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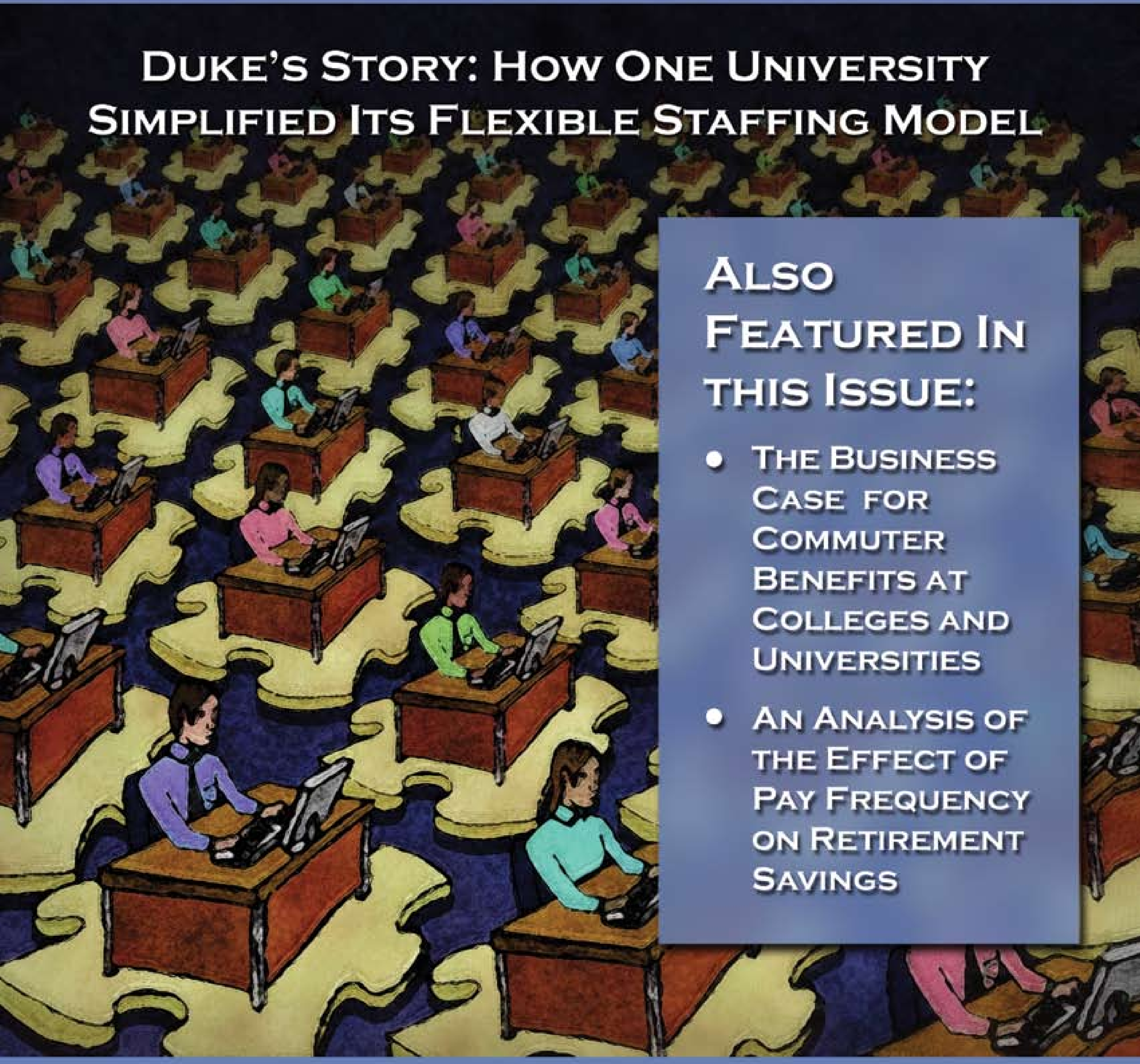
Duke's Story: How One University Simplified Its Flexible Staffing Model



Also Featured In this Issue:

- The Business Case for Commuter Benefits at Colleges and Universities
- An Analysis of the Effect of Pay Frequency on Retirement Savings

College and University Professional Association for Human Resources

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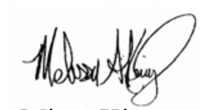
From the Editor

This issue of the *CUPA-HR Journal* showcases “Duke’s Story: How One University Simplified Its Flexible Staffing Model.” Like many higher education institutions, for years Duke University had been utilizing several different staffing vendors to provide a pool of temporary workers for its campus. With so many vendors operating independently of one another, and independently of disparate departments, the university’s staffing strategy had become complicated, costly, and chaotic. By restructuring its staffing model and selecting a single vendor to handle all of its staffing needs, Duke was able to not only cut costs, but also align and integrate temporary staffing with the university’s overall staffing strategy.

Other articles featured in this issue are “The Business Case for Commuter Benefits at Colleges and Universities,”—a discussion of how institutions can prevail over campus parking problems by offering commuter benefits to employees, and “An Analysis of the Effect of Pay Frequency on Retirement Savings”—an article detailing how pay frequency (over either a nine-month period or a twelve-month period) can affect an individual’s long-term financial situation.

The remaining articles in this *Journal* include a discussion of how to maintain a union-free campus, a study of mediation practices in higher education institutions in the Midwest, and an examination of project management methodology and how this concept can add value to an institution’s strategic initiatives.



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The Business Case for Commuter Benefits at Colleges and Universities

BY PATTY KLAVON

For many colleges and universities across the country, finding room for additional parking is becoming a big problem. In this article, one of the managers for the U.S. Environmental Protection Agency's Best Workplaces for Commuters SM program explains how offering faculty and staff a comprehensive commuter benefits program can cost an institution much less than constructing new parking spaces.

Introduction

At some point, many colleges and universities face a dilemma—build or acquire more parking spaces to accommodate a growing population, or provide commuter benefits that can help ease the parking crunch. The bottom-line numbers make the decision to implement a commuter benefits program simple to justify—constructing and maintaining new parking spaces is often much more costly than providing commuter benefits for employees. On average, constructing a parking space costs between $1,500 and $17,400, plus additional costs for maintenance, while the average cost of a transit pass for one year is around $260 per employee.[1]

Transportation and parking-related issues are common challenges for most colleges and universities. Campus vehicle traffic can cause serious strain between academic institutions and their surrounding towns, and the fact that parking capacity at many universities cannot meet parking demand simply compounds the problem. Too many cars competing for too few spaces can lead to increased school/community tension as students, employees, and visitors seek parking in surrounding neighborhoods. However, solving the problem by building more parking spaces is expensive and increases congestion not only on campus, but also in the surrounding community. In addition, many schools would rather invest in other priorities, such as new buildings or preserving campus green space.

Often, college and university professionals—and specifically human resources staff—are poised to help influence the school administration's decision to offer commuter benefits to employees. With firsthand knowledge of the benefits employees need and want from an employer, HR professionals can help campus administrators weigh the pros and cons of providing commuter benefits. Schools want to recruit the best faculty and staff possible, and sweetening the deal with commuter benefits can help tip the scales in their direction. Schools across the country have found that establishing a comprehensive commuter benefits program is a win-win situation—helping to bring in the best faculty and staff, while at the same time reducing demand for new parking spaces and preserving funding for other priorities.

A Template for Success: Best Workplaces for Commuters SM Meets the Challenge

To meet these challenges head on, many colleges and universities offer commuter benefits to encourage employees to get to work by ways other than driving alone. The U.S. Environmental Protection Agency (EPA) recognizes these innovative employers on its national list of Best Workplaces for Commuters. The colleges and universities on this elite list are improving employees' commutes, reducing traffic congestion and air pollution,

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and enhancing community relations to boot. These institutions find that offering benefits that meet the Best Workplaces for Commuters' *National Standard of Excellence*—a requirement employers must meet to receive the designation—can help their bottom lines and improve the quality of life for students, employees, and neighboring residents.

Institutions providing commuter benefits make an investment that pays dividends not only to the school, but also to the surrounding area. Many universities are the largest employers in their communities, so reducing employee traffic significantly reduces congestion and increases availability of parking. The University of Massachusetts, Amherst, provides transportation services through the use of buses that its students, faculty, staff, and the general public can utilize. Robert Hendry, transportation coordinator at the institution, explains, "Our buses are very popular not only with members of the university community, but also with other Amherst residents not affiliated with the school. The program has done wonders for reducing parking issues in the town." Stanford University's transportation services also are made available to the general public. Its shuttle system has decreased congestion, improved road safety, and reduced air, noise, and water pollution.

Commuter Benefits Make Good Business Sense

Invest in new parking facilities, or spend money encouraging employees and students to use alternative transportation? When institutions are faced with this choice, the bottom-line figure often bolsters the argument for commuter benefits. Table 1 shows the differences in cost between the construction of parking lots and the cost of providing a year of transit transportation at various U.S. universities.

Table 1. Parking Construction vs. Transit Costs[2]

College/University	Setting[3]	Parking Type(s)	Estimated Construction Cost Per Parking Space (2005)	Estimated Cost of Annual Transit Service Per Commuter (2005)
National Average[4]	Suburban or Urban	Surface lot – underground garage	\$17,400[5]	\$260[6]
Emory University[7] *Atlanta, GA*	Urban	Garage	\$12,100– \$18,900[8]	\$297[9]
University of Arizona[10] *Tucson, AZ*	Urban	Surface lot	\$5,080[11]	\$112[12]
University of Colorado, Boulder[13] *Boulder, CO*	Suburban	Garage	\$11,064–\$20,000[14]	\$316[15]
Cornell University[16] [17] *Ithaca, NY*	Suburban	Surface lot – garage	\$5,620–\$15,600[18]	\$132[19]
Washington State University[20] *Spokane, WA*	Rural	Surface lot – underground garage	\$3,600–\$33,980[21]	\$141[22]
Clemson University[23] *Clemson, SC*	Rural	Gravel lot – garage	\$1,850–\$9,800[24]	\$117[25]

The costs associated with constructing new parking facilities often far exceed the costs associated with offering commuter benefits. In fact, providing a single parking space in a garage can add up to more than \$18,000 (excluding cost of land).[26] That is enough to subsidize a year's worth of transit service for more than seventy commuters.

Commuter benefits also can help reduce parking demand and alleviate tensions with the community. Research shows that the majority of universities report "severe to critical" overflow of parking into the surrounding communities—an estimated four cars are being driven to campus for each available on-campus parking space.[27] Community residents often cite noise, safety concerns, pollution, and inconvenience in finding residential parking as major problems in areas where this overflow parking occurs.[28]

Providing a Benefit That Employees Value

Providing commuter benefits that help employees and job seekers save time and money can distinguish a college or university as an employer of choice. Table 2 illustrates how much money the average person spends per year on driving-related expenses. Providing a superior benefits package can help a given institution rise to the top for job seekers, and helping employees reduce their commuting time and save on vehicle and gas expenses will increase job satisfaction.

