



Human Resources and  
Allied Professionals Program



Competitive Review of  
Total Remuneration:  
Presentation to the HR and Allied  
Allied Professionals Program  
February 7, 2006

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## Human Resources and Allied Professionals Program



# Agenda

- Study Overview:
  - Project Objective and Outcomes
  - Scope of Study
  - Methodology
- Study Findings
- Questions



## Human Resources and Allied Professionals Program



# Study Overview

## Project Objective and Outcomes

- Objective:
  - Assess competitiveness of total remuneration for for UC System
- Outcomes:
  - View of UC total remuneration vis-à-vis competitive competitive labor markets
  - Information for short-term actions and longer-term term strategy



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# Study Overview

## Scope of Study: Populations and Elements

### Populations

- Included:
  - Career Faculty and Staff at the campuses, medical schools and UCOP
- Not Included:
  - UC Labs
  - UC Medical Centers

### Elements

- Included:
  - Cash compensation
  - Active health and welfare welfare benefits
  - Retirement and retiree medical benefits
- Not Included:
  - Cost of living (e.g. housing)
  - Intrinsic/extrinsic factors



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# Study Overview

## Scope of Study: Population Coverage

Study Population Coverage by UC Personnel Program		Total UC Population	Study Coverage
<b>LRF</b>	Ladder Rank Faculty	8,300	80%
<b>SMG</b>	Senior Management Group	300	35%
<b>PSS (Rep)</b>	Professional & Support Staff - Represented	26,400	56%
<b>PSS (Non-Rep)</b>	Professional & Support Staff - Non-Represented	22,200	16%
<b>MSP</b>	Management & Senior Professional	5,100	19%
<b>OA</b>	Other Academics	11,200	25%

