



University of California

Competitive Analysis of Proposed New Tier Pension Design and Retiree Health Benefit Changes I(b)

Campus & UCOP findings only

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-- Draft Report



MERCER



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Background and Context

- The University of California Office of the President (UCOP) requested Mercer's and Hewitt's assistance to evaluate the impact of the New Tier Pension Design and Retiree Health Benefit Changes ("New PEB Designs") as proposed by the Post Employment Benefits Task Force. The purpose of this report is to:
 - facilitate a better understanding of how total remuneration¹ competitiveness varies under the current state and the New PEB Designs relative to respective peer groups; and
 - inform future decisions on pension and retiree health plan changes.
- The following are the major study assumptions:
 - Study populations are constant from the 2007/08 Total Remuneration Study ("2007/08 Study").
 - UC employee total cash compensation as updated from the 2009 Update Study was used. Promotional increases have been excluded. No increases for 2009/10 have been assumed. The dollar amounts of bonuses and Physician Non-Base Pay are assumed to be constant from the 2007/08 Study.
 - This analysis was completed using individual results (as opposed to aggregate job profiles).
 - Market cash compensation data were updated using the most recent surveys and aged to 10/1/2009.
 - The effect of the current UC furlough program has not been considered.

¹ Total remuneration includes cash compensation, group benefits and retirement programs.



Background and Context

Methodology Overview of Major Components of New PEB Designs

New Tier Pension Design (Ib)

- Basic Benefit Formula
 - 2.0% highest average plan compensation (HAPC) x years of service at or below Social Security Covered Compensation (SSCC)
 - 3.0% HAPC x years of service above SSCC
- Employee Contribution
 - 4.0% of pay up to SSCC
 - 8.2% of pay over SSCC
- Early Retirement at age 55 or more with five or more years of UCRP service credit
- New Tier Pension Design assumes favorable interpretation of IRS opinion to allow employee contributions to continue to be made on a pre-tax basis. An unfavorable IRS decision will require contributions to be post-tax and could decrease the value of the retirement benefits by an estimated 1 – 2%.
- UC current and proposed retirement rates have been used for Campus only (Faculty and Staff), where the proposed rates reflect expected retirements under the proposed plans. Future studies will include these adjustments for the Medical Centers.
- The impact of employee choice between UCRP and the proposed New Tier Pension Design have not been included in this study.



Background and Context

Methodology Overview of Major Components of New PEB Designs

Retiree Health Benefit Changes

- The product of age and service factors are used to determine the percentage of the employer subsidy earned toward the cost of retiree health benefits.
- The factors are applied as follows:
 - Age 56 (10%) up to age 65 (100%) at 10% increments per year; and
 - Ten years of service (50%) up to 20 years (100%) at 5% increments per year.
 - For example:
 - At age 56 with 10 years of service, the factor is 5% (10% x 50%).
 - At age 60 with 15 years of service, the factor is 37.5% (50% x 75%).
- Full benefit earned at age 65 (100%) with 20 years of service (100%).
- Maximum UC contribution is modeled out to 2018 (70%/70%) for Campus & UCOP.
- The impact of “grandfathering” or exempting portions of UC populations based on a combination of age and service, as recommended in the Retiree Health Benefit design changes, have not been included in this study.
- The analysis in this study measures benefit values at a specific point in time for UC as compared to market. The analysis does not account for employer funding or financing costs. The risk analysis for such factors as employee longevity or UC investment performance has not been included in this study.



Background and Context

Methodology Overview

Study Population

- Study population for Ladder Rank Faculty (“LRF”)¹ and Librarians for the total cash compensation analysis reflect data provided by Academic Personnel for the 2007/08 Study.
- The remaining study population is also constant from the 2007/08 Study and assumed to have retained the same jobs. New hires, promotions, terminations and retirements are not considered.

UC Data

- The benchmark matching process (e.g., matching UC jobs to survey jobs based on job responsibilities) was completed by local Compensation Managers and reviewed by Mercer during the 2007/08 Study process.
- The total cash compensation and demographic data used in the analysis were obtained from an October 2007 Corporate Personnel System (CPS) file.
- Total cash compensation data have been updated to estimated October 1, 2009 levels based on average UC salary increases in 2008/09. See Appendix B for salary increase details.
- No increases for 2009/10 academic year have been considered.

Market Data

- Total cash market data for all other personnel programs have been updated from multiple published survey sources with 2009 market data, as available.²

¹ Data for Ladder Rank Faculty includes base salary only; all other cash compensation is excluded. All employee data were collected and are effective as of 10/1/2007 to reflect increases made in Fall 2007.

² In some cases, existing market data from the 2007/08 study were aged forward to October 1, 2009.



Background and Context

Methodology Overview

Benefits Valuation

- To leverage the benefits valuation from the 2007/08 Study, the following assumptions have been made regarding benefits valuation for the 2009 Update.
 - Benefit peer groups remain the same from the 2007/08 Study. Benefit plan information from 2007/08 Study was used for both UC and comparator organizations. Most benefit plans in the 2007/08 Study reflect 2008 benefit plan provisions.
 - Actuarial values for healthcare benefits (both active employees and retiree) remain the same from 2007.
 - For other benefits, a ratio of 2007/08 benefits value to 2007/08 cash compensation (base or total cash compensation depending on the benefit) has been applied to the 2009 cash compensation to approximate benefit values for the this study, as appropriate.
 - For the general industry benefit peer groups including service industry peers, the ratio is based on a weighting of 72% base salary and 28% total cash compensation.
 - For academic and healthcare peer groups, the ratio is based on 100% weighting of base salary.
 - The tables in Appendix D specify the approach for each benefit element and the associated caveats¹.

¹ Detailed description on benefits valuation methodology from the 2007/08 Study is also included in Appendix D. Please note there were differences in retirement assumptions used for LRF relative to other personnel programs. Actual retirement experience for LRF has been incorporated at the request of the Total Remuneration Advisory Group of the Faculty Welfare Committee. See Appendix D.



Background and Context

Abbreviations Used in Exhibits

- Personnel programs are shown in tables and charts in abbreviated form. Below is a key to the abbreviations:

LRF	Ladder Rank Faculty
OA - Librarians	Other Academics – only Librarians are included in this study
SMG	Senior Management Group
MSP	Management and Senior Professionals
PSS PC*	Professionals & Support Staff – Policy Covered
PSS Rep	Professionals & Support Staff – Represented
SW	Service Workers (subset of PSS Rep & Policy Covered)

* Formerly known as PSS-Non Rep in past total remuneration studies.



Study Population Overview



Study Population Overview

- The study covers approximately 54% of the Campus & UCOP population¹.

	Total UC Population ²	2007-08 Study Coverage
LRF ³	9,820	77%
OA – Librarians ⁴	530	88%
SMG	240	68%
MSP	4,770	30%
PSS PC	19,330	34%
PSS Rep (includes SW)	20,100	66%
Overall⁵	<u>54,790</u>	<u>54%</u>

¹ See Appendix E for detail on study coverage. Coverage for MSP, PSS Non Rep and PSS Rep exclude healthcare related positions which were counted in the original study. Previous study coverage was 57%.

² Total UC population includes those incumbents who meet the study criteria. For Campus & UCOP, the study includes career academic and non-academic employees (with appointment codes Career (2), Partial-Year Career (7), and Contract (1) Staff Physicians) at the ten UC Campuses, Agriculture and Natural Resources (ANR), UC Office of the President (UCOP), Treasurer's Office, and Office of the General Counsel. Excluded from the total UC population are Post-Doctoral Scholars (as they are not eligible for UC's system-wide benefits), employees in Police or Fire Services, or House Staff, Lawrence Berkeley National Laboratory and Clinical Faculty (e.g., Health Sciences Compensation Plan Faculty). Please see Appendix E for additional information on non-academic personnel and Appendix G for Ladder Rank Faculty.

³ Data for Ladder Rank Faculty includes base salary only; all other cash compensation excluded. Ladder Rank Faculty excludes Health Sciences faculty and Law School faculty. In addition, other faculty titles considered ladder and equivalent rank are excluded; some examples are Astronomers, Agronomists and Supervisors of Physical Education. See Appendix G for details. 2009 study coverage for LRF was 78%.

⁴ In 2006, Other Academics (OA) coverage was 25% and included Librarians, Project Scientists, Academic Research Officers and Lecturers. At the request of Academic Personnel, only Librarians were included in the 2007/08 Study.

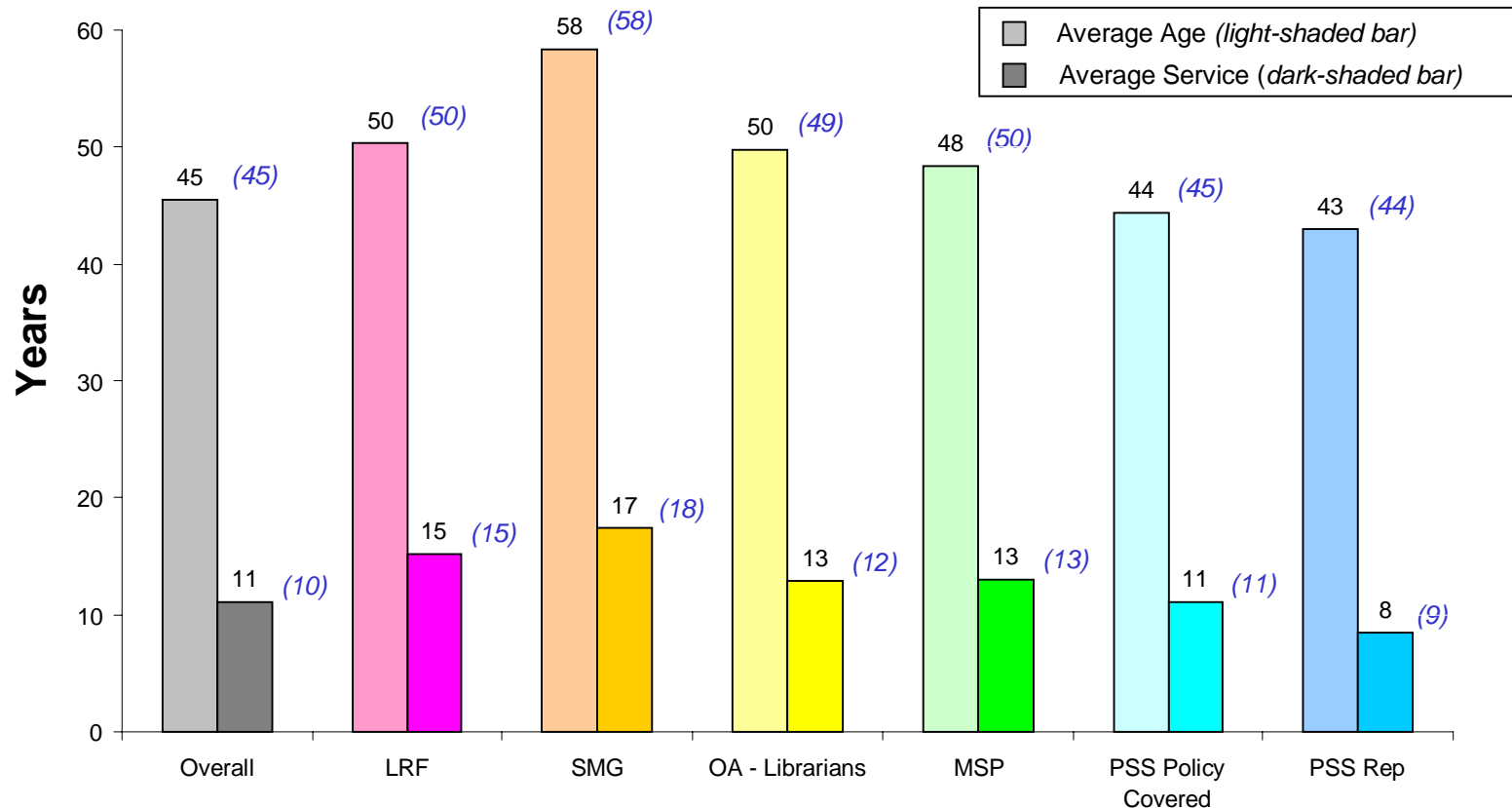
⁵ This figure represents overall study coverage as reported in 2006 and has not been adjusted for any changes in personnel program composition (e.g., Other Academics).



Study Population Overview

- Campus & UCOP 2007/08 Study population demographics (age and service) are generally representative of their respective full populations.

Campus & UCOP
Average Age and Average Years of Service for Study Participants



Note: Numbers in “()” represent 2007/08 study demographics of entire Campus & UCOP population in their respective personnel programs; all Academic personnel data (LRF and OA) were provided by Academic Personnel.



Methodology Overview



Methodology Overview

Study Elements

Total Cash Compensation Elements

Included

- **Ongoing Cash Compensation**
 - Base salary
 - Physician Non-Base Pay

Not Included¹

- Stipends
- One-time bonuses
- Spot awards or sign-on bonuses
- Allowances (car, mortgage, relocation)
- Lump sum or cash recognition awards (e.g., department grants)
- Cost-of-living differentials

¹ These forms of rewards are generally not a part of ongoing compensation and payment for services performed but are used to offset expenses (e.g., relocation), considered perquisites, or are temporarily given for additional responsibilities. The following are rarely granted to most personnel at UC: One-time bonuses, spot awards or sign-on bonuses, allowances (car, mortgage, relocation), lump sum or cash recognition awards (e.g., department grants), and cost-of-living differentials. Moreover, these items are not included in regular competitive cash compensation surveys. Competitive data on these items could be collected through custom studies.



Methodology Overview

Study Elements

- Elements of benefits include employer-funded value of:

Health and Welfare (H&W) Benefits

Included

- Medical and Dental
- Life Insurance, including supplemental life²
- Long-term Disability
- Flexible Spending Accounts
- Hearing and Vision³
- Dependent Tuition Reimbursement

Not Included¹

- Long-term Care
- Educational Assistance
- Other work/life benefits (e.g., wellness programs, onsite fitness facility, etc.)

Retirement Benefits

Included

- Defined Benefit
- Defined Contribution
- Retiree Medical and Life

¹ Not included since values of these benefits are either not material for the entire population or complete competitive valuation data were not readily available. Prevalence data are available for most benefits not currently included.

² Life insurance includes pre-retirement survivor benefits.

³ Hearing benefits are not included for the Medical Centers as the data are not collected by Mercer since this is a seldom provided benefit and the value is not material.



Methodology Overview

Campus & UCOP Benefits Peer Groups

Comparison 8 Academic Institutions

Harvard University	SUNY - Buffalo
MIT	University of Illinois – Urbana
Stanford University	University of Michigan – Ann Arbor
Yale University	University of Virginia

Applies to:

Ladder Rank Faculty

Comparison 26 Academic Institutions¹

Brown University	University of Colorado - System and Boulder
California Institute of Technology	University of Illinois - Chicago and Urbana
Columbia University	University of Michigan – Ann Arbor
Cornell University	University of Minnesota – System, Duluth, and Twin Cities
Harvard University	University of Pennsylvania
Johns Hopkins University	University of Texas – System
MIT	University of Virginia
Northwestern University	University of Washington
Stanford University	University of Wisconsin – Madison
SUNY – Buffalo and Stony Brook	Yale University
University of Chicago	

SMG

Other Academics

¹ Actual number of peer benefit programs is 21 since the benefits provided by a university system are the same for all entities.



Methodology Overview

Campus & UCOP Benefits Peer Groups

Large California Employers (General Industry)

AT&T	Wellpoint Health Network
Beckman Coulter, Inc.	Wells Fargo
Boeing Corp.	Calif. State Univ. (CSU) System
Chevron Corp	State of California
Federal Government	City of Riverside, CA
Hewlett-Packard	County of Santa Clara
Safeway Inc.	Southern California Edison
Walt Disney Company	

Applies to:

MSP

PSS PC

PSS Rep

Service Industry Peers

Cintas (Laundry Services)	City of Palo Alto, CA
Hilton Hotels	City of Riverside, CA
Marriott International	County of Santa Clara
California State Univ. (CSU) System	Southern California Edison
State of California	

Service Workers



Methodology Overview











Presentation of Results

Results

- Two sets of results are shown in the exhibits.
- Current State is equal to UCRP with 5% employee contribution and equal to results in the 2009 Update Study. No adjustments to methodology or assumptions have been made.
- New PEB Designs represent changes to the pension and retiree health plans as described on pages 3 and 4. Results assume no grandfathering of old plans and all employees are in the new programs.

Market Positioning Figure (Variance from the Average Market)

- The competitive market positioning figures (or variance) shown in this report are based on the formula $(UC - \text{Market})/\text{Market}$ and have been rounded to the nearest whole percentage.
- In general, a market positioning for large populations between -5% and +5% from the market average is considered “competitive.” Positioning more than +/-10% is considered significantly above or below competitive levels. Colors have been used to represent varying degrees of competitiveness:

For Data Tables:	 10% or more below market	 Between -6% and -9%	 Between -5% below and +5% above market	 Between +6% and +9%	 10% or more above market
For Summary:	 10% or more below market	 Between -6% and -9%	 Between -5% below and +5% above market	 Between +6% and +9%	 10% or more above market



Campus & UCOP Findings

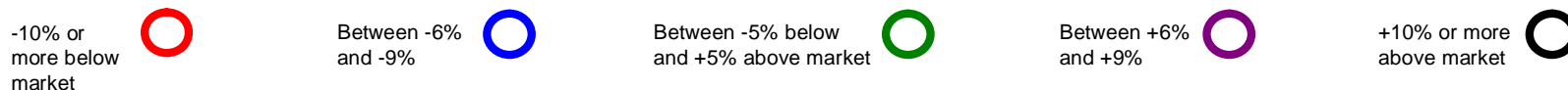


Campus & UCOP Findings

Summary of Competitiveness

	Summary ¹		Observations
	Current	New PEB Designs	
Total Cash Compensation	-13%	-13%	<ul style="list-style-type: none">Overall, UC total cash compensation is below market average.
Health & Welfare (H&W) Benefits	+6%	+6%	<ul style="list-style-type: none">Overall, the average value of UC's H&W benefits is competitive driven by the following:<ul style="list-style-type: none">Competitive market benefit design and lower than average employee contributions.Very competitive dental benefits due to no employee contributions.
Total Retirement (Includes Retirement Benefits and Retiree Medical & Life)	+48%	-9%	<ul style="list-style-type: none">Overall, retirement benefits reflecting employee contribution at 5% of pay are very competitive driven by UCRP. Value of DB plans increase with age, thus, competitiveness of UCRP is higher for older employee groups.

¹ All variance figures shown have been rounded to the nearest whole percentage.



