

## Executive Summary

The South Carolina Higher Education Efficiency and Administrative Policies Act (HEEAPA) of 2011 was a comprehensive regulatory relief effort that sought to provide South Carolina higher education institutions with much-needed reforms in the primary areas of Facilities and Capital Expenditures, Procurement, and Human Resources (HR). To determine the specific proposals for change in the HR area, the Act charged a representative committee of institutions to collaborate with the State Human Resources Division (SHRD) to “study and develop recommendations for a separate, comprehensive human resources system” for all public higher education institutions in South Carolina.

Since August 2011, when the Act was signed into law, the committee has been working to develop the recommendations outlined in this report. The recommendations herein suggest that a separate HR system is needed for public higher education institutions in South Carolina. The current State human resources management system does not sufficiently recognize the unique needs of higher education institutions, such as the different markets in which higher education institutions compete, and fails to offer institutions sufficient flexibility to respond to the rapid changes in these markets.

The committee recommends creation of a separate, comprehensive HR system for higher education which will give institutions appropriate flexibility to manage their day-to-day HR operations that support the effectiveness of their respective institutions while providing necessary accountability to the Budget and Control Board. The comprehensive system will include a separate classification and compensation system that addresses the specific needs of higher education institutions, a separate set of HR regulations that govern other areas of HR administration, and clearly established authority for each institution’s governing board to oversee the HR practices of each institution. The comprehensive system will also create a clear structure through which the higher education community can work cooperatively with the Budget and Control Board’s State Human Resources Division to ensure the system supports progressive HR practices that enable the faculty and staff of South Carolina’s public higher education institutions to deliver the high quality education experience and outcomes that our State both needs and deserves. In addition, institutions will incur no costs nor will any employee receive a salary increase as a result of the implementation of these recommendations. Recognizing that legislative action is required to implement these recommendations, the committee recommends these proposals be addressed during the 2013 legislative session with implementation occurring as soon as practical.

## Introduction and Background

The South Carolina Higher Education Efficiency and Administrative Policies Act (HEEAPA) of 2011 is a comprehensive regulatory relief effort that sought to provide South Carolina higher education institutions with much-needed reforms in the primary areas of Facilities and Capital Expenditures, Procurement, and Human Resources (HR). To determine the specific proposals for change in the HR area, the Act charged a representative committee of institutions to collaborate with the State Human Resources Division (SHRD) to "study and develop recommendations for a separate, comprehensive human resources system" for all public higher education institutions in South Carolina. Specifically the Act required:

### SOUTH CAROLINA HIGHER EDUCATION EFFICIENCY AND ADMINISTRATIVE POLICIES ACT OF 2011

#### Part III Human Resources

SECTION 3. The Budget and Control Board's State Office of Human Resources shall participate with five representatives selected by the respective presidents of the public institutions of higher learning and technical colleges to represent all of the public institutions of higher learning and technical colleges to study, develop, and recommend a separate, comprehensive human resources system for the public institutions of higher learning and technical colleges. The recommendation shall include, but not be limited to, prescription of a methodology to establish a uniform compensation and classification plan among the public institutions of higher learning and technical colleges. The recommendations must provide for necessary accountability to the Budget and Control Board, including a process for reporting human resources data. The recommendation must be submitted to the State Budget and Control Board for its review no later than July 1, 2012, and shall not be implemented until approved by the Budget and Control Board pursuant to Section 8-11-230.\*

\*Legislative permission was received for an extension until January 15, 2013.

In September 2011, when the Act was signed into law, the representative committee began working with the SHRD to develop the recommendations outlined in this report. The committee immediately recognized that the current State human resources management system does not sufficiently address the unique needs of higher education institutions and that a comprehensive system was needed to support higher education institutions as they compete nationally and internationally for talent in their unique markets, and to meet the unique needs

of managing a workforce comprised of faculty and staff that support highly competitive 365/24/7 operations across the state. In addition, the national landscape for higher education is changing rapidly, and institutions need considerable flexibility to respond to the changes in this industry. These particular needs are vastly different from the needs of traditional state agencies, which have particular and unique missions that vary greatly from those of higher education institutions. As such, the committee recommends creation of a separate and comprehensive HR system for public higher education institutions in South Carolina.