Commuter benefits meeting the EPA's *National Standard of Excellence* can also help employees' wallets. In fact, according to the Bureau of Labor Statistics, housing and transportation are the two largest household expenses[29]. In 2003, households spent an average of $7,781 on transportation-related expenses, or about 19 percent of total average household expenditures.[30]

Table 2. Costs of Driving [31]

Vehicle Driving Costs	*Average Cost*
Operating costs (gas, oil, tires, maintenance)	$3.95 per day or $948 per year (over 240 work days) ($0.141 per mile x 28 miles* = $3.95/day)
Ownership costs (full insurance, license, registration, taxes)	$1,288 per year
Depreciation (15,000 miles annually)	$3,879 per year

**Note: Average round trip per 2001 National Household Transportation Survey*[32]

Vehicle-related costs take a significant bite out of most employees' budgets. AAA estimated that, in 2005, it cost an average of 56.1 cents per mile, or $8,410 per year, to own and operate a domestically-produced, mid-sized vehicle. Of that total, according to AAA's estimates, full insurance coverage comprises approximately $1,288 per year.[33]

Fuel costs continue to increase at a fast clip. According to AAA, in 2005, the average driver paid about $1,285 per year, or 8.5 cents per mile, for fuel.[34] Furthermore, in a survey conducted in 2005 by ComPsych Corp., 16 percent of employee respondents said they would change the way they commute if gas prices continue to rise, and 44 percent said they would prefer to, but cannot.[35] However, not all commuting costs are monetary. Employees who drive to work alone often experience more stress and time lost due to traffic. According to the Texas Transportation Institute, a single commuter spends about forty-seven hours each year stuck in traffic.[36] Commuter benefit options—such as subsidized transit passes or access to a shuttle system—are viewed favorably by employees, and also give them feasible alternatives to driving to campus through adjacent neighborhoods.

The University of Denver began its EcoPass program in 2002. The Denver Regional Transit District's (RTD) EcoPass is a transit pass that allows for free and unlimited rides on all RTD bus lines and light rail lines. The EcoPass also includes access to the region's Emergency Ride Home program, which gives employees free rides home via taxi in the event of an emergency or unforeseen schedule change. "When we started our EcoPass program, only 350 employees used the Pass," says Richard Gartrell, the university's director of Human Resources. "Today, 1,200 (out of 2,200) employees regularly request the EcoPass. It's a benefit that they truly value."

Additionally, commuter benefits can be something prospective employees look for when searching for jobs. As part of a comprehensive commuter benefits program, the University of Texas, Austin, provides faculty and staff free rides on the city's bus line, as well as free use of a campus shuttle system. Colleen Stoll, the university's parking and transportation services program manager, says, "We have been able to distinguish ourselves from the competition in recruiting because we can tell people we provide a free ride to work—job seekers love it!"

Demonstrate Your Environmental Leadership

By providing incentives for employees to not drive alone to work, colleges and universities are taking the lead in creating and maintaining a sustainable community. Reducing the number of vehicles on the road relieves local congestion and reduces greenhouse gas emissions while also saving energy. Table 3 outlines the potential reductions in greenhouse gases, nitrogen oxide, gasoline used, and vehicle miles traveled based on a 15 percent reduction in the number of commuters at a given school.

Table 3. Potential Reductions in Pollution, Gasoline, and Vehicle Mileage

University Size	Number of Drive-Alone Commuters	Potential Yearly Reduction*			
		Greenhouse Gases (metric tons)	Nitrogen Oxide (tons)	Gasoline Savings (gallons)	Vehicle Miles Traveled (VMT)
Small	5,000	2,300	9	266,000	5.4 million
Medium	15,000	7,000	27	798,000	16.2 million
Large	30,000	14,000	54	1,595,000	32.4 million

**Based on EPA calculations. Potential reductions are the result of a reduction of approximately 15 percentage points in the rate of drive-alone commuting based on data from Best Workplaces for Commuters employers.*

Because the parking and transportation needs of colleges and universities can have a significant impact on the local community, it is also important to demonstrate environmental leadership by considering sustainable growth options. Commuter benefits are a cost-effective, sustainable growth solution and can help strengthen the relationship between an institution and its community.

The University of Wisconsin, Madison, implemented a commuter benefits program partly to underscore its role as an environmental leader. "We are the largest employer in our community and want to be a good neighbor," says Renee Callaway, the university's transportation program manager. "We recognize our impact on road congestion and air quality, so we offer transit passes to help mitigate our 'footprint' on the local community."

Best Practices in Commuter Benefits

Funding commuter benefits programs can be easier than you think, especially since funding can come from a variety of sources. Cornell University divides the cost of its bus program evenly between the university, Tompkins County, and the City of Ithaca.[37] Clemson University receives federal and state grants to help fund its bus system.[38] Other schools help pay for their programs by spreading the cost to the activities they are trying to reduce. The University of Arizona funds its commuter benefits program with revenues from parking lot permits, metered spaces, special events activities, and citation fees.[39]

Colleges and universities can be in urban, suburban, or rural areas, and certain commuter benefit options are more suitable for some institutions than others. Schools that receive the Best Workplaces for Commuters designation offer commuting options tailored to faculty and staff needs, as well as to location. Following are a few examples:

- ***Subsidized transit passes*** encourage employees to take transit rather than drive alone to work. The University of Michigan began offering free bus passes to faculty and staff in 1997, limiting the availability of the passes to those who did not purchase the $500 annual parking pass. Under this program, the university distributed approximately 3,000 passes each year. In 2004, the university expanded the program and negotiated an agreement with the Ann Arbor Transportation Authority (AATA) to provide free rides on the AATA city buses. Now all students and employees ride for free, regardless of whether they purchased a parking pass. As a result, ridership increased nearly 40 percent in the fall of 2004, translating into another 1,000 people taking the bus every day.
- ***Telework arrangements*** allow faculty members to work from home. At Emory University, telework is a critical component of a comprehensive benefits package. By providing commute alternatives to more than

1,600 employees and students, the university was able to avoid building a new parking deck—a savings of more than $16 million.

- ***Parking cash-out*** rewards employees for not using a parking space. At Dartmouth College, employees living within three-quarters of a mile of the college can receive $180 per year if they choose to give up their spot. Employees who live farther away can earn $360 per year.
- Many universities offer ***free shuttle services*** that allow faculty and staff to travel around campus quickly. However, some institutions, like the University of California, San Francisco, go the extra step and link these shuttles to transit stations to make the commute easier for employees.
- ***Housing subsidies*** allow employees to live closer to work so they can walk ride a bike to work. More than 500 employees at Yale University have taken advantage of financial incentives to purchase homes in the adjacent neighborhoods so they can either walk or take the shuttle to work.
- ***Ridematching programs*** enable employees to find other commuters who want to share a car on the way to work. Employees at Cornell University, in addition to saving money on gas, can earn rebates on their parking costs.
- At some universities, ***vanpool programs*** are popular. The University of Pittsburgh has offered vanpools for twenty years and recently joined a regional commission to have the vanpools centrally administered.

Become One of the Best Workplaces for Commuters℠!

By offering a commuter benefits package that meets the *National Standard of Excellence*, you can show your employees, job seekers, and the community that you take transportation issues seriously and understand the impacts of traffic on the community. See if you qualify as one of the Best Workplaces for Commuters—visit **www.bwc.gov/dowequalify**, where you will find information on the *National Standard of Excellence* and guidelines for receiving the designation. For more information, please email **bwc@epa.gov** or call 888-856-3131.

Notes:

[1]Benchmarking the Parking Profession, International Parking Institute (2004).
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Are You a Target?
Countering Union Organizing Activity in the Educational Workplace

BY JOSEPH J. PERKOSKI AND RACHEL E. LUTNER

Recent events suggest that unions are increasingly targeting higher education institutions for organizing efforts. If a union organizing campaign is initiated, colleges and universities should respond with simple and effective counter-organizing steps. In addition, institutions should take preventive measures by implementing effective human resource practices before union activity occurs. This article examines how to minimize the likelihood of an organizing campaign on campus and offers tips on how institutions can legally respond if union activity surfaces.

Introduction

The recent splintering of the AFL-CIO has widely been heralded as the end of an era of union power. However, the splintering of the Federation, caused by the defection of the Service Employees International Union, should not be taken as the end or even the curtailment of union organizing activity targeting colleges and universities. Indeed, one of the reasons for the splintering of the Federation is the growing success of the service sector unions in terms of growth and revenue against the steady decline of the manufacturing and trade sector unions. As colleges and universities employ substantial numbers of service-type employees, they have been and will likely continue to be an attractive target for labor organizing. With the service unions free of the burden of their manufacturing and trade brethren, it is quite possible that organizing efforts at colleges and universities will actually increase.

In addition, colleges and universities have been perceived as soft targets for labor unions due in part to the general reluctance of the "educational employer" to implement the type of bruising anti-union campaigns often seen in the private sector. Further, colleges and universities often provide the unions with a ready-made support group in the form of sympathetic students. Students frequently join in the "workers' rights movement," be it hunger-striking students in the winter of 2004 at Georgetown University or students waving signs at the University of Mary Washington in the spring of 2005. Partly as a result of the potential involvement of students, higher education institutions often are even more reluctant than other employers to take counter-organizing steps.

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Against the backdrop of these limitations, colleges and universities can effectively counter union organizing activity by focusing their efforts on implementing effective human resource practices before activity occurs and on communicating those practices once union activity surfaces. Colleges and universities can subtly employ many of the same effective union avoidance tactics that employers in other industries use to prevent themselves from becoming targets of union organizing campaigns, or if a unionization effort begins, to prevent that effort from being successful.

Effective Management Is the Best Defense

On the surface, it may seem obvious to state that effective human resource practices can help prevent union organization. Yet, many institutions underestimate the impact of effective human resource practices and the communication of those practices to employees.

Effective management ensures that employees are treated fairly and not arbitrarily, and are provided with processes to address and resolve internal problems and conflicts. A workplace with these characteristics fosters honest dialogue, open communication, and an environment wherein employees treat one another with respect and dignity. These traits become the bedrock of an institution's front line against a potential union organizing campaign. Effective management also can lead to increased productivity; enthusiastic, positive, and motivated employees; loyalty; teamwork; regular attendance; the referral of qualified applicants by current employees; and support for new ideas.

Ineffective Management Can Serve as a Catalyst for an Organizing Campaign

Just as effective management leads to happy, loyal, productive employees, in contrast, ineffective management often results in high turnover; surly customer service; absenteeism; rumor-spreading; resistance to new initiatives and change; inattention to duties and lack of effort on the part of employees; perceptions of unfairness and favoritism; and more. When management is ineffective, employees distrust the institution, question its goals and directives, approach problems with an "us versus them" attitude, and ignore the institution's problem-resolution processes in favor of lodging complaints with external entities such as human rights organizations and other such agencies.

The conditions brought about by ineffective management make the workforce susceptible to an organizing campaign. Some of the warning signs of ineffective management that can signal to potential organizers that a workplace is a good target for a union organizing campaign include:

- Not providing employees with feedback or training;
- Allowing rumors to replace official statements from management;
- Ignoring employee complaints;
- Bending rules for favored employees and meting out discipline and benefits inconsistently;
- Ignoring health and safety issues and dangerous or poor physical conditions;
- Failing to explain change or announce it in a timely manner;
- Following unwritten rules and failing to provide an official employee handbook;
- Criticizing employees in front of others;
- Having managers who never mingle with the team;
- Failing to define career paths and opportunities for employees; and
- Neglecting to develop clear channels of communication.

Essentially, when management is out of touch with, abusive toward, or disrespectful to employees, it is only a matter of time before employees will seriously consider whether they would be better off represented by a union.

The Signs of Union Activity in Your Workplace
Years ago, the signs of a union organizing campaign were obvious: leaflets, rallies, posters, etc. However, over the years, unions have changed their methods of organizing. Today, employers must rely on more subtle signs to determine whether a union is organizing employees. An organizing effort may be taking place when:

- Employees begin making sophisticated demands;
- Employees suddenly engage in group activities outside of work;
- Union salts ("undercover" union organizers) apply for jobs or are detected in the workforce;
- Employees begin to gather in new group configurations at work;
- New employee leaders become visible;
- The "grapevine" goes dead;
- Employees try to avoid their supervisors;
- Groups of employees press complaints with management;
- A government agency audits or inquires about an employee issue;
- Rumors begin spreading;
- The nature and frequency of complaints changes;
- Once-friendly conversations become unpleasant;
- Employees suddenly display an unusual interest in institution policies or procedures; and
- Union literature begins to circulate.

