faculty member submitted the first draft of a book, while another UW-Platteville faculty member submitted approximately 70 pages of sample course materials.

Sabbatical Sick Leave Reporting

Sick leave reporting requirements are not consistent for faculty on sabbatical.

UW System faculty on sabbatical continue to accrue sick leave benefits, and UW System policies require them to report their sick leave use. Individuals in unusual circumstances may submit monthly leave reports by fax or e-mail, and in extreme cases chancellors are authorized to permit department chairs to file leave

reports on behalf of faculty. However, UW-Eau Claire and UW-Oshkosh do not require their faculty to submit leave reports while on sabbatical, and UW-Milwaukee permits submission at the end of a sabbatical, which may result in inaccuracies.

We noted that faculty on sabbatical from UW-Milwaukee and UW-Platteville did not submit monthly leave reports on a regular basis, and our analysis of sick leave records for all 205 faculty on sabbatical during the 2004-05 academic year found that each reported using an average of less than 0.1 sick days. A total of 198 of the 205 faculty (96.6 percent) reported no sick leave. Average sick leave reported by all faculty in 2005 was 0.8 days. One faculty member who reported no sick leave during a fall 2004 sabbatical from UW-Oshkosh could not complete her sabbatical project during that time for medical reasons. UW-Oshkosh agreed to her request that the due date for her sabbatical's final report be extended until February 2007.

Compensation During Sabbatical

Faculty are statutorily prohibited from earning more than their normal salaries while on sabbatical.

Section 36.11(17)(e), Wis. Stats., provides that the compensation faculty receive while on sabbatical, including compensation received from outside sources, shall not exceed their normal salaries. Under UW System policies, faculty on sabbatical for an academic year may receive up to 65.0 percent of their normal salaries, while those on sabbatical for one semester may receive up to 100.0 percent. UW System policies encourage faculty to seek additional compensation from outside sources while on sabbatical (without exceeding their normal salaries), but they prohibit other paid employment that has not been approved as part of a sabbatical proposal.

UW institutions differ in their requirements for reporting outside funding while on sabbatical.

UW System policies also require sabbatical applications to list all grants or awards that faculty intend to apply for or will receive during their sabbaticals. Nine UW institutions have their own policies that also explicitly require this information on applications, and UW-Green Bay and UW-Eau Claire further require faculty to report whether they actually received outside funding.

Other sabbatical policies also differ by UW institution. For example, UW-Platteville encourages faculty on sabbatical to leave campus so that they are not distracted by other work, and UW-Eau Claire prohibits its own faculty from teaching on campus while on sabbatical. Nevertheless, among the 73 faculty whose sabbatical payroll data we reviewed, 3 individuals at UW-Platteville and 1 at UW-Eau Claire earned more than their normal UW salaries because they were paid for short-term or one-time duties at their

UW institutions during their sabbaticals. Their sabbatical proposals did not contain any information indicating additional paid employment had been approved.

Recommendation

To ensure compliance with statutory requirements and consistency in institutional practices, we recommend University of Wisconsin System Administration develop both:

- *a standard agreement for signature that lists all statutory and policy requirements related to faculty sabbaticals, including the need to return to the institution for at least one year after a sabbatical, to complete a final report on sabbatical activities within three months after a sabbatical, and to submit monthly leave reports while on sabbatical; and*
- *a standard form for all institutions to use in determining total compensation received by faculty on sabbatical, including compensation from outside sources and from short-term duties at individual institutions.*

