CHANCELLOR'S ADVISORY COMMITTEE ON STAFF COMPENSATION

INTEGRATED RECOMMENDATIONS REPORT

Abstract

Recommendations and action plans from the three workgroups charged with recommending an integrated approach to non-represented staff compensation.

May 2015

CHANCELLOR'S ADVISORY COMMITTEE ON STAFF COMPENSATION
INTEGRATED REPORT ON RECOMMENDATIONS

EXECUTIVE SUMMARY

In early 2014, Chancellor Wilcox appointed several leaders on campus to serve on the Chancellor's Advisory Committee on Staff Compensation, which was charged with making recommendations on the future state of non-represented staff compensation. The Committee conducted a review of current compensation practices at UCR and identified opportunities to improve campus processes and systems. Three workgroups were formed from non-represented staff from all levels of the organization to obtain input from the campus community on compensation systems and processes, with a goal of developing an integrated staff compensation framework which recognizes, rewards and motivates staff.
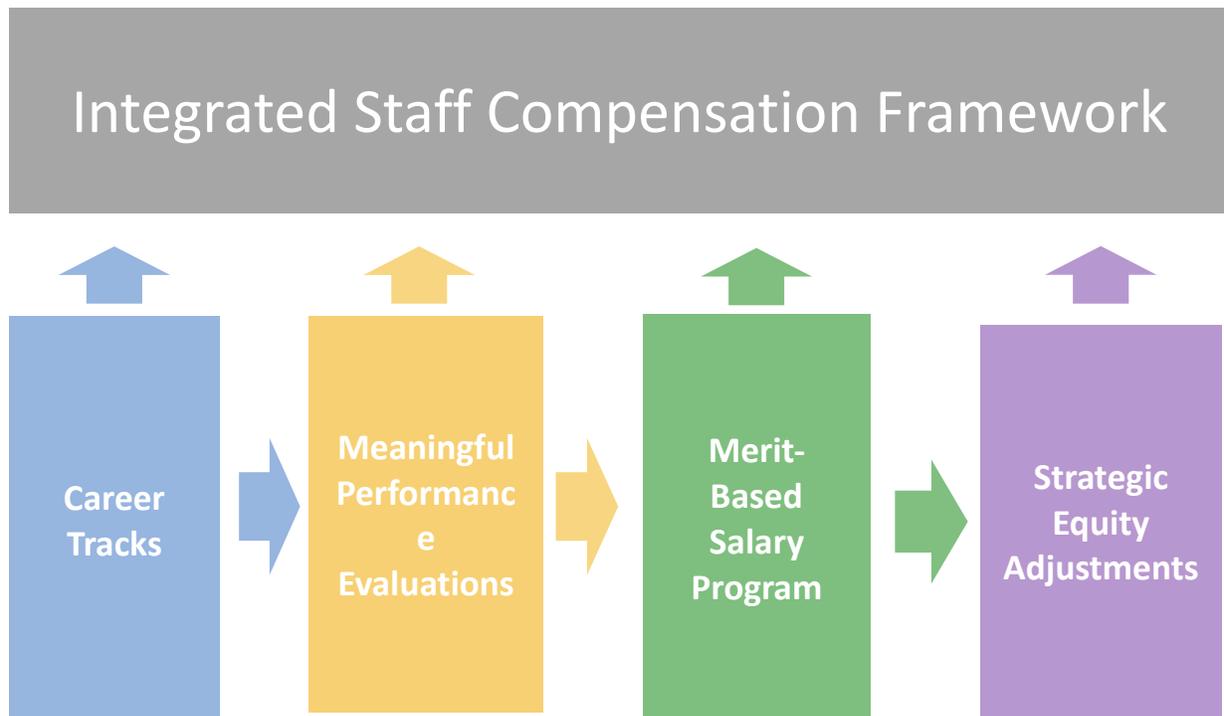
The groups were directed to develop recommendations for a merit based salary program supported by meaningful performance evaluations, and a framework for strategic equity adjustments which would result in a compensation environment in which individual salary actions (outside the merit program) are rare. The recommendations were to be made in the context of the campus transition to Career Tracks which is intended to align compensation practices to market.

The Performance Evaluation Workgroup (PEW) was charged with reviewing current performance factors, standards, practices and performance management tools used by the campus to appraise and manage staff employee performance, and recommending best practices and process enhancements to ensure alignment of our performance management system with campus values, vision, and strategic objectives as expressed in UCR 2020 and our merit program principles. A key component was to ensure meaningful differentiation in evaluations based on performance to allow the campus to recognize and reward exceptional contributions in support of a high-performance culture.

The Merit Program Workgroup (MPW) was charged with reviewing current practices, processes and decision criteria related to the distribution of merit pay, and with development of a set of

recommendations for more strategic, consistent, and impactful use of the available salary increase funding pool. The MPW was also asked to consider how to ensure campus-wide consistency in the application of the merit program, how to appropriately recognize and reward significant contributions, and to make recommendations regarding the use of the Staff Appreciation and Recognition (STAR) plan to ensure that this program is focused on recognition of excellent performance, thereby furthering campus objectives.

The Equity and Reclassification Workgroup (ERW) was charged with reviewing current practices, processes, and decision criteria related to individual salary actions of reclassifications and equity, and to recommend best practices and process enhancements to use available salary dollars more strategically, reduce the reliance on individual salary actions, and thereby increase fairness and equity.