**OVERALL STUDY POPULATION COVERAGE: 39%**

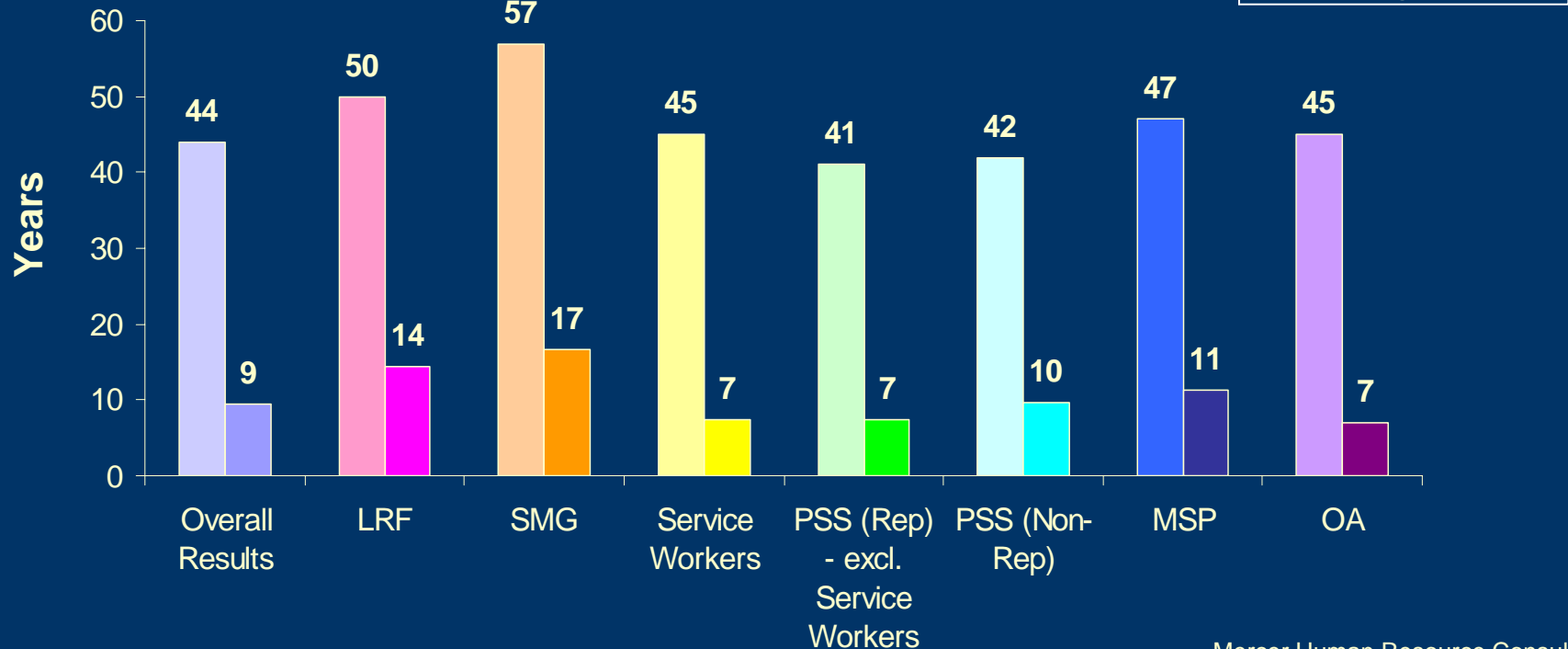


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## Study Overview Scope of Study: Demographics

Study Population Demographics:  
Average Age and Average Years of Service





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## Study Overview

### Methodology: Definition of Total Remuneration

*Total remuneration includes all reward elements that are expressed in dollars, or can be converted to monetary value, and can be assessed in the marketplace via an established methodology to gather and analyze relevant data.*

#### Total Remuneration

##### Total Cash Compensation

- Base salary
- Annual incentives\*

##### Active Health & Welfare Benefits

- Medical, dental, vision, etc
- Paid time off

##### Retirement & Retiree Medical

- Defined Benefit
- Defined Contribution Contribution
- Retiree Health

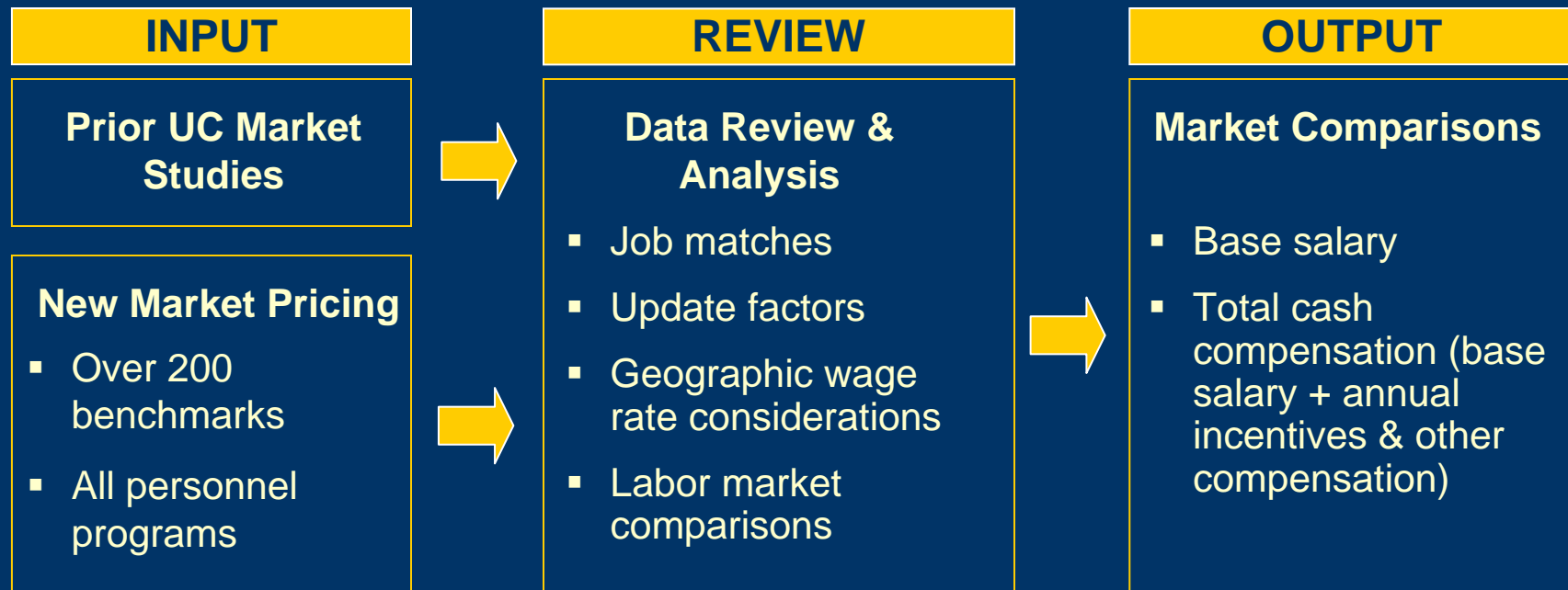
\* Where appropriate, such as for Medical Center & Treasury executive roles, the value of the University's remuneration elements will be compared to relevant for-profit organizations where a broader array of reward elements may be used, including short- and long-term incentives.



