

UC Leadership Institute
Navigating UC's Strategic Course

Human Resources and Benefits Update

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HR/B Updates

- Total Remuneration (Compensation)
 - Compensation
 - 2007 Health & Welfare
 - Retirement Benefits
- HR Accreditation and Assurance Pilot
- DOE Contracts

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Compensation

UC Regents' Total Remuneration Philosophy

The quality of our academic, management and staff personnel is essential to maintain the excellence of the University of California and its ability to contribute to the health and vitality of the State of California. Our strategy is to attract and retain the highest quality academic, managerial, and staff talent by offering competitive total remuneration.

Regents item RE-61, September 2005

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Cash Compensation

- Committee on Finance recommends to the Board of Regents the establishment of goals to obtain, prioritize and direct 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.

• *Adopted at Regents Meeting, November 2005*

Governor's Higher Education Compact

2005 - 2011

- Agreement between Governor, UC and CSU
- Phased, multi-year plan for minimum level of funding for :
 - Competitive faculty & staff salaries
 - Health benefits
 - Maintenance, inflation and other cost increases

Governor's Compact : Salary Increase Funding

| Year | Compact | Staff Enhanced Option | Faculty |
|-----------|---------|-----------------------|---------|
| 2004 - 05 | 0% | 0% | 1.78% |
| 2005 - 06 | 3% | 4% | 4.13% |
| 2006 - 07 | 3% | 4% | 4.13% |
| 2007 - 08 | 4% | 5% | 5.13% |
| 2008 - 09 | 4% | 5.5% | 5.63% |
| 2009 - 10 | 4% | 5.5% | 5.63% |
| 2010 - 11 | 4% | 5.5% | 5.63% |

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2007 Health & Welfare

2007 Health & Welfare Benefits

- Dental Insurance – fully paid by UC
- Vision Insurance – fully paid by UC
- Life Insurance – no rate increase
- AD&D – no rate increase
- Disability – no rate increase
- Legal – first rate increase in 3 years
- Spending Account Card : HCRA
- Wellness and Health Promotion Pilots

Guiding Principles for Medical Plan Contributions

- The University's overall goals for the health program include the preservation of **choice**, **access**, **quality** of care and **affordability** to employees, while encouraging personal engagement in managing one's health.
- The University measures its overall contribution percentage by comparing its contribution level to the gross premiums for the low-cost statewide HMO.

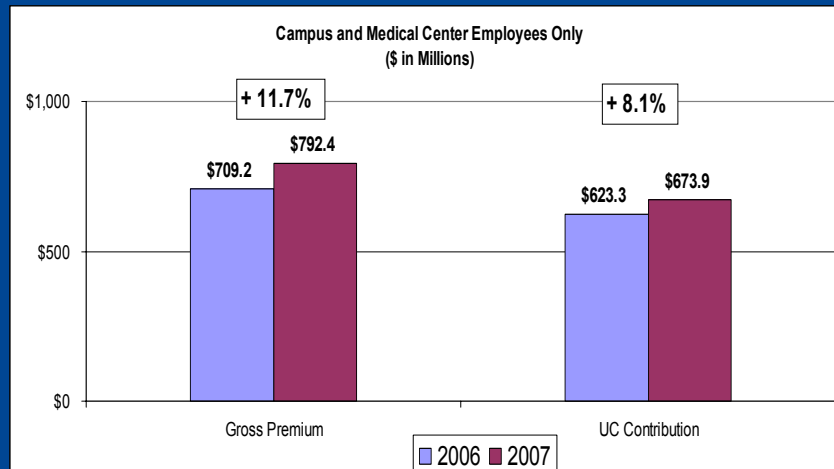
Medical Program 2007 Results

- Average Premium Increase : 11.7%
 - Cal PERS increase = 11.9%
 - In 2006, UC increase = 6.4%
- No significant plan design changes
- Tax advantages continue with HCRA and pre-tax premiums
- Contributions set according to pay