Over the course of approximately 90 days, the workgroups reviewed current UCR practices in each of their respective areas, researched leading and best practices, gathered and reviewed data from other institutions, and solicited input from focus groups and key campus stakeholders.

The workgroups then came together to share their recommendations. They reached consensus on a set of recommendations (all of the PEW's and MPW's, and several of the ERW's); however, they recommended that additional work be performed to identify mechanisms for supporting internal promotion and on-campus career development opportunities. While this work goes beyond the initial charge of the workgroups, it will support the underlying principles. This report includes recommendations for which there was consensus and which are responsive to the initial charge.

Phase 2 of this initiative will include development of recommendations for programs to support staff promotion and career development, and to more clearly differentiate between promotion, reclassification and equity. The implementation of Career Tracks provides a framework for career ladder advancement, and phase 2 will also include development of campus mechanisms and criteria which will support career advancement.

What follows is a review of the current state issues in each of the workgroup areas and a comprehensive set of recommendations that, taken together, will result in a more impactful use of the available budget for merit, an enhanced focus on performance and increased incentives for high performance, and end the current campus reliance on individual salary actions. In making recommendations the workgroups took care to develop proposals that align with the vision and objectives presented in UCR 2020 and are consistent with UCR's core commitments to diversity, equity and inclusion.

PERFORMANCE EVALUATION WORKGROUP CURRENT STATE ANALYSIS AND RECOMMENDATIONS

In reviewing the current state issues with UCR's merit process and performance evaluation system, the Performance Evaluation Workgroup (PEW) identified the following:

1. **The factors currently used to evaluate performance are overly broad, and as currently applied, do not provide sufficient specific feedback to employees to improve performance.**
2. **In the 13/14 rating year, 78% of UCR staff employees were rated greater than satisfactory. Feedback obtained through focus group sessions suggested "Satisfactory" is used to denote "average" or "C-level"**

performance. The lack of specific rating guidelines contributes to inconsistent application of rating levels for each factor, and use of the term "satisfactory" likely results in upwardly skewed ratings.

3. **The tools used for performance evaluation are not easy to use electronically, and they do not include behavioral examples at each level of performance. As a result supervisors are left to extrapolate individually from the Rating Guidelines to determine appropriate ratings.**
4. **There are three different forms supervisors may use when evaluating employees, resulting in varying quality and quantity of feedback provided to staff.**
5. **Current procedures do not provide for any calibration activities nor do they identify the point at which department head review of the performance appraisal is to occur. If it occurs after the supervisor has administered the appraisal, there is little to no ability to modify the rating if the department head does not concur.**
6. **Goal setting is neither required nor formalized for each position and there is no system in place to assure goals are appropriately linked to unit, department, organization and campus goals.**
7. **Supervisors are not routinely trained in setting goals and measuring performance against established goals.**
8. **Frequently probationary employees have not been evaluated by their supervisor before the determination is made to release them from their probationary position. In such instances, the employee may not have been given any formal indication that their performance required improvement.**

The Performance Evaluation Workgroup developed five recommendations critical to the redesign of the current performance evaluation system. Since a robust, objective, and meaningful performance evaluation is essential to a valid merit-based salary administration process, the recommendations from this workgroup were accompanied by detailed action items. The action items from all work groups are included in Appendix A.
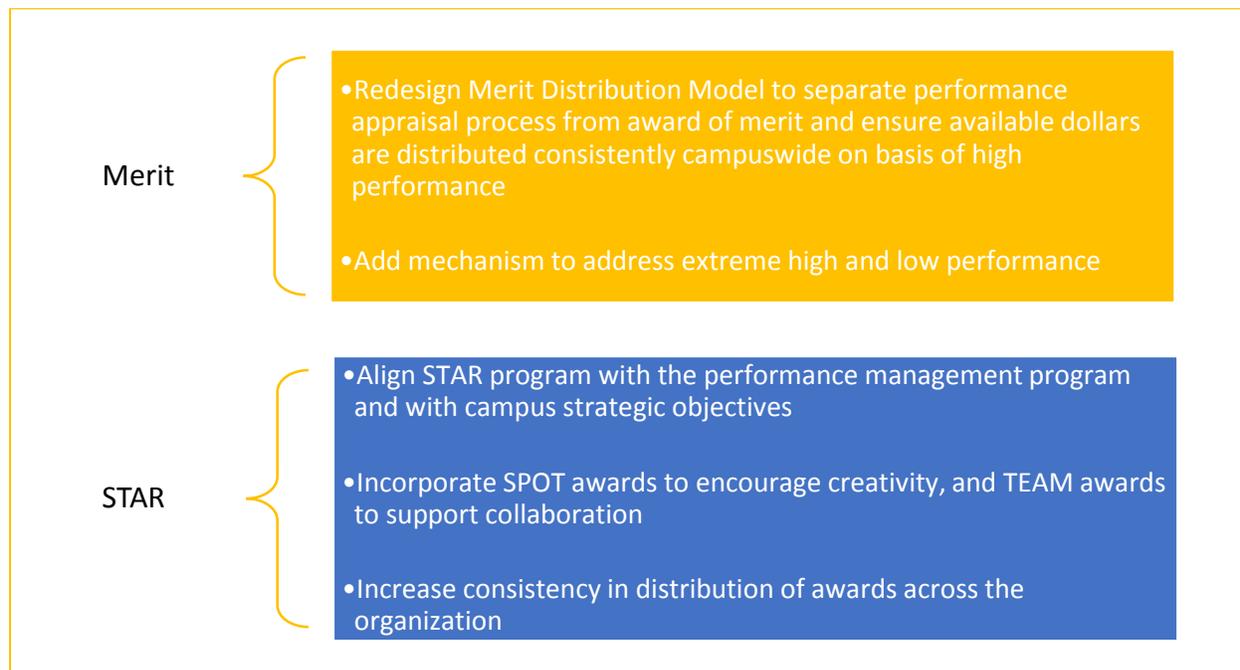
Redesign performance factors, standards, and rating scales

