Today’s objectives

- Compensation strategy – process and implementation
- What it means to you
- Strategic workforce planning
A Three-Year Compensation Strategy

Three objectives –

- *Increase the average range of market percentile* for UC non-represented staff from the current 31% to at least 45%;
- Address basic fairness at UC Merced;
- To *invest in job functions most critical for achieving campus priorities for Project 2020*. 
What does this mean in non-HR speak?

“Range of percentile” refers to where within the market salary range an employee’s salary falls.

Example: An employee in Salary Grade 19 who earns $48,000 a year

<table>
<thead>
<tr>
<th>Salary Range</th>
<th>Minimum</th>
<th>Midpoint</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career Tracks Salary</td>
<td>$36,600</td>
<td>$54,400</td>
<td>$72,200</td>
</tr>
<tr>
<td>Range for Grade 19</td>
<td></td>
<td></td>
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</tbody>
</table>

At current salary, employee is considered to be in the 32nd percentile of his/her salary range.
What does this mean in non-HR speak?

Within the entire organization, the goal would be an even distribution — with the overall average at roughly 50%.
A nine-month process

- Leadership
- Listening sessions
- Independent compensation analysis
- Development of a compensation “philosophy”
Key Listening Session Findings

- Lack of transparency
- Multiple role responsibilities
- Salary “compression” concerns
- Current policies discourage lateral movement
- Inequities with other UC and CSU campuses
- Retention challenges
Career Tracks

High level of dissatisfaction with Career Tracks

- Intent of Career Tracks
- Implementation barriers
- Reconsideration process
Independent Analysis

- Goal: “Normal” (“bell curve”) distribution

- UC Merced skews to lower end of range

- Past hiring and salary practices had significant, potentially long-term impact

- No strategy to match staffing with campus vision and needs
Philosophy Guiding Principles

- Align to market
- Align to campus strategies
- Reinforce a strong performance-based culture
- Budget for salary increases
- Leverage best practices
- Improve transparency and communications
From philosophy to strategy

- Data-driven analysis of current state
This slide for illustration purposes only. Not intended to be legible.

Staffing lists are public record and available on request.
Distribution of Staff Salaries

Q1: 43%
Q2: 39%
Q3: 15%
Q4: 3%

Q1 - Q4 for FY 13-14
Distribution of Staff Salaries - 3%

Q1: FY 13-14 43%  Post 3% 33%
Q2: FY 13-14 39%  Post 3% 42%
Q3: FY 13-14 15%  Post 3% 21%
Q4: FY 13-14 4%  Post 3% 3%
Compensation Strategy: The Plan

- Adopt three-year strategy
- $800,000 downpayment
- Performance-based compensation policies
- Recognition (incentive) awards
- Expand professional development and training opportunities
- Strategic Workforce Planning process
Distribution of Staff Salaries - Goal

- Q1: 43% (FY 13-14), 33% (Post 3%), 7% (Goal)
- Q2: 39% (FY 13-14), 42% (Post 3%), 43% (Goal)
- Q3: 21% (FY 13-14), 15% (Post 3%), 43% (Goal)
- Q4: 7% (FY 13-14), 3% (Post 3%), 4% (Goal)

Goal for Q4 is 7%
Strategic workforce planning

Three key questions

- Do we have the right number of people?
- Are they in the right jobs?
- Do they have the right skill sets to accomplish current and future plans?
Strategic workforce planning process

- What are current functions?
  - Are they critical?
  - Is there currently a surplus or gap?
  - Could they be shared or outsourced?

- What are future functions?
  - Can we match current staff to future needs?

- How should they be sequenced?
  - Key to budget and space
  - What actions are needed?

- Training
- Reorganizations
- Reclassifications
- Equities