A Lawful and Effective Response
If an employer suspects or detects union activity, an investigation should begin immediately. Management should talk to supervisors to identify and confirm signs of union activity, including changes in employee behavior, complaints, or issues. An effort should be made to determine the union's connection(s) to the institution. It is important to identify the union behind the organizing effort; find out if a union salt has been hired; and try to discover if there is a particular employee with a relationship to a union, and if so, the nature of that relationship.

The investigation should also identify the union's avenues of communication with the workforce (*i.e.*, home visits, union literature, employee group activity outside of work, whether there is in-house leadership pushing for the union and/or in-house activity relying on outside leadership). Lastly, and most importantly, management should attempt to determine its own strengths and weaknesses. This part of the investigation should identify employee issues and concerns and particular areas or departments prone to ineffective management that are most susceptible to the union organizing drive. The goal of this part of the investigation should be to identify the reasons the union is gaining a toehold in the workforce.

If an investigation confirms the existence of an organizing campaign, the college or university has the right to communicate directly with employees to ensure that they have the opportunity to evaluate all facts prior to voting in the election.[1] The employer must ensure, however, that its dissemination of information to employees by supervisors does not constitute an unlawful "threat of reprisal, force, or promise of benefit."[2] Labor relations boards and the courts have held that supervisors are members of management for whom an employer is legally responsible.[3] This is because the employees' immediate supervisors implement management's policies on a day-to-day basis, interpret management's plans as they affect the employees, and in general reflect management's views. It is therefore essential that all supervisors understand what they may or may not do and/or say to employees. Accordingly, when a union presence is detected, supervisors should be trained to deal with employees during a campaign to ensure that the institution maximizes its message that a union is not necessary, yet stays within the confines of lawful conduct and does not engage in unfair labor practices.

If a union organization effort is detected, there are several statements that employers/supervisors can make to employees that have been found by various governmental bodies to be within the confines of the law.

Following are some examples:

1. Supervisors can state that, in their opinions, the employees do not need a union because the employer has always been fair in dealing with them directly concerning their wages, hours, and conditions of employment, and has always done its best for them.[4]

2. Supervisors can state that they and other members of management are always willing to answer employees' questions and complaints, and that employees do not have to hire outsiders to speak for them.[5]

3. Supervisors can state that employees are provided with benefits they enjoy and can point out areas where employees are better off than organized districts,[6] if this is true. (This is only appropriate if stated without any threat or promise.)

4. Supervisors can state that employees' wages and benefits compare favorably with other educational employers in the area.[7] (These statements must be factual.)

5. Supervisors can explain that union dues come out of employees' paychecks, resulting in less take-home pay.[8]

6. Supervisors can share their opinions that a union would not be in the employees' best interest because they already enjoy fine wages, benefits, and working conditions without a union.[9]

7. Supervisors can point out that unreasonable union demands at other higher education institutions have led to work stoppages and strikes.[10] If the specific union involved has a long strike record, employees may also be informed of this fact.[11]

8. Supervisors can point out strike disadvantages (*i.e.*, employees may not want to strike; unions often "lose" strikes and there is no guarantee a strike will be successful; strikes cost the employees money in lost wages and employees are not entitled to unemployment compensation while on strike; and, while strikes are not inevitable, they are always a possibility with a union).[12]

9. Supervisors can state that the law permits hiring permanent replacements for employees engaged in economic strikes (this is not true during other types of strikes and supervisors must limit this statement to economic strikes).[13]

10. Supervisors can inform employees that the union cannot obtain anything for employees unless the employer agrees to it, and that the employer does not have to agree to anything which is not in its or the employees' best interests, simply because the union requests it.[14] The supervisor may also state that union promises are not guarantees.

11. Supervisors are permitted to advise employees about any negative experience that they have had with any union and any negative thing known about the specific union.[15]

12. Supervisors can state that union outsiders coming between the employer and employees can make it harder—not easier—to solve problems.[16]

13. Supervisors are permitted to advise employees of any untrue or misleading statements made by the union organizers verbally, or in any printed material.[17]

14. Supervisors can urge employees to vote "no" in a union election and can explain to the employees that the outcome of the election is based upon a majority of valid ballots and not a majority of employees who are eligible to vote.[18]

15. Supervisors can state that signing a union authorization card does not mean that employees must vote for the union in an election.[19]

16. Supervisors are permitted to explain that the election will be held by secret ballot and, therefore, no one will know how employees voted unless they decide to tell someone.[20]

17. Supervisors should tell employees that they are not free to campaign for the union on working time and that they may not interrupt work to campaign.[21]

Supervisors should also be instructed that discipline and discharges for cause should be enforced following customary practice without regard to union membership or non-membership. Moreover, supervisors should continue to enforce work rules impartially and in accordance with past practice.

An Overzealous Response Can Be Interpreted as an Unfair Labor Practice

Once a college or university learns of the union organizing effort, the institution cannot take any unprecedented actions without risking an unfair labor practice charge. Accordingly, while the institution can and should investigate possible union activity on campus, and take lawful counter-organizing steps, the institution and its management **may not:**

1. Make promises of reward or benefit to employees who are against the union to discourage employee support of the union.[22]
2. Threaten employees with loss of wages or discontinuance of benefits or privileges in order to discourage employee support of the union.[23]
3. Increase or reduce wages or benefits because of the union campaign.[24]
4. Threaten to or actually discharge, transfer, discipline, or lay off an employee because of his/her union activities.[25]
5. Threaten any of the foregoing interference through a third party.[26]
6. Threaten to eliminate a department or reduce operations because of the union.[27]
7. Engage in surveillance of employees' union activities or spy on union meetings.[28]
8. Give favored treatment to employees who are non-union.[29]
9. Penalize employees who actively support the union.[30]
10. Engage in any activity that would force employees who favor the union to quit their jobs.[31]
11. Take any action that would adversely affect an employee's status, job, or pay because of union activities.[32]
12. Separate pro-union from non-union employees.[33]
13. Question employees about their union activities or attempt to learn if the specific employees are in favor of the union.[34]
14. Ask employees how they intend to vote in a union election.[35]
15. Ask employees at time of hire or any time if they are in favor of a union.[36]
16. Ask employees about the internal affairs of the union or what goes on at their meetings (supervisors may listen to what an employee volunteers, but may not ask questions).[37]
17. Make a statement that they or the institution disapprove of the union.[38]
18. Encourage employees to persuade others to approve or disapprove of the union.[39]
19. Interfere with employees' union activity as long as it does not interfere with their work or other employees' work.[40]
20. Give financial support or assistance to a union or its representatives.[41]
21. Visit employees' homes for the purpose of urging them to reject the union.[42]
22. Make speeches to a massed assembly of employees within the twenty-four hour period before the polls open for a union election.[43]
23. Speak to any employee about the union in an administrative office, in the supervisor's office, in privacy, etc. (supervisors should talk to employees when other employees are present and at the employee's own "work station").[44]
24. Help employees withdraw from union membership.[45]
25. Ask employees for the identities of employee leaders or members of the union organizing committee.[46]
26. Prevent employees from soliciting or campaigning for the union on their own time (breaks and lunch periods included), even if it is on college or university property.[47]

Conclusion

The key to a college or university being and remaining union free is the consistent application of good management practices. There are several best practices that a college or university can institute as preemptive measures against union organization on campus. Company policies should be interpreted consistently and fairly, and work rules should be clear and evenly enforced. In other words, there should be no favoritism. Institutions would also be wise to implement incentive systems that reward positive behavior, and employees should be provided with skills training and mentoring. Complaint procedures should be accessible, fast, effective, responsive, and fair. Performance reviews should be conducted on time, and regular feedback should be given.

Managers should be sufficiently trained and should take sincere interest in the well-being and job satisfaction of their team members, treat others with respect and dignity, use tact and courtesy, and keep their team members involved in decision-making that affects them. Managers also should solicit input and listen to what others have to say, share appropriate institution information and keep employees informed, explain the reasons behind their decisions, and say "thank-you" for a job well done. These simple actions are the strongest defense against an organizing campaign, both preventing the initiation of a union-organizing drive and the successful election of a union to campus.

Notes:

[1]*NLRB v St. Francis Healthcare Ctr*., 212 F.3d 945 (6th Cir. 2000).
[2]Section 8 of the National Labor Relations Act provides, "It shall be an unfair labor practice for an employer . . . to interfere with, restrain or coerce employees in the exercise of the [right to organize]." 29 U.S.C. §158(a)(1).
[3]29 U.S.C. §152 (11).
[4]*Penn Tank Lines, Inc*. 336 NLRB 112, 168 LRRM 1088 (2001).
[5]Ibid.
[6]*Overnight Transp. Co.*, 329 NLRB 990, 166 LRRM 1101 (1999) (employer acted lawfully by repeatedly citing example of another facility where 13 years of collective bargaining failed to result in a contract with the union).
[7]*Penn Tank Lines, Inc.*, 336 NLRB 112, 168 LRRM 1348 (2001).
[8]Ibid.
[9]Ibid.
[10]*General Elec. Co.*, 332 NLRB 91, 165 LRRM 1335 (2002) (holding that employer statements regarding the extremely divergent positions of union and employer provided a legitimate basis for additional statements indicating a potential for "long, bitter negotiations" and "a long and ugly strike").
[11]*Morristown Foam & Fiber Corp.*, 211 NLRB 52, 86 LRRM 1420 (1974).
[12]Ibid.
[13]*Days Inn Mgmt. Co.*, 299 NLRB 735, 135 LRRM 1144, 1145 (1990) (pre-election skit depicting union threatening immediate strike and employer replying that strikers would be replaced is lawful).
[14]*General Elec. Co.*, 332 NLRB 91, 165 LRRM 1335 (2002).
[15]*NLRB v. Gissel Packaging Co.*, 395 U.S. 575, 71 LRRM 2481 (1969).
[16]*Penn Tank Lines, Inc.*, 336 NLRB 112, 168 LRRM 1348 (2001).
[17]*NLRB v. Gissel Packaging Co.*, 395 U.S. 575, 71 LRRM 2481 (1969).
[18]Ibid.
[19]Ibid.
[20]Ibid.
[21]*Cooper Tire & Rubber Co. v. NLRB*, 957 F.2d 1245, 1250-51 (5th Cir. 1992).
[22]*Waste Management of Palm Beach*, 329 NLRB 198 (1999).
[23]*Climatrol, Inc.*, 329 NLRB 83, 169 LRRM 1385 (1999).
[24]*Overnight Transporation Co.*, 329 NLRB 990, 166 LRRM 110 (2001).
[25]Section 8 of the NLRA provides that "It shall be an unfair labor practice for an employer . . . (3) by discrimination in regard to hire or tenure of employment or any term or condition of employment to encourage or discourage membership in any labor organization." 29 U.S.C. §158.
[26]*PCC Structurals, Inc.*, 330 NLRB 868, 169 LRRM 1350 (2000).
[27]*L.W.D., Inc.*, 335 NLRB 24, 168 LRRM 1176 (2001).
[28]*Cal. Corp. v. NLRB*, 227 F.3d 817, 842 (7th Cir. 2000) (violation when employee, who visited a co-worker's home the previous night to discuss the union, was met by administrator who said, "Good morning, Mrs. Black, I understand you had a busy night last night," and asked to meet with her).
[29]*McKenzie Engineering Co. v. NLRB*, 182 F.3d 622, 628 (8th Cir. 1999) (unlawful to offer employee $2/hr above union pay scale and health benefits, if employee withdrew his union membership).
[30]Section 8(a)(1) of the NLRA, 29 U.S.C. §158(a)(1).
[31]*Niblock Excavating, Inc.*, 337 NLRB 5, 169 LRRM 1129 (2001) (violation in which company treasurer shook finger at employee, threatened to "get him," called him a derogatory name, and punched employee's nose, drawing blood).
[32]Section 8(a)(3) of the NLRA, 29 U.S.C. §158(a)(3).
[33]Ibid.
[34]Public Service Co. of Okla., 334 NLRB 68 (2001).
[35]*Sea Breeze Health Care Center, Inc.*, 331 NLRB 149 (2000) (employer-administered "Union Truth Quiz" consisting of 17 questions with cash prize for completing was coercive and violated Section 8(a)(1)).
[36]*Public Service Co. of Okla.*, 334 NLRB 68 (2001) (unlawful to ask employees if they no longer wanted to be represented by union).
[37]*Naomi Knitting Plant*, 328 NLRB 1279, 168 LRRM 1392 (1999) (unlawful to have supervisor and labor consultant question employee regarding status of organizing campaign).
[38]*Keith Miller*, 334 NLRB 108, 168 LRRM 1382 (2001) (unlawful to tell employee he was "wasting his time" by seeking union representation and threatening plant closure).
[39]*V & S ProGalv, Inc. v. NLRB*, 168 F.3d 270, 276-77 (6th Cir. 1999) (violation when employer gave employee a petition reading, "I no longer want the union to represent us" and told the employee to get co-workers' signatures).
[40]*Valmont Industries v. NLRB*, 244 F.3d 454 (5th Cir. 2001).
[41]Section 8 of the NLRA provides that an employer may not "dominate or interfere with the formation or administration of any labor organization or contribute financial support to it." 29 U.S.C. §158(a)(2).
[42]*Blue Flash Express*, 109 NLRB 591, 34 LRRM 1384 (1954).
[43]*NLRB v. Glades Health Care Center*, 257 F.3d 1317 (11th Cir. 2001).
[44]*Neomi Knitting Plant*, 328 NLRB 1279, 168 LRRM 1392 (1999).
[45]*V & S ProGalv, Inc. v NLRB*, 168 F.3d 270, 276-77 (6th Cir. 1999).
[46]*Naomi Knitting Plant*, 328 NLRB 1279, 168 LRRM 1392 (1999).
[47]*Flamingo Hilton-Laughlin*, 330 NLRB 287, 167 LRRM 1203 (1999).