The comprehensive HR system will include a separate classification and compensation system that addresses the jobs unique to higher education and provides appropriate management flexibility and decision-making authority at the institution level. The system will also include a separate set of HR regulations to govern how the classification and compensation system, along with other aspects of HR management will be administered. Finally, underlying all of the recommendations is a placement of decision-making authority at the appropriate level, assigning each institution's governing board the authority to oversee the HR operations of each respective institution while maintaining necessary accountability to the Budget and Control Board.

## Methodology

The Act required the State Human Resources Division to work with a committee composed of “five representatives selected by the respective presidents of the public institutions of higher learning and technical colleges.” The Commission on Higher Education coordinated the selection process and, to ensure appropriate representation of the institutions, named the following six committee members in August 2011 (Appendix F):

- Dr. David DeCenzo, Co-Chairman, President, Coastal Carolina University
- Dr. Fred Carter, Co-Chairman, President, Francis Marion University
- Michelle Piekutowski, Chief Human Resources Officer, Clemson University
- Susan Carullo, Director of Human Resources, Medical University of South Carolina
- Susan Jones, Associate VP Human Resources, Greenville Technical College
- Chris Byrd, Vice President for Human Resources, University of South Carolina

Once established, the committee analyzed the enabling legislation to determine the scope of these reforms, specifically whether it included the State Board for Technical and Comprehensive Education. Absent any reference to that state agency in the legislation, the committee proceeded with its review to include only public institutions of higher learning and the technical colleges. The committee next developed a list of guiding principles to govern their work (Appendix B) and sought to develop a system with the following characteristics:

- Efficient, flexible, and transparent
- Internally equitable and externally competitive
- Participatory governance and sustainable management
- Responsive to market changes and individual institutions’ needs

Based on the above principles, the committee sought to recommend a system that would streamline and simplify current policies, processes, and procedures while increasing administrative and operational efficiency and effectiveness. The comprehensive system should also allow institutions to be responsive to rapidly changing markets at the national, regional, and local levels and to be innovative in addressing the diverse needs of Higher Education institutions. As public institutions, the system should recognize the need for public accountability and provide appropriate accountability to the Budget and Control Board, the General Assembly, and the Governor.

In regard to the separate classification and compensation system, the comprehensive system should better meet the needs of the higher education community by allowing

institutions to recognize the need for positions and skills that make up a diverse academically-focused workforce and the associated compensation strategies that enable institutions to attract, retain and develop a world-class workforce.

To ensure the sustainability of the system, the proposed reforms recommend that higher education institutions share responsibility for overseeing the on-going administration of the system. This will require the collective higher education HR community to work collaboratively with the Budget and Control Board to provide mutual accountability and oversight to the system to ensure sound HR practices and appropriate accountability to central state government.

The unique market of higher education can change rapidly, and each institution can have unique needs based on differences in location, size, and mission. The proposed reforms will help institutions attract and retain employees in a highly competitive market and develop individual HR strategies that will help each institution fulfill its particular mission. This will be done through continued research of human resources best practices among peer institutions and appropriate oversight by a newly created council representing a cross-section of the institutions.

With the understanding that any recommendations must meet all requirements of state and federal laws, the committee reviewed the current comprehensive programs and systems used for managing human resources for the State of South Carolina, including compensation, classification, employment, benefits, HR policies, rules and regulations, training and career development, and data reporting (Appendix C). As a basic premise, the proposed system for higher education restructuring is not a wholesale replacement of the current system as no changes were considered in the areas of benefits, executive compensation, and training and development. However, the remaining components of the HR system in SC were reviewed to determine where modifications are needed. The recommendations included in this report reflect the work of the committee and representatives from nearly every institution.