■ ■ ■ ■

Appendix 1

Value of Unused Sick Leave Converted at Retirement by UW System Employees¹
 Employees Who Retired in 2005

| Years of Service | Academic Staff | | | Faculty | | | Limited Appointees | | | Classified Staff | | |
|------------------|---------------------|--|--|---------------------|--|--|---------------------|--|--|---------------------|--|--|
| | Number of Employees | Average Number of Hours Converted ² | Average Value of Unused Sick Leave Converted | Number of Employees | Average Number of Hours Converted ² | Average Value of Unused Sick Leave Converted | Number of Employees | Average Number of Hours Converted ² | Average Value of Unused Sick Leave Converted | Number of Employees | Average Number of Hours Converted ² | Average Value of Unused Sick Leave Converted |
| 20 or Less | 59 | 1,341 | \$ 42,800 | 21 | 1,917 | \$ 82,000 | 11 | 1,766 | \$ 80,900 | 52 | 1,243 | \$21,800 |
| 21 to 25 | 24 | 2,565 | 88,900 | 16 | 3,432 | 166,600 | 9 | 2,949 | 135,400 | 22 | 1,901 | 40,900 |
| 26 to 30 | 20 | 3,731 | 145,400 | 16 | 4,134 | 225,700 | 4 | 3,373 | 129,400 | 34 | 2,534 | 62,300 |
| 31 to 35 | 20 | 4,364 | 217,400 | 15 | 5,186 | 236,000 | 13 | 4,213 | 186,600 | 36 | 3,232 | 72,600 |
| 36 or More | 13 | 5,490 | 257,200 | 30 | 6,055 | 340,700 | 4 | 5,633 | 314,200 | 10 | 3,046 | 57,400 |
| Total | 136 | 2,749 | 112,200 | 98 | 4,293 | 222,100 | 41 | 3,336 | 153,900 | 154 | 2,204 | 47,600 |

¹ The available data did not contain sufficient information to determine the employment category of 126 unclassified staff who retired in 2005.

² Includes unused sick leave hours plus supplemental credits earned.

Appendix 2

**UW System Employees with Back-Up Positions,
by Type of Position Title**

December 2005

| Institution | Number of Employees | | | Total |
|-----------------------|---------------------------------------|---|---|--------------|
| | Position Title Authorized in Statutes | Position Title Authorized in UW System Policies | Position Title Not Authorized in Statutes or Policies | |
| Colleges | 14 | 21 | 0 | 35 |
| Eau Claire | 6 | 41 | 0 | 47 |
| Extension | 2 | 51 | 2 | 55 |
| Green Bay | 6 | 25 | 0 | 31 |
| La Crosse | 5 | 43 | 3 | 51 |
| Madison | 13 | 392 | 6 | 411 |
| Milwaukee | 11 | 145 | 13 | 169 |
| Oshkosh | 9 | 28 | 1 | 38 |
| Parkside | 4 | 16 | 0 | 20 |
| Platteville | 5 | 22 | 0 | 27 |
| River Falls | 3 | 8 | 1 | 12 |
| Stevens Point | 6 | 41 | 8 | 55 |
| Stout | 6 | 25 | 1 | 32 |
| Superior | 2 | 13 | 7 | 22 |
| System Administration | 16 | 22 | 2 | 40 |
| Whitewater | 9 | 34 | 0 | 43 |
| Total | 117 | 927 | 44 | 1,088 |

Appendix 3

**UW System Employees with Back-Up Positions,
by Type of Back-Up Position**

December 2005

| Institution | Number of Employees | | | Total |
|-----------------------|---------------------|------------|------------------|--------------|
| | Academic Staff | Faculty | Classified Staff | |
| Colleges | 21 | 13 | 1 | 35 |
| Eau Claire | 27 | 16 | 4 | 47 |
| Extension | 34 | 19 | 2 | 55 |
| Green Bay | 21 | 7 | 3 | 31 |
| La Crosse | 32 | 18 | 1 | 51 |
| Madison | 325 | 84 | 2 | 411 |
| Milwaukee | 99 | 53 | 17 | 169 |
| Oshkosh | 24 | 14 | 0 | 38 |
| Parkside | 13 | 6 | 1 | 20 |
| Platteville | 15 | 9 | 3 | 27 |
| River Falls | 3 | 9 | 0 | 12 |
| Stevens Point | 40 | 15 | 0 | 55 |
| Stout | 15 | 13 | 4 | 32 |
| Superior | 15 | 4 | 3 | 22 |
| System Administration | 26 | 5 | 9 | 40 |
| Whitewater | 26 | 16 | 1 | 43 |
| Total | 736 | 301 | 51 | 1,088 |