2007 Pay Band Adjustment

| | 2006 | 2007 |
|-------------------|---------------------|---------------------|
| Pay Band 1 | \$40,000 and under | \$43,000 and under |
| Pay Band 2 | \$40,001-\$80,000 | \$43,001-\$86,000 |
| Pay Band 3 | \$80,001-\$120,000 | \$86,001-\$129,000 |
| Pay Band 4 | \$120,000 and above | \$129,001 and above |

Gross Premium and UC Budget Increases




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Retiree Health: Estimated GASB Liability and Expenses

- \$7.6 Billion = UC's estimated *Unfunded Liability*
- \$1 Billion = the approximate GASB *Annual Expense*:
 - \$400 million = the estimated GASB annual *Normal Cost*
 - \$600 million = the approximate "mortgage" payment on the \$7.6 Billion

» (Simulated GASB valuation using FYE2006 data, campuses and medical centers only)

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Retirement Benefits

Guiding Principles for the Restart of Contributions to UCRP

- *Sustainability*
- *Affordability*
- *Competitiveness*
- *Consultation*

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Regents Actions in March 2006

- Gradually resume contributions to UCRP starting in July 2007
- Target 100% long-term funding with contributions keeping plan between 95% and 110% at all times
- Require contributions of employees and the University
- Gradually increase total contributions to 16% of covered pay – a cost shared by UC and employees

July Regents UCRP Update

- Reaffirmed commitment to restart contributions July 2007
- Intention is to begin with redirect only
- Comments on the actuarial report requested by unions

Illustrative Reinstatement Strategy

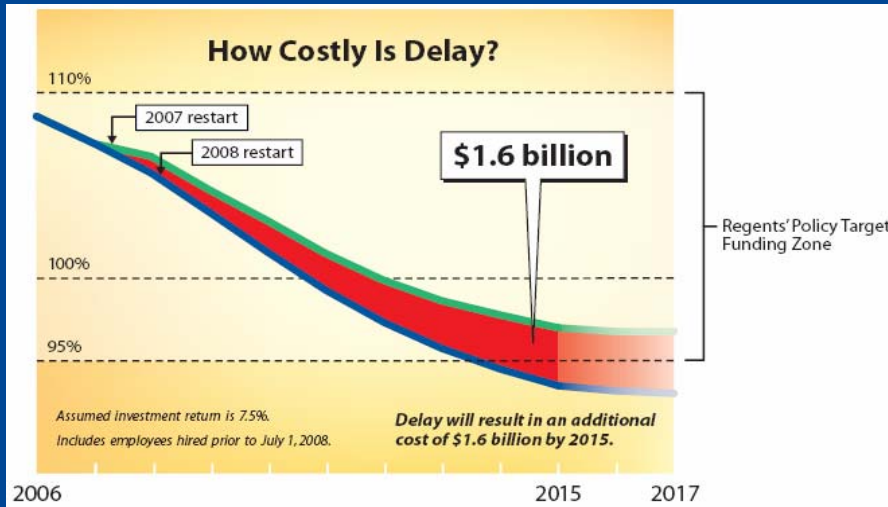
(Presented to UC Regents at May 2006 meeting)

| | Total ¹ | |
|----------|-------------------------|--------------------------------------|
| Current | 0% (2%/4%) ² | } UC / Member split to be determined |
| 7/1/2007 | 4% | |
| 7/1/2008 | 6% | |
| 7/1/2009 | 8% | |
| 7/1/2010 | 10% | |
| 7/1/2011 | 12% | |
| 7/1/2012 | 14% | |
| 7/1/2013 | 16% | |

¹ Member portion applicable to members with Social Security. Offset of \$19 per month for employee contributions only. Total contributions do not reflect contributions on pay above the Social Security Wage Base.

² Contributions currently redirected to employee DC plan accounts. 2% contributions are currently paid on pay below the Social Security Wage Base (\$94,200 for 2006) and 4% on pay above that level.

Cost of Delaying the Restart of UCRP Contributions





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HR Accreditation and Assurance Pilot Program
Between
The National Academy of Public Administration
and
The University of California

The National Academy of Public Administration (NAPA)

- Congressionally Chartered in 1967
- Non-profit 501 (c)(3)
- Independent – Non Partisan Advice
- 600 Elected Fellows
 - Distinguished Public Administration Careers
 - Primary Resource in Addressing Issues
- 100 Employees, IPAs, Independent Contractors
 - 15-20 Research Studies a Year

UC Has Engaged The Academy to...

