



University of California  
San Francisco

# UCSF Human Resources Funding Model Subcommittee FY17

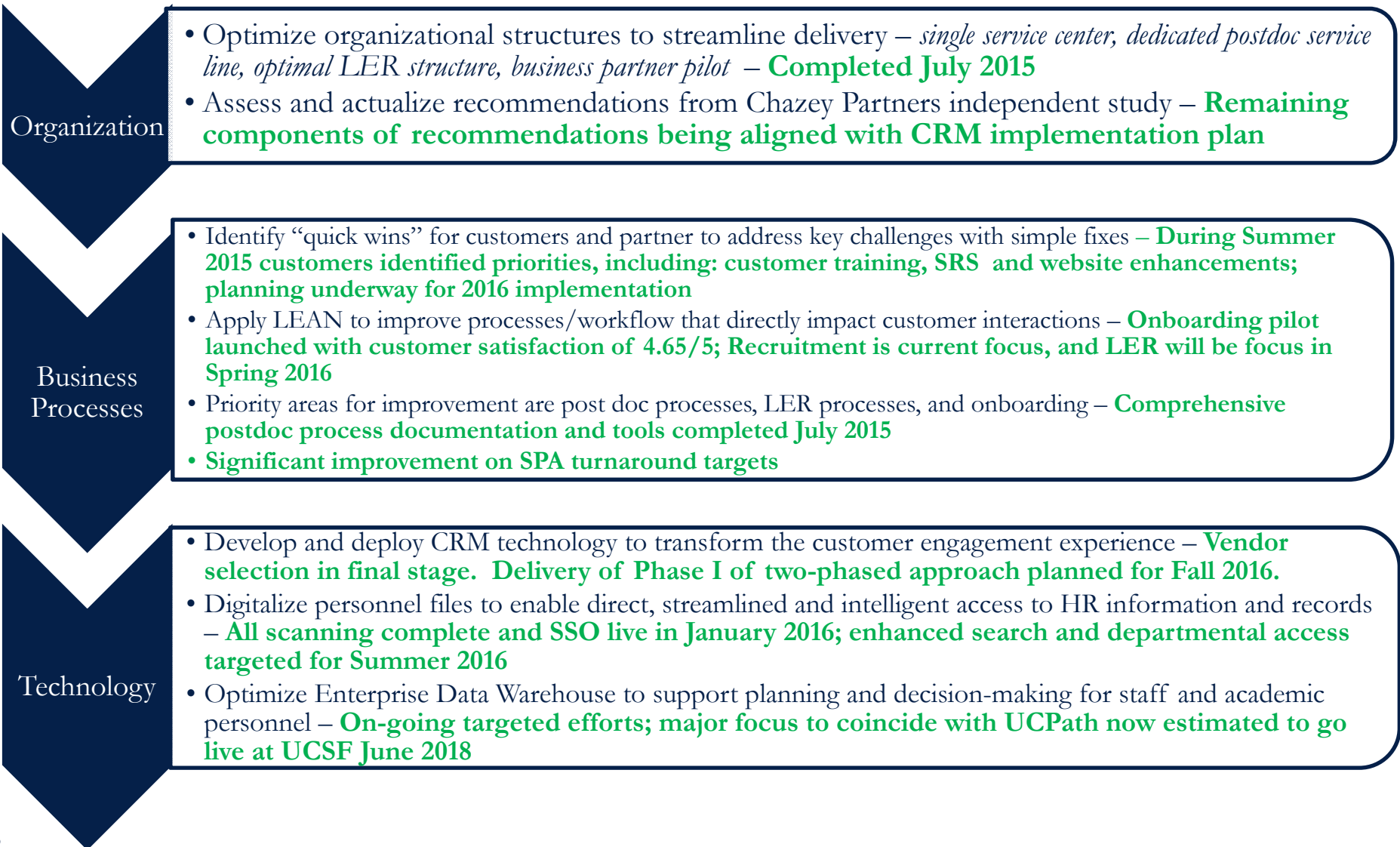
Recommendations to HR Advisory Board  
January 19, 2016

# Contents

- HR status and budget overview
- FY17 recommendations
- Appendix: subcommittee background

# Progress on HR strategic initiatives

The following goals were launched in FY15 and have been the focus of HR's improvement efforts during 2015 and continuing into 2016 – progress and updates are in green