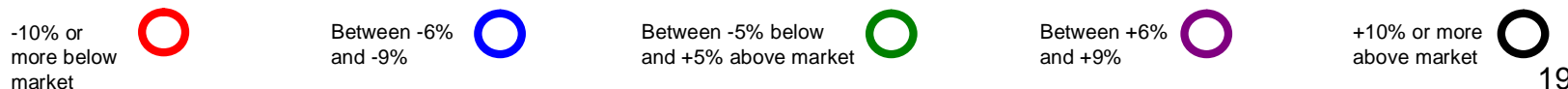


Campus & UCOP Findings

Summary of Competitiveness

	Summary ¹		Observations
	Current	New PEB Designs	
Retirement Benefits (DB/DC)	+10%	-27%	<ul style="list-style-type: none"> Current UCRP is competitive due to: <ul style="list-style-type: none"> Above market pension formula; Unreduced benefits at age 60; and Terminated vested COLA and post-retirement COLA. Competitive position is reduced for New Tier Pension Design due to lower pension formula.
Retiree Medical & Life	+219%	+73%	<ul style="list-style-type: none"> A competitive retiree medical benefit is driven by: <ul style="list-style-type: none"> Payment of Medicare Part B premium where most other organizations do not pay this premium; and Lower retiree contributions than other organizations. New plan design adds a sliding scale based upon age at retirement in addition to the current service scale.

¹ All variance figures shown have been rounded to the nearest whole percentage.



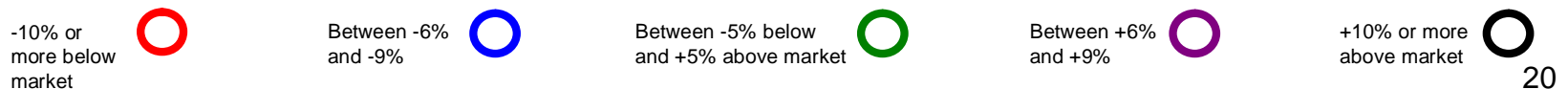


Campus & UCOP Findings

Summary of Competitiveness

Summary ¹		Observations	
Current	New PEB Designs		
Total Remuneration	-4%	-9%	<ul style="list-style-type: none">▪ Campus & UCOP total remuneration competitive position reflecting employee contribution at 5% is driven by higher than market average total retirement benefits either offsetting below market pay or supplementing market competitive pay.▪ The New PEB Designs would reduce overall competitive position by approximately five percentage points.

¹ All variance figures shown have been rounded to the nearest whole percentage.





Campus & UCOP Findings by Personnel Program



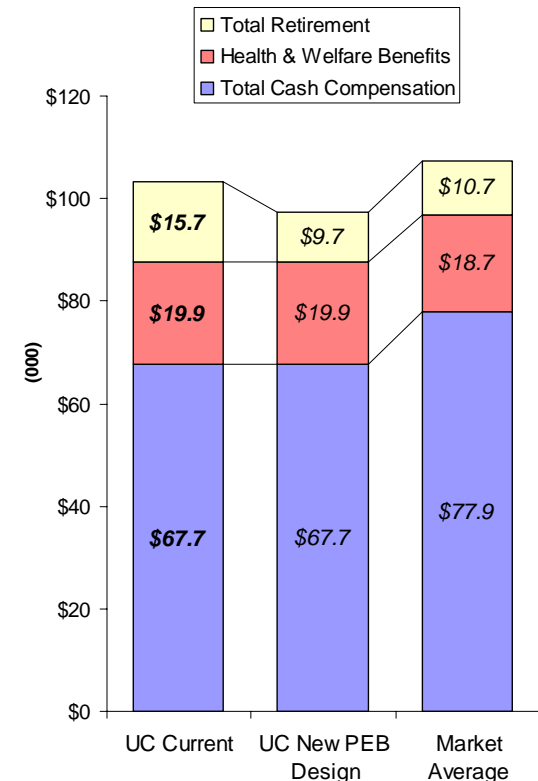
Campus & UCOP Findings

Detailed Results for Overall Population

(Data Effective October 1, 2009)

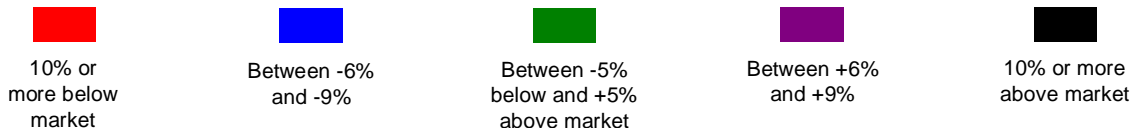
- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans

Element of Remuneration	UC Average		Market Average	Variance ¹ from Market	
	Current	New PEB Designs		Current	New PEB Designs
Total Cash Compensation	\$67,727	\$67,727	\$77,948	-13%	-13%
Health & Welfare Benefits	\$19,894	\$19,894	\$18,730	+6%	+6%
Medical & Dental	\$17,698	\$17,698	\$16,684	+6%	+6%
Life Insurance ²	\$1,452	\$1,452	\$1,362	+7%	+7%
Long-term Disability	\$743	\$743	\$564	+32%	+32%
Dependent Tuition	\$0	\$0	\$120	n/a	n/a
Total Retirement	\$15,740	\$9,715	\$10,665	+48%	-9%
Retirement (DB/DC)	\$9,570	\$6,362	\$8,729	+10%	-27%
Retiree Medical	\$6,135	\$3,313	\$1,869	+228%	+77%
Retiree Life	\$35	\$40	\$67	-47%	-40%
Total Remuneration	\$103,361	\$97,335	\$107,343	-4%	-9%



¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.



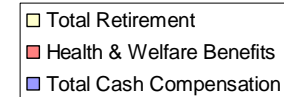


Campus & UCOP Findings

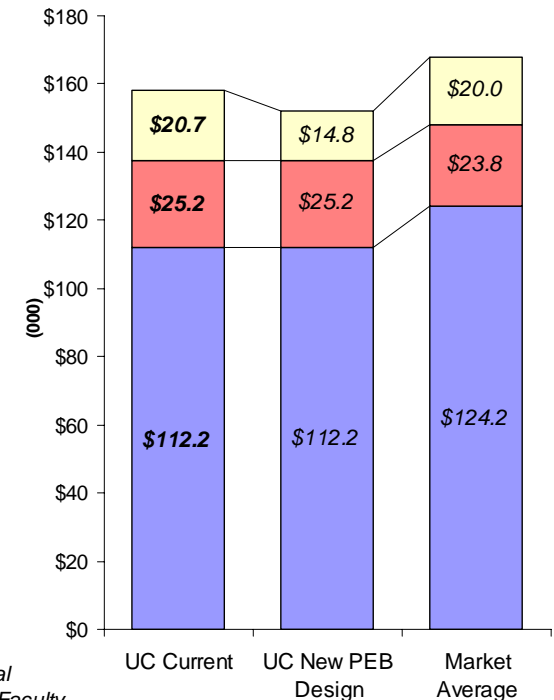
Detailed Results for Ladder Rank Faculty

(Data Effective October 1, 2009)

- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans



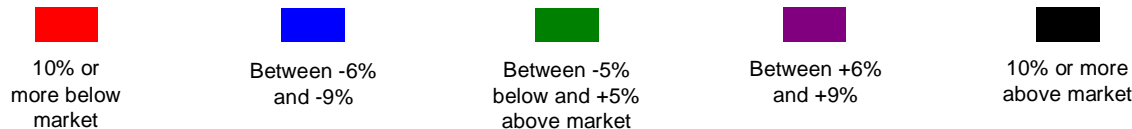
Element of Remuneration	UC Average			Variance ¹ from Market	
	Current	New PEB Designs	Market Average	Current	New PEB Designs
	Total Cash Compensation	\$112,198	\$112,198	\$124,177	-10%
Health & Welfare Benefits	\$25,163	\$25,163	\$23,798	+6%	+6%
Medical & Dental	\$19,479	\$19,479	\$18,539	+5%	+5%
Life Insurance ²	\$4,093	\$4,093	\$3,529	+16%	+16%
Long-term Disability	\$1,591	\$1,591	\$1,288	+24%	+24%
Dependent Tuition	\$0	\$0	\$442	n/a	n/a
Total Retirement	\$20,693	\$14,769	\$19,983	+4%	-26%
Retirement (DB/DC)	\$15,662	\$11,967	\$16,993	-8%	-30%
Retiree Medical	\$4,991	\$2,757	\$2,853	+75%	-3%
Retiree Life	\$40	\$45	\$137	-71%	-67%
Total Remuneration	\$158,054	\$152,130	\$167,958	-6%	-9%



¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.

³ Please note there were differences in retirement assumptions used for LRF relative to other personnel programs. Actual retirement experience for LRF has been incorporated at the request of the Total Remuneration Advisory Group of the Faculty Welfare Committee. See Appendix A for additional information.





Campus & UCOP Findings

Detailed Results for SMG

(Data Effective October 1, 2009)

- Current State: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans

Element of Remuneration	UC Average		Market Average	Variance ¹ from Market	
	Current	New PEB Designs		Current	New PEB Designs
Total Cash Compensation	\$249,844	\$249,844	\$320,974	-22%	-22%
Health & Welfare Benefits	\$38,212	\$38,211	\$41,450	-8%	-8%
Medical & Dental	\$25,689	\$25,688	\$25,064	+2%	+2%
Life Insurance ²	\$8,772	\$8,772	\$11,096	-21%	-21%
Long-term Disability	\$3,751	\$3,751	\$4,812	-22%	-22%
Dependent Tuition	\$0	\$0	\$477	n/a	n/a
Total Retirement	\$66,899	\$52,045	\$53,914	+24%	-3%
Retirement (DB/DC)	\$54,825	\$45,404	\$46,232	+19%	-2%
Retiree Medical	\$12,028	\$6,588	\$6,750	+78%	-2%
Retiree Life	\$46	\$52	\$931	-95%	-94%
Total Remuneration	\$354,955	\$340,100	\$416,337	-15%	-18%



¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.

10% or more below market

Between -6% and -9%

Between -5% below and +5% above market

Between +6% and +9%

10% or more above market



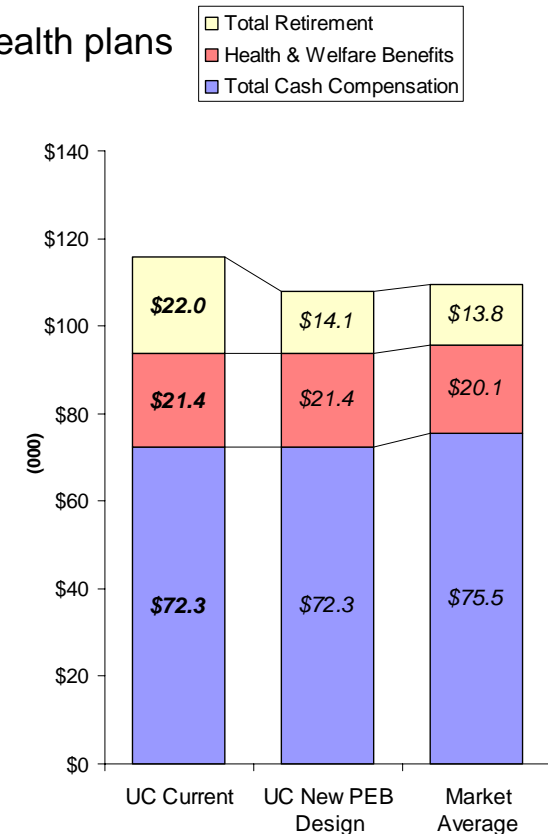
Campus & UCOP Findings

Detailed Results for OA – Librarians

(Data Effective October 1, 2009)

- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans

Element of Remuneration	UC Average			Variance ¹ from Market	
	Current	New PEB Designs	Market Average	Current	New PEB Designs
	Total Cash Compensation	\$72,255	\$72,255	\$75,472	-4%
Health & Welfare Benefits	\$21,388	\$21,388	\$20,089	+6%	+6%
Medical & Dental	\$19,745	\$19,745	\$18,127	+9%	+9%
Life Insurance ²	\$833	\$833	\$950	-12%	-12%
Long-term Disability	\$811	\$811	\$623	+30%	+30%
Dependent Tuition	\$0	\$0	\$390	n/a	n/a
Total Retirement	\$22,004	\$14,123	\$13,809	+59%	+2%
Retirement (DB/DC)	\$13,959	\$9,766	\$9,326	+50%	+5%
Retiree Medical	\$8,006	\$4,313	\$4,421	+81%	-2%
Retiree Life	\$39	\$44	\$62	-38%	-29%
Total Remuneration	\$115,646	\$107,765	\$109,370	+6%	-1%



¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.





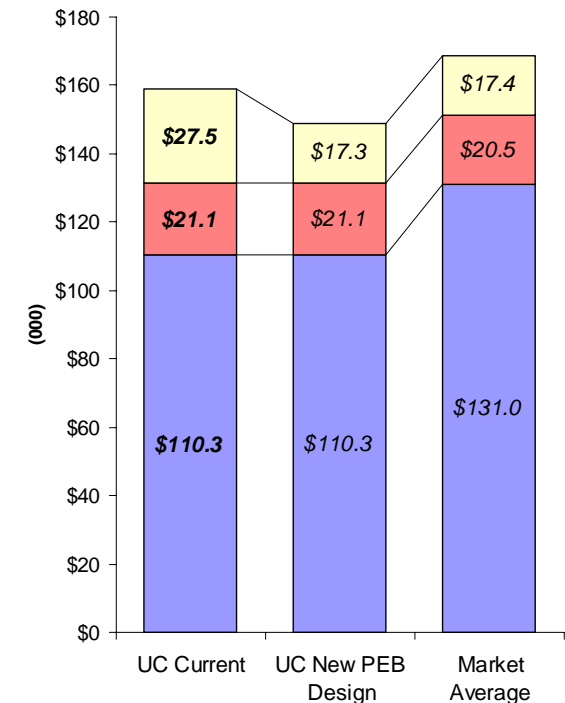
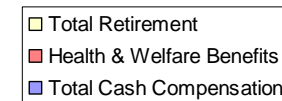
Campus & UCOP Findings

Detailed Results for MSP

(Data Effective October 1, 2009)

- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans

Element of Remuneration	UC Average		Market Average	Variance ¹ from Market	
	Current	New PEB Designs		Current	New PEB Designs
Total Cash Compensation	\$110,315	\$110,315	\$130,977	-16%	-16%
Health & Welfare Benefits	\$21,059	\$21,059	\$20,506	+3%	+3%
Medical & Dental	\$18,241	\$18,241	\$17,820	+2%	+2%
Life Insurance ²	\$1,425	\$1,425	\$1,609	-11%	-11%
Long-term Disability	\$1,393	\$1,393	\$1,077	+29%	+29%
Dependent Tuition	\$0	\$0	\$0	n/a	n/a
Total Retirement	\$27,539	\$17,331	\$17,362	+59%	0%
Retirement (DB/DC)	\$19,845	\$13,170	\$15,955	+24%	-17%
Retiree Medical	\$7,652	\$4,113	\$1,289	+494%	+219%
Retiree Life	\$42	\$47	\$118	-65%	-60%
Total Remuneration	\$158,913	\$148,705	\$168,845	-6%	-12%



¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.



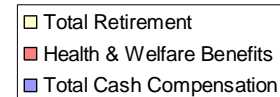


Campus & UCOP Findings

Detailed Results for PSS PC

(Data Effective October 1, 2009)

- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans



Element of Remuneration	UC Average			Variance ¹ from Market	
	Current	New PEB Designs	Market Average	Current	New PEB Designs
	Total Cash Compensation	\$61,361	\$61,361	\$70,822	-13%
Health & Welfare Benefits	\$18,191	\$18,191	\$17,463	+4%	+4%
Medical & Dental	\$17,163	\$17,163	\$16,480	+4%	+4%
Life Insurance ²	\$591	\$591	\$694	-15%	-15%
Long-term Disability	\$437	\$437	\$289	+51%	+51%
Dependent Tuition	\$0	\$0	\$0	n/a	n/a
Total Retirement	\$15,087	\$8,304	\$8,212	+84%	+1%
Retirement (DB/DC)	\$8,924	\$4,981	\$7,126	+25%	-30%
Retiree Medical	\$6,129	\$3,284	\$1,052	+483%	+212%
Retiree Life	\$34	\$38	\$34	-2%	+11%
Total Remuneration	\$94,638	\$87,855	\$96,498	-2%	-9%



¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.





Campus & UCOP Findings

Detailed Results for PSS Rep

(Data Effective October 1, 2009)

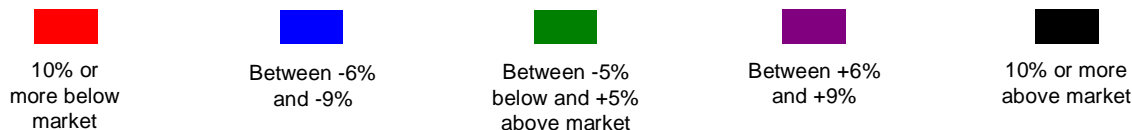
- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans

Element of Remuneration	UC Average		Market Average	Variance ¹ from Market	
	Current	New PEB Designs		Current	New PEB Designs
Total Cash Compensation	\$41,555	\$41,555	\$51,495	-19%	-19%
Health & Welfare Benefits	\$17,362	\$17,362	\$15,865	+9%	+9%
Medical & Dental	\$16,674	\$16,674	\$15,276	+9%	+9%
Life Insurance ²	\$353	\$353	\$378	-7%	-7%
Long-term Disability	\$335	\$335	\$211	+59%	+59%
Dependent Tuition	\$0	\$0	\$0	n/a	n/a
Total Retirement	\$10,977	\$5,981	\$5,442	+102%	+10%
Retirement (DB/DC)	\$4,921	\$2,710	\$3,943	+25%	-31%
Retiree Medical	\$6,025	\$3,236	\$1,468	+310%	+120%
Retiree Life	\$31	\$35	\$31	0%	+13%
Total Remuneration	\$69,894	\$64,897	\$72,802	-4%	-11%



¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.





Campus & UCOP Findings

Detailed Results for Service Workers

(Data Effective October 1, 2009)

- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans

Element of Remuneration	UC Average		Market Average	Variance ¹ from Market	
	Current	New PEB Designs		Current	New PEB Designs
Total Cash Compensation	\$30,029	\$30,029	\$30,197	-1%	-1%
Health & Welfare Benefits	\$17,635	\$17,635	\$16,718	+5%	+5%
Medical & Dental	\$17,047	\$17,047	\$16,315	+4%	+4%
Life Insurance ²	\$342	\$342	\$296	+15%	+15%
Long-term Disability	\$246	\$246	\$106	+132%	+132%
Dependent Tuition	\$0	\$0	\$0	n/a	n/a
Total Retirement	\$12,156	\$6,717	\$5,022	+142%	+34%
Retirement (DB/DC)	\$3,820	\$2,219	\$2,669	+43%	-17%
Retiree Medical	\$8,298	\$4,454	\$2,341	+254%	+90%
Retiree Life	\$39	\$44	\$12	+223%	+266%
Total Remuneration	\$59,821	\$54,381	\$51,937	+15%	+5%



¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.