Appendix 4

UW System Consultants, by Institution
September 2005

| Institution | Unclassified Consultants | | | Classified Consultants | | |
|-----------------------|--------------------------|--------------------------------|---------------------|------------------------|--------------------------------|---------------------|
| | Number | Total Amount Paid ¹ | Average Amount Paid | Number | Total Amount Paid ¹ | Average Amount Paid |
| Colleges | 0 | \$ 0 | \$ 0 | 0 | \$ 0 | \$ 0 |
| Eau Claire | 41 | 45,264 | 1,104 | 11 | 3,886 | 353 |
| Extension | 0 | 0 | 0 | 0 | 0 | 0 |
| Green Bay | 3 | 10,733 | 3,578 | 3 | 967 | 322 |
| La Crosse | 33 | 58,883 | 1,784 | 0 | 0 | 0 |
| Madison | 13 | 54,447 | 4,188 | 20 | 4,324 | 216 |
| Milwaukee | 6 | 22,025 | 3,671 | 5 | 2,067 | 413 |
| Oshkosh | 5 | 13,529 | 2,706 | 11 | 5,031 | 457 |
| Parkside | 9 | 14,634 | 1,626 | 0 | 0 | 0 |
| Platteville | 0 | 0 | 0 | 0 | 0 | 0 |
| River Falls | 8 | 4,969 | 621 | 1 | 1,200 | 1,200 |
| Stevens Point | 10 | 33,201 | 3,320 | 1 | 894 | 894 |
| Stout | 0 | 0 | 0 | 4 | 2,657 | 664 |
| Superior | 0 | 0 | 0 | 0 | 0 | 0 |
| System Administration | 6 | 50,936 | 8,489 | 0 | 0 | 0 |
| Whitewater | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 134 | \$308,621 | 2,303 | 56 | \$21,026 | 375 |

¹ Includes payments made to all consultants on the UW System payroll in September 2005.

Appendix 5

Previous Employment of All Unclassified Consultants

September 2005

| | Hired from Outside of UW System | Held Another UW System Position Immediately Before Accepting a Consultant Position | Retired from UW System Before Accepting a Consultant Position | Total |
|-----------------------|---------------------------------------|--|--|------------|
| Colleges | 0 | 0 | 0 | 0 |
| Eau Claire | 30 | 6 | 5 | 41 |
| Extension | 0 | 0 | 0 | 0 |
| Green Bay | 2 | 0 | 1 | 3 |
| La Crosse | 30 | 1 | 2 | 33 |
| Madison | 1 | 4 | 8 | 13 |
| Milwaukee | 3 | 3 | 0 | 6 |
| Oshkosh | 1 | 2 | 2 | 5 |
| Parkside | 4 | 2 | 3 | 9 |
| Platteville | 0 | 0 | 0 | 0 |
| River Falls | 8 | 0 | 0 | 8 |
| Stevens Point | 3 | 3 | 4 | 10 |
| Stout | 0 | 0 | 0 | 0 |
| Superior | 0 | 0 | 0 | 0 |
| System Administration | 0 | 3 | 3 | 6 |
| Whitewater | 0 | 0 | 0 | 0 |
| Total | 82 | 24 | 28 | 134 |



Office of the President

1720 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706-1559
(608) 262-2321
(608) 262-3985 Fax

email: kreilly@uwsa.edu
website: <http://www.uwsa.edu>

October 9, 2006

State Auditor Janice Mueller
Wisconsin Legislative Audit Bureau
22 East Mifflin Street, Suite 500
Madison, WI 53703

Dear Ms. Mueller:

I appreciate the Legislative Audit Bureau's efforts in completing an evaluation of personnel policies and practices in the University of Wisconsin (UW) System. The university's work with the Audit Bureau on this report signifies our commitment to being responsive to requests from legislators and others for clarification of UW System employment policies and practices. This report is a step in our ongoing process to improve our accountability in this area.