# Additional significant activities over the past year

- Office of Federal Contract Compliance Programs (OFCCP) Conciliation Agreement and ongoing compliance requirements
  - Reporting period of July 2014 - June 2015
  - Increased ongoing effort to support process changes (consultation and training), volume of recruitments/searches, and tracking/review of applicant and hire data
- Career Tracks
  - Lead the review, mapping and reclassification of all non-represented staff jobs at UCSF by November 2016
- Salary program for academics and staff
  - Highly complex and retroactive programs in 2015

# Human Resources budget considerations

- HR has consistently out-performed budget with modest surpluses each year
  - Vacancy savings have enabled HR to fund short-term staff for unanticipated projects
  - The surplus as of the end of FY15 (June) is allocated to continuous improvement projects, equipment replacement, and start-up debt payment during FY16
  - Originally budgeted to end FY16 in deficit at \$-225,917; as of November 2015, HR is projected to end the year with a surplus of \$237,000
- The final headcount freeze as of 12/1/15 to be used for FY17 rates is 18,145, an increase of 541 over FY16
- Holding per person HR charges flat with FY16, a previously stated goal of the funding model subcommittee, would require reducing HR personnel
  - Customer feedback from the annual customer survey and HR listening tour as well as new bodies of work (e.g., Career Tracks, compliance requirements) suggest this would not be acceptable or desirable to customers
- To maintain payments toward reducing start up debt, HR would need fully utilize any prior year operating surplus or increase recharge rates
  - Using the entire operating surplus reduces flexibility for addressing operational needs and continuous improvement projects
- Results of organization alignment/streamlining, technology investments, and Lean efficiencies are showing gains in customer satisfaction, but the financial impact has not been seen yet

# Key HR FY17 assumptions

- Revenue Assumptions:
  - Funding model revenue: 3% inflationary increase in FY17
    - This applies to all funding sources, including Core Campus funding
- Expense Assumptions:
  - Follow Budget Office assumptions on salaries/benefits
    - 3% increase on salaries
    - 38% benefits rate

# Proposed FY17 Budget

	FY1617
<b>Funding Model Revenue</b>	<b>\$16,965,999</b>
<b>Non-Funding Model Revenue</b>	<b>\$8,722,114</b>
ICR Appropriations	\$6,808,006
Rate Additive	\$1,247,000
Recharges	\$316,469
Other Revenue	\$244,691
STIP Income	\$105,948
<b>Total Revenue</b>	<b>\$25,688,113</b>
<b>Payroll</b>	<b>\$23,878,312</b>
Salaries	\$17,303,992
Benefits	\$6,574,320
<b>Non-Payroll</b>	<b>\$2,890,672</b>
<b>Total Expenses</b>	<b>\$26,768,984</b>
<b>Transfers</b>	
Hughes Memorial Funding for Staff Council	\$7,000
EVCP Transfer for VPAA Advance Project	\$125,172
School of Medicine	\$405,612
SVC-Staff Engagement	\$75,000
UC Recruit	\$112,749
HRSC 6% Matching Funds - 13-14 start	\$260,000
HRSC 4.9% Matching Funds -14-15 start	\$179,000
<b>Total Transfers</b>	<b>\$1,164,533</b>
<b>Total Revenue (Transfers Included)</b>	<b>\$26,852,646</b>
<b>Total Expenses</b>	<b>\$26,768,984</b>
<b>Operating net gain/(loss)</b>	<b>\$83,662</b>

- Funding model revenue reflected utilizes the 12/1/15 headcount freeze data results
- HR is budgeted to end FY17 with an operating net gain of \$83,662, which would go towards making a start up debt payment

# HR budget levers considered

- Given revenue and expense constraints, subcommittee reviewed the key factors affecting the HR budget
  - HR FTE
    - 89% of the HR budget are payroll costs
    - HR leadership has sought opportunities to combine positions, not replace positions, or adjust the classification/salary of positions to maximize budget flexibility and operate on or under budget
  - Payback of start up costs
    - Maintaining the amortization schedule without increasing rates above inflationary levels or reducing FTE to a level that will not be acceptable to customers
    - As of the end of FY15, start up debt was \$3.06 M, down from \$4.2 M in FY13



# 9

## Subcommittee Recommendations

- Population weighting
- FY17 rates
  - FY17 weighting and rate table
- Amortization payments
- FY17 billing components
- Long-term funding strategy for HR