10% or more below market

Between -6% and -9%

Between -5% below and +5% above market

Between +6% and +9%

10% or more above market



Appendix A

Detailed Assumptions of New Post-Employment Benefit Designs



Detailed Assumptions – Pension Summary

	Current	New Tier
Eligibility for Plan Membership	Immediate	Immediate
Highest Average Plan Compensation (HAPC)	Highest average salary rate over any consecutive 36 month period	Highest average salary rate over any consecutive 36 month period
Social Security Covered Compensation (SSCC)	--	35 year average of SS Wage Base (SSWB) ending at SSNRA SSCC is defined as the same amount for all members in a particular year based on a member reaching SSNRA in that year
Basic Benefit Formula	2.5% (HAPC less \$133) x service (For members with Social Security, HAPC is reduced by \$133 to account for the University's contribution to Social Security)	2.0% x (HAPC <= SSCC) x service + 3.0% x (HAPC > SSCC) x service
Maximum Accrual Factor	--	2.5% HAPC
Maximum Benefit	100% HAPC	100% HAPC
Form of Payment	Annuity or lump sum cashout	Annuity only (no lump sum cashout)
Subsidized Survivor Benefits	Yes	No
Post-Retirement COLA	100% of first 2% of inflation; 0% on next 2% of inflation; 75% on amounts over 4% of inflation (maximum 6% per year) (And ad hoc COLA to ensure retained purchasing power parity of 75%)	100% of first 2% of inflation (And ad hoc COLA to ensure retained purchasing power of 80%)



Detailed Assumptions – Pension Summary

	Current	New Tier
Early Retirement Benefits		
Eligibility for Retirement Benefits	Age 50 or more with 5 or more years of UCRP service credit	Age 55 or more with 5 or more years of UCRP service credit
Accrued Benefit Reduction	5.6% per year between age 50 and age 60	5.6% per year between age 55 and age 65
Social Security Supplement	\$133 offset deferred to age 65	None
Eligibility	5 years	5 years
Vested Benefit	Accrued Benefit	Accrued Benefit
	Cost of living increases apply to highest average pay during deferral period	No COLA during deferral period
Disability		
Eligibility	5 years	5 years
Disability Retirement Benefit	Percent of monthly final salary, based on years of service credit minus a reduction for Social Security benefits (\$106.40) (Percent ranges from 15% at 2 years to 40% at 12 or more years)	Percent of monthly final salary, based on years of service credit (Percent ranges from 15% at 2 years to 40% at 12 or more years) (Note a disability benefit of about 60% of the current UCRP benefit was valued in cost studies for this tier)
	Payments begin at disability and end at a retirement crossover date	Payments begin at disability and end at a retirement crossover date
	Cost of living increases begin 1 year after payments commence	Cost of living increases begin 1 year after payments commence



Detailed Assumptions – Pension Summary

	Current	New Tier
Employee Contribution		
Current	2% of pay up to SSWB + 4% of pay over SSWB less \$228	4.0% of pay up to SSCC + 8.2% of pay over SSCC
Baseline Assumption (used for current UCRP valuation)	5% of pay	
	Pretax	Pretax (Pending IRS approval)



Detailed Assumptions – Retiree Medical

	Current		New Retiree Health	
Eligibility Age		50		50
Eligibility Factor				
Service at Retirement	10	50%	10	50%
	11	55%	11	55%
	12	60%	12	60%
	13	65%	13	65%
	14	70%	14	70%
	15	75%	15	75%
	16	80%	16	80%
	17	85%	17	85%
	18	90%	18	90%
	19	95%	19	95%
	20	100%	20	100%



Detailed Assumptions – Retiree Medical

	Current	New Retiree Health	
Age at Retirement	--	50-55	0%
		56	10%
		57	20%
		58	30%
		59	40%
		60	50%
		61	60%
		62	70%
		63	80%
		64	90%
		65	100%

Age and service factors are multiplied together to form eligibility factors matrix

- Excludes grandfathered situations
- Reflects full implementation of all concepts



Detailed Assumptions – Retiree Medical

	Current	New Retiree Health		
Employer Contribution Policy				
Maximum UC Contribution	About 89% of Blended Premium	% of Blended Premium Target in 2013 used in valuation calculations		
		Calendar Year	< Age 65 % of Blended Premiums	% of Medicare Premiums
		2010	84%	92%
		2011	81%	89%
		2012	78%	86%
		2013	75%	83%
		2014	72%	80%
		2015	70%	77%
		2016	70%	74%
		2017	70%	71%
		2018	70%	70%
Part B Premium Reimbursement	Based on eligibility for 100% UC Contribution (20 years of service)	None		



Detailed Assumptions – Pension and Retiree Medical

	Current		Proposed New Tier and Retiree Health	
Retirement Rates for Faculty	<=49	0%	<=49	0%
	50	2%	50	0%
	51	1%	51	0%
	52	1%	52	0%
	53	1%	53	0%
	54	1%	54	0%
	55	2%	55	2%
	56	2%	56	1%
	57	2%	57	1%
	58	2%	58	1%
	59	3%	59	1%
	60	5%	60	2%
	61	5%	61	2%
	62	5%	62	2%
	63	5%	63	2%
	64	7%	64	3%
	65	8%	65	20%
	66	9%	66	12%
	67	10%	67	15%
	68	12%	68	15%
	69	15%	69	15%
	70	15%	70	15%
	71	12%	71	12%
	72	12%	72	12%
	73	12%	73	12%
	74	12%	74	12%
	>=75	100%	>=75	100%



Detailed Assumptions – Pension and Retiree Medical

	Current		Proposed New Tier and Retiree Health	
Retirement Rates for Campus & UCOP Staff	<=49	0%	<=49	0%
(see Appendix D for Medical Center assumptions)	50	4%	50	0%
	51	4%	51	0%
	52	4%	52	0%
	53	4%	53	0%
	54	5%	54	0%
	55	5%	55	6%
	56	6%	56	2%
	57	6%	57	2%
	58	8%	58	3%
	59	14%	59	4%
	60	20%	60	5%
	61	20%	61	7%
	62	20%	62	10%
	63	20%	63	12%
	64	25%	64	15%
	65	30%	65	50%
	66	25%	66	35%
	67	25%	67	50%
	68	25%	68	35%
	69	25%	69	35%
	70	20%	70	20%
	71	20%	71	20%
	72	20%	72	20%
	73	20%	73	20%
	74	20%	74	20%
	>=75	100%	>=75	100%



Appendix B

UC Salary Assumptions



UC Salary Assumptions

- Existing UC employee total cash compensation from the 2007/08 Total Remuneration Study has been updated using average salary increases, if any, within each personnel program based on data provided by UCOP.
- Promotional increases have been excluded. All UC salaries are considered effective October 1, 2009. No increases for 2009/10 have been assumed. The following table summarizes the increases applied by personnel program:

2008/09 UC Average Increases

Personnel Program	Salary Increase
LRF ¹	0%
SMG	0%
Staff Physicians ²	0%
Nurses ³	5.1%
MSP	0%
PSS PC	0%
PSS Rep	Varies (see next page)

¹ For LRF, 1.5% salary modeling adjustment has been made based on an analysis of salaries from the 2007/08 Study and 2009 Update as provided by Academic Advancement.

² Staff Physicians would be eligible for the MSP increase for their base pay; however, many are contract employees, so their compensation is determined contractually.

³ Nurses' salary increases varied from 2% to 6%, depending on location, with payroll data showing an overall increase of 5.1%.



UC Salary Assumptions

Collective Bargaining Unit	FY 08/09 Salary Increase
Clerical/Admin (CXCOV)	0%
Clerical/Admin (CXUNC)	0%
Patient Care Technical (EXCOV)	10%
Health Care Professionals (HXCOV)	5%
Skilled Craft (K4COV)	1%
Skilled Craft (K5COV)	4%
Skilled Craft (K6COV)	0%
Skilled Craft (K7COV)	4.5%
Skilled Craft (K8COV)	4.5%
Skilled Craft (K9COV)	2%
Skilled Craft (KBCOV)	2%
Nurses (NXCOV) ¹	5.1%
Research Support Profs (RXCOV)	0%
Research Support Profs (RXUNC)	0%
Service Workers (SXCOV)	3%
Technical (TXCOV)	0%

- UC increases for collective bargaining units in the PSS Rep personnel program were also provided by UCOP and are provided in the table at the left.
- Employees with unknown codes (UNK) were assumed to have increases equal to the incumbent-weighted average of UNC and COV employees in their respective unit.
- No adjustments were applied to any incentives or Physician Non-Base Pay and they are assumed to remain constant from the 2007-08 study.

¹ NXCOV salary increases varied from 2% to 6%, depending on campus, with payroll data showing an overall increase of 5.1%.



Appendix C

Market Survey Data and Aging



Market Survey Data and Aging

- For this Study, base salary and total cash compensation market data have been aged to October 1, 2009.
- Market data sources are the most recent surveys available, mostly published in 2009. In some cases, existing 2007/08 market data were aged to October 1, 2009 for surveys or specific survey cuts which were no longer available.
- Mercer's *US Compensation Planning Survey* is the source for aging factors. Given the current economic environment, aging factors which *include* zeroes have been incorporated. This data set includes companies who did not grant base salary increases. With these companies incorporated, the mean base salary increase will be lower than in previous years.
- The following table summarizes the aging factors used for most survey sources:

Employee Group	Campus & UCOP ¹	Medical Centers ²
Senior Management Group (SMG)	3.0%	2.3%
Ladder Rank Faculty ³	1.5%	Not applicable
Librarians ⁴	No aging factor applied	Not applicable
Treasurer's Office ⁵	No aging factor applied	Not applicable
All Other Groups	2.9%	2.4%

¹ Mercer's 2009/2010 US Compensation Planning Survey – Actual 2009 Pay Increases in the Education Industry including zeroes. For SMG, the executive cut was used. For non-SMG jobs, a weighted average of all employee groups was used.

² Mercer's 2009/2010 US Compensation Planning Survey – Actual 2009 Pay Increases in the Healthcare Industry including zeroes. For SMG, the executive cut was used. For non-SMG jobs, a weighted average of all employee groups was used.

³ Aging factor provided by Academic Personnel. Not available separately for public and private institutions.

⁴ At the request of Academic Personnel, the market data for Librarians were not aged and are effective as of July 2009.

⁵ Due to the high volatility of the market data for positions at UC's Treasurers' Office (e.g., dramatic increase in 2008, equally dramatic decrease in 2009), both in base salary and total cash compensation, these data have not been aged.



Market Survey Data and Aging

- When selecting published compensation survey sources, the following factors were considered:
 - **Sample size:** The survey must have a sufficient number of participants (at least five organizations) to provide robust data.
 - **Survey participant list:** The survey must include a list of all participants to ensure data represent appropriate comparisons to UC.
 - **Relevant markets:** The survey should incorporate data from UC's competitive peer group (e.g., academic organizations for SMG positions, healthcare organizations for the Medical Centers).
 - **Survey statistics:** The survey should provide adequate statistical output such as the 25th, 50th and 75th percentiles, as well as market average, for both base salary and total cash compensation.
 - **Survey reputation:** The survey should be well-regarded within its industry or area of focus, and should provide an overview of the data collection, evaluation, and reporting methodology.



Market Survey Data and Aging

- The following survey sources were used for Campus & UCOP positions:

Survey Source	Overview	Industries Covered	Personnel Programs	Relevant UC Participants ¹
Altman Weil , Legal Department Compensation Benchmarking Survey	Covers legal and paralegal positions in corporate law departments.	Utilities, Manufacturing, Wholesale/Retail Trade, Transportation, Information, Finance, Insurance, Services, Other	SMG, MSP, Office of the General Counsel positions	Judicial Council of California
College & University Professional Association (CUPA) Administrative Compensation Survey	Provides salary data for university administrators, mid-level administrative and professional positions found at most higher education institutions.	Higher Education	SMG, MSP	LA Community College, West Hills Community College
Dietrich and Associates, Salary Study	Covers approximately 130 support services positions across a variety of industries.	Administrative Services, Secretarial/Word Processing, Finance & Accounting, Legal, Marketing, Engineering Services, Editing/Graphics/Specifications, Technology, Human Resources	MSP, PSS Rep, PSS Non Rep	None
Gartner, Inc. Information Technology Compensation Survey	Provides detailed compensation data on 137 prevalent jobs in IT. Over 225 participating organizations.	Financial Services, High Tech, Insurance, Manufacturing, Public - Non-Profit, Other Services	MSP, PSS Rep, PSS Non Rep	None
McLagan Partners Compensation Surveys	This survey source used primarily for positions within the Treasurers' Office.	Financial Services, Investment Firms	SMG, MSP, PSS Non Rep, Treasurers' Office	None
Mercer (Metropolitan, ITAA, Executive and General Industry Databases)	Database consisting of over 900 functional positions offered in every industry. 1,370 organizations	Hospitality/Entertainment/Media, Professional Services, Diversified, Real Estate/Construction, Education, Insurance - Non-Healthcare, Retail/Wholesale, Energy/Mining, Mfg. - Durable, Misc., Technical Services, Finance/Banking, Mfg. - High Tech, Telecommunications, Government/Nonprofit, Mfg. - Nondurable Goods, Utilities	SMG, MSP, PSS Rep, PSS Non Rep, Service Workers	LA Community College

¹ Includes the following organizations: State of California and related entities, Community Colleges in California, California State University



Market Survey Data and Aging

- The following survey sources were used for Campus & UCOP positions:

Survey Source	Overview	Industries Covered	Personnel Programs	Relevant UC Participants ¹
PRM Consulting Compensation Survey	The survey includes total cash compensation and salary range data on a total of 100 positions.	Trade, Professional, Educational, Health and Social Welfare, Other	SMG	None
Radford Surveys + Consulting, U.S. Benchmark Survey, Biotechnology Survey	Provided by UCOP and Berkeley campuses. Radford surveys cover over 1,500 different positions across several career levels.	High tech, Bio-technology	SMG, MSP, PSS Rep, PSS Non Rep, Service Workers	None
Salary Information Retrieval System (SIRS)	Local surveys provided for Los Angeles, Berkeley and San Francisco. Modules provided included Supervisory, Non-Supervisory and Non-Exempt personnel.	All industries	PSS Non Rep, MSP	None
Watson Wyatt Data Services (ECS Data Surveys)	Database consisting of several modules across functions and career levels (e.g., HR, Administrative, Top Management). For most of the modules, over 800 participating organizations.	Higher Education, Durable Goods Manufacturing, Non-Durable Goods Manufacturing, Utilities & Energy, Retail & Wholesale, Services, Healthcare, Banking & Finance, Insurance	SMG, MSP, PSS Rep, PSS Non Rep, Service Workers	Judicial Branch and Judicial Council of California
Western Management Group, EduComp Compensation Management Survey	With data from 115 educational institutions across the country, the survey is now positioned to become the premiere survey for educational institutions nationwide.	Education	SMG, MSP, PSS Rep, PSS Non Rep	None

¹ Includes the following organizations: State of California and related entities, Community Colleges in California, California State University

- The following survey sources were used for Ladder Rank Faculty and Librarians and provided by Academic Personnel:
 - California Postsecondary Education Commission Report for Faculty Compensation
 - Association of Research Libraries Salary Survey



Market Survey Data and Aging

- The following survey sources were used for positions at the Medical Centers and Staff Physicians:

Survey Source	Overview	Personnel Programs
American Medical Group Association (AMGA) Compensation	Compensation data is reported for medical groups' physicians, nonphysician medical staff, and select administrative staff positions.	MSP, Staff Physicians
Clark Consulting Health Care Executive Compensation Survey	Compensation data is reported for medical groups' physicians, nonphysician medical staff, and select administrative staff positions.	SMG, MSP, PSS Non Rep
Clark Consulting Executive Compensation Survey for IA/HCO	Includes executive compensation data on 130 positions from nearly 1,200 health systems and hospitals.	SMG, MSP
Allied for Health Management Compensation Report	Sponsored by the California Hospital Association, the Hospital Council of Northern and Central California, the Hospital Association of Southern California and the Hospital Association of San Diego and Imperial Counties. In 2007, approximately 190 healthcare facilities were invited to participate in the Survey. With a response rate of 70% (132 facilities), the Survey may be generally considered as representative of the entire sample.	MSP, PSS Rep, PSS Non Rep
Allied for Health NonMgmt Comp - Northern CA		
Allied for Health NonMgmt Comp - Southern CA		
Hospital & Healthcare Compensation Service (HCS) Salary and Benefits	Reports compensation and benefits data for both for-profit and not-for-profit hospitals. Data is reported by region, bed-size, revenue, state, and city.	SMG, MSP, PSS Non Rep, PSS Rep
Mercer Integrated Health Networks Survey Suite	Covers executive, middle management and individual contributors at hospitals and health systems.	SMG, MSP, PSS Non Rep, PSS Rep
Sullivan Cotter and Associates, Survey of Manager and Executive Compensation in Hospitals and	This survey reports annualized compensation data for executives from 219 health systems and 663 hospitals. Data is reported separately according to organization type.	SMG, MSP, PSS Non Rep, PSS Rep
Sullivan Cotter and Associates, Physician Compensation and	This report provides physician compensation and benefit data. The data were obtained from over 39,000 physicians, PhDs, mid-level providers, residents and medical group executives.	MSP, Staff Physicians
Watson Wyatt Data Services (ECS Data Surveys)	Hospital and Health Care Management Compensation Report, The Hospital and Health Care Professional, Nursing and Allied Services Personnel Compensation Report	SMG, MSP, PSS Non Rep, PSS Rep



Market Survey Data and Aging

- In general annualized market movement (2007 to 2009) was between 0% and 5%.
 - For Campus & UCOP SMG positions, market movement was greater due to significant average increases in CUPA data, approximately 14% over a two-year period (2006/07 to 2008/09). Volatility in the CUPA data is also driven by a smaller sample size (most positions utilize the “Full Comparison Group” cut which consists of UC’s 26 peer institutions).
 - In addition, Nurses and other allied health positions showed some increases in the 5% to 10% range.

Campus & UCOP	Total Jobs	Annualized Market Movement				
		<-5%	-5% - 0%	0% - 5%	5% - 10%	>10%
SMG	66	2%	11%	14%	56%	18%
MSP	123	1%	7%	81%	7%	4%
PSS Non-Rep	139	0%	0%	97%	2%	1%
PSS Rep	60	0%	0%	98%	2%	0%
Service Workers	5	0%	0%	100%	0%	0%
Overall	393	1%	4%	78%	12%	5%

Medical Centers	Total Jobs	Annualized Market Movement				
		<-5%	-5% - 0%	0% - 5%	5% - 10%	>10%
SMG	12	0%	0%	100%	0%	0%
Staff Physicians	15	0%	0%	87%	13%	0%
MSP	88	0%	2%	82%	14%	2%
Nurses	7	0%	0%	71%	29%	0%
PSS Non-Rep	86	0%	3%	81%	14%	1%
PSS Rep	66	0%	2%	89%	9%	0%
Overall	274	0%	2%	84%	12%	1%



Appendix D

Benefits Valuation Details



Benefits Valuation Details

- For this study, the benefits values have been estimated using the following approaches:

Health & Welfare Assumptions/Methodologies for 2009 Study		
	Benefits Valuation Approach	Caveats
Medical & Dental	Assumes the same actuarial value as in 2007/08 for both UC and the Market	<ul style="list-style-type: none"> Marginal tax rate for 2009 is assumed the same as in 2007 While the market data and UC salaries may have changed, this approach assumes the salary bands change at the same rate (that is, employees remain in the same salary band as in 2007)
Life Insurance	A ratio of life insurance value in 2007/08 to 2007/08 base salary is applied to the 2009 base salary for UC and the Market	<ul style="list-style-type: none"> Marginal tax rate for 2009 is assumed the same as in 2007 Imputed income will be slightly understated resulting in slightly higher values
Long-term Disability (LTD)	A ratio of LTD value in 2007/08 to 2007/08 base salary is applied to the 2009 base salary for UC and the Market	<ul style="list-style-type: none"> Marginal tax rate for 2009 is assumed the same as in 2007 Social Security law and calculations increase at the same rate as pay Maximum benefits are assumed to increase at the same rate as base pay
Retiree Life Insurance	A ratio of life insurance value in 2007/08 to 2007/08 base salary is applied to the 2009 base salary for UC and the Market	<ul style="list-style-type: none"> Marginal tax rate for 2009 is assumed the same as in 2007
Total Remuneration	Total remuneration is derived from the sum of all benefit components and total cash compensation	



Benefits Valuation Details

- As there are differences inherent in each firm's proprietary methodologies, Hewitt and Mercer agreed to reconcile significant differences between the two methodologies in the 2007/08 Study. The following table is a review of some minor methodological discrepancies remaining. As discussed in 2007/08 Study, the cost and time of reconciling them outweighs the benefit of producing a result which, in most cases, is considered not material to the total benefits value.