Ensure factors, standards, and ratings categories are clear, understandable and consistently applied

Increase accountability

Incorporate commitment to employee development

Change timing of performance appraisal process to support July 1 effective date of merit increases

MERIT PROGRAM WORKGROUP CURRENT STATE ANALYSIS AND RECOMMENDATIONS

The Merit Program Workgroup (MPW) reviewed the current state merit process along with the existing STAR program and identified six major areas of concern with the current state:

1. **In the most recent merit program (2011-12), which had a control figure of 3%, there was little differentiation based on performance; exceptional performers received an average increase of 3.47%, employees rated as more than satisfactory received 3.04%, and satisfactory performers received 2.05%.**
2. **Because the merit control figure is managed at the organizational unit level, organizations with small numbers of nonrepresented staff employees have small pools that can limit their ability to appropriately recognize high performers.**
3. **The last two system-wide salary programs have had implementation dates of July 1. Because UCR's current evaluation process assumes an October implementation date, the performance evaluation cycle and salary program implementation does not allow the use of the most recent performance data.**
4. **System-wide policy requires that employees must be compensated within the range for their position. As a result, employees at the top of the range are ineligible for merit increases.**
5. **The STAR program is not being used to reward and motivate exceptional performance at UCR, as evidenced by the fact that in fiscal year13/14 approximately two-thirds of eligible staff received an award under this program. In some units 100% of employees received awards while one unit elected not to provide any awards. The average STAR award in 2013-14 was $1,386. Across campus the total awarded was $925,953.55.**
6. **Organizational units currently have the ability to decide whether to supplement program funds derived from an assessment of .89% of payroll resulting in variation in the size of pools available. In 2013-14 approximately 15% of the total awarded ($139,459.50) was from supplemental funds.**

The Workgroup identified five major recommendations with three of these recommendations relating to the current design of the STAR program.
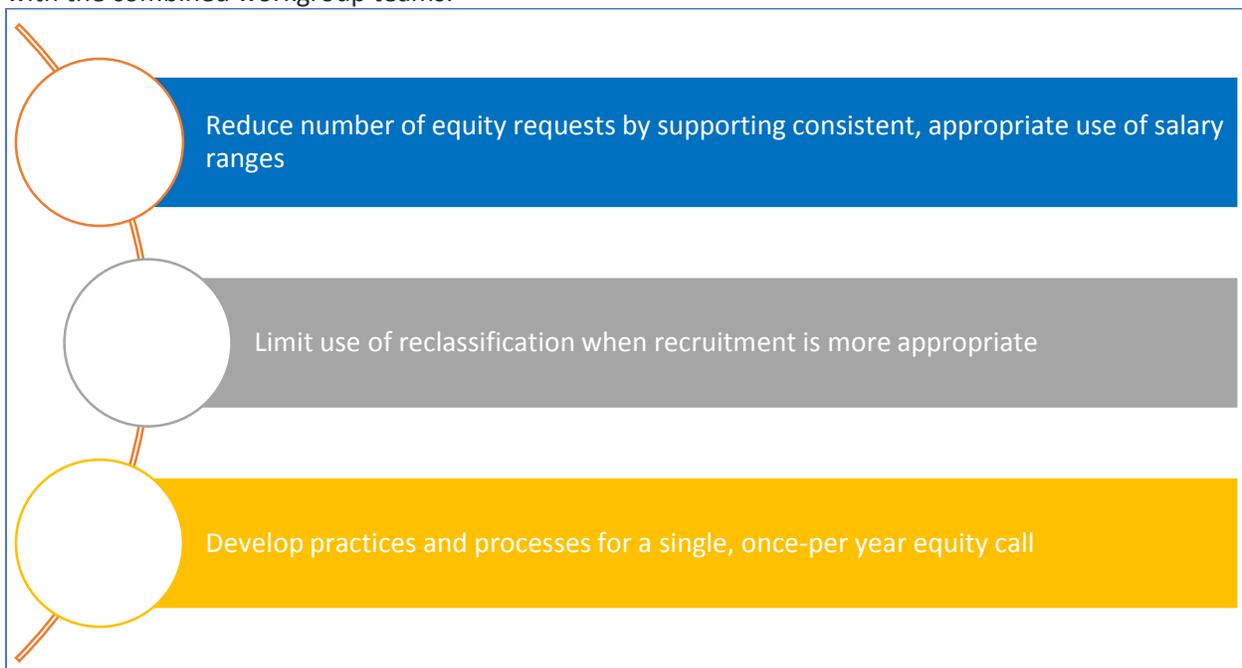
Merit

- Redesign Merit Distribution Model to separate performance appraisal process from award of merit and ensure available dollars are distributed consistently campuswide on basis of high performance

- Add mechanism to address extreme high and low performance

STAR

- Align STAR program with the performance management program and with campus strategic objectives

- Incorporate SPOT awards to encourage creativity, and TEAM awards to support collaboration