This report reinforces several recent Board of Regents actions to reform personnel policies and practices, reforms that are unprecedented in our 35-year history as a System. Among the actions taken, the Board has:

- Ended the practice of offering "back-up" appointments to new administrative hires. Since July 2005, 106 new administrative hires do **not** have a back up appointment. Under previous policies, these 106 would have been eligible for a back-up appointment.
- Strengthened our sick leave policy for UW System unclassified staff by requiring medical certification for use of sick leave for absences of more than five consecutive days.
- Required all UW institutions to seek approval from the UW System President for any settlement involving the termination of a limited appointee.
- Revised its policy to ensure that administrators returning to their faculty position are compensated at a salary rate consistent with other faculty members of the same rank in the department.
- Advanced changes to the disciplinary rules process to balance due process requirements with the need to act expeditiously in disciplinary matters involving criminal activity.

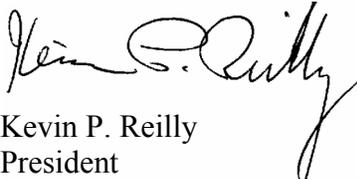
Janice Mueller
October 9, 2006
Page Two

A detailed response to the report's recommendations is attached to this letter and addresses each of the topics the Legislative Audit Bureau raises: sick leave and vacation; limited and concurrent appointments; consultants; and faculty sabbaticals. The UW System will be acting decisively on the LAB recommendations and will report back as requested to the Joint Committee on Audit in June, 2007.

Finally, I must provide some context for one of the report's findings where the inference, if not clarified, would place our employees, especially faculty and academic staff, in a bad light. We have very high expectations of our faculty and staff. They routinely work more than 40 hours each week in order to complete their substantial teaching, research, and public service assignments. As recognized by the LAB report itself, "**Faculty have professional responsibilities and expectations that differ significantly from those of other unclassified staff.**" As a result, many of them report little use of sick leave. Nevertheless, our expectations of them remain high, and the results – in cutting-edge research, quality teaching, and exceptional public service – are remarkable.

My thanks to you and the LAB staff for working with us to identify those areas where we can focus some additional attention, and for affirming that the vast majority of our 42,000 employees are the conscientious public servants the state expects. The University of Wisconsin System's role is too central to the future competitiveness, economic health, and reputation of this state to allow the missteps of a very few to divert our great public purpose.

Sincerely,



Kevin P. Reilly
President

Attachment

Attachment

University of Wisconsin System Response Legislative Audit Bureau Report on UW Personnel Policies and Practices October 9, 2006

The Legislative Audit Bureau (LAB) report on UW personnel policies and practices highlights areas in which the UW System has already made significant improvements and identifies others in which further progress is needed. This attachment addresses LAB's findings and conclusions in the areas of:

- Sick leave reporting
- Sick leave conversion
- Vacation reporting
- Limited and concurrent appointments
- Consultants
- Faculty sabbaticals

Sick Leave Reporting

LAB's determination that faculty report relatively less sick leave usage than some other employee groups has been documented in the past. The reasons for this reporting difference are varied. As LAB notes, "*UW System faculty have professional responsibilities that include teaching, research, and community service and that differ significantly from those of other unclassified staff. Faculty workdays are scheduled according to academic rather than business practices and typically include nonstandard work hours to accommodate research and related activities.*"

UW System faculty members and instructional academic staff are strongly committed to their teaching responsibilities. Faculty sometimes teach even when they are ill, because they prefer to maintain the continuity of the educational process for their students. In addition, faculty's extended work hours and job-related research and service activities also contribute to a lower use of sick leave. As salaried employees, unclassified staff are hired with the expectation and understanding that their duties and responsibilities routinely require work in excess of 40 hours per week.