Health & Welfare Benefits	
Similar assumptions and methodologies	<ul style="list-style-type: none"> Values for health care plans are calculated assuming that all employees participate in the plans offered, even when they are voluntary. Health plan participation is based on actual employee election data, where available, and estimates based on past experience are used in lieu of actual data. The employer-provided value of healthcare benefits for active employees is calculated based on the equivalent value of expected claims net of deductible, employee-paid coinsurance, and employee-paid co-pays (maximums and out-of-pocket limits reflected in value). Values reflect as close a substitution as possible to the benefit provided by the employer. For example, it has been assumed that employees will replace their life insurance benefits with the same amount of coverage. Disability benefits payable from the retirement plans are valued as part of the Long Term Disability benefit in the H&W area. Pre-retirement survivor benefits are included in the Death Benefit values (H&W area).



Benefits Valuation Details

Differences in Health & Welfare Assumptions/Methodologies		
	Campus & UCOP	Medical Centers
Inclusion or exclusion of certain benefits	Includes hearing and life insurance for future retirees.	Excludes hearing and life insurance for future retirees.
Weighting of plans (when more than one plan is offered)	Each plan is separately valued and weighted by employee elections to determine actual value for the study.	The predominant plan is valued; if there are two plans equally prevalent, a 50/50 weighting is applied.
Optional employee paid plans	Optional 100% employee paid life insurance and long-term disability plans are valued.	Optional 100% employee paid plans are not valued.
Calculation of medical plan value	Employer-paid value is based on total benefit value minus employee contributions.	A percentage of total premium paid by employer is used instead of a fixed dollar amount.
Long-term disability	Employer-paid value is based on total benefit value minus employee contributions. Recognizes the value of employee having to pay less for a similar benefit than an employee at a comparator company. Value of LTD is net of social security offset and with social security eligibility varying by age.	UC's LTD plan is not valued as it is 100% employee paid. The value derived is solely from the UCRP. Assumes that 70% of disabled individuals qualify for social security benefits.
Employee coverage elections for medical plans	Assume Employee only - 40%; Employee plus spouse - 20%; Employee + children - 10%; Employee + family - 30% (reflects combined Campus & UCOP coverage elections).	Use actual UC coverage elections.



Benefits Valuation Details

Retirement Benefits	
Similar assumptions and methodologies	<ul style="list-style-type: none"> ▪ Retirement benefits (defined benefit, retiree medical) have been calculated using the Projected Unit Credit method. ▪ Projected Unit Credit is an actuarial methodology that calculates the current year's value of benefits under the plan's benefit formula using expected future service as of the valuation date and pay that is projected to retirement. ▪ Retirement benefits payable at retirement age are valued. ▪ Termination benefits payable from retirement plans are also included. ▪ Decrements are applied to reflect the likelihood of termination prior to retirement. ▪ Key economic assumptions are: 7.5% discount rate and 4.0% salary increase for defined benefit pension plans and 5.5% discount rate for retiree medical plans consistent with prior reports. ▪ Post-retirement survivor benefits are included in the Defined Benefit values. ▪ Defined Contribution plan values include employer contributions to 401(k), 403(b) and after-tax savings. Employer contributions to any other DC plan such as profit sharing, money purchase pension and noncontributory savings are also included. ▪ For voluntary matched savings plans, it is assumed employee plan participation and contributions vary by pay level. Where employee participation is mandatory or not required, full employer contributions have been included. ▪ For retiree medical plans: <ul style="list-style-type: none"> – Generic claims distribution and utilization data at retirement are used. – Retiree contributions are subtracted. – Medicare Part B reimbursement by employer is valued when provided. – Medical inflation rates of 10% for 2009 grading to 5% in 2015 are applied. – Benefit value reflects future value spread out over length of service.



Benefits Valuation Details

Differences in Retirement Assumptions/Methodologies		
Element	Campus & UCOP	Medical Centers
Retirement rates	Retirement rates for staff comparators were based on the richness of the plan's early retirement subsidy. For UC faculty and staff and the faculty comparators, UC's retirement assumptions for faculty and staff were used. The UC retirement assumptions were based on UC experience and expected experience under the new plan design (as provided by Segal and documented in Appendix A).	Assume 5% retire at 55; 15% retire at 60; 20% retire at 62; 60% retire at 65 at both UC and in peer organizations.
Employer contributions for DC plans	Employer contribution adjusted for age/service eligibility and future non-vested termination.	The tax deferral on employee contributions and employer contributions are valued with contribution levels varying by salary.
Retirement assumptions for retiree medical	For UC faculty and staff and the faculty comparators, UC's retirement assumptions for faculty and staff were used. The UC retirement assumptions were based on UC experience and expected experience under the new plan design (as provided by Segal and documented in Appendix A).	Assume 5% retire at 55; 15% retire at 60; 20% retire at 62; 60% retire at 65 at both UC and in peer organizations.



Appendix E

Study Coverage

Non-Academic Personnel



Study Coverage Non-Academic Personnel

- Overall, the study covered the following UC populations:
 - Career academic¹ and non-academic employees at:
 - Ten UC Campuses
 - Five Medical Centers
 - Agriculture and Natural Resources (ANR)²
 - UC Office of the President (UCOP)
 - Treasurer's Office²
 - Office of the General Counsel²
 - Employees with the following appointments:
 - Career
 - Partial Year Career
 - Staff Physicians with Contract appointments
- *Excluded* from the study are:
 - Post-Doctoral Scholars (as they are not eligible for UC's system-wide benefits)
 - Employees in Police or Fire Services, or House Staff
 - Lawrence Berkeley National Laboratory
 - Clinical Faculty (e.g., Health Sciences Compensation Plan Faculty)

¹ Data for all academic employees included in the study were provided by Academic Personnel.

² These employees were not included in the original Campus & UCOP study in 2005.



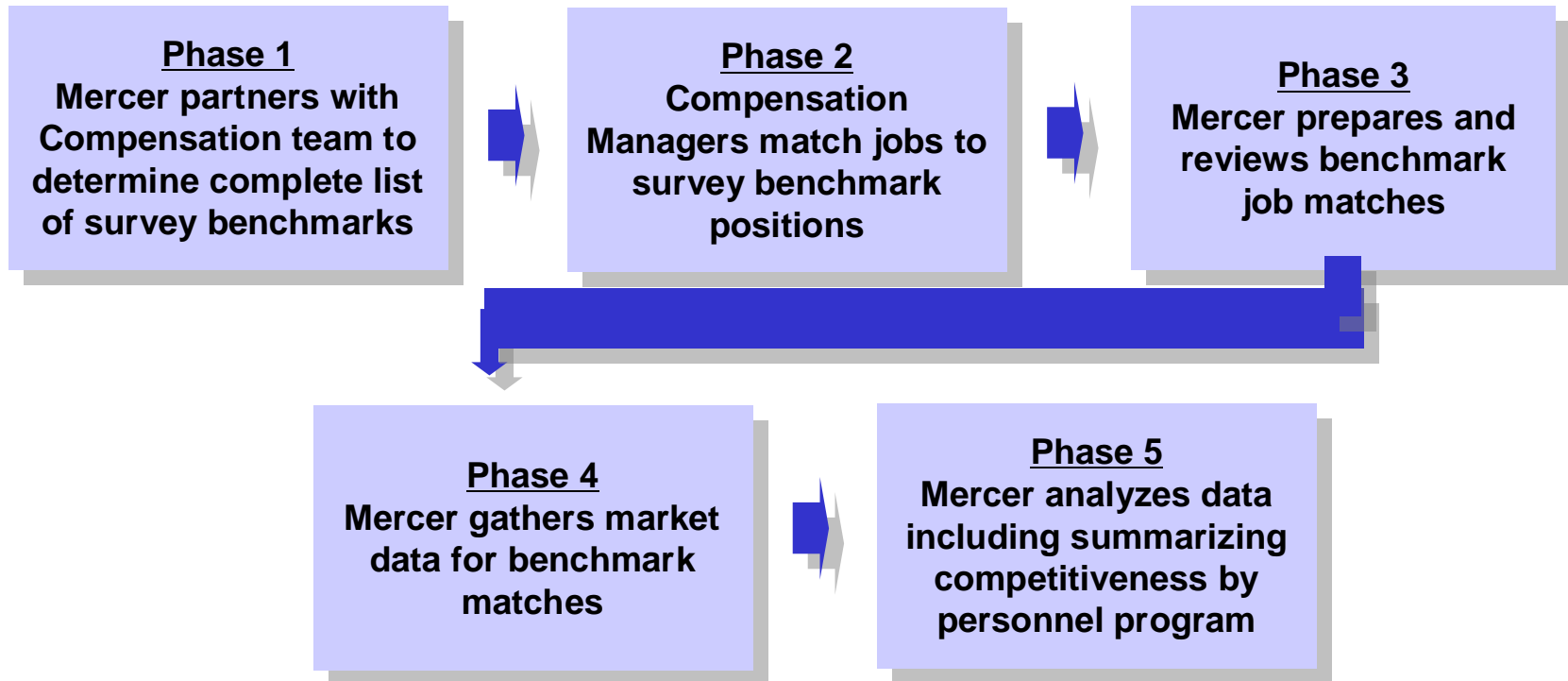
Appendix F

Cash Compensation Methodology for Non-Academic Personnel



Cash Compensation Methodology for Non-Academic Personnel – 2007/08 Study

- The following diagram provides an overview of the data collection and analysis process from the 2007/08 Study:





Cash Compensation Methodology for Non-Academic Personnel – 2007/08 Study

- **Phase 1: Mercer partners with Compensation team to determine complete list of survey benchmarks.**
 - To ensure there was increased study coverage, Mercer worked with the UC Compensation team to include additional survey benchmark positions, especially to cover more “blank” positions (e.g., ___Analyst, ___ Manager) that had not been covered in previous studies.
 - Mercer compiled a preliminary list of benchmark jobs and capsule job descriptions so UC could determine the extent to which these positions existed across the Campuses and Medical Centers and the degree to which UC employees could be mapped to these positions.
 - Mercer reviewed feedback from UCOP and Compensation Managers to finalize the benchmark job list.



Cash Compensation Methodology for Non-Academic Personnel – 2007/08 Study

- **Phase 2: Compensation Managers match jobs to survey benchmark positions**
 - UCOP has provided Mercer the July Central Payroll System (“CPS”) file (“July File”), containing a *snapshot* of position, demographic, and compensation information on all UC employees.
 - Mercer removed SMG positions from the July file, as these had already been matched to benchmarks, and edited the file to include only incumbents with Appointment Codes: Career (2), Partial-Year Career (7), and Contract (1) Staff Physicians.
 - Mercer then separated the July File by location (Campuses, Medical Centers, UCOP, ANR, etc.), and sent each location file to the respective Compensation Manager.
 - To ensure that market matches were made based on job content, not merely on titles, Mercer collaborated with UCOP and the Compensation Managers to compare job content from survey job descriptions to the responsibilities of UC’s employees including job title, primary responsibilities, and required education/experience/certifications.
 - Compensation Managers completed the job matching process by matching each employee to a benchmark position and returned the file to Mercer.



Cash Compensation Methodology for Non-Academic Personnel – 2007/08 Study

- **Phase 3: Mercer prepares and reviews employee match file for analysis**
 - Mercer aggregated the returned files by the location into one master file of employees who had been matched to benchmark positions.
 - Mercer updated benchmarked employees' compensation data to reflect salary increases as of October 1, 2007. These increases were made available from the November CPS file.
 - For UC's compensation, Mercer used "Appointment Pay Rate"¹ and annualized hourly appointments². Additionally, employees with "By Agreement" Appointment Pay Rates were excluded from the analysis.
 - Mercer removed incumbents whose Appointment Pay Types or Title Codes had changed between the July and November files (approximately 5% of total UC population), as we assumed these incumbents had changed positions, and therefore the benchmark match would not necessarily reflect their updated compensation.

¹ According to HRB Information Systems and Support team, Appointment Pay Rate is a more accurate reflection of targeted base pay than annualized monthly "gross earnings", which had been used in the previous studies.

² Hourly rates were annualized based on 2,088 hours per year.



Cash Compensation Methodology for Non-Academic Personnel – 2007/08 Study

- **Phase 3: Mercer prepares and reviews employee match file for analysis - continued**
 - Mercer collected incentive compensation data for eligible employees (e.g., SMG) and Physician Non-Base Pay from UCOP and the Compensation Managers as these data are not included in the CPS file. Incentives do not include spot awards or recognition awards, as these payouts are not typically included in total cash compensation market data.
 - Mercer removed any duplicate entries in the file. All duplicate entries had the same compensation data, so there was no risk of removing the “wrong” entry.
 - Incumbents whose total cash compensation was greater than two standard deviations from the average for their respective benchmark were also excluded from the analysis as they were assumed to be outliers.
 - Issues with matching were also sent back to Compensation Managers for review and clarification.



Cash Compensation Methodology for Non-Academic Personnel – 2007/08 Study

- **Phase 4: Mercer gathers market data for benchmark matches**
 - For non-academic personnel, Mercer gathered market data for each benchmark position, typically from **several survey sources**.
 - To calculate market composites, Mercer used a **simple average** in which the individual data sources were equally weighted (e.g., considered equally relevant).
 - Mercer **adjusted** the data accordingly (e.g., geographic differentials, premiums/discounts). Any outliers were excluded from the composite. The market composites summarize compensation statistics (e.g., average for a particular position).

Illustrative example

Survey	Average TCC		Adjustment		
A - Local	\$49,257	X	1.0	=	\$49,257
B - Local	52,610	X	1.0	=	52,610
C - National	50,209	X	1.1	=	55,230
D - Local	56,810	X	1.0	=	<u>56,810</u>
					\$213,907
	\$213,907	÷	4.0	=	\$53,477



Cash Compensation Methodology for Non-Academic Personnel – 2007/08 Study

- **Phase 5: Mercer analyzes data including summarizing competitiveness by personnel program**
 - Mercer then calculated the UC actual total cash compensation for each benchmarked employee by combining his or her annualized base salary and annualized incentive compensation.
 - We aggregated incumbent data by benchmark position to determine the **average UC total cash compensation** by position.

Incumbent	Benchmark Title	UC Title	Annual Pay
#1	Coding Specialist	Abstractor, Patient Record	\$49,500
#2	Coding Specialist	Abstractor, Patient Record	\$42,500
#3	Coding Specialist	Abstractor, Patient Record	\$56,000
#4	Coding Specialist	Abstractor, Patient Record	\$55,300
#5	Coding Specialist	Abstractor, Patient Record	\$52,500
...			
#100	Coding Specialist	Abstractor, Patient Record	\$50,800

Data by incumbent are averaged for each UC title matched to the same benchmark job

Benchmark Job Title	UC Title	Count	Average Salary
Coding Specialist	Abstractor, Patient Record	100	\$50,305
	Coder, Health Information	49	\$51,850
	AVERAGE		\$50,813

Weighted Average Calculation

$$\frac{[(50,305 * 100) + (51,850 * 49)]}{(100+49)}$$



Cash Compensation Methodology for Non-Academic Personnel – 2007/08 Study

- **Phase 5: Mercer analyzes data including summarizing competitiveness by personnel program (Cont'd)**
 - Mercer then determined the **UC weighted average TCC** within each personnel program by combining all jobs within the personnel program and weighting TCC data by number of incumbents per position. The same was done to determine **weighted average market total cash**.

Illustrative Example

Job Code	Job Title	Number of Incumbents	Average UC Pay	Market Total Cash
UCMC 135	Emergency Medical Technician (EMT)	72	\$30,598	\$29,089
UCMC 136	Medical Technologist	338	\$78,813	\$78,256
UCMC 137	Genetic Counselor	7	\$74,046	\$74,400
UCMC 138	Unit Secretary	403	\$33,690	\$36,963
UCMC 139	Coding Specialist	149	\$50,813	\$52,732
		969	\$52,124	\$53,477

Weighted Average Calculation

$$[(30,598 * 72) + (78,813 * 338) + (7 * 74,046) + (403 * 33,690) + (149 * 50,813)]$$

$$(72+338+7+403+149)$$



Cash Compensation Methodology for Non-Academic Personnel – 2007/08 Study

- **Phase 5: Mercer analyzes data including summarizing competitiveness by personnel program (Cont'd)**
 - For purposes of the study, the calculated variance from the weighted average of market composites reflect a measure of comparison of UC vis-à-vis the market.

Illustrative Example

Job Code	Job Title	Number of Incumbents	Average UC Pay	Market Total Cash
UCMC 135	Emergency Medical Technician (EMT)	72	\$30,598	\$29,089
UCMC 136	Medical Technologist	338	\$78,813	\$78,256
UCMC 137	Genetic Counselor	7	\$74,046	\$74,400
UCMC 138	Unit Secretary	403	\$33,690	\$36,963
UCMC 139	Coding Specialist	149	\$50,813	\$52,732
		969	\$52,124	\$53,477

Variance from the Market Average or “Competitive Positioning”

$$= \frac{\text{Weighted Average of UC Data}}{\text{Weighted Avg. of Market Composites}} - 1 = \frac{\$52,124}{\$53,477} - 1 = -3\%$$



Cash Compensation Methodology for Non-Academic Personnel – Additional Notes

Campus & UCOP SMG Positions – Total Cash Compensation

- For most Campus and UCOP positions, the primary data source is the CUPA Administrative Compensation Survey of UC's Full Comparison Group ("FCG") of 26 institutions.
- If the FCG data were not available, the All Doctoral Institutions survey cut is used with an adjustment factor of 29.3% to account for the average difference between the FCG and the All Doctoral Institution median pay rate.
- Where appropriate, data have been adjusted (by the use of discounts and premiums) to reflect more accurate scope of size, responsibility and/or level.
- To account for system-level complexity of UCOP SMG positions compared with campus-level positions for most of the FCG, a premium of 20% has been applied to the market data.