Duke's Story: How One University Simplified Its Flexible Staffing Model

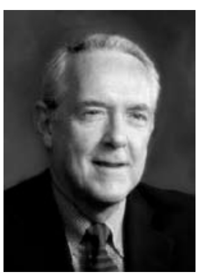
BY H. CLINT DAVIDSON JR., LINDA B. HENDRICKS, AND TERESA CARROLL

At Duke University and Health System, temporary employment has long played a critical role in meeting the staffing needs of operating units within the institution and also serves as a career employment feeder system for prospective staff. However, as HR analysts came to realize, the costs resulting from utilizing multiple temporary staffing vendors and outdated business processes presented ideal opportunities for service improvements and cost reductions. This article examines how Duke revamped and simplified its temporary staffing model and saved millions of dollars by partnering with a primary, full-service vendor.

Introduction

Managing the daily ebb and flow of a contingent workforce is challenging enough for any department head or human resources professional, much less handling the often-unwieldy issues of quality, cost, liability, and diversity. Until recently, Duke University and Health System was using more than 100 staffing vendors in addition to the institution's own in-house service, all in a decentralized fashion that lacked a coordinated strategy.

The university's internal staffing program, Duke Temporary Service, provides a flexible staffing pool of 350 temporary employees, focusing primarily on clerical and light industrial business. Scores of other contingent workers, however, were procured through formal and casual staffing relationships utilized by operating departments. With so many staffing vendors working under different requirements, Duke's Human



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Resources team recognized that quality service could not be assured. Nor was it getting the pricing benefit that efficiency would offer. Like other universities, Duke spends more than fifty percent of its budget on labor. Duke's procurement department helped HR identify university-wide spending on flexible staffing and found some steep vendor mark-ups along the way. The myriad staffing agreements also presented potential gaps around liability and diversity. Duke had a clear business case for change.

The New Model: What Is the Need and Why Do We Need It?

Developing a new model for flexible staffing required input from the customers (Duke's operating units), each of which has distinct needs. Departments wanted: (1) prompt and courteous service (these were the strongest attributes of Duke Temporary Service, and these qualities needed to be a cornerstone of any new program); (2) qualified and available staff, ready to hit the ground running; (3) the lowest cost (the new solution would need to offer immediate savings to departments); and (4) strong performance and effectiveness (department heads need contingent staff who are "Duke smart," with superior customer focus like those from Duke Temporary Service).

Drawing on this feedback, Duke unveiled a new model for flexible staffing. All staffing relationships would be managed through a revamped and stronger Duke Temporary Service, which would act as the management center for flexible staffing throughout Duke, and the university would select a primary, full-service vendor to work on site, directed by Duke Temporary Service.

A single staffing vendor would impact Duke in four ways. First, it would reduce the $44 million paid annually to the 100+ staffing vendors that had been in use over the past several years. Second, volume discount pricing would be negotiated. Third, the vendor would establish quality management and service standards to reduce liability risk. Finally, the relationship would improve diversity by defining a percentage of staffing orders to be placed with female- and/or minority-owned flexible staffing vendors.

Developing the Action Plan

Working with key operating unit leaders and representatives from financial and technology services, Duke's HR team established an action plan for implementing the new flexible staffing model. This plan included identifying clear program objectives and evaluation criteria to be used in post-implementation evaluation; developing a communications plan so that operating units and hiring managers across Duke would understand and value service improvements and cost reductions; identifying accountabilities for implementation and contingency plans to deal with exceptions and the unexpected; and working with financial services, IT, and student services to ensure the necessary infrastructure for support of the new program.

All of these planning efforts were preceded by extensive discussions with operating units to understand staffing and customer service expectations. This assessment provided the foundation for more detailed implementation planning. The general timeframe for implementation was targeted at three to six months, with the most significant time commitment related to the effort of selecting the vendor.

Selecting the Vendor

Once the action plan was laid out, Duke set out to find its vendor. The university established several vendor selection criteria. These included:

- Depth and breadth of service units;
- Successful diversity recruitment;
- Implementation plan, with experienced support team;
- Quality management program;
- Competitive fee structure;
- National, regional, and local presence;
- Managed secondary-niche vendor relationships;
- Customer service delivery and feedback tools;
- Compliance with contract terms and conditions; and
- Electronic billing and reporting capabilities.

Based on these criteria, one vendor in particular emerged from an elite list of RFP finalists as the staffing provider best able to meet Duke's requirements. Duke cited a number of factors pointing to its decision, ranging from the selected vendor's holistic approach to staffing to its partnerships with other universities. The company's longstanding and award-winning diversity program also was of substantial interest to Duke.

The staffing company's professional/technical sourcing strategy is based on a network of candidate referrals: IT professionals recruit fellow IT professionals; scientists recruit scientists; etc. In addition, the company has a mobile "SWAT" team of recruiters that can be deployed in any market to assist with local recruiting projects. Despite its large size, the chosen vendor has demonstrated its agility with these niche services. The vendor's offer of negotiated rates of pay, mark-up rates per service line, competitive conversion rates (flexible-to-regular), and direct placement rates were appealing to Duke. The vendor also offered an attractive pricing structure, which was expected to save the university an estimated $2 million in the first year alone.

Building Support for the New Staffing Model

Duke's HR representatives understood that internal marketing would be key to the ultimate approval and success of the program. In order to accomplish smooth implementation, Duke's HR representatives and vendor partners walked the halls together to win the support of hiring officials, jointly showing them how they can do more with less. The two teams also spoke together at department meetings to both promote the new program and ease transition. Joint presentations at operating department staff meetings helped to strengthen understanding of temporary staffing strategies and to explain the new program. Simplifying any institution's flexible staffing program can be a mammoth task, but can be made more achievable through this kind of true partnership.

How Effective Has the Program Been?

In 2005, Duke completed an evaluation of its original goals and determined key indicators relative to financial impact, customer service, diversity goals, and partnership relations between Duke and its selected vendor. Coincidentally, with the inception of the program in September 2002, general economic circumstances resulted in an overall downturn in demand for temporaries at Duke and nationally. Even so, Duke employing units benefited from payroll savings totaling approximately $4.2 million resulting primarily from establishing reduced and consistent wage and mark-up rates for temporary employees. In some cases, mark-up rates were reduced from over 100% to 34%.

With a goal of creating one-stop staffing service and providing highly-responsive referrals of well-qualified temporary staff to employing units, performance indicators have been consistently favorable. Approximately 96% of jobs have been filled within the required time and employing units report a favorability score on customer service of 8.7 out of 10. Ensuring the full participation of minority- and women-owned vendors as part of this effort was another key goal for Duke. The initial contract established a goal of at least 5% of the business flowing to identified and approved vendors that were either minority- or women-owned. At the conclusion of three years, 7.6% of the business flowed to minority- and women-owned vendors.

Duke and its vendor have continued to work closely together throughout this first three-year period, including holding business case status meetings at least every six months. The vendor has continued to be involved in other aspects of the Duke community, including participation in Fuqua School of Business endeavors and supporting fundraising initiatives for the Duke Children's Hospital. Duke has continued to serve as a reference for prospective employers considering contracting possibilities with the vendor.

With the economy returning to a more vibrant state in recent months, volume demand for temporary employees is already increasing. Additional staffing is being provided by the vendor and quality of business process performance continues to fully meet, and in many cases exceed, established targets. In terms of aligning and integrating temporary staffing as a component of the overall staffing strategy at Duke, the partnership between Duke and its selected vendor continues to serve as a viable resource and contributor to this critical staffing effort.

Conclusion

In partnering with a single vendor in response to growing demands from operating units across the institution, Duke has achieved significant improvements in its temporary staffing model. These improvements include a reduction in payroll costs, an increase in business flow to minority- and women-owned business, and a more streamlined process for filling temporary positions. Duke's partnership with a primary vendor has enabled the institution to not only increase its capabilities with regard to defined staffing and service requirements, but also to achieve its contingency staffing goals.

A Study of Mediation Practices in Higher Education Institutions in the Midwest

BY DIANA PACE, MARIS STELLA "STAR" SWIFT, AND MARY BEDIKIAN

The practice of mediation seems to be gaining ground in higher education institutions as colleges and universities are coming to realize that such services can result in cost savings, better efficiency, and overall improvement to the culture of the workplace. In this article, the authors present results from a study designed to determine the use of formal mediation in employment practices by public colleges and universities in the Midwest. The study examines numerous aspects of mediation, including location of mediation services, voluntary vs. nonvoluntary mediation, types of training provided to mediators, and the use of mediation in resolving sexual harassment complaints.

Introduction

Most institutions continue to have traditional grievance policies in place for complaints against employees by students or other employees. These policies typically include a review of the incident by the appropriate university officer, a formal hearing, a disciplinary sanction if a policy violation has been found to occur, and an appeals process. Many institutions, however, are now including formal mediation as an alternative or intermediary step, and mediation has received increasing attention as a viable means for resolving complaints against employees (Avery 1990; Gadlin 1991; Rowe 1997).