- Increase consistency in distribution of awards across the organization

EQUITY AND RECLASSIFICATION WORKGROUP CURRENT STATE ANALYSIS AND RECOMMENDATIONS

The Equity and Reclassification Workgroup reviewed current state processes around individual salary actions of equity reviews and reclassifications of positions. The Workgroup identified the following issues and challenges with current practices:

1. **In FY 2013/14 the campus awarded approximately $1.2 million or (1.2% of non-represented staff base pay) in individual salary increases (reclassifications and equity increases) to 13% of staff with no overarching strategy.**
2. **Organizational units are authorized to provide an unusually high percentage (up to 25%) salary increase upon reclassification when compared to other institutions.**
3. **UCR does not have campus-wide tools or a methodology for setting initial hire-on salaries but equity and reclassification salary decisions are predicated on the appropriateness of the initial salary setting process.**
4. **Individual salary actions are being used as a de facto promotion program but are not equally available to all staff. The reclassification process has been focused on the capabilities and value of the individual rather than on changes in responsibilities of the position.**
5. **The number of positions that are filled through reclassification actions reduces career and advancement opportunities for otherwise qualified candidates because positions are not posted and made available to the general campus employee population.**
6. **The most frequent type of reclassification is to a supervisory position (defined as having 2 or more direct reports). This has resulted in over-use of supervisory titles; an inordinately small span-of-control and an inefficient management structure.**
7. **The equity process is internally focused, and creates an endless "domino effect". An equity increase in the salary of an incumbent in one organization creates a salary lag with an individual in another organization unit, which is "corrected" through an equity increase, which, in turn, creates a rationale for further equity increases.**

The Equity and Reclassification provided three major recommendations for which there was consensus with the combined workgroup teams.

Reduce number of equity requests by supporting consistent, appropriate use of salary ranges

Limit use of reclassification when recruitment is more appropriate

Develop practices and processes for a single, once-per year equity call

Additional recommendations were made which were outside the scope of the original charter for the group, but which are integrally related to the transition away from current inappropriate use of the classification process. These will be further explored in Phase 2, which will identify mechanisms for supporting internal promotions and career-ladder advancements for existing staff as part of the Career Tracks implementation; and the creation of a salary setting tool to be utilized when a salary action takes place.

SUMMARY

Implementation of these recommendations will constitute significant change in the compensation processes of the campus and will require a significant change management effort to be successful.

Redeployment of campus resources will be required to implement new systems, design new processes and procedures, develop new training materials and process forms, and to execute the change management process. The campus will need to plan for on-going support and upkeep. The effectiveness of program changes will be measured and reported annually to inform course corrections as necessary. This on-going support is critical to the success of any merit program linking recognition and compensation to performance; without it we risk reverting back to the current ineffective system.

The recommendations contained within this document will enable the campus to create effective staff compensation programs that recognize and reward recognition of excellent performance and significant contributions and provide meaningful differentiation based on individual performance. This work represents an opportunity to improve staff effectiveness and increase accountability through more effective performance management, and to develop a compensation structure that attracts, retains and motivates employees. These investments will allow the campus to maximize the effectiveness of its human capital.

APPENDICES

Each Workgroup created detailed action plans to accompany their recommendations. The summary of the recommendations as well as the detailed discussion of each of the action items are included in Appendix A.

APPENDIX A

RECOMMENDATIONS AND ACTION PLANS

SUMMARY OF RECOMMENDATIONS AND ACTION PLAN

PERFORMANCE EVALUATION PROCESS		
PEW 1	Redesign performance factors, standards, and rating scales	• Rate all employees on universal core competencies which support campus strategic and organizational priorities • Rate managers and supervisors on core leadership competencies
		• Design process to weight elements within each competency based on position responsibilities • Competencies equally weighted • Evaluate goal achievement
		• Replace current rating scale nomenclature • Define scale more explicitly to reduce inflation of ratings
PEW 2	Ensure factors, standards and ratings categories are clear, understandable and consistently applied	• Replace variety of rating forms with a single campus standard form • Establish Behaviorally Anchored Rating Scales (including exemplar performance/behavior at each rating level) • Require 2nd level calibration review prior to issuance of evaluations • Redesign tools for raters to increase ease of use and reflect performance culture
PEW 3	Increase accountability	• Establish SMART goals at start of each review period and incorporate into evaluation • Evaluate probationary employees at 3 and 5 months • Require Performance Improvement Plan for employees rated overall as "Needs Improvement" or "Unsatisfactory" • Require timely follow-up evaluations • Require appropriate corrective action for employees receiving successive substandard overall ratings • Initiate Performance Improvement Plans for employees who fail to meet standards • Institute central office review of rating distribution

| PEW 4 | Incorporate commitment to employee development | • Require annual Individual Development Plans for every employee
• Establish annual developmental goals for every employee |
| PEW 5 | Change timing of performance appraisal process to support July 1 effective date for merit increases | • Move performance evaluation rating period to April through March in order to align with July 1 salary program implementation date |