Cash Compensation Methodology for Non-Academic Personnel – Additional Notes

Medical Center SMG Positions

- For Medical Center positions, the primary data source is the Clark 2006 Healthcare Executive Compensation Survey reflecting the Integrated Academic Health Care Organizations (“IAHCO”) provided by UC.
 - Prior to 2006, UC participated in a special cut of the Clark survey which was not provided this year. There were fluctuations in the Clark data due to the change in the survey cuts.
 - In previous studies, scope ratios were applied to Clark data to account for differences in the budget size. These ratios were not provided and are no longer applied.
- In the case where Clark – IAHCO data cut were not available, additional healthcare industry survey sources were used.



Cash Compensation Methodology for Non-Academic Personnel – Additional Notes

Benchmarking of Staff Physicians

- Total cash compensation for Staff Physicians includes base pay, physician non-base pay and annual incentives. Physician non-base pay and annual incentives were collected separately directly from each location's compensation manager.
- Staff Physicians at both Medical Centers and Campuses were matched using the same benchmarks. This is a change from the 2005 study in which Staff Physicians at the Campuses were matched to a general Physician benchmark. The Staff Physicians at the Medical Centers have always been matched to specialty-specific benchmark positions (e.g., Physician – Internal Medicine, Physician – Anesthesiology).
- At the request of UC, the positioning of Medical Center Staff Physicians has been broken out separately from Medical Center Management and Staff Personnel (“MSP”).
- For the market data, geographic differentials were no longer applied to Staff Physician positions as in the previous year's study since they are considered part of a national talent market.

Benchmarking of Nurses

- Nurses (in union code NXCOV) at both Medical Centers and Campuses were matched using the same benchmarks. This is a change from the 2005 study in which Nurses at the Campuses were matched to a more general Nurse match. The Nurses at the Medical Centers have always been matched to level-specific Nurses (e.g., RN I, RN II, etc.)
- At the request of UC, positioning for the Medical Center Nurses has been broken out separately from Professionals & Support Staff – Represented (“PSS Rep”).



Appendix G

Detailed Methodology for Ladder Rank Faculty* and Librarians

**Excludes Health Sciences faculty; data for this group will be completed in a future analysis.*



Detailed Methodology for Ladder Rank Faculty

- For Ladder Rank Faculty (“LRF”) included in the study, all data including average market data were provided to Mercer by Academic Advancement and include faculty salary increases made in October 2007¹. Mercer used this information to conduct the total cash assessment.
- For LRF, this report summarizes the results for about 77% of LRF also known as “Ladder & Equivalent Rank” faculty. The table on the next page details approximate October 2007 headcount by Faculty grouping and indicates which are included and excluded from the study.
 - In calculating the 77% coverage (study population divided by total population) referred to in this study, the denominator (or total population) is represented by the 9,600 total LRF. The numerator (or study population) represents the 7,402 LRF incumbents actually covered.
 - Of total LRF, the following are excluded: Health Sciences faculty (approximately 1,600 incumbents) and Law School faculty (approximately 140 incumbents). In addition, other faculty titles considered ladder and equivalent rank are excluded as well (approximately 460 incumbents); some examples are Astronomers and Agronomists who do not jointly hold a professorial title, Lecturers with Security of Employment or Potential Security of Employment, and Supervisors of Physical Education.
 - A review of Health Sciences faculty compensation and total remuneration is beyond the scope of this project. An evaluation of health science compensation poses unique challenges; market vary by health science subfield, and data that are valid, reliable and comparable across institutions are not readily available. As a result, a supplemental analysis of health science faculty total remuneration will be undertaken in FY 2010/2011.

¹ Data for Ladder Rank Faculty includes base salary only for campus positions; all other cash compensation excluded. For this study, all employee data were collected and are effective as of 10/1/2007 to reflect increases made in Fall 2007. Employee data for Ladder Rank Faculty were provided by Academic Advancement and are effective as of February 2008 to reflect accurate salary data post scale increases which were effective October 2007 and adjusted by 1.5% for this 2010 study.



Detailed Methodology for Ladder Rank Faculty

- The table below details approximate total headcount for Faculty at the University of California.

University of California Faculty (Approximate October 2007 Headcount¹)

Faculty Type	Total Headcount	General Campus ²	Health Sciences ³	Inclusion in Study
Ladder Rank Faculty	9,600	8,000	1,600	All Ladder & Equivalent Rank faculty except those in Health Sciences and Law
Other Faculty Titles				
In Residence	1,068	32	1,036	Excluded
Other Clinical	730	12	718	Excluded
Health Sciences Clinical	2,330	0	2,330	Excluded
Adjunct	1,180	296	884	Excluded
Lecturers (unit 18)	3,097	2,926	171	Excluded
Visiting	428	295	133	Excluded
Recall	310	140	170	Excluded
Grand Total	18,743	11,701	7,042	

¹ Counts are derived from payroll data and exclude individuals without salary.

² Includes non-Health Sciences Professional Schools, e.g., Business & Law.

³ Includes Faculty in Medicine, Dentistry, Nursing, Optometry, Pharmacy, Public Health and Veterinary Medicine.



Detailed Methodology for Ladder Rank Faculty

Total Cash Compensation for Ladder Rank Faculty

- Average market data used for the LRF analysis were provided by Academic Personnel and represent the 2007-08 academic year salaries of the Comparison 8 institutions which is consistent with the California Postsecondary Education Commission (CPEC) methodology. For this Study, since more recent CPEC data are not available a 1.5% update factor has been applied.
- The LRF market positioning figures included in this report differ slightly the methodology specified by CPEC. The differences are accounted for by three factors:
 - First, the CPEC methodology includes adjustments (weightings by rank) in the generation of a final composite salary average for UC; the UC average is generated by weighting the Comparison 8 (Market) staffing pattern by rank by 25% and UC's own staffing pattern by rank by 75%.
 - Second, the CPEC methodology involves calculations using only summary data of total expenditure dollars and FTE (full-time equivalency), while the UC averages derived in this report used data sets containing records of individual faculty with salaries adjusted to full-time rates. In addition, the Comparison 8 composite overall average was generated using UC's staffing pattern, which differs from the CPEC methodology which weights the Comparison 8 (Market) staffing pattern by rank by 75% and UC's staffing pattern by rank by 25%.
 - Third, the CPEC methodology calculates a lag based on the formula $(\text{Market} - \text{UC})/\text{UC}$; the market positioning figures provided in this report are based on the formula $(\text{UC} - \text{Market})/\text{Market}$.



Detailed Methodology for Librarians

Total Cash Compensation for Librarians

- Market data for the Librarians are from the Association of Research Libraries Compensation Survey and are based upon a weighted average (by number of staff) of the median salaries as reported for the Comparison 8 institutions.
- At the request of Academic Personnel, data were not aged and are effective as of July 2009.
- Stanford University did not participate as they did in previous years so data reflect seven of the Comparison 8.



Appendix H

Cash Compensation Methodology



Cash Compensation Methodology

Campus & UCOP

- Where only national data cuts were available, geographic wage rate differentials were applied to non-SMG, non-academic positions.
- A change from the methodology used in the 2005 Total Remuneration study is that geographic differentials were not applied to SMG (executive) positions or Staff Physicians.
 - SMG positions at UCOP, Campuses and Medical Centers were matched using special cuts of the College and University Professional Association (“CUPA”) data provided by UCOP. Other adjustments (e.g., premium for system complexity for most UCOP SMG positions) off-set the effect of geographic differentials no longer being applied.
 - Staff Physicians were more appropriately matched to specialty disciplines and considered part of a national market.

Medical Centers

- For the Medical Centers, geographic differentials were applied, identical to those used in the Campus & UCOP Total Remuneration study.
- Since local data were available for most positions, geographic differentials were used sparingly.
- As mentioned above, geographic differentials were not applied to any Staff Physician positions.



Cash Compensation Methodology

- Where only national data cuts were available, geographic differentials were applied. Geographic differentials were not applied to SMG positions, since executives are considered part of a national market.

Campus & UCOP Locations	Location	Geographic Differential ¹
UC Berkeley	Oakland, CA	20%
UC Davis	Sacramento, CA	10%
UC Irvine	Irvine, CA	15%
UC Los Angeles	Los Angeles, CA	15%
UC Merced	Merced, CA	5%
UC Riverside	Riverside, CA	10%
UC San Diego	San Diego, CA	10%
UC San Francisco	San Francisco, CA	20%
UC Santa Barbara	Santa Barbara, CA	10%
UC Santa Cruz	Santa Cruz, CA	10%
UCOP	Oakland, CA	20%

At Riverside, for example, if the national market average TCC for a position was \$50,000, the data would be adjusted to \$55,000 ($\$50,000 \times 1.10$) to reflect the Riverside market

¹ Based on data from Mercer's 2007-08 Geographic Salary Differentials (GEO) survey, supplemented by Economic Research Institute (ERI) statistics. Percentages rounded to nearest 5% and reviewed with Campus representatives & UCOP.



Cash Compensation Methodology

- Since local data were available for most Medical Center positions, geographic differentials were used sparingly, mostly for MSP. Geographic differentials were not applied to Staff Physicians and SMG, since they are considered a part of the national market.

Medical Center	Location	Geographic Differential ¹
Davis	Sacramento, CA	10%
Irvine	Irvine, CA	15%
Los Angeles	Los Angeles, CA	15%
San Diego	San Diego, CA	10%
San Francisco	San Francisco, CA	20%

¹ Mercer's 2007-08 Geographic Salary Differentials (GEO) survey, supplemented by Economic Research Institute (ERI) statistics. Percentages rounded to nearest 5% and reviewed with Medical Center representatives & UCOP.



Appendix I

Ladder Rank Faculty Detail by Rank



Campus & UCOP Findings

Detailed Results for Full Professors

(Data Effective October 1, 2009)

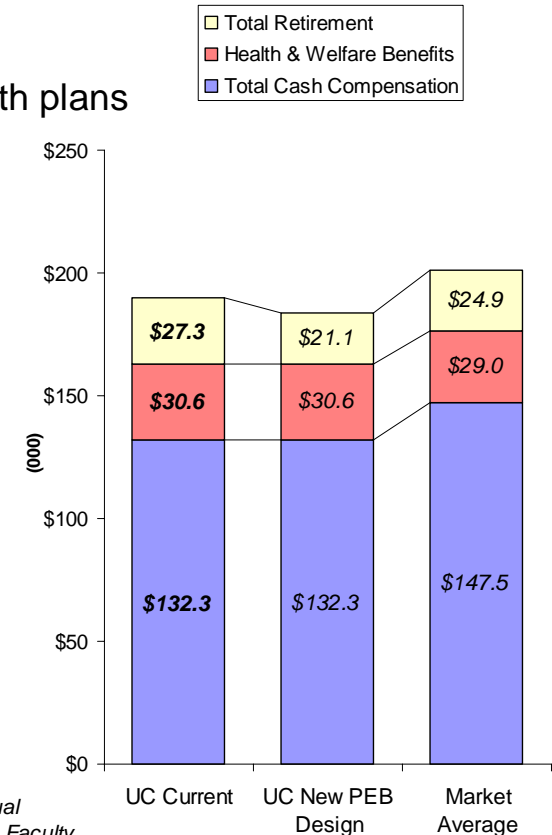
- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans

Element of Remuneration	UC Average		Market Average	Variance ¹ from Market	
	Current	New PEB Designs		Current	New PEB Designs
Total Cash Compensation	\$132,261	\$132,261	\$147,450	-10%	-10%
Health & Welfare Benefits	\$30,587	\$30,587	\$28,978	+6%	+6%
Medical & Dental	\$22,120	\$22,120	\$21,318	+4%	+4%
Life Insurance ²	\$6,149	\$6,149	\$5,302	+16%	+16%
Long-term Disability	\$2,319	\$2,319	\$1,878	+23%	+23%
Dependent Tuition	\$0	\$0	\$480	n/a	n/a
Total Retirement	\$27,280	\$21,065	\$24,892	+10%	-15%
Retirement (DB/DC)	\$21,400	\$17,777	\$21,324	0%	-17%
Retiree Medical	\$5,833	\$3,236	\$3,377	+73%	-4%
Retiree Life	\$47	\$53	\$192	-76%	-73%
Total Remuneration	\$190,128	\$183,913	\$201,321	-6%	-9%

¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.

³ Please note there were differences in retirement assumptions used for LRF relative to other personnel programs. Actual retirement experience for LRF has been incorporated at the request of the Total Remuneration Advisory Group of the Faculty Welfare Committee. See Appendix A for additional information.





Campus & UCOP Findings

Detailed Results for Associate Professors

(Data Effective October 1, 2009)

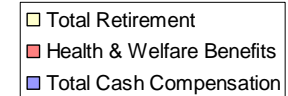
- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans

Element of Remuneration	UC Average		Market Average	Variance ¹ from Market	
	Current	New PEB Designs		Current	New PEB Designs
Total Cash Compensation	\$86,740	\$86,740	\$98,859	-12%	-12%
Health & Welfare Benefits	\$19,190	\$19,190	\$17,942	+7%	+7%
Medical & Dental	\$17,098	\$17,098	\$15,651	+9%	+9%
Life Insurance ²	\$1,362	\$1,362	\$1,135	+20%	+20%
Long-term Disability	\$731	\$731	\$658	+11%	+11%
Dependent Tuition	\$0	\$0	\$499	n/a	n/a
Total Retirement	\$14,970	\$8,490	\$15,472	-3%	-45%
Retirement (DB/DC)	\$10,039	\$5,760	\$12,747	-21%	-55%
Retiree Medical	\$4,892	\$2,687	\$2,639	+85%	+2%
Retiree Life	\$38	\$44	\$86	-56%	-50%
Total Remuneration	\$120,900	\$114,421	\$132,274	-9%	-13%

¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.

³ Please note there were differences in retirement assumptions used for LRF relative to other personnel programs. Actual retirement experience for LRF has been incorporated at the request of the Total Remuneration Advisory Group of the Faculty Welfare Committee. See Appendix A for additional information.



10% or more below market

Between -6% and -9%

Between -5% below and +5% above market

Between +6% and +9%

10% or more above market



Campus & UCOP Findings

Detailed Results for Assistant Professors

(Data Effective October 1, 2009)

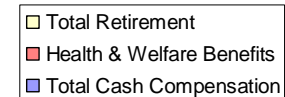
- Current: With employee contributions to UCRP at 5% of pay
- New PEB Designs I(b): Proposed redesign of pension and retiree health plans

Element of Remuneration	UC Average		Market Average	Variance ¹ from Market	
	Current	New PEB Designs		Current	New PEB Designs
Total Cash Compensation	\$77,305	\$77,305	\$82,781	-7%	-7%
Health & Welfare Benefits	\$14,857	\$14,857	\$14,224	+4%	+4%
Medical & Dental	\$13,957	\$13,957	\$13,094	+7%	+7%
Life Insurance ²	\$639	\$639	\$675	-5%	-5%
Long-term Disability	\$261	\$261	\$178	+47%	+47%
Dependent Tuition	\$0	\$0	\$277	n/a	n/a
Total Retirement	\$6,718	\$2,178	\$10,226	-34%	-79%
Retirement (DB/DC)	\$4,098	\$747	\$8,685	-53%	-91%
Retiree Medical	\$2,599	\$1,408	\$1,512	+72%	-7%
Retiree Life	\$21	\$23	\$29	-30%	-21%
Total Remuneration	\$98,879	\$94,340	\$107,231	-8%	-12%

¹ All variance figures shown are rounded to the nearest whole percentage.

² Includes pre-retirement survivor benefits.

³ Please note there were differences in retirement assumptions used for LRF relative to other personnel programs. Actual retirement experience for LRF has been incorporated at the request of the Total Remuneration Advisory Group of the Faculty Welfare Committee. See Appendix A for additional information.





Campus & UCOP Findings

Detailed Description for Assistant Professors

- Assistant Professor has the lowest rank (9) in three ways - the youngest population with the least service has the lowest total value. Pension values are lowest for a young population (far from retirement) and highest for an older population (close to retirement) as illustrated by the table. Higher accruals above SSCC skew the results upward as pay increases.

UC Benefit Valuation Populations	Order					
	Average Age	Average Service	Total Value as %	By Age	By Service	By Total Value
Full Professor	57	19	18.6%	2	1	2
Associate Professor	46	10	10.3%	5/6	5/6	5/6
Assistant Professor	37	3	4.9%	9	9	9
Management and Senior Professional (MSP)	49	13	16.7%	4	3/4	3
Other Academics (OA)	50	13	16.1%	3	3/4	4
Senior Management Group (SMG)	58	18	25.0%	1	2	1
Professional Service Support Represented (PSS Rep)	42	8	8.1%	8	7	8
Professional Service Support Non-Represented (PSS Non-rep)	44	10	10.3%	7	5/6	5/6
Service Workers (SW)	46	7	8.7%	5/6	8	7



Campus & UCOP Findings

Detailed Description for Assistant Professors

- The dollar amount of the Assistant Professor value is very small because the total value and the employee contribution are nearly the same (both are about 5% of pay.) For all other populations, the total value is greater than the employee contribution. The report shows the net results.