Sick leave is a significant employee benefit, and the UW System has taken steps to ensure proper sick leave reporting. After an internal review of sick leave reporting in 1998, the UW System revised its policy guidelines to clarify the appropriate use of colleague coverage and worked with the provosts of all UW institutions to emphasize the need for improved compliance with sick leave reporting. In addition, the UW System developed educational materials and conducted training to explain the value of the post-retirement sick leave conversion program and the need for appropriate and accurate sick leave reporting.

The LAB findings do not conclude that UW employees use sick leave that they do not report. However, the findings do suggest the need to once again review reporting procedures to ensure that sick leave reporting adheres to state and university policies.

The report also recommends that the UW Board of Regents consider methods for modifying how unclassified staff report use of sick leave and that the Board report to the Joint Legislative Audit Committee by June 1, 2007. **The UW System will prepare the recommended report.**

Sick Leave Conversion

The post-retirement sick leave conversion program is an important benefit not only for university employees, but for all employees throughout state government. The LAB report points out differences in the average value of the benefit for UW System employees, as compared with employees of other state agencies.

LAB notes that ***“unclassified staff in UW System currently earn fewer sick days than classified staff in UW System and in other state agencies.”*** University unclassified staff, including faculty, academic staff, and administrators, earn 12 days of sick leave each year while their counterparts in state government, including department secretaries and other administrators, attorneys, and science professionals, earn 16.25 days each year. State of Wisconsin classified staff also earn 16.25 days.

Unclassified employees in the UW System accrue lower amounts of sick leave at the end of a given year when compared to other state employees. At the end of 2005, the approximately 10,000 UW System unclassified staff with 12-month appointments carried forward an average of 8.5 days of sick leave, compared to the nearly 10-day average by approximately 12,000 state employees in comparable professional positions.

The report emphasizes the dollar value of sick leave at retirement. UW unclassified staff are on average older and have more longevity when they retire and, as a result, accrue more sick leave credits over the course of their working careers. Nevertheless, not all of the sick leave credits earned are eventually expended for health insurance.

The report also recommends legislative review of the sick leave conversion program. The post-retirement sick leave conversion and supplemental sick leave programs are vitally important recruitment and retention tools, and the UW System is committed to maintaining the integrity and viability of these programs. The legislature developed and implemented the sick leave conversion program more than 20 years ago. From a public policy standpoint, it may be appropriate for the Joint Survey Committee on Retirement Systems to review the program for possible improvements to ensure that all state and UW System employees have access to an equitable and fiscally sound program for subsidizing post-retirement health care costs.

Vacation Reporting

The LAB report raises questions about the accuracy of vacation time reporting by unclassified staff, while noting that it is impossible to know for certain whether reporting is inaccurate. In examining vacation reporting, LAB counted 197 unclassified staff **(approximately 2 percent of all unclassified staff** who earned vacation) who had not reported using vacation time during a three-year period.

More useful than the general conclusions in the report is the identification of a need for procedural improvements in this area. The UW System will examine the feasibility of regularly identifying employees who have reported no vacation, or a small amount of vacation, during the year and ensuring that such reporting is accurate. This process has already begun for the 197 employees LAB identified in the report.

The report recommends the UW Board of Regents consider ways to modify how UW unclassified staff report vacation time and report to the Joint Committee on Audit by June 1, 2007. **The UW System will conduct the recommended analysis and will report on the results.**

Limited and Concurrent Appointments

The LAB report focuses on the use of limited appointments in the UW System. Limited appointments, which can be terminated at will, provide management with the flexibility to respond to performance issues and/or the changing need for university services. Some limited appointees have been granted what is now called a concurrent appointment. In November 2005 the Board of Regents took action to limit concurrent appointments except for:

1. Those required for certain UW employees under s. 36.17, Wis. Stats.
2. Those circumstances when a recommendation for tenure is made by the appropriate UW institution for either a limited appointee who held a tenured faculty position elsewhere or a limited appointee filling a position with the requirement or expectation of tenurability.