The value of a neutral third party in campus disputes was first evident in the early 1970s when ombuds offices were first established (Warters 2000). The application of mediation in higher education was first mentioned in the 1980s, primarily in relation to student-initiated grievances (Beeler 1986; Engram 1985). More recently, mediation has been utilized in student judicial affairs and recognized by college and university attorneys as a viable option for dispute resolution (Warters 2000). In the 1990s, mediation became a recognized tool for resolving diversity disputes (Augsburger 1992; Avery 1990; Hartzog 1995; Volpe & Witherspoon l992)

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and has been specifically mentioned as a means for addressing sexual harassment and sexual assault cases (Costello 1992; Gadlin 1991; Rowe 1996; Sisson & Todd 1995; Stamato 1994; Weddle 1992).

Rowe (1996) pointed to the need for an informal as well as a formal complaint system for people who feel harassed. Agusti-Panareda (2004) discussed the use of mediation when there are power differences between the parties. Some studies suggest that mediation might not be appropriate in relationship violence and power differentials (Bush & Folger 1994; Irvine 1993), while others (Gadlin 1991; Rowe 1990; Williams 1993) defend the use of mediation in sexual harassment complaints. Currently, mediation is being used on college campuses to address a variety of conflicts. Examples include supervisor-supervisee conflicts, faculty conflicts, staff disputes, and even sexual harassment disputes (Warters 2000). Descriptions on how best to set up a complaint resolution system at a college or university are provided by Rowe (1997), Warters (2000), and Zdziarski (1998).

Having a clearer understanding of the benefits, procedures, and training employed by those institutions currently offering mediation could be useful to colleges and universities that may want to offer similar services. In light of the differences in opinions on employing mediation to address sexual harassment complaints, an investigation of when it is used in such complaints might help to clarify the issue.

An Overview of the Study

In an effort to determine how many institutions are using formal mediation in their employment practices and to understand their reasons for providing mediation, a study was designed by the authors to measure its use at public higher education institutions in the Midwest. The study, undertaken in 2005, includes an examination of where mediation services are located within the administrative structure, what policies include a description of mediation services, whether students can use mediation in complaints against employees, and whether mediation is used in sexual harassment complaints against employees. The study also provides information on various procedures currently being used in sexual harassment mediation.

As part of the study, a survey on mediation practices was sent to human resources directors at all public colleges and universities in the Midwest portion of the United States (Illinois, Indiana, Iowa, Michigan, Ohio, Minnesota, and Wisconsin). A total of ninety-four institutions received the mailed questionnaire, and thirty-nine responded (response rate of 42%). Of the institutions that responded, six (15.3%) have an enrollment of less than 5,000. Seventeen (43.5%) have an enrollment of between 5,000 and 15,000. Nine (23.3%) have an enrollment of between 15,000 and 25,000. And seven (17.9%) have an enrollment of more than 25,000.

The survey instrument was developed by the authors and pilot tested for clarity and content on a number of colleagues and human resources personnel in higher education. Revisions were made based on their feedback before the final instrument was mailed to participants. The survey included questions about the institution's use of formal mediation and various procedural questions about its application. It specifically addresses the use of mediation in sexual harassment complaints.

Descriptive analyses were conducted to provide a picture of the use of formal mediation in higher education. A breakdown by size of institution and use of formal mediation is provided in Table 1. Specifically explored are reasons why mediation is or is not used, types of mediation used, who administers the process, how training occurs, university policies describing mediation, how frequently it is used to resolve complaints against university employees, whether and how often it is used to resolve sexual harassment complaints against university employees, when it is deemed not appropriate, and whether the institutions have an ombudsperson position.

A Breakdown of Survey Results

Of the thirty-nine respondents, 58.54% report that their universities use formal mediation to resolve complaints about university employees. Survey results suggest that larger institutions are more likely than smaller institutions to offer mediation services (see Table 1). Reasons given by institutions for using formal mediation include the fact that mediation protects confidentiality (11.29%), is less costly than litigation (24.19%), resolves the dispute in a quick and efficient manner (32.25%), and results in improving the workplace environment (24.19%). Reasons given by those institutions not using formal mediation (41.46%) include lack of familiarity with the mediation process (20%), the cost of creating and implementing mediation services (4%), the perception that mediation does not protect the rights of the complaining employee (12%), and the perception that mediation does not protect the rights of the accused (12%). Forty percent offered additional reasons, including having not fully explored the benefits of mediation, needing senior staff approval due to budget impact, not having had the need to offer mediation services, and the belief that current grievance procedures are effective. Some also indicated a willingness to consider offering mediation if parties were interested.

Mediation services are administered by human resources offices in almost half (44.44%) of the institutions surveyed; by affirmative action offices in nearly a third (30.56%); by general counsel offices in 13.89%; and by other offices in 11.11% of the institutions surveyed. Twenty percent of institutions that offer mediation have an established mediation conflict resolution office with a dedicated staff. Those institutions that rely on faculty and staff to mediate provide training by outside professional trainers (58.82%) or by other university employees (41.18%). Almost half (47.83%) of the institutions that participated in the study have an ombudsperson position. In 30% of those institutions, the ombudspersons are primarily responsible for conducting mediation.

University policies that reference the mediation process include faculty/staff grievance procedures (29.17%), affirmative action policies (18.75%), student codes of conduct (16.67%), and collective bargaining agreements (27.08%). Few (8.33%) indicate that no university policies are currently in place to describe the mediation process. Mediation is voluntary for all parties involved in the process at 91.3% of the institutions surveyed. Seventy percent of the institutions use mediation in helping to resolve complaints about employees in less than 10% of the cases; 15% do so in 10% to 25% of the cases; and 15% do so in over 25% of the cases.

A little more than a third (36.36%) of the respondents that have mediation services use mediation to resolve sexual harassment complaints filed by students against university employees, while 50% report using mediation to resolve sexual harassment complaints filed by university employees against other university employees. Reasons why the surveyed institutions would not choose to use mediation in sexual harassment complaints include issues that involve sexual assault (32.14%), physical abuse (32.14%), and other legal issues such as commitment of a crime or violation of a university policy (35.71%). Over one-third (37.5%) of the institutions surveyed allow the parties to have an attorney present, 50% allow them to have a friend present, and 12.5% do not allow any outside person to be present.

In the institutions surveyed, mediation is conducted primarily as face-to-face mediation (50%). "Shuttle diplomacy," where mediators meet individually with the parties, is used less frequently (35.71%), and a combination of these two techniques is used even less (14.29%). Seventy percent of institutions that mediate sexual harassment complaints do so in less than 10% of the cases, 10% do so in 10% to 25% of the cases, and 20% do so in over 25% of the cases.

Discussion of the Survey Results

More than half of the institutions surveyed utilize formal mediation to resolve complaints against employees. Mediation is clearly viewed as a viable option for conflict resolution at colleges and universities, which is significant given its short history. The greatest benefits cited by institutions for mediation—cost savings, efficiency, and improvement to the workplace—are clear advantages to the institutions themselves. Less frequently mentioned, protection of confidentiality would seem to benefit the individuals involved as well as the institutions. Knowledge of these specific benefits might serve to build a case for establishing or expanding mediation services.

Institutions that do not offer formal mediation give the following reasons: fear of mediation leading to litigation, concern for the rights of both the complainant and the accused, and the fear that mediation will fail to resolve the dispute. While these may be legitimate concerns, careful implementation of a mediation program can reduce their likelihood. Institution size appears to be a factor in whether or not institutions offer mediation services. Forty-four percent of the responding institutions with fewer than 15,000 students offer mediation services. At institutions with an enrollment of more than 15,000, 68.7% offer mediation services. Smaller institutions may have more informal ways of dealing with conflict situations, and larger institutions may have greater resources for offering mediation services. Additional studies that focus on size of institution could help to clarify this issue. Meanwhile, smaller institutions should be encouraged to examine the value of formal mediation.

While a significant number of institutions surveyed use mediation, they do not use it exclusively as a means of resolving complaints against employees. It is used less than 25% of the time at most institutions. This low percentage may have to do with the noncompulsory nature of mediation (91% of institutions report that mediation is voluntary at their institutions) and the lack of awareness of its usefulness and availability. The issue of voluntary versus nonvoluntary mediation is interesting and problematic. Since most models of formal mediation stress the importance of voluntary participation, those institutions that mandate mediation are negating one of its stated benefits.

Mediation services do not need to be housed in a separate office with dedicated staff. Mediation can be a function within an office and coordinated by a central administrator such as the offices of legal affairs or human resources, and trained mediators can be scattered around the campus. With almost half of the institutions surveyed having an ombudsperson position and one-third of those positions being primarily responsible for conducting mediation, additional exploration into the benefits of having an ombudsperson position might be warranted. Given the neutral stance of an ombudsperson's role at most institutions, locating mediation services within that office offers a clear advantage. Less than a quarter of institutions surveyed have dedicated mediation staff. Most institutions either utilize staff and faculty mediators whose primary responsibilities are in other areas, or they go outside to hire mediators. While this should not be problematic, it might be of interest to determine whether there are differences between full-time mediators and part-time mediators employed by the institution. An additional comparison between mediators employed by the institutions and those brought in from the outside could also help in selection of mediators. Issues of mediator availability and degree of training and knowledge might be factors influencing the quality of mediation services and worthy of additional study. More than half of the institutions surveyed utilize outside experts to train their mediators. The added expense of outside training might warrant the development of well-qualified internal trainers.

A small percentage of institutions offering mediation do not refer to it in any of their policies. Inclusion of the availability of mediation services in institutional policies would seem beneficial in letting employees and students know about it. In which policies mediation is referenced and how the service is described would depend on the individual institution's intent for the services.

The Use of Mediation in Resolving Sexual Harassment Complaints

The use of mediation in resolving sexual harassment complaints is controversial. Clearly, if the university makes mediation available to sexual harassment complainants as an alternative, the institution must be aware of the potential pitfalls or dangers involved. Mediators need to be well trained and informed on the complexities of sexual harassment. Issues such as the power differential between parties, potential retribution, potential escalation of the harassment, degree and frequency of the harassment, and violations of confidentiality that could lead to public embarrassment must be considered in each case. With that said, there still may be instances where mediation could be helpful in resolving sexual harassment cases.

When there is very little or no power differential between the parties, the harassment was minimal and caused no physical or serious psychological harm, and there were no additional forms of harassment involved, then it may be possible to offer mediation as an alternative. However, all parties should be well educated as to the mediation process, the potential outcomes of mediation, and other options available to a complainant before mediation is selected as an alternative. Mediation is used more often in resolving sexual harassment complaints by employees against employees than by students against employees. While the reasons for this difference were not determined in this study, perhaps institutions feel more protective of students in a situation where the employee is perceived as having greater power. Even at institutions where mediation is available in sexual harassment complaints, it is typically used less than 25% of the time.

Some reasons given for not using mediation in sexual harassment cases include situations where sexual or physical abuse or additional legal issues are involved. These reasons warrant further investigation to determine whether they are indeed valid. Institutions describe a range of procedures within a mediation process involving a sexual harassment complaint. The institutions that avoid face-to-face mediation do so in order to protect the complainant. While this reason might have value, it also precludes the opportunity for the kind of relationship repair and empathy-building that can occur when both parties are in the room.

Mediation is a service with the potential for addressing complex issues of diversity, avoiding potential litigation, and improving workplace environments. Therefore, the various issues surrounding mediation, including who may use it and under what circumstances, where the service is located, who provides the service and how they are trained, what policies include the service, and various procedures used in sexual harassment mediation, are worthy of further exploration.

Ideas for Further Study

The study discussed in this article is a good starting point in understanding the use of mediation in higher education institutions. However, the study does have some limitations, including its geographic range, its focus on public institutions, and the response rate (45%). Recommendations based on the results of this study include broadening the study to include a greater geographic range of institutions, as well as including private institutions and community colleges. This would support or negate the generalizations of this study.