UC Benefit Valuation Populations	Order					
	Average Age	Average Service	Average Pay	By Total Value	By Employee Contribution	By Employer Paid Value
Full Professor	57	19	\$ 130,306	2	2	2
Associate Professor	46	10	\$ 85,458	5/6	4	7/8
Assistant Professor	37	3	\$ 76,162	9	5	9
Management and Senior Professional (MSP)	49	13	\$ 110,315	3	3	4
Other Academics (OA)	50	13	\$ 74,476	4	6	3
Senior Management Group (SMG)	58	18	\$ 249,844	1	1	1
Professional Service Support Represented (PSS Rep)	42	8	\$ 41,425	8	8	7/8
Professional Service Support Non-Represented (PSS Non-rep)	44	10	\$ 61,361	5/6	7	5
Service Workers (SW)	46	7	\$ 29,212	7	9	6



Appendix J

Campus & UCOP Findings

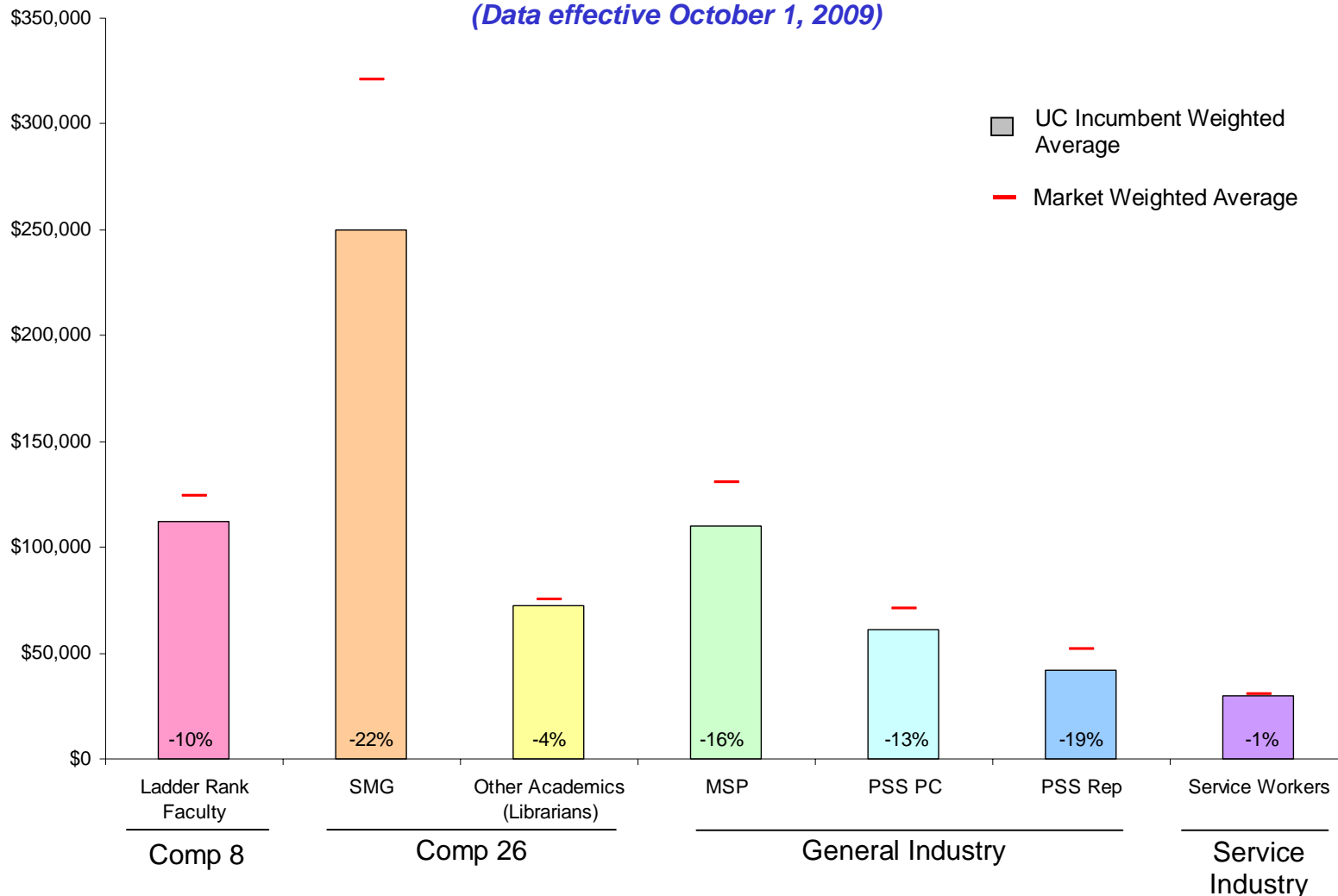
Summary Charts



Campus & UCOP Findings

Total Cash Compensation

(Data effective October 1, 2009)

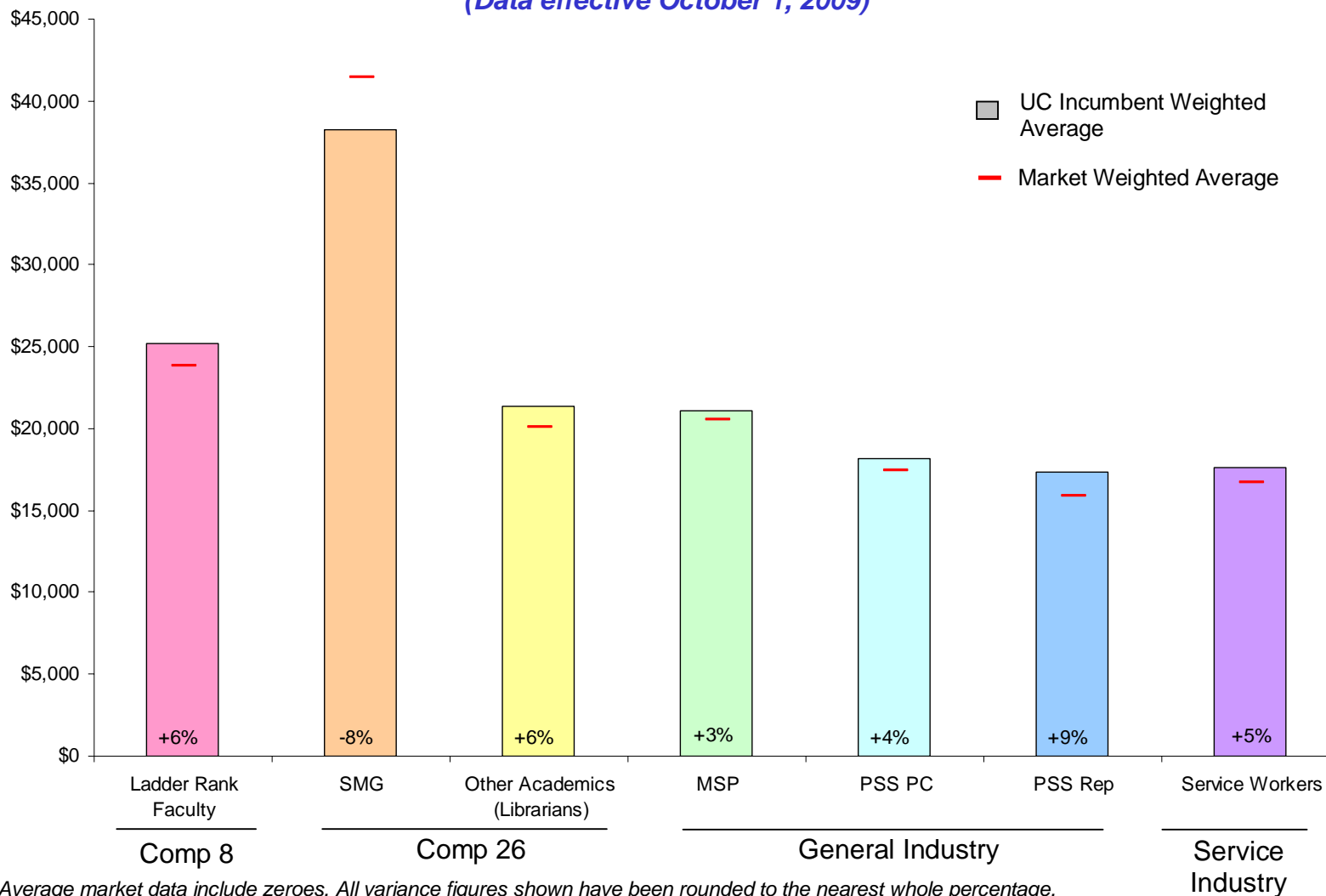


Note: All variance figures shown have been rounded to the nearest whole percentage.



Campus & UCOP Findings Health and Welfare Benefits

(Data effective October 1, 2009)



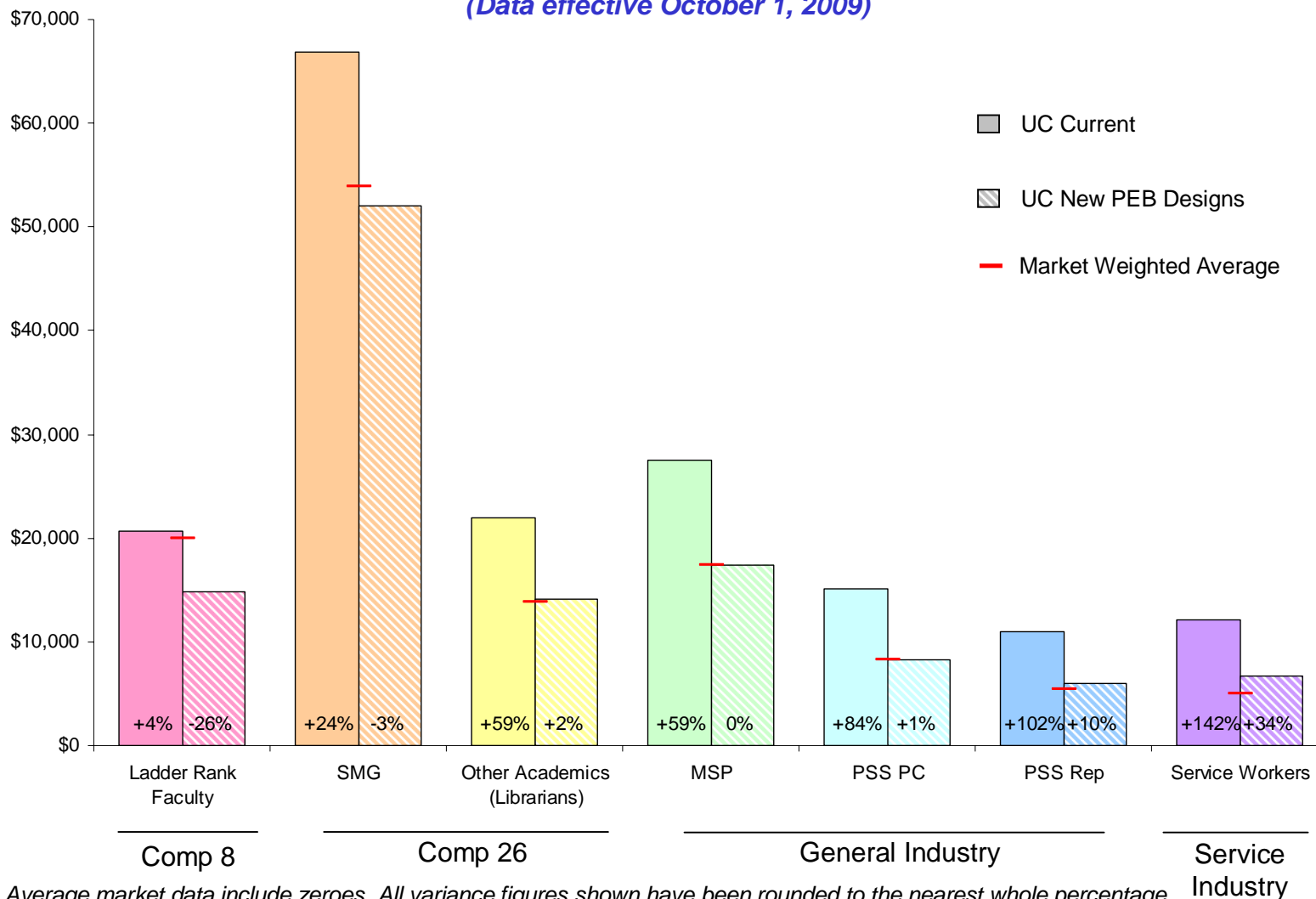
Note: Average market data include zeroes. All variance figures shown have been rounded to the nearest whole percentage.



Campus & UCOP Findings

Total Retirement¹

(Data effective October 1, 2009)



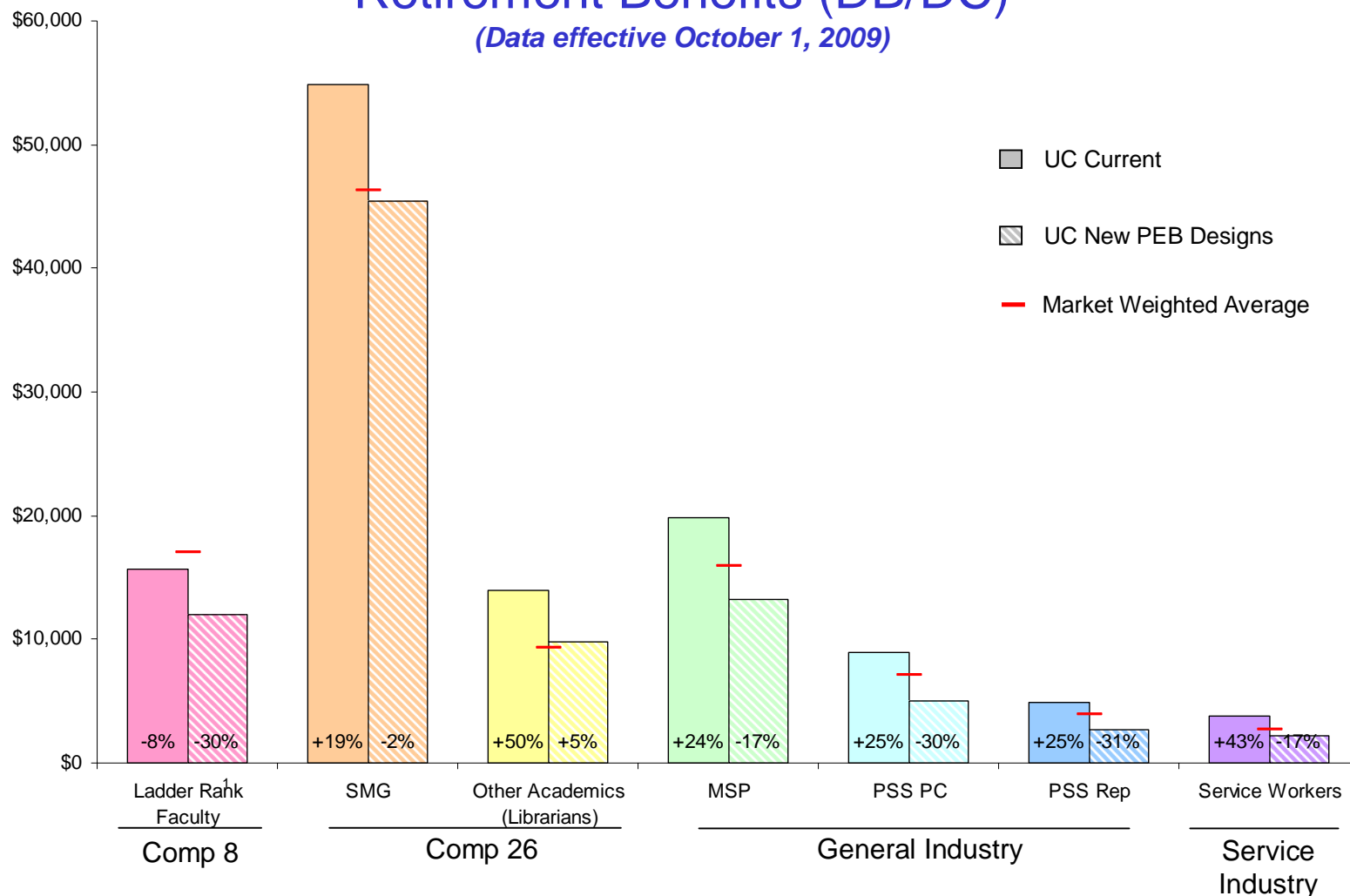
Note: Average market data include zeroes. All variance figures shown have been rounded to the nearest whole percentage.

¹ Includes Retirement Benefits and Retiree Medical & Life



Campus & UCOP Findings Retirement Benefits (DB/DC)

(Data effective October 1, 2009)



Note: Average market data include zeroes. All variance figures shown have been rounded to the nearest whole percentage.

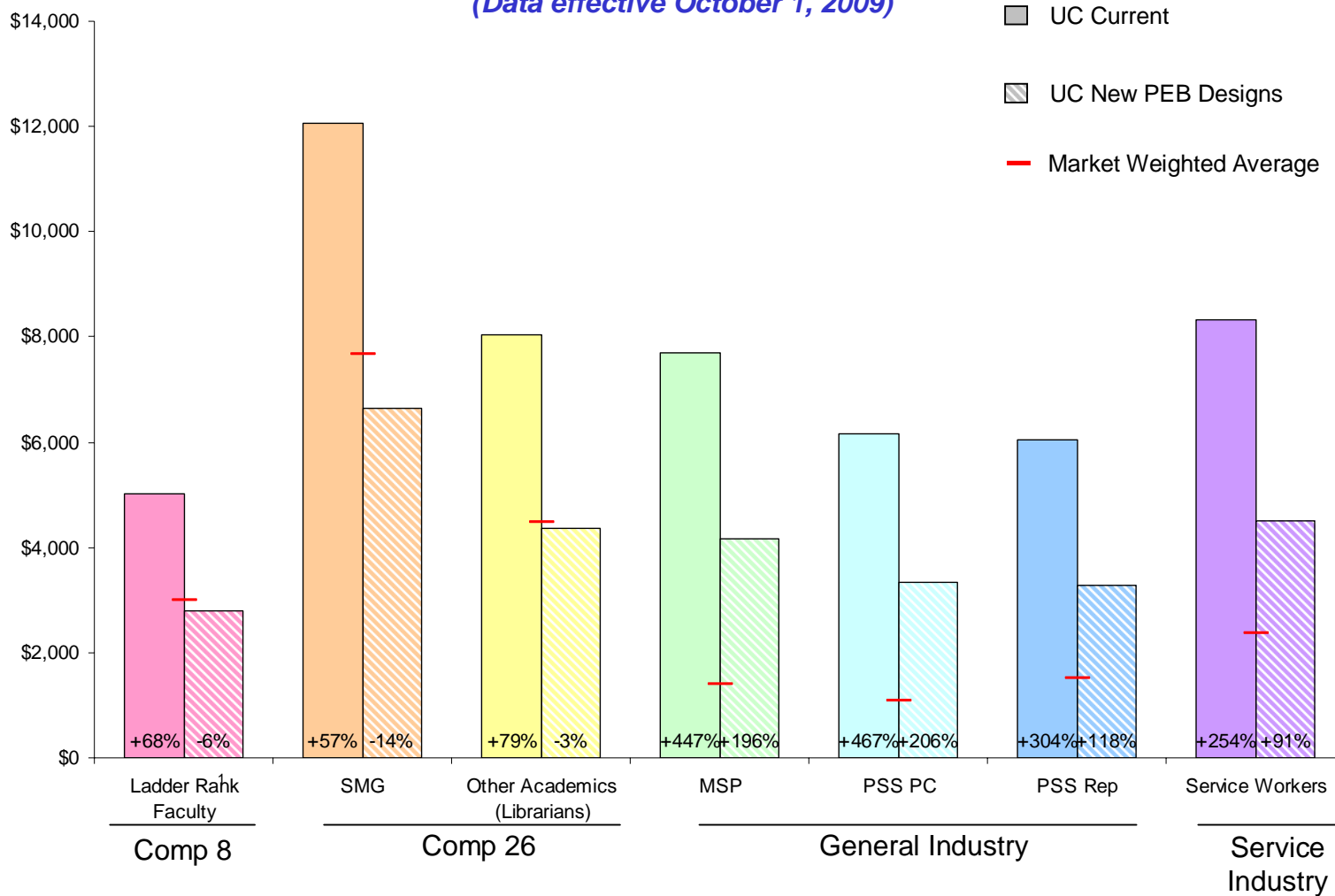
¹ Please note there were differences in retirement assumptions used for LRF relative to other personnel programs. Actual retirement experience for LRF has been incorporated at the request of the Total Remuneration Advisory Group of the Faculty Welfare Committee. See Appendix A.