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MERIT PROGRAM		
MPW 1	Redesign Merit Distribution Model to separate performance appraisal process from award of merit and to distribute funding based on employee performance	• Submit results of performance appraisal process (distribution of ratings) to Resource Planning and Budget to determine campus-wide merit ranges for each rating with the percentage increase for each performance rank determined based on proportions of ratings in each rank • Distribute funding based on employee performance, thereby supporting high performance culture
MPW 2	Mechanism to address extreme high and low performance	• Authorize lump sum (non-base building increases) for exceptional employees at top of range as incentive for continued high performance • Make employees rated as needs improvement or unsatisfactory ineligible for merit program increases
	STAR PROGRAM	
MPW 3	Align STAR program with performance management program and with campus strategic objectives	• Encourage augmentation of funding for the STAR program by organizational units • Consider the elimination of unit- specific implementation procedures • Provide mandatory supervisory training on the appropriate use of STAR • Implement ceremonies to celebrate and recognize excellence in the STAR and SPOT programs • Add SPOT awards for "in the moment" recognition • Encourage use of TEAM awards to support culture of collaboration • Establish regular review cycle for "Exceptional Performance" awards • Improve consistency of STAR and SPOT awards by using organizational review committees • Move approval for awards greater than $5,000 down to Dean/Vice Chancellor level • Monitor the implementation and patterns of STAR awards to ensure program effectiveness

EQUITY/RECLASSIFICATION		
ERW 1	Reduce number of equity requests by supporting consistent, appropriate use of salary ranges	• Develop process, tools and methodology for setting initial hiring salaries
ERW 2	Limit use of reclassification when recruitment is more appropriate	• Require a recruitment in cases where changes to job responsibilities exceed 50% • Implement robust internal recruitment program • Limit salary increases on reclassification to the minimum of the range for the new position or 10% whichever is higher

ERW 3	Develop practices and processes for a single, once-per year equity call	• Conduct annual review of job categories to determine any that are behind market by more than 5%.
		• Allow organizational units to submit individual reviews for equity analysis
		• Establish a central campus pool for funding for the annual equity call
		• Allow for exceptions to annual call for
		  - Retention offers
		  - Salary compression for supervisor/mgmt. due to significant salary increases for represented staff (10% difference recommended)
		  - Permanent, unanticipated change in scope of duties, complexity of assignments that have suddenly changed and do not warrant a change in classification

APPENDIX B

DETAILED DISCUSSION OF RECOMMENDATIONS

PERFORMANCE MANAGEMENT WORKGROUP (PEW) RECOMMENDATIONS

PEW 1   *PERFORMANCE FACTORS & STANDARDS*

Current State	Recommended Future State
The campus currently evaluates employees on eight factors, which focus on individual accomplishments and level of performance: Position Expertise, Approach to Work, Quality of Work, Quantity of Work, Communication Skills and Interpersonal Skills ("Current Factors"). Managers, supervisors and leads are also evaluated on Supervision and Leadership & Management. In addition each employee is also evaluated on a set of Campus-wide Performance Standards and on the UCR Principles of Community, UC Ethical Values and Standards of Ethical Conduct, Diversity, Health and Safety and Service Orientation. The factors are overly broad, and as currently applied, do not provide sufficient specific feedback to employees to improve performance.	Employees should be rated on a set of core competencies (universal factors), critical to successful performance for every employee. The workgroup recommends: **Functional and Technical Skills, Problem Solving and Decision Making, Communication Skills, Inclusiveness, Commitment to Quality and Customer Service, Interpersonal Skills, Collaboration/Teamwork, and Leadership.** In addition, the PEW recommends rating supervisory and management employees on five core leadership competencies (leadership factors): **Hiring and Staffing, Developing Direct Reports, Managing and Measuring Work, Managing Performance and Motivating Others.** The universal factors are competencies/behaviors which support UCR's strategic and organizational priorities; the leadership factors each represent critical components of successful leadership. These competencies will be further refined in Stage 2. Each of these competencies should be defined by the elements of expected performance for each, with each element assigned appropriate weights. In addition to the above competencies, employees should continue to be assessed on their compliance with the UCR Principles of Community, UC Ethical Values and Standards of Ethical Conduct, and Health and Safety standards.

PEW 2   *__RATINGS CATEGORIES__*

Current State	Recommended Future State
The campus currently evaluates employees using the following categories/definitions: **EXCEPTIONAL:** Performance exceeds expectations in all areas of responsibility. Remarkable achievement and pacesetting performance. **MORE THAN SATISFACTORY:** Performance exceeds expectations. **SATISFACTORY:** Performance meets expectations. **NEEDS IMPROVEMENT:** Performance does not meet expectations. **UNACCEPTABLE:** Performance **f**alls substantially short of expectations. In FY 113/14, 78% of the UCR staff employees were rated greater than satisfactory. Feedback obtained through focus group sessions suggested "Satisfactory" is used to denote "average" or "C-level" performance. The lack of specific rating guidelines contributes to inconsistent application of rating levels for each factor, and reluctance to use the term satisfactory likely results in upwardly skewed ratings.	Rating categories must have clear and distinct definitions at each level and the labels should not implicitly drive raters to use higher ratings. **EXCEPTIONAL:** Performance **consistently exceeds** goals, job requirements and expectations, resulting in an overall quality of work that was superior and either 1) included the completion of a major goal or project or 2) made an exceptional or unique contribution in support of unit, department or University objectives. This rating is achievable by any employee though given infrequently. **EXCEEDS EXPECTATIONS:** Performance **frequently exceeds** goals, job requirements and expectations. Frequently generates results above those expected of the position. **SUCCESSFULLY MEETS EXPECTATIONS:** Performance **consistently meets** goals, job requirements and expectations. Employee makes a solid, reliable and meaningful contribution to the department. **NEEDS IMPROVEMENT:** Performance **did not consistently meet** goals, job requirements and expectations – performance failed to meet expectations in one or more essential areas of responsibility and/or one or more of the most critical goals were not met. A plan to improve performance, including timelines, must be outlined and monitored to measure progress. **UNSATISFACTORY:** Unacceptable performance, which **does not meet minimum position requirements**. Situation requires immediate review and action. Continued performance at this level will result in termination. A plan to correct performance, including timelines, must be outlined and monitored to measure progress. Ratings should be accompanied by a Behaviorally Anchored Rating Scale (BARS), identifying exemplar performance/behavior, for each element of each competency at each possible rating level. Together with an internal calibration process, discussed below, this will foster consistency of ratings.