Due to the primary focus on the need for a separate classification and compensation system, the six-member committee appointed a Classification and Compensation subcommittee to research and develop a proposal for a new system. Membership of the subcommittee consisted of representatives from the three research institutions, five of the comprehensive four-year institutions, and one from the technical college system (Appendix G). The subcommittee was asked to study and prescribe a methodology to establish a uniform classification and compensation plan among the public institutions of higher learning and technical colleges. As part of its review, the subcommittee met on multiple occasions, conducted surveys, reviewed internal and external market data (both private and public),

Higher Education Efficiency and Administrative Policies Act of 2011  
Recommendations for Creation of a Comprehensive Human Resources System for Higher Education

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contacted and gathered information from institutions in other states, researched issues and enabling legislation, and drafted regulations and other necessary documentation. In addition, thorough review and analysis of data from the College and University Professional Association for Human Resources (CUPA-HR) was critical in forming the recommendations. To support this process and to seek feedback, the Budget and Control Board's SHRD was included in several meetings of the subcommittee. Draft regulations were provided to the staff and leadership of SHRD for consideration. The recommendations regarding classification and pay were then presented to the six-member committee for review and approval and are part of the overall recommendations contained in this report.

In summary, the committee employed a collaborative process to develop its recommendations with broad participation from the institutions and the State Human Resources Division. Also, the recommendations in the report are cost neutral. Upon implementation of the committee's recommendations, no costs will be incurred by the institutions nor will any employee salaries be affected. The remainder of the report outlines the substance of the recommendations for a comprehensive system that will best serve the interests of all parties.

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**Part III  
Human Resources**

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## Guiding Principles

Under the authority granted by the South Carolina Higher Education Efficiency and Administrative Policies Act of 2011, a committee “representing all of the public institutions of higher learning and technical colleges” has been working to study and develop recommendations for “a separate, comprehensive human resources system” for all Higher Education institutions in SC. As a basic premise, this proposed restructuring is not a wholesale replacement of the current human resources program or system used for the State of South Carolina, but rather a process of modifying and amending existing “systems” to better meet the needs of the Higher Education community. The end result will be a new, comprehensive HR system that allows SC public institutions to better operate and compete in the Higher Education environment. The guiding principles adopted by this committee to guide and shape this reform are outlined below.

In summary, we seek a system that will be:

- Efficient , flexible, and transparent
- Internally equitable and externally competitive
- Responsive to market changes and individual institutions’ needs

To elaborate, the following principles will shape the details of our recommendations::

- Efficiency - The proposed reforms seek to streamline and simplify current policies, processes, and procedures while increasing administrative and operational efficiency and effectiveness.
- Flexibility - The new system will allow institutions to be responsive to rapidly changing markets at the national, regional, and local levels and to be innovative in addressing the diverse needs of Higher Education institutions.
- Transparency – As public institutions, we appreciate our need for public accountability and will recommend systems that provide appropriate accountability to the general public, the General Assembly, and the Budget and Control Board.
- Internal equity and external competitiveness – The updated classification and compensation system will better meet the needs of the higher education community, allowing us to recognize the need for positions and skills that make up a diverse academically-focused workforce.
- Responsive to market changes and individual institutions’ needs – The unique market of higher education can change rapidly, and each institution can have unique needs based on differences in location, size, and mission. The proposed reforms will help us attract and retain employees in a highly competitive market and develop individual HR strategies that will help each institution fulfill its particular mission. We will do this through continued research of human resources best practices among our peers and appropriate oversight by our governing boards.