Campus & UCOP Findings

Retiree Medical & Life

(Data effective October 1, 2009)

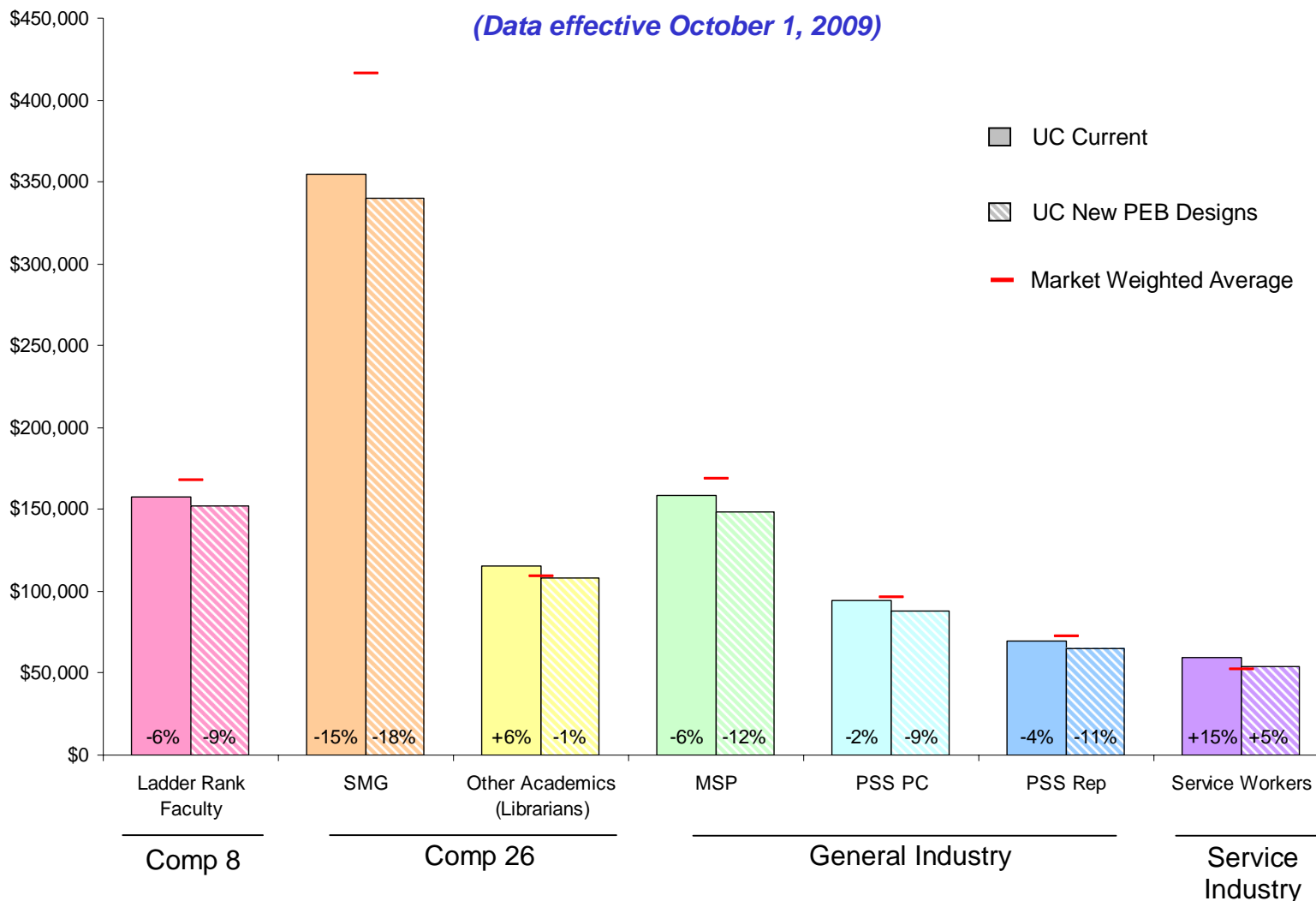




Campus & UCOP Findings

Total Remuneration

(Data effective October 1, 2009)



Note: All variance figures shown have been rounded to the nearest whole percentage. Rank for LRF available as each TCC comparator is reported separately.



Appendix K

Campus & UCOP Findings

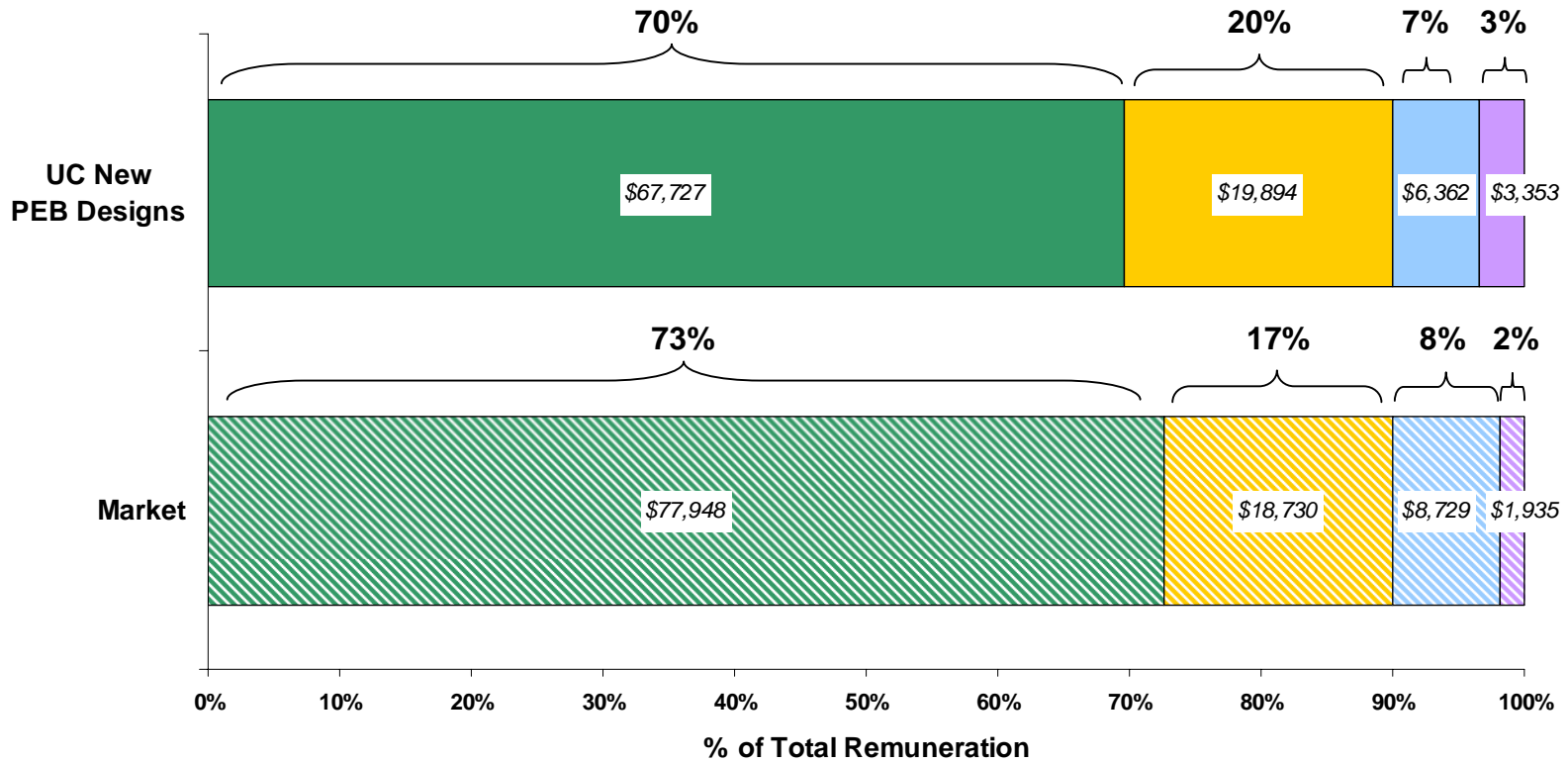
Pay Mix Results



Campus & UCOP Findings

Pay Mix Results for Overall

(Data effective October 1, 2009)



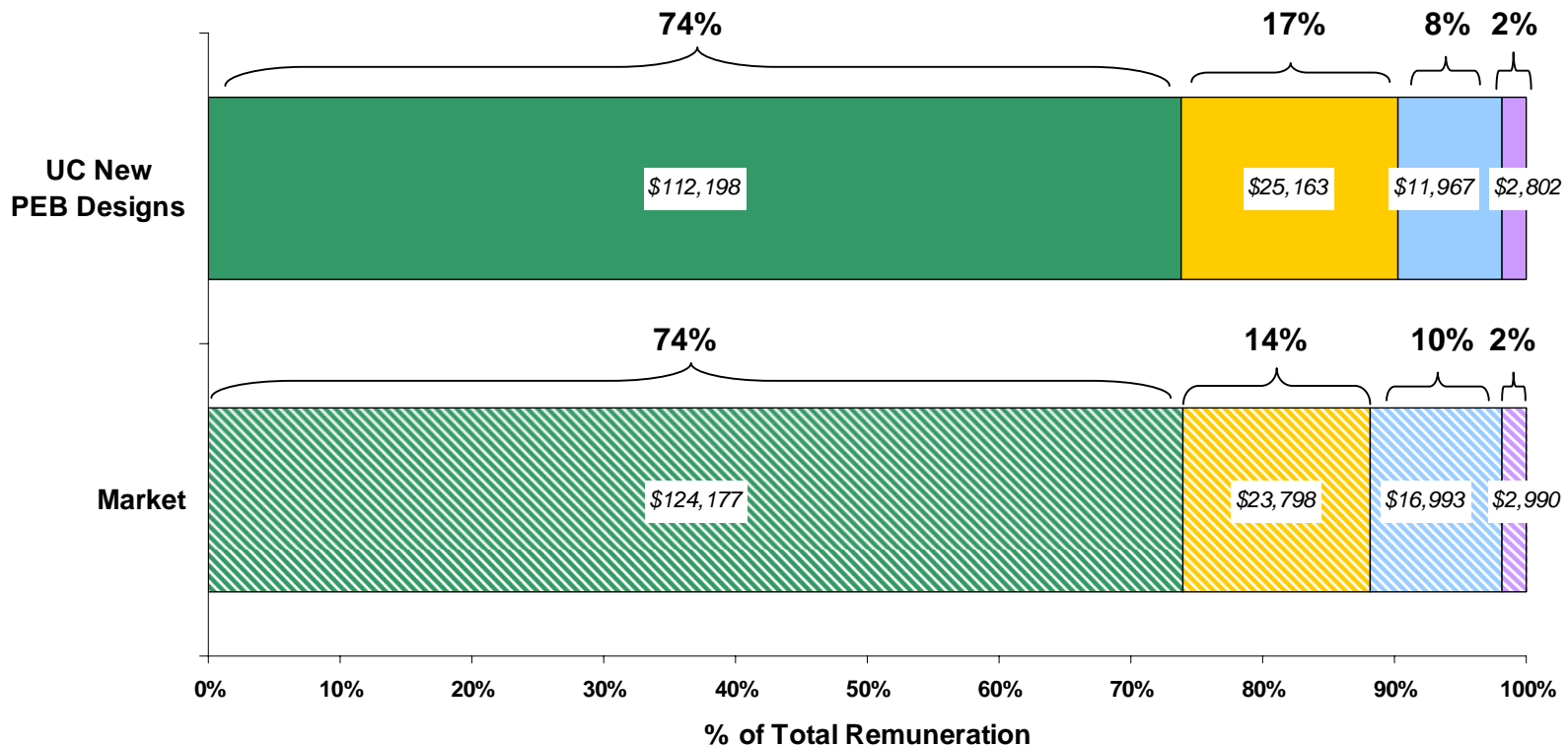
Market Cash Compensation
 Market Health & Welfare
 Market Retirement (DB/DC)
 Market Retiree Medical & Life



Campus & UCOP Findings

Pay Mix Results for Ladder Rank Faculty

(Data effective October 1, 2009)



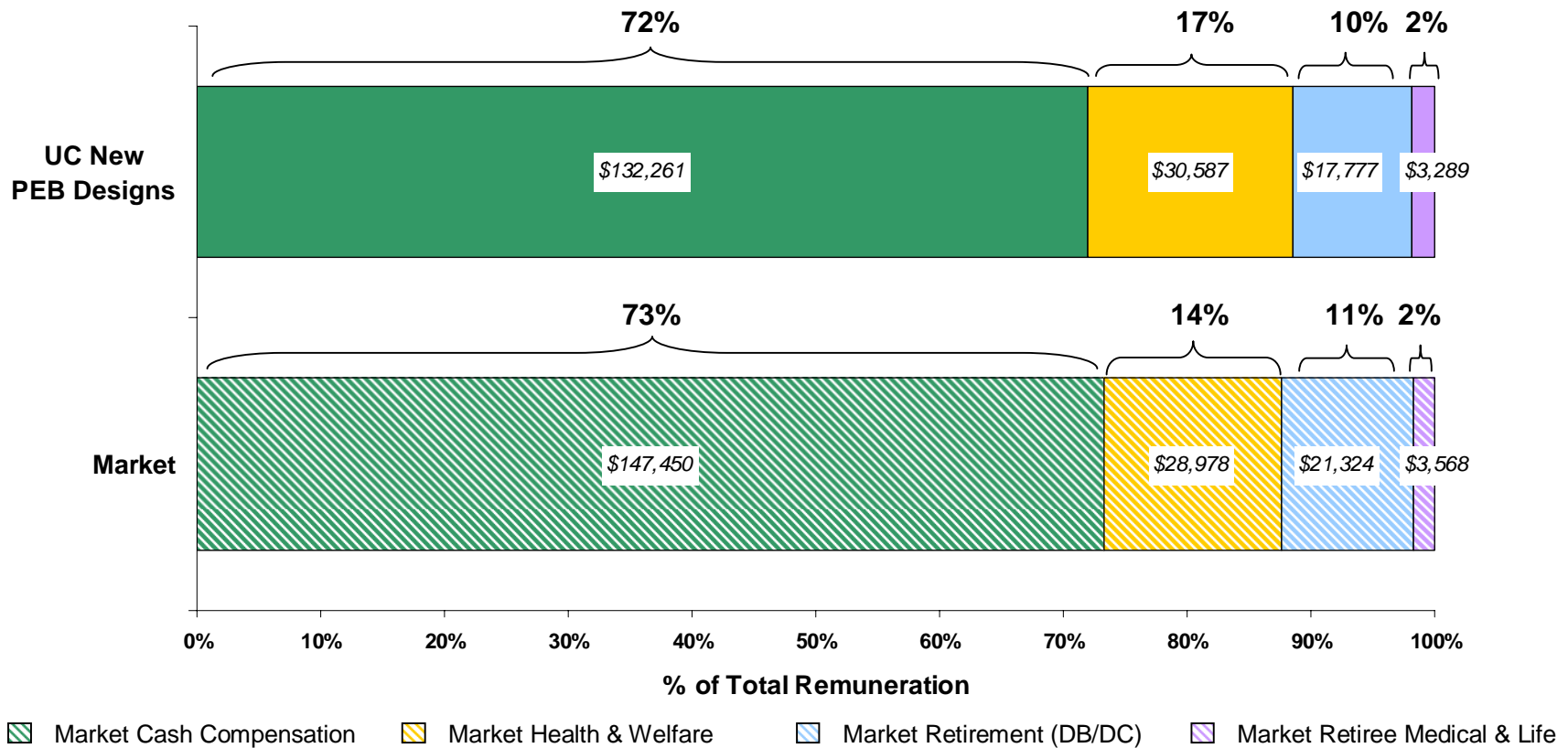
Market Cash Compensation
 Market Health & Welfare
 Market Retirement (DB/DC)
 Market Retiree Medical & Life



Campus & UCOP Findings

Pay Mix Results for Full Professors

(Data effective October 1, 2009)

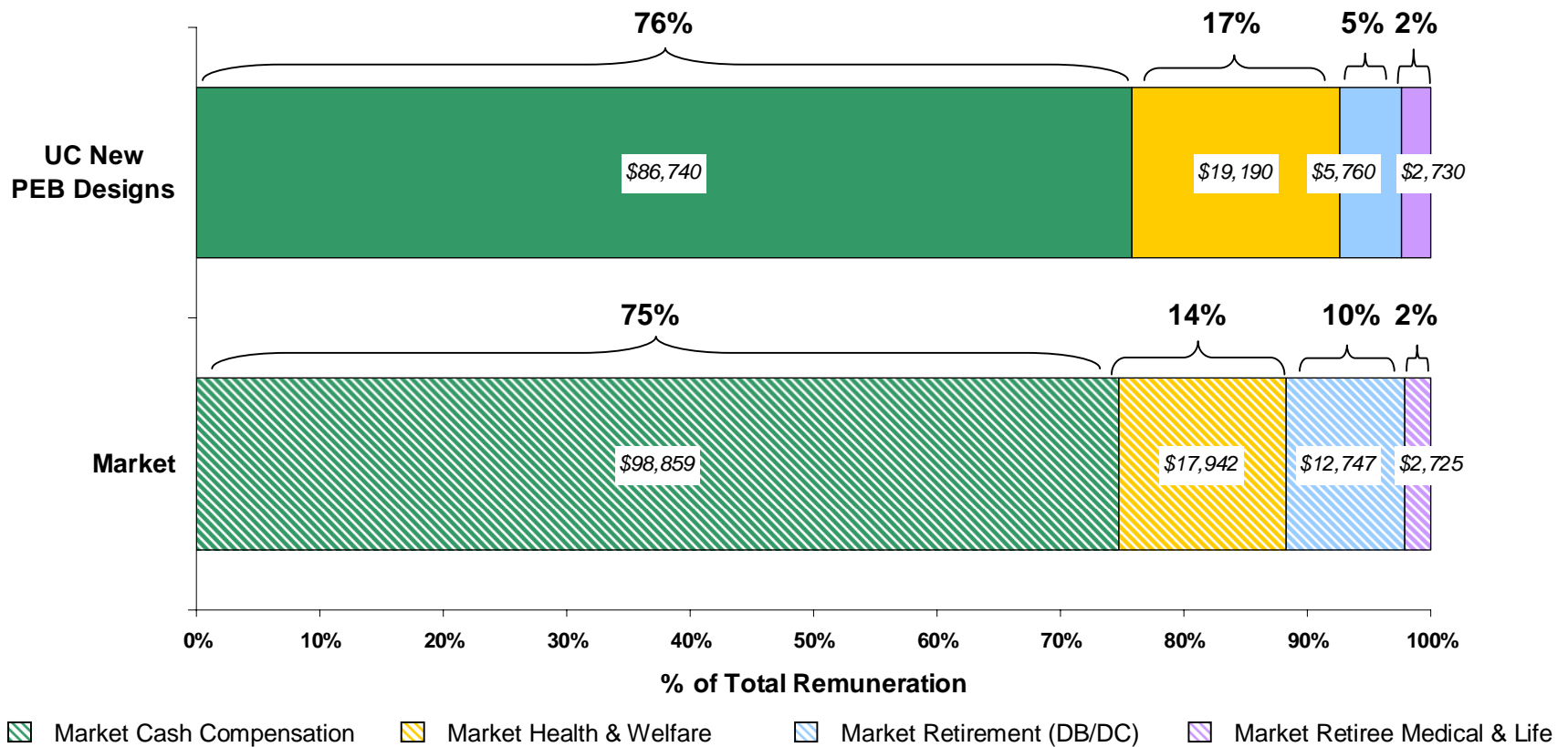




Campus & UCOP Findings

Pay Mix Results for Associate Professors

(Data effective October 1, 2009)