Also, a study of the satisfaction and perceived success rate of mediation would shed further light on its usefulness and effectiveness. This could be particularly helpful in determining the value of mediation in sexual harassment cases. Evidence for the effectiveness of mediation might be useful in garnering more resources for mediation services and in encouraging its use by those institutions currently not offering mediation as an alternative form of dispute resolution. Finally, it is apparent that institutions vary in their design of mediation services, including where the services are located, who provides the services, who can use them and under what circumstances, whether they are voluntary, and how the actual mediation is conducted. A comparison of these variables could be useful in determining best practices in mediation.

Conclusion

It is clear that mediation is perceived by many colleges and universities as a helpful tool. Its benefits are numerous: a reduction in conflicts that occur within campus communities, improved morale and productivity as a result of reduced conflict, prevention of escalation of conflict and potential litigation, and increased interpersonal skills for those who receive the services. While specific applications need further investigation, institutions should be encouraged by the growing evidence in support of this service.

Table 1. Use of Formal Mediation by Size of Institution

Size of Institution	Percentage of Institutions Using Formal Mediation (n=22)	Percentage of Institutions not Using Formal Mediation (n=17)
Under 5,000	50.0	50.0
Between 5,000 and 15,000	47.0	53.0
Between 15,000 and 25,000	66.7	33.3
Over 25,000	71.4	28.6

Source: Survey of University Human Resource Directors Regarding Mediation of Sexual Harassment Complaints (Grand Valley State University)

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Project Management Methodology in Human Resource Management

BY CHERYL JOSLER AND JAMES BURGER

The concept of project management methodology can be leveraged to add value to an institution's strategic initiatives. This article provides an overview of project management methodology, when it should be used, and how it can add value to human resources management. The authors also explore project management's role in HR strategy, provide pointers on how to get started with project management in your organization, and recount how Dartmouth College utilized this methodology in its 2004 open enrollment process.

Introduction

As is often the case when a project needs to be completed and completed in a hurry, proactive steps such as research, planning, communication, and review are left by the wayside. The mentality of "just do it and be done with it" can sometimes preclude what we know to be the logical and necessary "means to an end" of a successful implementation. However, by utilizing project management methodology, projects can be completed on time, within budget, and to the satisfaction of all involved stakeholders.

What Is Project Management Methodology?

Project management methodology is an extremely useful tool with numerous applications for human resources management. "Methodology" typically refers to a body of practices, procedures, and rules used by those who work in a particular discipline. "Project management" can be defined as the planning, organizing, scheduling, leading, communicating, and controlling of work activities to achieve a predefined outcome, on time and within budget. Therefore, the objective of project management methodology is to provide a standard method and guidelines to ensure that projects are completed on time and within budget and are conducted in a disciplined, well-managed, and consistent manner that serves to promotes the delivery of quality products and results.

Project management methodology is used in many industries. The manufacturing industry, for example, relies on such methodology as it takes products from design to production. The construction and software development industries rely on project management in bringing successful end products to market. While the methodologies used in project management may vary considerably, each has the common theme of a phased approach that enables a team leader to guide a project to successful completion.

When Should Project Management Methodology Be Used and Who Leads the Effort?

In order to ascertain whether it is appropriate to apply project management methodology to a task at hand, you must first determine whether the work to be done is indeed a "project." If the task is found to meet the definition of a "project," you then must select a project manager to lead the effort.

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Definition of a Project

The core components of a project include a clear beginning and end, unique outcomes, a specific timeline, a one-time budget, and a multidisciplined team. Conversely, work would not be considered to be a project if it involves a repeating process with the same output each time, is ongoing, has a continual budget, and uses a similarly disciplined team. An example of such an ongoing process that *would not* be considered a project would be the processing of applications for job postings in a centralized HR department. By contrast, the implementation of a recruitment system *would* be defined as a project since its timeline would have a clear beginning and end. The implementation would have a fixed, one-time budget and require a multidisciplined team comprised of subject matter experts, systems administrators, programmers, and a project manager.

As demonstrated in Figure 1, most projects can be broken down into phases, the most common being Initiation, Planning, Implementation, and Close-out. Each of these phases contains sets of work that will produce specific deliverables. The subsequent work sets are mapped to a timeline, with critical points labeled as "milestones." Examples of deliverables for each phase might include a business case for the initiation phase; a project plan document for the planning phase; a prototype for the implementation phase; and a final report for the close-out phase. Movement through these phases is not necessarily linear. Many times, there are iterations of planning, managing, assessing, reporting, and then re-planning. As the project moves along its life cycle, there is increasing risk and decreasing opportunity for change.

At Dartmouth College, an example that we use regularly on the projects that we manage is taken from construction, specifically in reference to building a house. When building a house, you start with drawn diagrams, then you order the estimated supplies, then you prepare the site, pour the foundation, build the frame, and so on. Using this example, it is easy to understand the concept of increasing risk and decreasing opportunity for change. As the work of building proceeds, the risk of not meeting deadlines increases and the opportunity for a change from the original floor plan decreases (you can't really change your mind about the size of the house after the foundation has been poured, at least not without a fair amount of stress!)

Selecting a Project Manager

Once you have determined that an initiative is a project and thus can benefit from the methodology, it is critical to enlist the expertise of a project manager. A common misconception is that a subject matter expert, or a person who knows the business function inside and out, can manage a project in his or her area of expertise. In reality, project management uses a different skill set and requires different training than business unit management.

A good project manager should be able to manage any project, regardless of the subject or business function. At various points, he or she will be required to function in the disparate roles of leader, planner, organizer, controller, communicator, negotiator, peacemaker, advocate, and risk manager. These hats are worn at different times along the project path—and, sometimes, all at once. Most crucially, the project manager is the single point of accountability for overall project success, directly overseeing all project efforts and resources to accomplish the project goals. This is no small task. In order to achieve the most successful outcome, it is important to divide the project into manageable pieces, and a good project manager will have the insight to do just that.

How Project Management Methodology Adds Value to Human Resources Management

There are three main areas of project management that lend themselves very well to human resource management: planning, progress tracking, and close-out.

Planning

Planning is a very broad topic. Aspects specific to project management methodology that deserve further exploration include undertaking a feasibility study, conducting a cost and benefit analysis, setting expectations, defining the goals of the project, outlining the steps needed to achieve the goals, and conducting a risk assessment.

Undertaking a Feasibility Study

Before applying significant resources to a particular initiative, a baseline assessment of its feasibility should be done. A good way to accomplish this assessment is to conduct a peer survey, in which data specific to the project is collected from peer institutions. The project team should develop a questionnaire designed to validate (or invalidate) its assumptions. The questions should be specific to the goals the team is expecting to accomplish. Typical question topics for peer surveys include the number of people involved in the project, the length of time the project took, unexpected events that may have occurred, and lessons learned during the course of the project.

At Dartmouth, we have found that a particularly effective method for gathering such data is the utilization of a scheduled virtual conference. We arrange a call-in number and a Web-based presentation in which multiple higher education institutions report the answers to our questionnaire to the whole group. As hosts, we display the tracking of the answers via the Web. At the end of the conference, we collect contact information for each institution and send the compiled results to all participants.

In addition to peer surveys, another good way to examine the feasibility of a project is to research best practices. The Web provides a multitude of resources for any practice that you may need to research. You can even find templates that can significantly reduce the amount of effort required for a given project.

Conducting a Cost and Benefit Analysis

Time spent compiling a business case that includes a cost and benefit analysis is an extremely valuable investment. Such an analysis educates leadership on the big picture of the project, sets expectations for costs, and, hopefully, shows the expected return on investment. Ultimately, the business case is the justification that undertaking the project is worthwhile.

At Dartmouth, we have developed standard project proposal and project budget templates that outline scope, objectives, benefits, risks, and associated costs. When completed, these templates are presented to leadership, allowing them to easily compare the costs and benefits of multiple projects and to make decisions that are in alignment with business priorities and strategic direction.

Setting Expectations

A key part of the planning process involves setting expectations, both internally and externally. The people who are determined to have a business interest in the project are called stakeholders, and it is extremely important to maintain ongoing communication with this group—both to clarify their expectations of the work you will be doing and to explain to them their role in the project. It is crucial at the outset to clearly define the roles of the stakeholders in the initiative, to discuss expectations, to document those expectations, and to understand the constraints.

Defining the Goals of the Project

Before embarking on the proposed list of tasks to be completed for the project, the project team should assign some success criteria to the project. Questions the team should ask include, “How will we know if we have been successful?” and “How will things be different when we are done?” By answering these core questions, the goals are clarified, helping to keep the team focused and enabling decision-making as the work progresses.

Outlining the Steps Needed to Achieve the Goals

Once the project goals have been documented, the project manager can then chart the course to success. This process segments the work into manageable pieces that then can be assigned to specific members of the project team, with clearly delineated timeframes for the deliverables. It gives the team direction and makes the scope and boundaries of the project evident.

Conducting a Risk Assessment
The methodology of project management has developed strategies to plan for and control risk as much as possible. Effective project management encourages the review of all sources of risk, including people, technology, finances, law, physical structures, or organizational hierarchies. Documentation should be created after the review, and each risk should be rated for probability of occurrence and potential seriousness of impact.

Plotting these ratings on a chart can help the project team to identify and focus on those risks with a high probability and high impact (see Figure 2). Once the threatening risks are identified, an approach can be decided, and a risk avoidance plan can be developed. In some cases, it may be appropriate to accept the risk and live with the consequences. In the most serious cases, risk can be transferred by sharing it with other projects or by underwriting. The most common approach is to mitigate the risk by designing contingency plans.

Progress Tracking
The second main area of project management methodology that can add value to human resource management is progress tracking. This can be done with various levels of formality, involving weekly team updates, reports to stakeholders, baseline and variance reports, and earned value analyses. A seasoned project manager will possess the various tools necessary to promote efficient reporting. Progress tracking enables the project manager to report to stakeholders on the status of risks and also keeps the team and other affected parties aware of progress.

At Dartmouth, we use Microsoft Project to provide a visual progress report to leadership (see Figure 3). Each band represents a project task, and the completion percentage of that task is evidenced by the black fill. Additionally, the critical path is easily identified in gray, helping us to focus on the tasks that have the greatest impact on our project timeline.

Project Close-out
Follow-through when closing out a project is critical, both to team motivation and to anticipated marketing efforts. At Dartmouth, we take the time to do evaluations, giving specific feedback to team members who may not normally report to the project manager. This creates documentation that can be referenced for future initiatives. After having a team debriefing meeting, a final report highlighting the successes of the project should be compiled for senior management. This report also serves as a valuable record of lessons learned for future projects and may feature metrics that reference other projects as comparative data. Often overlooked, but equally important, is having a celebration at the close of a project. Such an event recognizes individual achievements, promotes cross-functional communication, encourages staff to be part of project teams, and rewards the team for the work accomplished.

How Project Management Can Impact HR Strategy
Project management can be a critical tool for the HR organization in meeting an institution's strategic goals. The impact is evident both internally and externally. By using project management throughout the HR organization, an institution can reap the benefits internally of clear communications and a true understanding of the status and priority of project work happening in each unit. As an HR organization uses the methodology for more and more initiatives, with multidisciplinary teams, the staff becomes increasingly familiar with the expectations of success. Such awareness is at the core of cross-functional interaction.

As far as external impact goes, outside departments with whom HR partners on initiatives appreciate the consistency and focus of the project management approach. Clarity of roles, needs, and time lines is essential when non-HR functions factor into a project outcome. Additionally, HR can serve as a leading promoter of the project management concept, offering training through workshops and seminars.