PEW 3   *TOOLS*

Current State	Recommended Future State
The primary tools published for supervisors are: UCR Core Competency Model – Behavioral Indicators and Performance Factors and Campus wide Standard Guidelines with Behavioral Indicators (referred to collectively here as "Rating Guidelines"; as well as a Supervisor's Guide to Performance Management. Additionally Human Resources provides Performance Management training courses for supervisors as well as information on its webpage, Linking Performance Expectations and Goals to the University's Mission and Goals, to assist Supervisors in managing and evaluating performance. The tools contain much good and useful information; however, they are not easy to use electronically, and they do not provide behavioral examples at each level of performance; supervisors are left to extrapolate individually from the Rating Guidelines to determine if a particular employee's behavior/performance is "satisfactory", "more than satisfactory", or "exceptional".	The Ratings Guidelines should be modified to include exemplar behavior/performance at each point of the rating scale for each element of each competency/factor being evaluated. The guidelines should be reformatted and reorganize3d to increase ease of electronic use.

PEW 4 ***FORMS AND PROCEDURES***

Current State	Recommended Future State
Employees are asked to complete a *Self-Appraisal Form* and an *Individual Development Plan* and submit both to their supervisor in anticipation of their annual evaluation. The *Self-Appraisal* form can be used to inform the supervisor's evaluation of the employee. Both documents are then to be reviewed and included as attachments to the evaluation. While they are recommended forms, the campus does not require that either be completed. There are three different forms supervisors may use when evaluating employees, resulting in varying quality and quantity of feedback provided to staff. Narrative comments are not required for ratings of satisfactory or above and frequently are not provided; it is impossible for a reviewer to determine whether performance warrants the ratings given, creating the potential for inconsistency of ratings. Current procedures do not provide for any calibration activities nor do they identify the point at which department head review of the performance appraisal is to occur. Should it occur after the supervisor has administered the appraisal, there is little to no ability to modify the rating if the department head does not concur with the rating. Goal setting is neither required, nor formalized for each position. Further, supervisors are not routinely trained in setting goals and measuring performance against established goals. Finally, there is no system in place to assure goals are appropriately linked to unit, department, organization and campus goals.	Use a single, standard evaluation form/process for all staff employees, and calibrate ratings at the appropriate level. 1. Supervisors prepare preliminary performance appraisals, including proposed appraisal ratings. 2. Supervisors who supervise employees performing similar functions in the organization unit convene to review ratings of similarly situated employees. 3. Participants in the calibration review discuss their proposed appraisal ratings for every employee. 4. Participants adjust ratings to assure accuracy and consistency. 5. Department heads review all evaluations prior to issuance. An electronic performance management tool would facilitate the evaluation process and provide a single portal for all relevant tools and information. Incorporate SMART goal setting into the evaluation process and supervisory training.

PEW 5 ***PERFORMANCE MANAGEMENT PROCESS***

Current State	Recommended Future State
The current process recommended by Human Resources for managing performance includes the following components/steps: • Planning Process - At the beginning of each evaluation period, employee and supervisor review the job's essential functions, management's performance expectations, and establish, if appropriate, job-related goals and objectives for the evaluation period. • Progress - Supervisor and employee meet periodically throughout the year to discuss and reassess the employee's progress towards achieving goals and objectives and meeting management's performance expectations or need for possible modification • Appraising – Annually (or more frequently as circumstances require, the appraisal should summarize performance that has occurred throughout the evaluation period. UCR procedures require new hires (probationary employees) be provided a written appraisal once during their probationary period (recommended to be at the midpoint of the probationary period, i.e., at approximately 3 months). UCR procedures further require career employees to be provided with a written appraisal annually and also any time there is a question concerning the employee's performance or conduct, or whenever the employee's performance or progress suggests it is appropriate. Additionally, written performance appraisals are to be completed within three months of the date of the previous performance appraisal, if the employee's performance was appraised and rated on the performance appraisal form as "below expectations" or "unsatisfactory." Frequently probationary employees have not been evaluated by their supervisor before the determination is made to release them from their probationary position. In such instances, the employee has not been given any formal indication that their performance required improvement. In addition, in many cases if the evaluation has been completed, the follow-up evaluations to determine if improvement has occurred is not completed at all or not within the required timeframe of 90 days.	Current procedures should be modified as follows: • New hires should be evaluated in writing at three months and five months. • At the start of each evaluation cycle, each supervisor should meet with each of their direct reports to establish SMART (specific, measurable, attainable, results-oriented and time-bound) goals, linked to the mission of the department/organization/campus at the start of each evaluation cycle. • Supervisors are responsible for addressing barriers to satisfactory performance such as lack of training or tools. • Supervisors are responsible for consulting with Employee and Labor Relations to initiate corrective action as appropriate for whose performance does not meet expectations • Employees rated overall as needing improvement should be placed on a formal performance improvement plan and be reevaluated in no more than 90 days. • Employees rated overall unsatisfactory should be placed on a formal performance improvement plan and be reevaluated at 30 day intervals.