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## Methodology: Total Cash Compensation



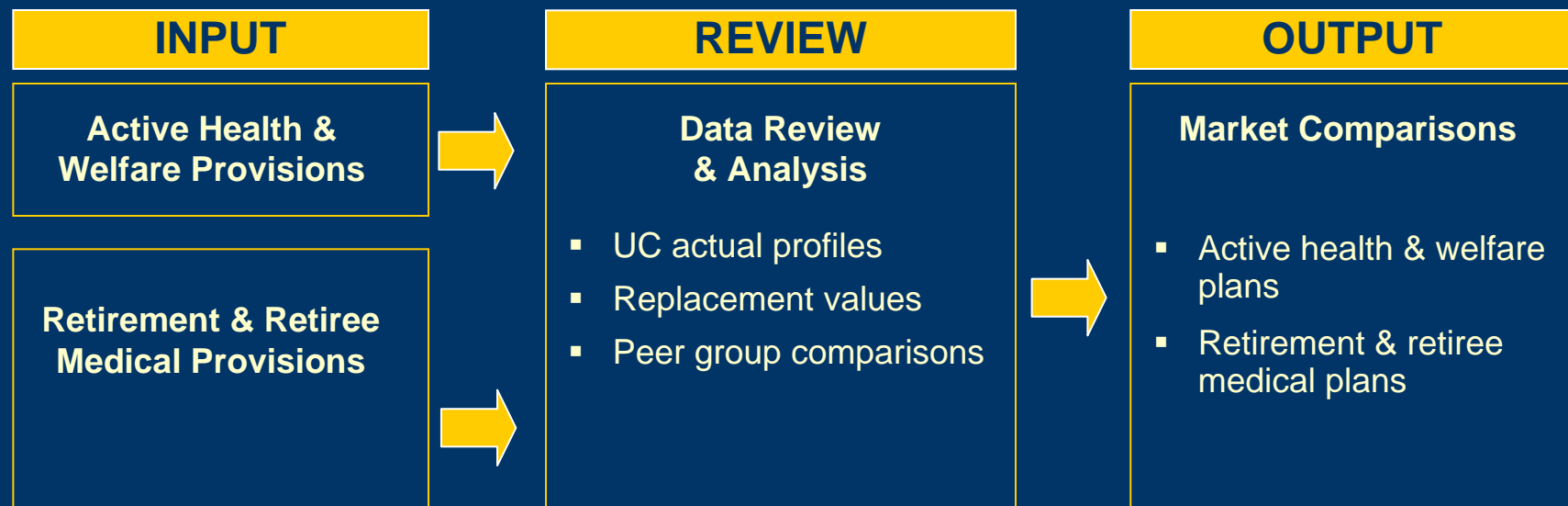


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## Study Overview

### Methodology: Benefits and Retirement





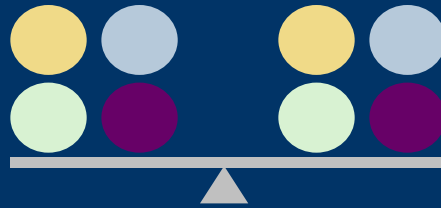
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## Study Overview Methodology: Total Remuneration