Five Key Steps to Implementing a Project Management Methodology in Your HR Organization
If your institution's HR department does not already utilize the project management methodology, you may be surprised to learn just how easy it is to implement such an initiative. In fact, you can do so in just five simple steps:

(1) *Provide high-level project management training for the HR leadership team*. Familiarize the leadership team with the concepts and terms used in project management so that the group will have a common understanding of the practice. This will be invaluable in helping them to communicate with each other regarding the initiatives in each of their areas as well as to support the multidisciplined project teams.

(2) *Identify an HR leader to receive in-depth project management training*. In order to be successful, a project or initiative needs a central leader or manager, and that leader needs in-depth training.

(3) *Start small*. When you first begin utilizing the project management methodology, it's important to operate on a learning curve. Choose a small initiative to which the methodology can be applied. Then, once you have the function down pat, you can begin applying it to increasingly larger initiatives.

(4) *At the end of the initiative, debrief within the project team*. As mentioned above, this debriefing is a critical part of the process. Debriefing allows problems and issues to come to the surface and encourages group discussion on what went right, what went wrong, and how the process can be improved.

(5) *Report back the outcomes of the project to the HR group as a whole*. This final step allows the project team to share its successes with the rest of the HR organization and also serves to solicit feedback from a "fresh" set of eyes and ears—those outside the immediate scope of the project.

A Case Study from Dartmouth College

The Office of Human Resources at Dartmouth College applied project management methodology to its benefits open enrollment process for the 2004 plan year. Following are examples of the ways in which the methodology was applied.

Initiation. As part of the initiation phase, a specific objective was defined. The objective was to "successfully enroll eligible employees in the benefit plans available for the 2004 plan year by providing educational information that will allow faculty and staff to make informed and appropriate choices." In addition, we defined the scope of the project, clarifying that "the term 'benefit plans' specifically refers to the Health and Welfare, Retirement, and Retiree Medical Plans."

Our risk assessment was done in the form of a document outlining our assumptions and constraints. We assumed that project team members would be representative of each of the affected HR business functions and that the Benefits Office management team would support delegation of production tasks to ensure completion of the project. We determined a constraint to be that the timing of project tasks was necessarily reliant on the decisions of the College Benefits Counsel (CBC), a group that meets throughout the year to review Dartmouth's benefits programs. We chose the approach of mitigating the risk by stating that we would educate the CBC about the time constraints in making recommendations and changes.

Expectations for the project were set in a Team Charter that defined the roles of Project Sponsor, Project Manager, Health and Welfare Business Expert, Retirement Business Expert, Benefits Assistants, Project Assistant, Communications Manager, and Stakeholders.

Planning. We created a document that outlined the system changes needed for Open Enrollment. These changes included the creation of new enrollment records, the system setup for a new PPO plan, the ability to print enrollment forms and confirmation forms, and the process of assigning default coverage. In addition, we compiled a project plan in Microsoft Project that tracked all the required tasks. The main headings for these were Health and Welfare, Retirement, Rate Negotiations, Service Contracts, Printed Materials, and Communications/Education.

Implementation. During implementation, we created weekly status reports that showed the progress of tasks from the project plan and that documented decisions, objectives for the coming week, concerns, and issues. From these reports, we were able to keep our project plan up to date, and we thus had the ability to create reports for senior management. We grouped tasks by the categories of Retiree Medical, Systems, Retirement, and Health and Welfare.

Project Close-out. After the enrollment period ended, a final report was produced and submitted to senior leaders, outlining the background of the project, the Open Enrollment process in general terms, the challenges of the open enrollment process for the 2004 plan year, ways in which the challenges were addressed using project management, the outcomes, and the remaining challenges.

While we focused on Open Enrollment, it is clear that the project management approach has numerous applications for many other HR initiatives. With the project management model, the team is organized with responsibilities for specific areas while maintaining a comprehensive overview of the entire project. Working toward a predetermined goal or product and allowing enough lead time to complete the task, on time and on budget, proved to be very rewarding to the team and to the organization as a whole. In the case of Dartmouth's Open Enrollment 2004, the customers reaped the rewards of a focused, well-managed project.

Conclusion

As the human resource function increasingly becomes more strategic, consultative, and customer-focused, its initiatives will evolve in their complexity. Frequently, projects will involve teams comprising external as well as internal partners, and clear, ongoing communication is critical to staying focused throughout the process. Project management methodology can provide a tangible, unequivocal road map that outlines deliverables, due dates, progress increments, and areas of responsibility—all the essential components of successful completion.

At Dartmouth College, we have found the methodology to be user-friendly and easily transferable to a variety of human resource projects. While absolute success can never be guaranteed, project management methodology is an invaluable tool that facilitates collaboration and ensures quality outcomes.

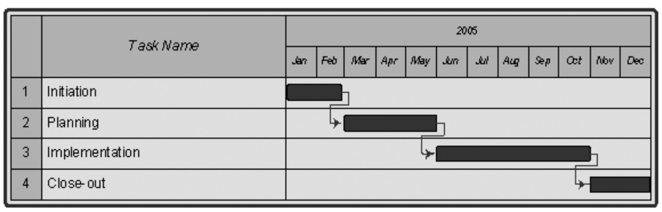

Figure 1. Project Phases and Sample Timeline

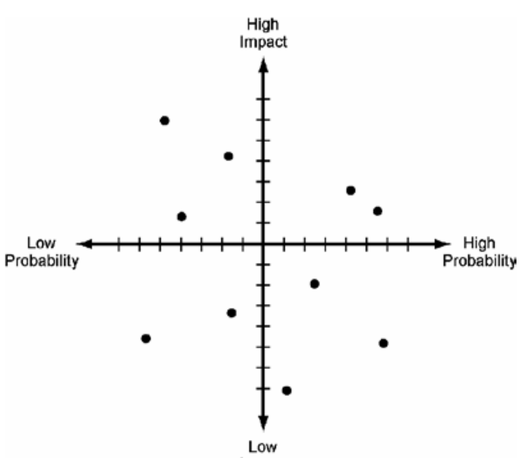

Figure 2. Risk Assessment Chart

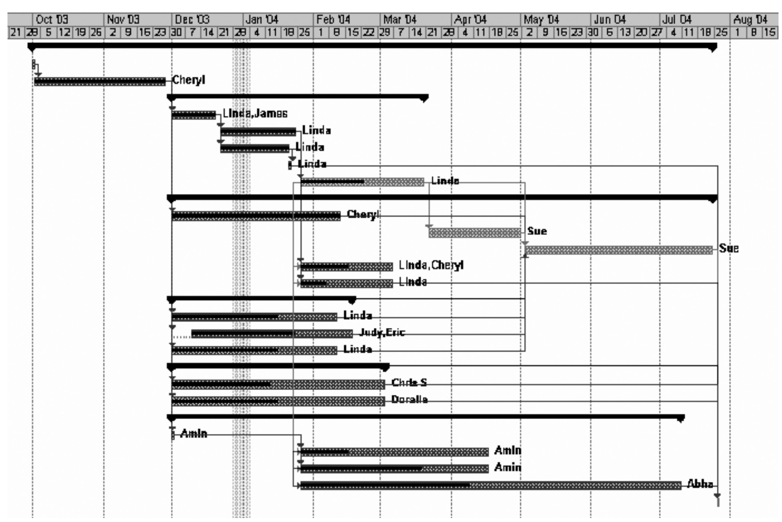

Figure 3. Progress Tracking

An Analysis of the Effect of Pay Frequency on Retirement Savings

BY SHAWN D. HOWTON AND SHELLY W. HOWTON

Oftentimes in colleges and universities, faculty members work on nine-month contracts and can choose to have their salaries doled out over either a nine-month or twelve-month period. Many choose the twelve-month option in order to keep money flowing in year round. However, opting for a nine-month pay period and setting aside in an interest-bearing account until months ten through twelve the "extra" income on each paycheck can reap significant rewards in the long term. This article examines how the choice of pay frequency affects not only current income, but also the size of a retirement account at the end of a career.

Introduction

In certain professions, individuals may be presented with the choice to select the time period over which they would like to be paid their salary. College and university faculty members often work on nine-month contracts and may be given the choice by their payroll departments to be paid on either a nine-month calendar or to spread their pay out over a full year. For many individuals, the choice of pay frequency is based on immediate budgetary considerations. However, the seemingly insignificant choice of receiving pay either over a nine-month period or over the entire twelve months of the calendar year not only affects short-term current income considerations for an individual, but also can have a significant impact on that individual's long-term financial situation.

Archibald (1994) discusses this choice and the seemingly economically irrational choice of taking the twelve-month option. Archibald finds that faculty members take pay spread out over the entire year to impose a certain constraint on their own imprudent behavior. However, there is a cost to this self-imposed discipline that comes in the form of interest lost. In some situations, individuals may consider the present-value impact associated with getting a larger paycheck each month. A portion of this larger monthly salary can be put aside in an interest-bearing account and saved until the two- or three-month period when no salary is received.

In cases when the interest rate on money market or other relatively liquid and risk-free options is low, the opportunity cost from interest earned of selecting the twelve-month pay frequency is often not significant. Although the individual is giving up some interest earned, for many, the potential costs associated with not having enough financial discipline to save the appropriate amount outweighs the small amount of interest that would be earned on the saved portion over a year.

Aside from the loss of interest mentioned above, there is another cost associated with selecting the twelve-month pay frequency. That cost is the additional periods over which returns on retirement contributions are allowed to compound. When looking at the choice of pay frequency from this standpoint, it is easy to see that this choice is not at all insignificant.

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Methodology and Results

A number of assumptions are initially made to provide the starting point for all of the calculations that follow. We assume an annual inflation rate of 3% and a money market rate of 4%. Both of these rates reflect averages in these variables over the ten-year period from 1995–2004. We also assume that the inflation rate and the money market rate will not change over the individual's career. We assume that income grows at the annual inflation rate. All figures shown represent after-tax dollars.

In calculating the differences in the amounts earned under the two different strategies, we use a range of potential return possibilities. Many financial institutions offer suggested asset allocations for the retirement funds of individuals that provide a range of investment policies, from aggressive to conservative. For this analysis, we selected three basic asset allocations: income, moderate growth, and aggressive growth. The income asset allocation is 20% equities and 80% bonds. The asset allocation for the moderate growth category is 60% equities and 40% bonds, and the allocation for aggressive growth strategy is 100% equities. The historical returns for each of these three basic asset allocations are 7%, 9.1%, and 10.7%, respectively. We use these historical returns as the expected returns in our analysis. In the following tables, we show how retirement savings are sensitive to the decision to receive salary over nine months as opposed to over twelve months. We calculate annual interest earned for the "extra" salary from the nine-month option that is invested in a money market account until it is needed in months ten through twelve.

In our example, we manipulate the spreadsheet with respect to three variables: income, contribution percentage, and number of years until retirement. This analysis demonstrates how retirement incomes are affected by *when* money is invested, as well as the *amount* of money invested. It also shows how the overall cost of the decision to receive pay over twelve months instead of nine months varies with the three inputs. In each case, the three different investment strategies are evaluated.

Table 1 summarizes the outcomes by varying the starting salary of the individual. To obtain the figures in Table 1, the spreadsheet inputs are held constant at thirty-five years until retirement and a 15% contribution rate. The starting salary ranges between $40,000 and $120,000, and is assumed to increase annually by the inflation rate. We calculate retirement savings for the nine-month pay frequency and for the twelve-month pay frequency and then annually compound the savings at the expected return for one of the three different asset allocations separately.