MERIT PLAN WORKGROUP (MPW) RECOMMENDATIONS

MPW 1   ***MERIT PROCESS AND MERIT INCREASES***

Current State	Recommended Future State
The merit control figure is managed at the organizational unit level. In some organizations, particularly those with low numbers of nonrepresented staff employees the small pool limits ability to appropriately recognize high performers. In the most recent evaluation period, 78% of employees were rated as more than satisfactory or exceptional. In the most recent merit program (2011-12), which had a control figure of 3% there was little differentiation based on performance; exceptional performers received an average increase of 3.47%, more than satisfactory received 3.04%, and satisfactory received 2.05%.	The merit program should recognize and encourage high performance. In order for meaningful differentiation based on performance, ranges should be established for each performance ranking; these ranges should not overlap, and no merit increase be awarded to any employee who does not successfully meet expectations. In order to maximize the impact of available merit program funding, the program should be managed in a two-step process, with the financial control point at the central campus level rather than at the organizational level. This process will allow the campus to establish merit range percentages based on rating distributions, thereby supporting a high performance culture and ensuring merit funding is neither unspent nor overspent. Control at the central campus level links funding to employee performance. Equity and consistency is improved by central HR evaluation and analysis of each organization's distribution curve to identify situations that could indicate campus standards are not being applied consistently and permit targeted training as necessary. Note that given the various fund sources on campus and their restrictions, actual control amounts will be established for core funds, Student Services Fees, and all other funding sources. Step 1 is focused on the performance review, thus removing the distraction of merit increases from the discussions. This will result in a focus on goals and objectives rather than on the size of the merit increase. Organizational units will submit outcomes (employee ratings) of the performance review process to the central offices (Human Resources and Resource Planning and Budget) for compilation and analysis. At Step 2 the central offices will review the outcomes of the performance appraisal process to determine percentage ranges for each of the ratings and allocate the available funding to each organization accordingly. Organizational units will have flexibility to determine individual increases; each merit must fall within the appropriate band and the organization must stay within the overall funding available. Finally, once this process is complete, managers will notify employees of the actual merit increase awarded.

MPW 2   ***TIMING OF PERFORMANCE REVIEW PROCESS***

Current State	Recommended Future State
The last two system-wide salary programs have corresponded with the start of the fiscal year. Our evaluation process is timed for an October implementation date, and therefore merit decisions are not aligned to most recent performance.	In order for merit increases to be effective July 1st, the performance appraisal period should be changed to April through March of each year. The following schedule is suggested: • January – Human Resources discusses program structure, goals and timing with Executive Leadership • February – Call letter is distributed and manager training is conducted • March -- Self-appraisals are completed; employees and managers review self-appraisals • April – Managers draft, obtain necessary review, and deliver performance appraisals. Organizational certifications of the review process are completed by April 30th • May -- Central Offices review outcomes of the process and develop merit ranges and organizational control totals • June – Organizations assign merits • July – Merit letters are issued and increases distributed via payroll. Merits for employees on bi-weekly payroll will be effective the first pay period in July

MPW 3   ***TREATMENT OF EMPLOYEES AT OR NEAR THE TOP OF THE SALARY RANGE***

Current State	Recommended Future State
System-wide policy requires that employees must be compensated within the range for their position. As a result, employees at the top of the range are ineligible for merit increases.	In the new compensation paradigm, position in range will be a function of performance. Given that, it is particularly important to continue to motivate highly effective employees who are at or near the top of the salary range through non-base building cash awards. This approach will permit these employees to continue to be recognized and rewarded for their performance, and provide motivation for sustained high level performance while operating within system-wide policy. A small amount of the merit pool should be set-aside to fund these non-base building recognition awards. The amount of required funding will be determined by an analysis of location in salary ranges once the campus has implemented Career Tracks.

MPW 4   *STAFF APPRECIATION AND RECOGNITION (STAR) PLAN RECOMMENDATIONS*

Current State	Recommended Future State
Awards are made primarily on the basis of performance. However, the program is not being used to reward and motivate exceptional performance at UCR, as evidenced by the fact that in fiscal year 2013/14 approximately two-thirds of eligible staff received an award under this program; in some units 100% of employees received awards while one unit elected not to provide awards. The average award is $1386. Organizational units can decide whether to supplement program funds derived from an assessment of payroll. As a result there is variation in the size of pools available.	Research indicates that there is a strong link between effective recognition programs and improved job performance (Managing Employee Recognition Programs, Teresa A. Daniel, SHRM online, June 2013). Organizational units should be encouraged to actually supplement funding for the Plan up to the allowed maximum of an additional .89 percent of payroll, so that adequate funding is available to make awards meaningful. Executive leadership may also want to consider eliminating organizational unit ability to have different implementation procedures and thus different limitations and restrictions to ensure campus-wide consistency in the application of the Plan. Award criteria should be aligned with the campus mission, vision, values and goals, and ceremonies should be held to recognize extremely high performance and achievements. Increasing the transparency of the program will demonstrate to employees that it is fair and equitable and provide confidence that awards are consistent with the achievements being recognized (Managing Employee Recognition Programs, Teresa A. Daniel, SHRM online, June, 2013). The use of "Spot" awards to recognize creativity such as one-time innovations or productivity improvement, and "Team" awards to support a culture of collaboration should be encouraged; these should be awarded as soon as possible after the accomplishment or event in order to provide immediate recognition. Awards for "Exceptional Performance" (demonstrated and sustained exceptional performance that consistently exceeds goals and work expectations in quantity and/or quality), should be made only twice per year (in fall and spring) to more closely align with the concept that these awards are for sustained performance. This change will lead to a more consistent application of the intent of the awards and will allow for better alignment with the merit process. Current UCR guidelines, but not UCOP policy, requires endorsement of the Provost and Executive Vice Chancellor when an award is greater than $5,000. This has had the effect of moving larger awards into the