A limited appointee new to the UW System no longer receives a back-up appointment. Since July 2005, 106 new administrative hires have no back-up appointments. Under previous policies, these 106 would have been eligible for back-up appointments.

The Board policy affected only limited appointments made after July 26, 2005 when President Reilly suspended the practice of providing “back-up” appointments for new administrative hires. To the extent that limited appointees already had back-up appointments before this date, they were not stripped of this contractually-provided benefit. Thus, an immediate, precipitous decrease in the total number of back-up appointments was not expected. The number of back-up appointments will decrease over time as new limited appointees are no longer granted back-up appointments.

The report recommends that the UW Board of Regents review all position titles beyond those listed in the statutes that may be designated as limited appointments and report to the Joint

Legislative Audit Committee by June 1, 2007. The report also recommends that the Board of Regents require UW System Administration to report annually on the number of employees with concurrent appointments or six-month-notice-of-termination protections. **UW System will prepare the recommended reports.**

Consultants

Consultant positions can play an important role in supplementing the work of other UW System employees. The report provides an overview of the UW System's use of consultants. **In a review of a sample of consultants' work products, LAB found that "the consultants have fulfilled the responsibilities they were hired to complete."**

Auditors also found that consultant salaries can exceed the pay range for positions with similar responsibilities. Each consultant position entails unique circumstances such as market conditions and/or employment timeframes based on the needs of the institution and the assigned project.

On the other hand, some positions identified in the report should not have been titled as consultant positions. The continuing education instructor who teaches one course or the coach who is paid a lump sum of \$500, for example, should **not** be titled as consultants. Rather institutions should use titles in the lecturer title series or the coach title series, respectively. The audit's findings on consultants will be useful as the UW System human resources staff works to ensure the consultant title is used appropriately.

The report recommends that the UW System report annually to the Board of Regents on all consultants hired and provide detailed information about unclassified consultants who have been employed in the same positions for more than one year. **The UW System currently prepares an internal report which lists consultants paid on a 9- or 12-month basis. The current report format will be modified to include those consultants paid on a lump sum basis and will be reported annually to the Board of Regents.**

Faculty Sabbaticals

Sabbatical leave for faculty, which the Legislature authorized in s. 36.11(17), Wis. Stats., allows UW System faculty members to conduct intensive study, course development, research, or other scholarly activities that enhance their teaching. This privilege is granted to faculty members on the merit of their substantial academic contributions and is a time-honored practice in all of higher education. A faculty member may take a sabbatical leave for an academic year and receive financial support of up to 65 percent of his/her salary; for a sabbatical leave of one semester, he/she may receive a maximum amount of up to his/her full salary for the semester, in accordance with institutional policies. In addition:

- Sabbaticals enable UW institutions to retain cutting-edge faculty who bring the latest knowledge to the classroom, prepare new course material, conduct original research, learn how to use new technologies and/or collaborate with other universities or governmental agencies.

- Sabbaticals are a highly effective tool in keeping UW System institutions competitive when recruiting and retaining quality faculty. Virtually all institutions of higher education in the United States, both public and private, offer sabbaticals.
- Sabbatical proposals undergo a rigorous review process by faculty peers, institutional administrators, UW System administration and the Board of Regents. Approximately 3 percent of UW faculty are selected each year.

In reviewing a sample of sabbatical-leave files, auditors reported that most of the 73 files they reviewed “contained information demonstrating compliance with both statutory and UW System requirements.” The final reports included in the sabbatical files all complied with UW System policies.

The report recommends that the UW System develop a standard agreement for signature that lists all statutory and policy requirements related to faculty sabbaticals, as well as a standard form for all institutions to use in determining total compensation faculty receive while on sabbatical. **UW System will work to develop forms that will ensure compliance with statutory and policy requirements.**

Conclusion

The UW System remains committed to strengthening its personnel policies and practices. The analyses to be completed over the coming months will enhance the significant progress the UW System has already made in reforming its personnel policies as the state draws on the UW to educate its citizens, grow the economy, build the future, and maintain our quality of life.