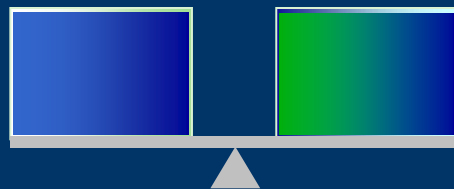
### Compensation Analysis

*Competitive comparison relative to market survey data*



### Benefits & Retirement Analysis

*Competitive comparison relative to each set of peers*



### Total Remuneration Analysis

*A combination of  
benefits, retirement  
and compensation  
data, showing  
overall competitive  
position*



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## Study Findings

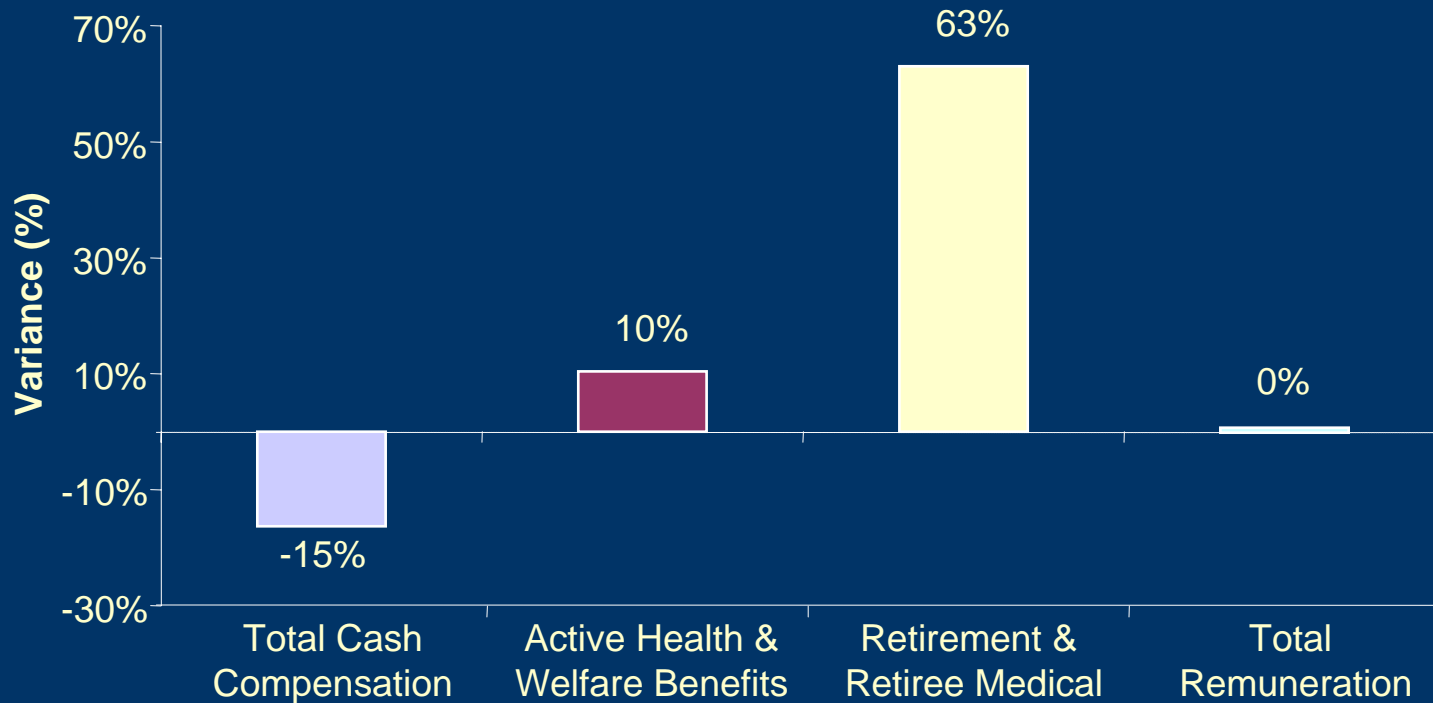


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## Study Findings Overall Summary

Summary: UC Variance from Market Average or Median





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# Ten-Year Budget Estimates Overview

- Purpose:
  - Assess the impact of potential changes in benefit values and whether whether anticipated catch-up salary increases will offset them
  - Estimate the additional amount of cash compensation, if any, required to required to keep UC at market for total remuneration
- Assumptions:
  - Stable population, static internal and external environment, annual increase in health care costs declining from 12% in 2006 to 7.5% in 2015, and no change in health care or retirement benefit provisions
  - Contributions to UCRP by employees and UC and a shift to more market market competitive cost sharing for health care benefits along with catch catch up pay increases