For example, if an individual's starting salary was $40,000 and the individual worked for thirty-five years and contributed 15% of his or her salary per year to a retirement account that was invested according to a moderate growth strategy, the difference in retirement savings for someone who chose to be paid over nine months as opposed to twelve months is $31,213.74. The differences in retirement savings increase with larger starting salaries and with more aggressive asset allocations. Under the highest starting salary and most aggressive asset allocation, the difference at retirement is $154,065.41.

In the first example, we assumed that all individuals contributed 15% of their annual salary to their retirement account. As it is not always possible for individuals to contribute such a large portion of their annual income, we show differences in retirement savings for the nine- and twelve-month pay frequencies in Table 2 while allowing the contribution to vary. We use a starting salary of $80,000 for an individual and continue to assume that this salary grows annually with inflation. We assume that the individual works for thirty-five years and we allow the contribution percentage to vary from 5% to 25%. All calculations are again made for each of the three different asset allocations. Under this scenario, we also demonstrate large differences in retirement savings for employees who chose to be paid over a nine-month period as opposed to a twelve-month pay period.

In Table 3, we allow the number of years until retirement to vary and hold the starting salary at $80,000 and the contribution percentage at 15%. The differences in retirement savings are relatively small in instances when individuals only work ten to fifteen years before they retire. This small difference is expected, as the major opportunities to earn larger savings occur when the money has longer times over which to compound.

Conclusion

Upon first glance, and without doing the research, it may appear to an individual that the implications of choosing a nine-month pay frequency over a twelve-month pay frequency are insignificant. However, as this analysis shows, choosing one option over the other can result in sizable differences in the retirement account of an individual. The size of these differences increases as length of time until retirement increases, as contribution percentage increases, and as starting salary increases. Differences are also affected by asset allocation in the retirement account.

For faculty members, the decision to receive one pay frequency over another should not be made simply because an individual feels that they do not possess enough financial discipline to "save" their excess salary in a money market for months ten through twelve. If an individual chooses to take the twelve-month pay frequency route for this reason, that individual should be aware that this lack of budgetary discipline will cost him or her, and in many cases, the cost is significant.

References:

Archibald, Robert B. (1994). How many paychecks? An example of a self-imposed constraint. *Economic Inquiry* 33(4):696-702.

Table 1. Differences in Retirement Savings by Starting Salary

The table provides information on retirement savings for different levels of starting salary. The savings are upon retirement and are based on twelve-month vs. nine-month pay periods. The differences are presented based on three different investment strategies. The results in the table assume a 15% savings rate, thirty-five years until retirement, a 3% annual inflation rate, and a 4% return on money market investments.

	Starting Salary				
Investment Strategy (Return)*	$40,000	$60,000	$80,000	$100,000	$120,000
Income (7%)					
Retirement Savings/9 month	$1,289,905.67	$1,934,858.51	$2,579,811.35	$3,224,764.18	$3,869,717.02
Retirement Savings/12 month	$1,273,583.96	$1,910,375.95	$2,547,167.93	$3,183,959.91	$3,820,751.89
Difference	$16,321.71	$24,482.56	$32,643.42	$40,804.27	$48,965.13
Moderate Growth (9.1%)					
Retirement Savings/9 month	$2,062,180.89	$3,093,271.33	$4,124,361.78	$5,155,452.22	$6,186,542.67
Retirement Savings/12 month	$2,030,967.15	$3,046,450.73	$4,061,934.30	$5,077,417.88	$6,092,901.45
Difference	$31,213.74	$46,820.61	$62,427.48	$78,034.35	$93,641.22
Aggressive Growth (10.7%)					
Retirement Savings/9 month	$3,019,017.43	$4,528,526.14	$6,038,034.86	$7,547,543.57	$9,057,052.28
Retirement Savings/12 month	$2,967,662.29	$4,451,493.44	$5,935,324.59	$7,419,155.73	$8,902,986.88
Difference	$51,355.14	$77,032.70	$102,710.27	$128,387.84	$154,065.41

**The strategies and returns were obtained from Vanguard.com and represent returns to these strategies in the 1926-2002 period. The Income portfolio is 20% stocks and 80% bonds, the Moderate Growth portfolio is 60% stocks and 40% bonds, and the Aggressive Growth portfolio is 100% stocks.*

Table 2. Differences in Retirement Savings by Levels of Contribution

The table provides information on retirement savings for different levels of contribution. The savings are upon retirement and are based on twelve-month vs. nine-month pay periods. The differences are presented based on three different investment strategies. The results in the table assume an $80,000 starting salary, thirty-five years until retirement, a 3% average annual inflation rate, and a 4% return on money market investments.

	Contribution Percentage				
Investment Strategy (Return)*	5%	10%	15%	20%	25%
Income (7%)					
Retirement Savings/9 month	$859,937.12	$1,719,874.23	$2,579,811.35	$3,439,748.46	$4,299,685.58
Retirement Savings/12 month	$849,055.98	$1,698,111.95	$2,547,167.93	$3,396,223.90	$4,245,279.88
Difference	$10,881.14	$21,762.28	$32,643.42	$43,524.56	$54,405.70
Moderate Growth (9.1%)					
Retirement Savings/9 month	$1,374,787.26	$2,749,574.52	$4,124,361.78	$5,499,149.04	$6,873,936.30
Retirement Savings/12 month	$1,353,978.10	$2,707,956.20	$4,061,934.30	$5,415,912.40	$6,769,890.50
Difference	$20,809.16	$41,618.32	$62,427.48	$83,236.64	$104,045.80
Aggressive Growth (10.7%)					
Retirement Savings/9 month	$2,012,678.29	$4,025,356.57	$6,038,034.86	$8,050,713.14	$10,063,391.43
Retirement Savings/12 month	$1,978,441.53	$3,956,883.06	$5,935,324.59	$7,913,766.11	$9,892,207.64
Difference	$34,236.76	$68,473.51	$102,710.27	$136,947.03	$171,183.78

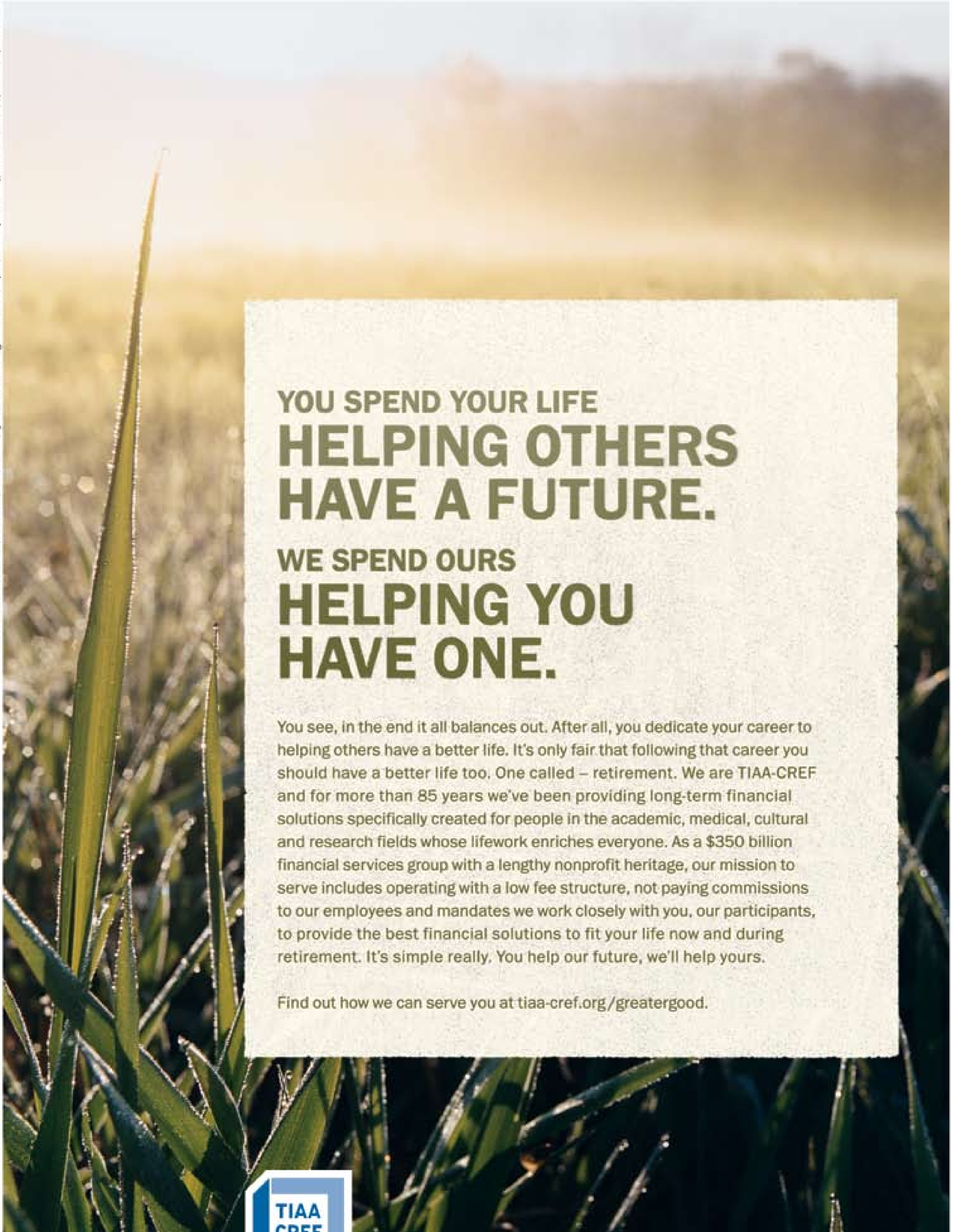
**The strategies and returns were obtained from Vanguard.com and represent returns to these strategies in the 1926-2002 period. The Income portfolio is 20% stocks and 80% bonds, the Moderate Growth portfolio is 60% stocks and 40% bonds, and the Aggressive Growth portfolio is 100% stocks.*

Table 3. Differences in Retirement Savings by Years until Retirement

The table provides information on retirement savings based on number of years until retirement. The savings are upon retirement and are based on twelve-month vs. nine-month pay periods. The differences are presented based on three different investment strategies. The results in the table assume a 15% savings rate, $80,000 annual income, a 3% average annual inflation rate, and a 4% return on money market investments.

	Years until Retirement				
Investment Strategy (Return)*	10 years	15 years	25 years	35 years	40 years
Income (7%)					
Retirement Savings/9 month	$280,106.46	$383,153.73	$1,077,845.71	$2,579,811.35	$3,872,963.82
Retirement Savings/12 month	$276,562.16	$378,305.53	$1,064,207.28	$2,547,167.93	$3,823,957.61
Difference	$3,544.30	$4,848.20	$13,638.43	$32,643.42	$49,006.21
Moderate Growth (9.1%)					
Retirement Savings/9 month	$348,709.18	$457,697.05	$1,478,443.65	$4,124,361.78	$6,717,756.51
Retirement Savings/12 month	$343,431.03	$450,769.22	$1,456,065.52	$4,061,934.30	$6,616,074.70
Difference	$5,278.16	$6,927.83	$22,378.13	$62,427.48	$101,681.82
Aggressive Growth (10.7%)					
Retirement Savings/9 month	$412,925.57	$526,728.56	$1,906,018.51	$6,038,034.86	$10,523,493.73
Retirement Savings/12 month	$405,901.48	$517,768.62	$1,873,596.09	$5,935,324.59	$10,344,483.35
Difference	$7,024.09	$8,959.94	$32,422.42	$102,710.27	$179,010.37

**The strategies and returns were obtained from Vanguard.com and represent returns to these strategies in the 1926-2002 period. The Income portfolio is 20% stocks and 80% bonds, the Moderate Growth portfolio is 60% stocks and 40% bonds, and the Aggressive Growth portfolio is 100% stocks.*



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