### Summary of Approach to Reforms

Components of a Comprehensive HR System	Current SC Equivalent	Recommended Approach
Method for evaluating and pricing jobs	Uniform Classification and Compensation Plan	<p>Maintain the "classification method" of job evaluation for evaluating jobs and the ten band salary schedule for pricing jobs.</p> <p>Add higher education-specific job classes and eliminate job classes used by other state agencies but not needed for higher education</p> <p>Update the salary schedule to reflect the market in which higher education institutions compete for talent.</p>
Rules and regulations to govern recruiting, hiring, movement, compensation, and separation	State Human Resources Regulations	<p>Recommend a separate set of regulations to govern the recruitment, hiring, movement, compensation, and separation of college and university employees. Many of these regulations will place ultimate authority for classification and compensation activities at the individual institution level.</p> <p>Many regulations will be consistent with those governing the rest of state government, but others will address the specific needs of higher education institutions</p>
System(s) for recording employee and position information	State's HRIS/SCEIS	<p>Recommend that higher education institutions maintain their current separate systems for managing employee and position data, and report agreed-upon information (content and format) to the State Office of Human Resources on a regular basis.</p>
Policies	Five OHR-approved Human Resources Policies and agency-specific policies	<p>Review the five mandatory policies for higher education-specific changes that might be needed (EPMS, Progressive Discipline, RIF, Grievance, Overtime)</p> <p>Continue to allow agencies to develop other policies that meet their needs</p>
Applicable state and federal laws	Specific budget provisos and state statutes, along with applicable federal laws	<p>Recommend changes to specific budget provisos or state statutes as needed</p> <p>Pursue proviso and statutory changes as a package in 2013 legislative session</p>
Executive compensation	Agency Head Salary Commission	No changes recommended
Benefits programs	State's EIP program and Retirement Systems	No changes recommended
Training and development programs	OHR and agency-specific training programs	No changes recommended

## **Governing Structure Options**

### Option 1

Governing structure remains the same as it is today with the Office of Human Resources responsible for administration and maintenance of the Higher Education Classification and Compensation system.

### Option 2

Governing structure would require the Office of Human Resources to coordinate with the Higher Education Institutions to administer the Higher Education Classification and Compensation system. A slight regulatory change would be required to establish this joint management approach.

### Option 3

Higher Education Institutions would govern their own Classification and Compensation system with the Office of Human Resources as a part of the process. By regulation, the Council of Human Resources Directors would be formally established and would be granted the authority to maintain the Higher Education Classification and Compensation system. The Director of the Office of Human Resources would serve as a voting member of the Council of Human Resources Directors.

### Option 4

Higher Education Institutions would govern their own Classification and Compensation system with the Office of Human Resources in an advisory role. By regulation, the Council of Human Resources Directors would be formally established and would be granted the authority to maintain the Higher Education Classification and Compensation system. The Director of the Office of Human Resources would serve in an ex-officio capacity on the Council of Human Resources Directors.

## **Governing/Authority Structure Options for Proposed HR System for Higher Education**

### Option 1 – No Change

Governing structure remains the same as it is today with the Office of Human Resources responsible for administration and maintenance of the Higher Education Classification and Compensation system.

#### Implications:

- No change from current administrative oversight
- OHR has authority to determine all Higher Education classification system and pay structure decisions
- OHR remains responsible for the administrative support to these systems
- Higher Education would be exempt from the current regulations and a new set of regulations would be added to address HR management for Higher Education
- All responsibility and liability for these classification and pay system decisions rests with OHR

### Option 2 – OHR Governance with Advice from Higher Education

Governing structure would require the Office of Human Resources to coordinate with the Higher Education Institutions to administer the Higher Education Classification and Compensation system. A slight regulatory change would be required to establish this joint management approach.