# Population weighting

- **Issue:** Review current population weighting and HR's assessment of effort for each population relative to the weighting
- **Recommendations:**
  - The subcommittee reviewed each population with quantitative and qualitative data from HR
    - The current weightings reflect HR's realignment of staff across academic, staff and postdoc populations
    - VCF weighting has been considered in past years, but due to ongoing policy review by UCOP no changes to workload effort are expected during FY17
  - The subcommittee recommends maintaining the current weightings for each population for FY17

# Rates for FY17

- **Issue:** Recommend rates for FY17, balancing budget factors for HR and customers with customer service and compliance requirements
- **Recommendations:**
  - Headcount category inflationary increase of 3% for FY17 with the expectation that the total HR budget will flex up/down based on headcount
    - Inflationary increase is based payroll and non-payroll expense assumptions
    - Holding rates flat in FY17 would require FTE cuts that may trigger unacceptable changes to HR services provided
    - It is expected that in future years HR rates will need to escalate at the same rate as fixed cost increases for other units to meet customer service requirements and unexpected workload adjustments
  - Subcommittee's review of HR budget to focus on managing overall costs rather than the count of HR FTE

# Population weighting and rates for FY 17

Population	FY 17 Weighting Percentage	FY 17 per Headcount Rate	FY 16 per Headcount Rate
Faculty	100%	\$1,334	\$1,295
Non-Faculty Academics/ Postdocs	80%	\$1,067	\$1,036
Staff	80%	\$1,067	\$1,036
VCF/Volunteer Researchers	20%	\$268	\$260
Graduate Students	10%	\$134	\$130
Non-Recall Emeritus	0%	\$0	\$0

# Amortization payments

- **Issue:** Maintaining the amortization schedule without increasing rates above inflationary levels or reducing FTE to a level that will not be acceptable to customers
- **Recommendation:**
  - Annual budget to cover operating costs and continuous improvement efforts
    - Use partial/remaining surplus, if any, from operating budget for amortization payments
  - Propose that FAS or other institutional funds be used to make interest payments
    - For comparison, the EVC&P pays interest on OSR's start-up debt
  - The goal is to allow HR to focus on managing a budget with a staffing level that enables strong customer service, continuous improvement, and technology needed to improve efficiency

# FY17 HR billing components

- Department bills for FY17 will be driven by two components
  - **Fixed cost increase** of 3% for each rate category based on Budget Office planning assumptions
  - Individual department bills may increase more or less than 3% based on the December 1 **headcount**

# Long-term funding for HR services

- **Issue:** HR is a core service for all UCSF departments, and the current allocation and billing model is excessively time-intensive to administer for departments and HR
  - The current model emphasizes the transactional relationship between departments and HR service providers rather than supporting a strong partnership
  - The current approach was effective for transitioning the funding sources for HR when Operational Excellence was launched, but a funding model similar to those for other core services (e.g. Controller's Office, UDAR) may better serve the needs of HR and its customers
- **Recommendation:**
  - Explore alternative ways to allocate and bill for HR costs that maintain transparency and accountability but reduce administrative complexity and promote partnership
  - Seek institutional commitment for resources to support talent management, organizational development, and engagement within a continuous improvement management philosophy
    - The current HR funding model only provides resources for transactional HR services
    - Critical to attracting and retaining top talent in a robust job market

16

## Appendix: HR Funding Model subcommittee background

Members

Charge

Rate approval process



# Subcommittee Membership

## ▪ **Members**

- Basic Science Dept: Larisa Kure
- Clinical Dept: Maye Chrisman, Chair
- EVCP: Suzanne Murphy
- FAS: Gary Forman
- SOD: Susan Schultz
- SOM: Chuck Hajek
- SON: Lynda Jacobsen
- SOP: Michael Nordberg
  
- HR Representatives: David Odat, Cynthia Lynch Leathers, Jenny Schreiber, Jason Stout

## ▪ **Staff**

- Amy Foster, HR Business Services
- Jennifer Tapken, HR Business Services
- Katharine Tull, UCSF PMO

# Funding Model Subcommittee Charge

- Subcommittee charge
  - Recommended rates for FY17
  - Recommend population weighting
  - Liaise with members' constituencies and ensure buy-in on recommendations by facilitating discussions and agreement
- HR Advisory Board role
  - Endorse rate proposal and help communicate decisions and rationale for rate changes to constituents

# Rate Proposal Approval Process

- Funding Model Subcommittee makes recommendations to HR Advisory Group
- HR Advisory Group reviews and endorses recommendations
- Interim SVC Teresa Costantinidis provides final review and approval of recommendations