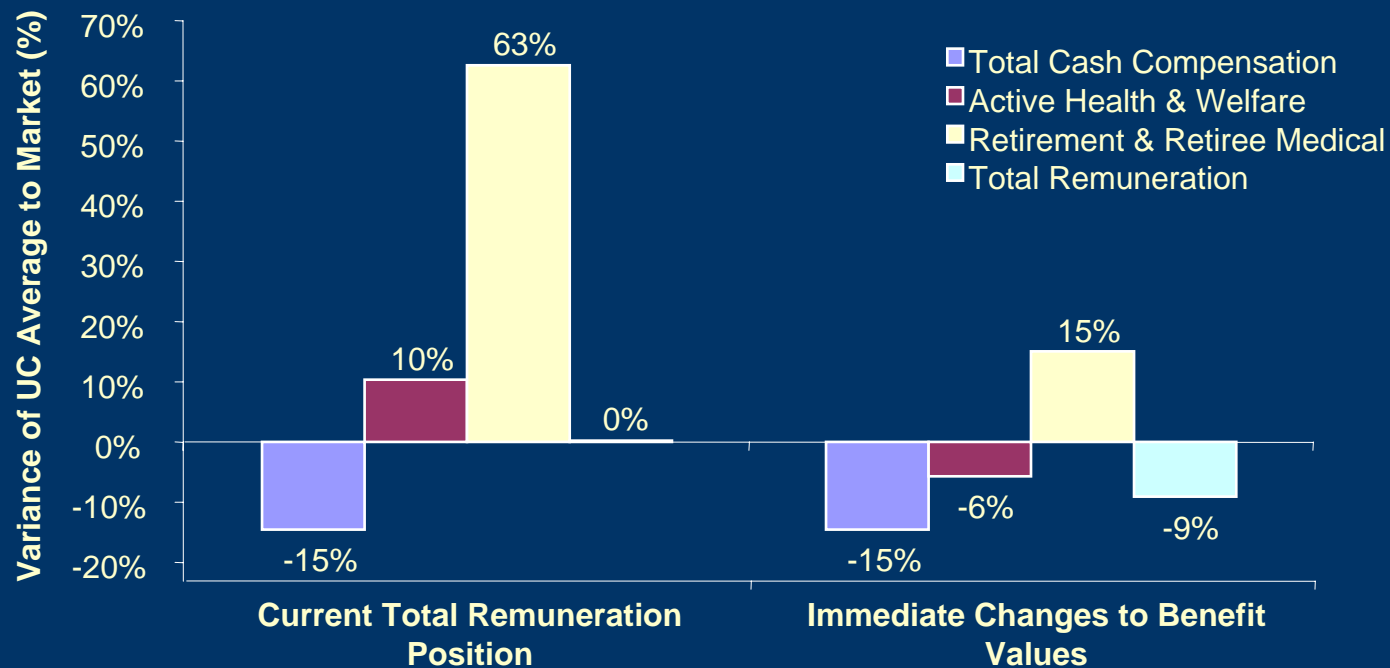


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## Ten-Year Total Remuneration Estimates Changes to Benefits with no Phase-In