#### Implications:

- Slight change from current administrative oversight
- Establishes a joint approach to managing the classification and compensation system for Higher Education
- Would require Council of Human Resources Directors (CHRD) and OHR to determine how best to function as a joint decision-maker
- Once the joint group makes a change to the system, OHR would maintain the administrative role to accomplish those changes with SCEIS and communicate them as necessary
- Higher Education would be exempt from the current regulations and a new set of regulations would be added to address HR management for Higher Education
- Shared responsibility and liability for these classification and pay system decisions

### Option 3 – Higher Education Governance with Participation from OHR

Higher Education Institutions would govern their own Classification and Compensation system with the Office of Human Resources as a part of the process. By regulation, the Council of Human Resources Directors (CHRD) would be formally established and would be granted the authority to maintain the Higher Education Classification and Compensation system. The Director of the Office of Human Resources would serve as a voting member of the Council of Human Resources Directors.

#### Implications:

- Significant change from current administrative oversight
- Shifts authority for the administration of the Higher Education Classification and Compensation system to CHR D with OHR serving as a voting member of the decision making group
- Once the CHR D makes a change to the system, OHR would maintain the administrative role to accomplish those changes with SCEIS and communicate them as necessary
  - Higher Education would be exempt from the current regulations and a new set of regulations would formally establish the role of the CHR D, its membership, and its authority while also covering all of the topics addressed in the other sections of the current regulations.
  - Majority of responsibility and liability for these classification and pay system decisions rests with CHR D

Option 4 – Higher Education Governance with Advice from OHR

Higher Education Institutions would govern their own Classification and Compensation system with the Office of Human Resources in an advisory role. By regulation, the Council of Human Resources Directors would be formally established and would be granted the authority to maintain the Higher Education Classification and Compensation system. The Director of the Office of Human Resources would serve in an ex-officio capacity on the Council of Human Resources Directors.

Implications:

- Most significant change from current administrative oversight
- Shifts authority for the administration of the Higher Education Classification and Compensation system to CHR D with OHR serving only in an advisory capacity to the decision making group
- Once the CHR D makes a change to the system, OHR would maintain the administrative role to accomplish those changes with SCEIS and communicate them as necessary
  - Higher Education would be exempt from the current regulations and a new set of regulations would formally establish the role of the CHR D, its membership, and its authority while also covering all of the topics addressed in the other sections of the current regulations.
  - All responsibility and liability for these classification and pay system decisions rests with CHR D

Potential Authority Structure for Proposed HR System for Higher Education

Area and Proposal Summary	Final Decision-making Authority CURRENT					Final Decision-making Authority PROPOSED (Option 3 or 4)						
	HR at Institution	President of Institution	Institution Board of Trustees	Council of HR Directors	OHR	B&C Board	HR at Institution	President of Institution	Institution Board of Trustees	Council of HR Directors	OHR	B&C Board
<b>Classification</b>												
Separate classification plan for HE to include additions, deletions, and revisions to existing plan					X				X			
Separate unclassified title listing for HE to include additions, deletions, and revisions to existing job classes					X				X			
Approve Band assignments for classifications					X				X			
Class code assignments to new classes					X						X	
Maintain position numbering system for unclassified titles					X						X	
Individual classification or unclassified title decision for each job				X - By delegation agreement	X							
<b>Compensation</b>												
Separate salary schedule for HE with adjustments when needed					X				X			
Initial salary decisions for new hires	X											
Approval of Non Base Salary adjustments	X											
Approval of all in-band increases up to 15%	X											
Exceptional salary increases above 15%												
Approval of shift differential, on-call pay, and market or geographic pay									X			
Approval of incentive pay or other innovative pay practices											X	
<b>Dual Employment/Summer Pay</b>												
Approval to exceed dual employment threshold												X
Approval of Summer Pay exceptions									X			
<b>Policy Approval</b>												
Governing policies for Classification and Compensation as required by regulations				X					X			
EPMS and Progressive Discipline policies									X			
Overtime, RIF, and Grievance policies												X
<b>VSP/RIP</b>												
Approval of VSP and RIP Plans									X			
<b>Personnel Settlements</b>												
Approve personnel settlements with restrictions of statute										X		

Note: Represents Proposed Change in Authority