- Evaluate, refine, validate draft accreditation standards
- Incorporate appropriate qualitative & quantitative measures
- Incorporate process for self-assessment & independent peer review
- Define accreditation scheme that recognizes organizations which meet established standards & highlights exemplary practices

HR Accreditation and Assurance Vision Statement

“ Our vision is having competent HR professionals, acting as operating partners to management at the University of California locations; thereby enabling them to meet, through self assessment, corrective actions and peer review, the HR policy and assurance requirements of the Board of Regents of the University of California.”

UC Accreditation Program NAPA Panel Members

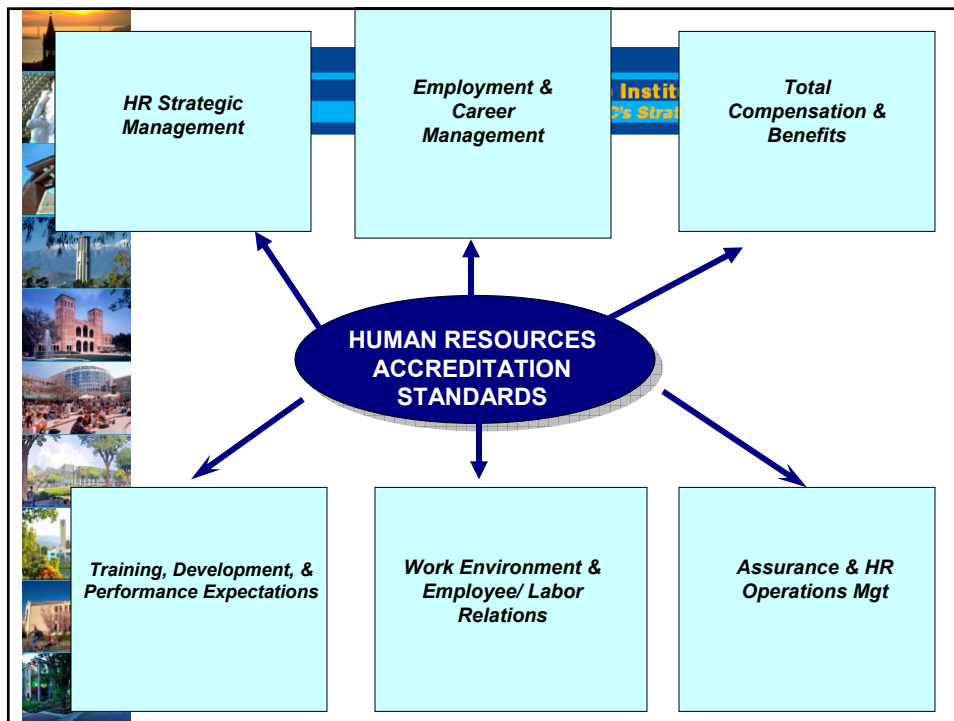
Dr. Frank Thompson, **Panel Chair**, Dean Nelson A Rockefeller College of Public Affairs and Policy, and Professor of Public Administration and Policy, Political Science and Public Health, State University of New York at Albany.


Dr. Joel D. Aberbach, **UC representative** on the Panel, Distinguished Professor of Political Science and Public Policy and Director, Center for American Politics and Public Policy, Institute for Social Science Research, University of California, Los Angeles.

Dr. Edie Goldenberg, Professor of Political Science and Public Policy, Gerald R. Ford School of Public Policy, University of Michigan

Dr. Curtis Smith, Malcolm R. Meyers Distinguished Chair in Public Service, Wilson Center for Leadership Hampden Sydney College

David M. Walker, Comptroller General of the United States





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DOE Laboratories Update

DOE Contract Status

- LANL
 - Asset transfer discussions underway with DOE
- LLNL
 - Contract competition
 - Transition plan

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Questions ?