Office of the President

TO MEMBERS OF THE GOVERNANCE AND COMPENSATION COMMITTEE:

<u>DISCUSSION ITEM</u>

For Meeting of March 14, 2018

UPDATE OF UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT AUDIT OF ADMINISTRATIVE EXPENDITURES ON WORKFORCE PLANNING

EXECUTIVE SUMMARY

In response to the April 2017 California State Auditor (CSA) recommendations, the UC Office of the President (UCOP) is implementing a workforce planning framework and process to ensure alignment of staff skills, knowledge, and abilities with the current and future needs of the organization. Workforce planning also allows UCOP to take a strategic approach to attracting, recruiting, developing, and retaining top talent, and to more accurately budget for talent needs.

The CSA Workforce Planning recommendations are listed in Attachment 1. This item provides a progress update on the April 2018 Workforce Planning deliverables as follows:

- Section I provides the business case for workforce planning
- Section II describes the best practice analysis
- Section III describes the UCOP Workforce Planning Framework
- Section IV summarizes the UCOP Workforce Planning Framework and Phase I*: Setting the Strategic Direction for the Workforce.* A draft of the Phase I report is included as Attachment 2.

BACKGROUND

I.   The Business Case for Workforce Planning

The UCOP definition of workforce planning *is the systematic process of identifying and addressing the gaps between the current workforce and future talent needs.* This will be accomplished by understanding the gap between the current skills, competencies, knowledge, and capabilities and those that are needed in the future. In addition, UCOP must take into account the many external factors that impact talent availability and workforce expectations:

- Job market and financial considerations are a significant factor in workforce planning. The current constrained state of the job market because of high levels of employment throughout California and particularly in the Bay Area make it difficult to compete.

- Workforce expectations also impact UCOP's ability to attract and retain top talent. Six different generations of workers in the workplace, from millennials through traditionalists, can create challenges as each generation has different workstyles and expectations.

- Finally, increased external focus on the size of the workforce plays a role in the on-going challenge to attract, recruit, develop, and retain the best talent moving forward.

Given these challenges, implementing an effective workforce planning model is essential.

II.   **Workforce Planning Model Best Practices**

In addition to the California Department of Human Resources (CalHR) model, a UCOP workgroup evaluated several other workforce planning models including Mercer, Human Capital Institute, the Corporate Executive Board Best Practice Analysis (includes 35 different companies), and Association of American Universities Peer Institutions. Throughout the evaluation process UCOP engaged in discussions with the CalHR Chief of Workforce Development Programs and Special Projects, and attended the CalHR Quarterly Statewide Workforce Planning Forum in October 2017 to understand current planning efforts across different State agencies.

The CalHR model is consistent with best practices as it contains the main components for a successful workforce plan in five phases:

- Set the strategic direction for the workforce plan
- Gather and analyze division and department data
- Develop workforce strategies and plans
- Implement strategies
- Evaluate the workforce plan outcomes

The details of each phase can be found in Attachment 2 – Section IV. The UCOP workgroup proposes adopting the CalHR model with two additional steps in Phase I and II:

- Establish benchmark data points for internal metrics
- Conduct a pilot to socialize the workforce planning process and train leaders on workforce planning competencies

The best practice analysis identified common themes facing large organizations undertaking workforce planning, including:

- Most planning efforts are decentralized and not leveraged for the whole organization
- A lack of accurate and accessible data internally available makes it difficult to evaluate workforce trends
- Many organizations have disparate systems making data gathering challenging

Leveraging a comprehensive framework, engaging leadership across functions in the process, and investing in systems like UCPath that will improve data analysis, will help mitigate some of these challenges at UCOP.

III. UCOP Workforce Planning Framework

The UCOP Workforce Planning Framework is a five-phase model that aligns with the CalHR model. UCOP's detailed Workforce Planning Framework is in Attachment 2 – Section IV. This model addresses business needs by:

- Providing the framework to assess the skills, competencies, knowledge and capabilities of UCOP's current workforce
- Leveraging the divisional strategic plans to understand the skills, competencies, knowledge and capabilities required for the future
- Outlining key metrics to measure the outgoing success of the workforce plan and to forecast the changes in skills and competencies required

The development timeline for the UCOP Workforce Planning Model is shown below.

Workforce Planning Model Phase	Timeline
Set the Strategic Direction for the Workforce Plan	April 2018
Analyze Workforce, Identify Skill Gaps, Conduct Workforce Analysis	April 2019
Develop the Workforce Strategies and Plan	April 2020
Implement Strategies	April 2020
Monitor, Evaluate, and Revise Workforce Plan	April 2020

IV. UCOP's Workforce Planning Framework – Phase I – Due April 2018

Phase I of the UCOP workforce planning framework includes six steps. The status of each step and a reference to the location of additional details in the UCOP Workforce Planning report (Attachment 2) are highlighted below:

Status of UCOP's Workforce Planning Model – Phase I Due April 2018

Steps in Phase I	Due April 2018	Workforce Planning Report
Obtain executive support for the workforce plan	✓	Section VI.1
Build a project team from all parts of the organization, and garner feedback from key stakeholders throughout	✓	Section VI.2
Review the organization's strategic plan to align workforce planning efforts to mission and critical functions	✓	Section VI.3
Benchmark analysis: compare workforce planning model with those used by peer institutions	✓	Section IV
Identify the internal and external environmental factors that impact the department's workforce needs	✓	Section VI.5 & Section VI.6
Conduct analysis to establish benchmark data points for internal metrics	✓	Section VI.4

In addition to the above steps, the workgroup has begun to develop benchmarks for the data points that will be used to measure impact. Data collection has begun, and will continue in Phase II: *Analyze Workforce, Identify Skill Gaps, and Conduct Workforce Analysis*. A pilot has also been developed to begin gathering talent data as part of the UCOP budget process.

Key to Acronyms

CalHR	California Department of Human Resources
CSA	California State Auditor
UCOP	UC Office of the President

Attachments:

       Attachment 1: CSA 5.0 Workforce Planning Recommendations

       Attachment 2: UCOP Workforce Planning Report

CSA 5.0 Workforce Planning Recommendations

By April 2018:

- Complete phase one of CalHR's best practice workforce planning model by developing a strategic direction for its workforce.

By April 2019:

- Implement phase two of CalHR's best practice workforce planning model by determining its current and future staffing and competency gaps. As part of this phase, the Office of the President should consider the input of stakeholders including campuses and students, regarding which elements of its organization are of critical importance and which elements it could potentially eliminate or downsize.

By April 2020:

- Implement phase three of CalHR's best practice workforce planning model by presenting the final workforce plan to its staff and beginning its implementation by carrying out workforce planning strategies covering a three-to five-year period. The Office of the President should make its final workforce plan publically available.

- Implement phase four and five of CalHR's best practice workforce planning model by implementing its workforce plan strategies and annually evaluating the completed workforce plan strategies against defined performance indicators and revising the plan where necessary.