Current State	Recommended Future State
	exception category and thus has had a dampening effect on the size of rewards for exceptional performance on a sustained basis. Modifying campus guidelines to permit organizational unit heads to approve larger awards would place the approval at a level better able to evaluate the relative merits of the award. Organizational review committees should be established for appropriateness of awards above a certain dollar threshold. Given the inconsistent application of the STAR Plan across the campus, it is also recommended that the Deans/Vice Chancellors be provided award data for their organizations as they compare to other units on an annual basis so that they can better monitor the effectiveness and application of the Plan within their organization.

EQUITY AND RECLASSIFICATION WORKGROUP (ERW) RECOMMENDATIONS

ERW 1

REDUCE NUMBER OF EQUITY REQUESTS THROUGH APPROPRIATE USE OF SALARY RANGES

Current State	Recommended Future State
In FY 20113/14 the campus awarded approximately $1.2 million or (1.2% of base non-represented staff pay) in individual salary increases (reclassifications and equity increases) to 13% of staff with no overarching strategy. Organizational units are authorized to provide an unusually high percentage (up to 25%) salary increase upon reclassification. The fairness and justification for all equity actions and proposed salary increases upon reclassification depends on and assumes that the individual's initial placement in the salary range was appropriate, however, there are no UCR-wide tools or methodology for setting initial hire-on salaries.	The campus should create tools to set initial salaries and to maintain documentation of relevant factors such as performance ratings, and experience to support requests for salary reviews. A consistent but flexible methodology for salary setting is critical to fairness and equal treatment in the reclassification and individual equity actions.

ERW 2   *LIMIT THE USE OF RECLASSIFCATION WHEN RECRUITMENT IS MORE APPROPRIATE*

Current State	Recommended Future State
Departments or employees may submit request for classification review for employees whose duties and responsibilities have undergone significant changes. Individual salary actions are being used as a de facto promotion program but are not equally available to all staff. The reclassification process has been focused on the capabilities and value of the individual rather than on the position. In best practices, positions are reclassified, individuals are not. The number of positions that are filled through reclassification actions reduces career and advancement opportunities for other qualified candidates because the positions are not posted and made available to the general campus employee population. The most frequent type of reclassification is to a supervisory position (defined as having 2 or more direct reports). This has resulted in over-use of supervisory titles; as an example UCR has approximately 200 Programmer Analysts of whom 76 are in supervisory titles, a ratio of one supervisor to 2.63 direct reports (1:2.63). Human Resources experts generally agree that a supervisor/direct report ratio of approximately 1:8 is a reasonable span of control for professional positions. At this ratio, UCR should have approximately 20-25 individuals in supervisory positions in the Programmer Analyst job series. UCR's current practice encourages inefficient management structures and use of salary resources.	Recruitment should be required in cases where changes to job responsibilities exceed 50%, thereby enhancing opportunities for qualified staff on campus. Where appropriate, the campus should implement internal recruitment processes. These will increase current employee morale and aid retention. Care will need to be taken to ensure that efforts are consistent with our campus commitment to diversity and equity. Where positions are reclassified, salary increases should be limited to the minimum of the range for the new position or 10% whichever is higher, thereby reducing internal salary escalation. Creation of a funding pool which can be accessed by departments/units that can demonstrate a need will eliminate any requirement that an employee be working out of scope of their classification without appropriate compensation. Further work will be undertaken in Phase 2 of the initiative to create transparent processes which support employee advancement and career development.

ERW 3   *DEVELOP PROCESSES FOR ONCE-PER-YEAR EQUITY CALL*

Current State	Recommended Future State
The equity process is internally focused, and creates an endless "domino effect". An equity increase in the salary of an incumbent in one organization creates a salary lag with an individual in another organization unit, which is "corrected" through an equity increase, which, in turn, creates a rationale for further equity increases. Equity increases are unequally distributed across organizational units.	A central pool should be established to address inequities through an annual call process. The transition to Career Tracks will permit HR to conduct regular salary reviews to identify those job categories which are falling behind market, and provide data to campus leadership to determine whether there is a need for a range adjustment and global increase to incumbents of targeted job categories, preserving the campus ability to attract and retain staff in titles which the campus determines to be strategically important. Doing so would allow for more targeted use of available funds and use available equity funds in a non-discriminatory manner. Units could also put forward individual equity requests during the annual call, requiring them to prioritize requests rather than submitting them piecemeal throughout the year. Procedures should provide the campus with the ability to require equity reviews outside of the annual call for the following exceptions: 1) Salary retention offer is necessary to retain key staff member who has a bona fide job offer; 2) Salary equity is necessary due to salary compression for supervisor/management due to significant salary increases for represented staff (recommend 10% differential be maintained); or 3) Permanent change in scope of duties, complexity of assignments due to a sudden and unanticipated change which does not warrant a change in classification.