2005 Total Remuneration Position – UC Average vis-à-vis Market



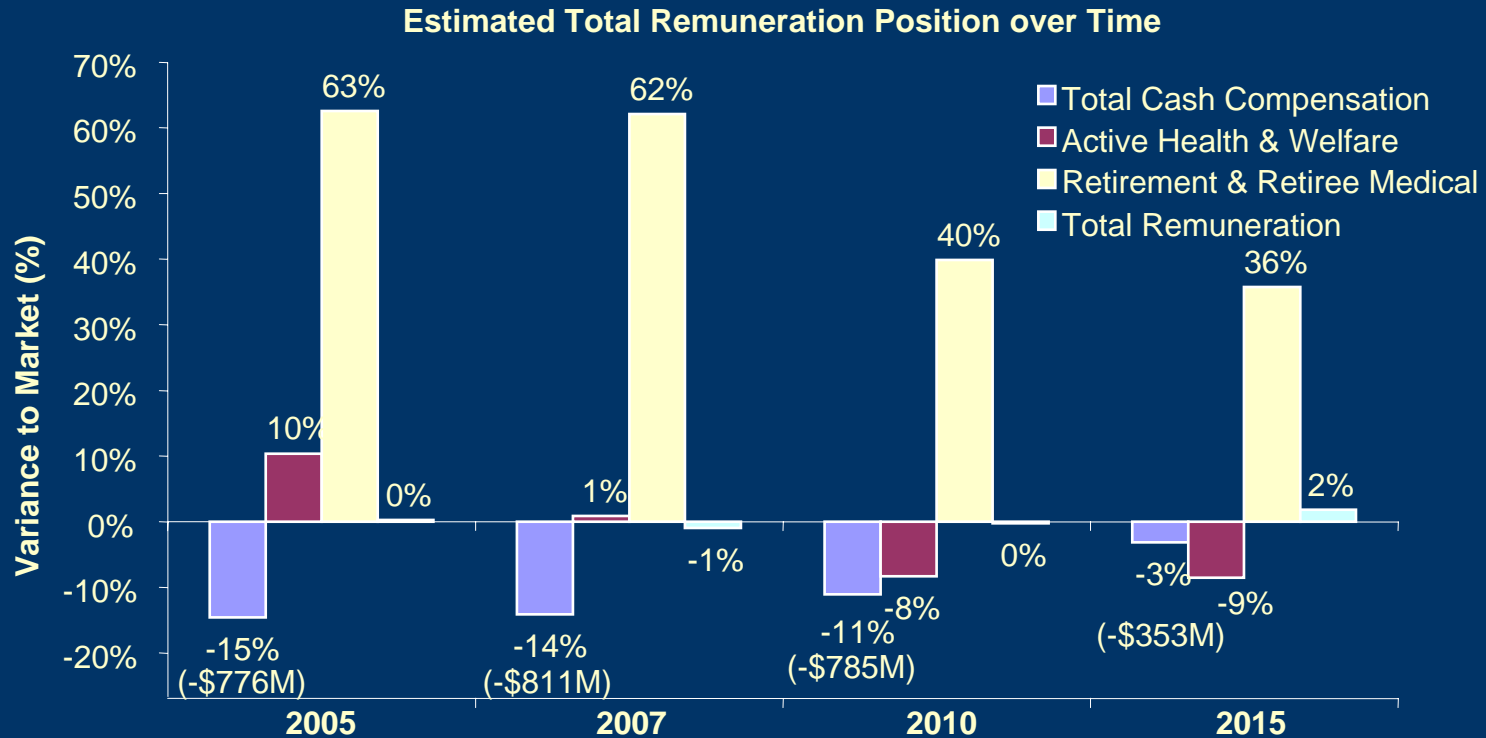
**NOTE:** Full changes to benefit values include an immediate resumption of employee contributions to UCRP and a move to competitive cost sharing for healthcare; individual employees fall well above and below the UC average



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## Ten-Year Total Remuneration Estimate Gradual Phase-In of Benefit Changes and Salary Increases



**NOTE: Values beneath Total Cash Compensation lags represent additional payroll required to bring payroll to market median.**



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# Ten-Year Total Remuneration Estimate Budget Implications

- Catch-up pay increases will be provided in the same timeframe as reductions in value of benefits are phased in
  - Projected pay increases total \$3.1B over the 10 year period.
  - Resulting total remuneration remains near market for most groups
- Additional benefit costs would be incurred with UCRP employer contributions contributions
  - Projected costs total \$3.0B over the 10 year period
  - Pay increases will cause further reduction in the funded status of UCRP
- Projected additional costs associated with medical inflation in excess of UC budgeted increases total \$603M over the 10 year period



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# Regents' Action Recommended

The Committee on Finance proposed, and the Board of Regents adopted, a recommendation:

“to establish goals to obtain, prioritize and allocate funds, to the extent they are available, to increase salaries to achieve market comparability for all groups of employees over the ten-year period from 2006-2007 through 2015-2016”



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## Questions