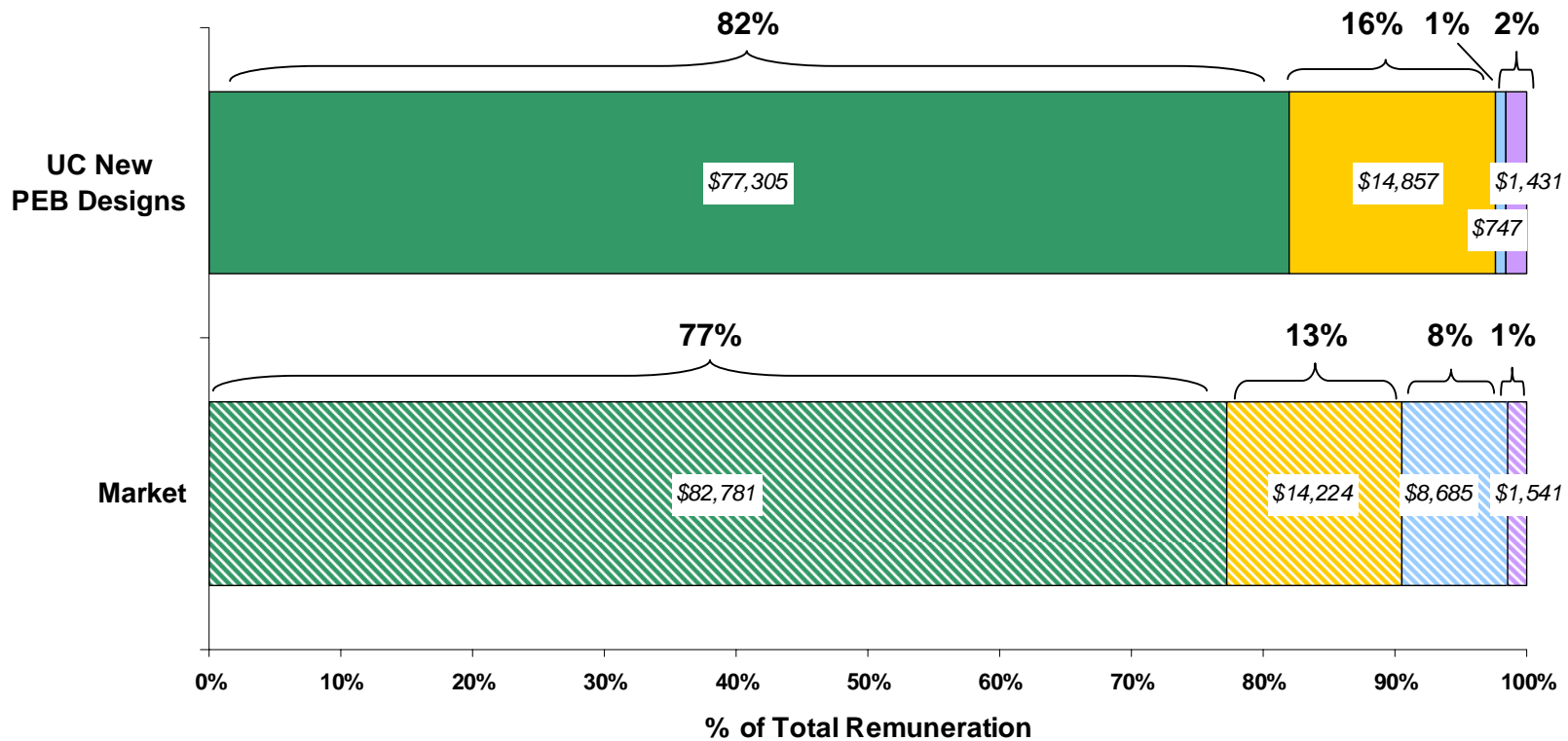




Campus & UCOP Findings

Pay Mix Results for Assistant Professors

(Data effective October 1, 2009)



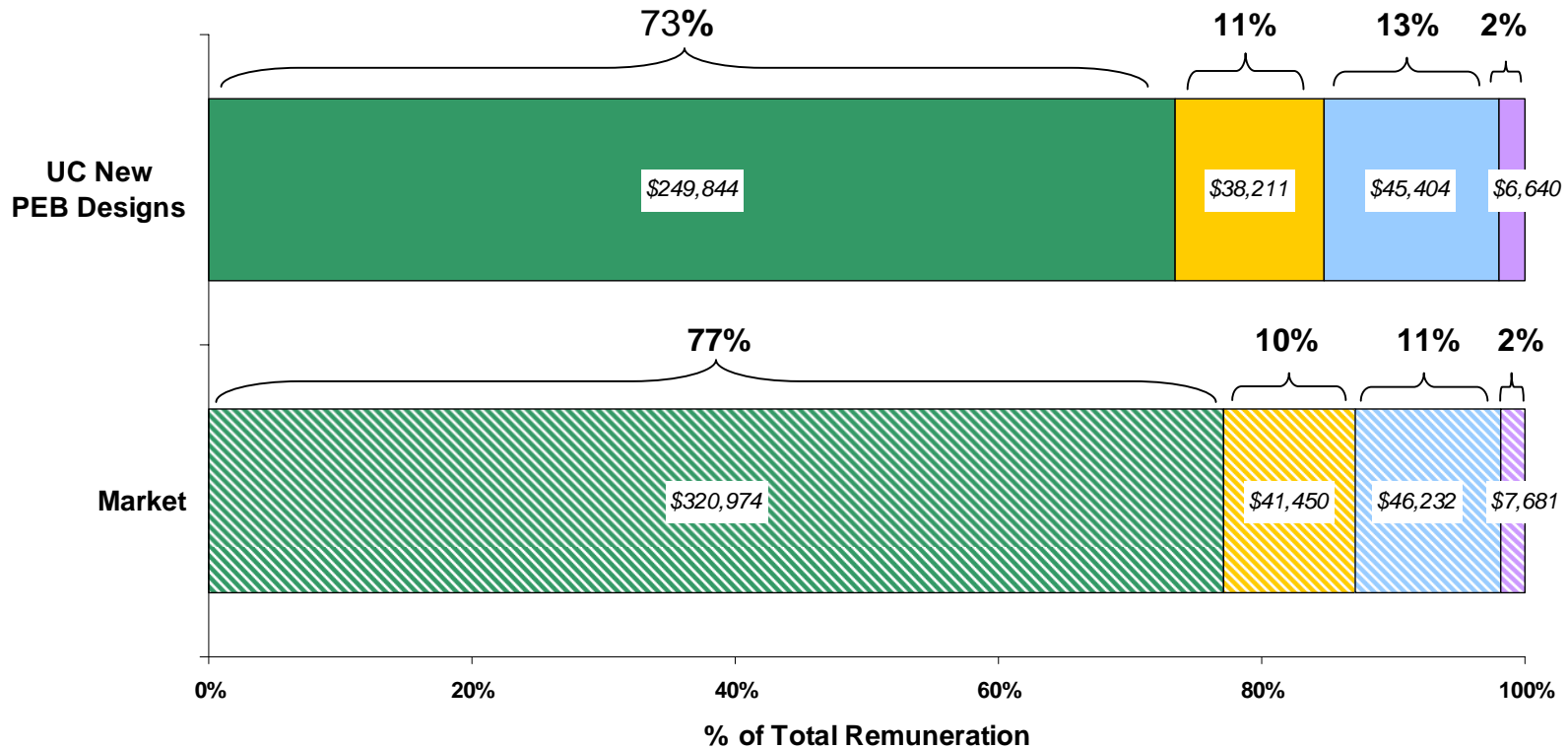
Market Cash Compensation
 Market Health & Welfare
 Market Retirement (DB/DC)
 Market Retiree Medical & Life



Campus & UCOP Findings

Pay Mix Results for SMG

(Data effective October 1, 2009)



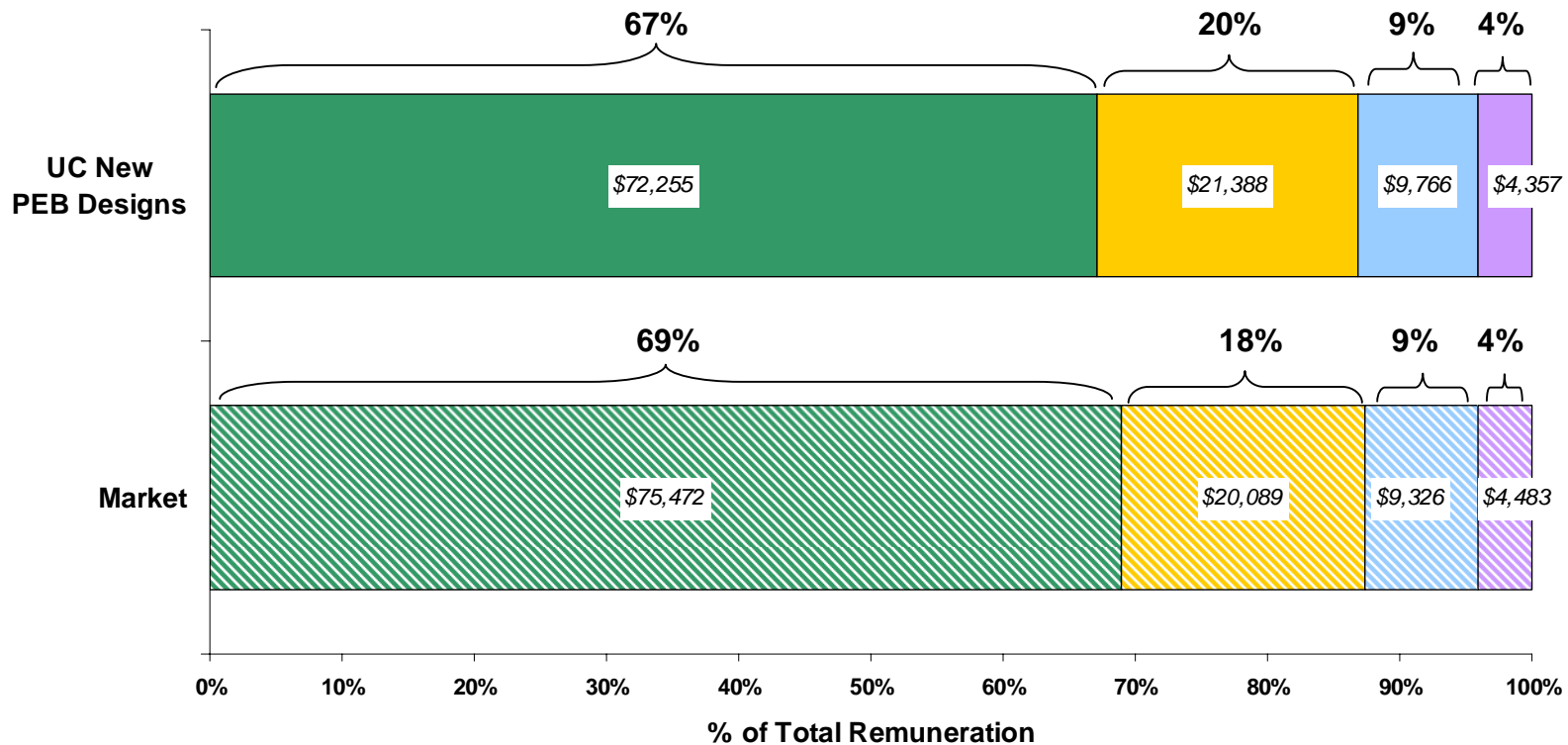
Market Cash Compensation
 Market Health & Welfare
 Market Retirement (DB/DC)
 Market Retiree Medical & Life



Campus & UCOP Findings

Pay Mix Results for OA – Librarians

(Data effective October 1, 2009)



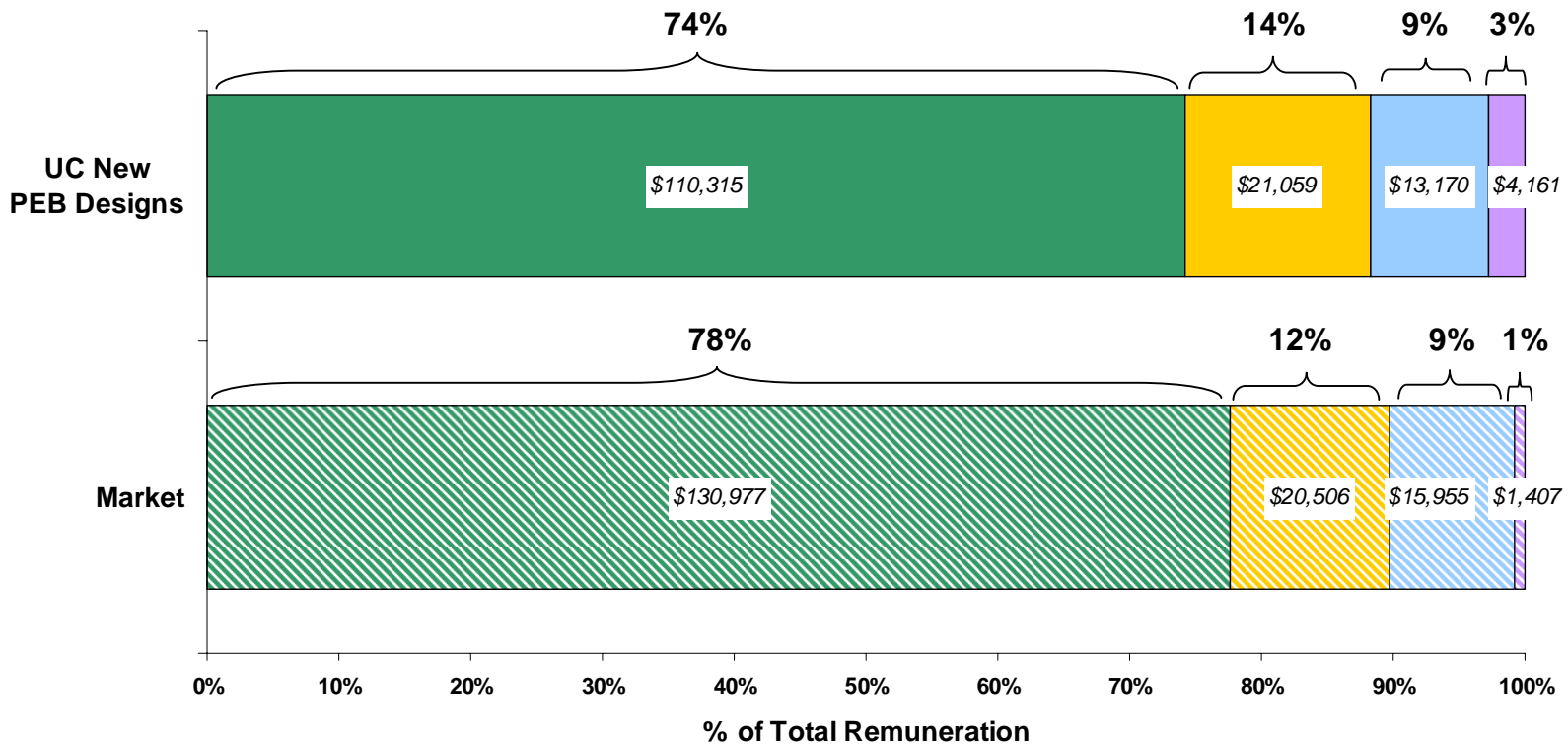
Market Cash Compensation
 Market Health & Welfare
 Market Retirement (DB/DC)
 Market Retiree Medical & Life



Campus & UCOP Findings

Pay Mix Results for MSP

(Data effective October 1, 2009)



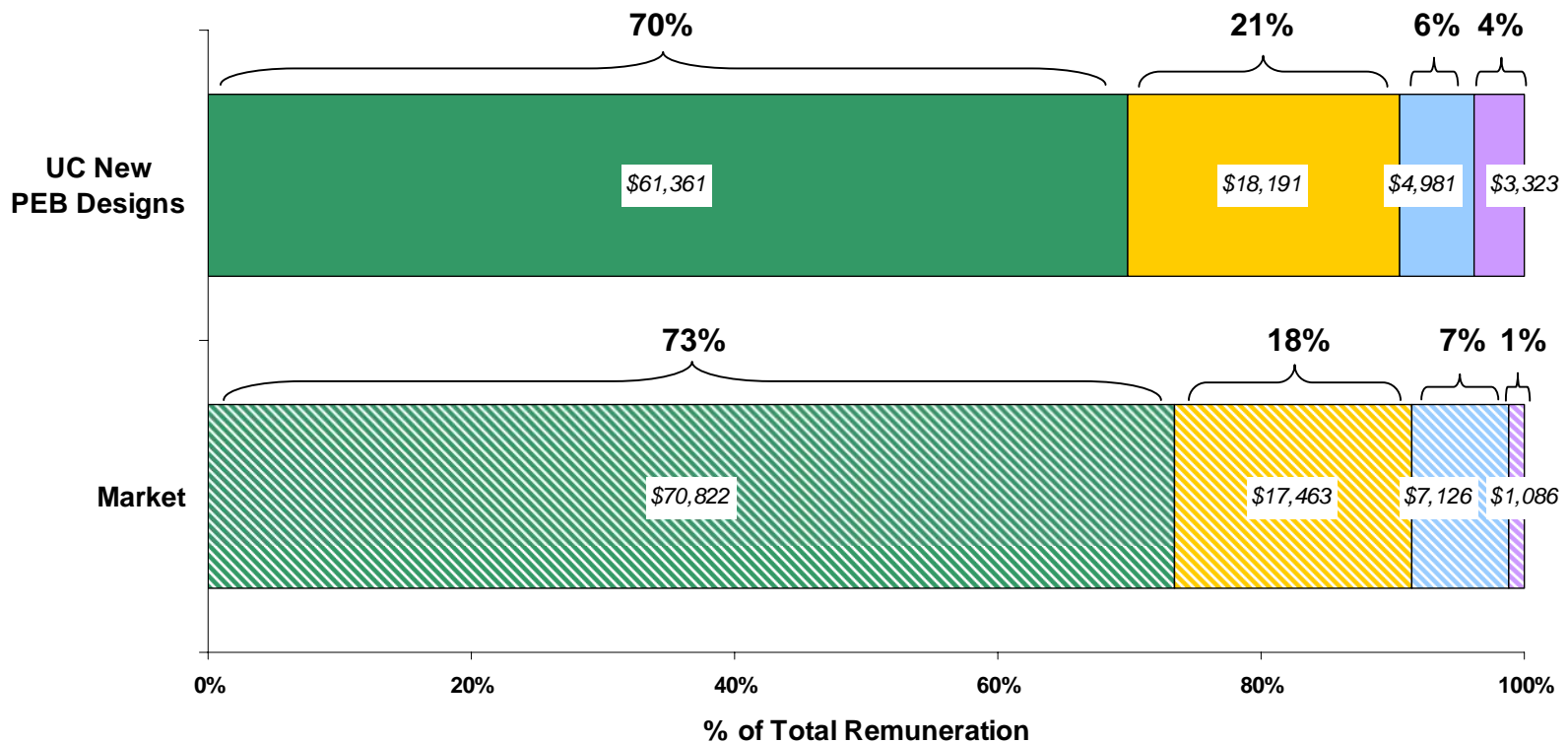
Market Cash Compensation
 Market Health & Welfare
 Market Retirement (DB/DC)
 Market Retiree Medical & Life



Campus & UCOP Findings

Pay Mix Results for PSS PC

(Data effective October 1, 2009)



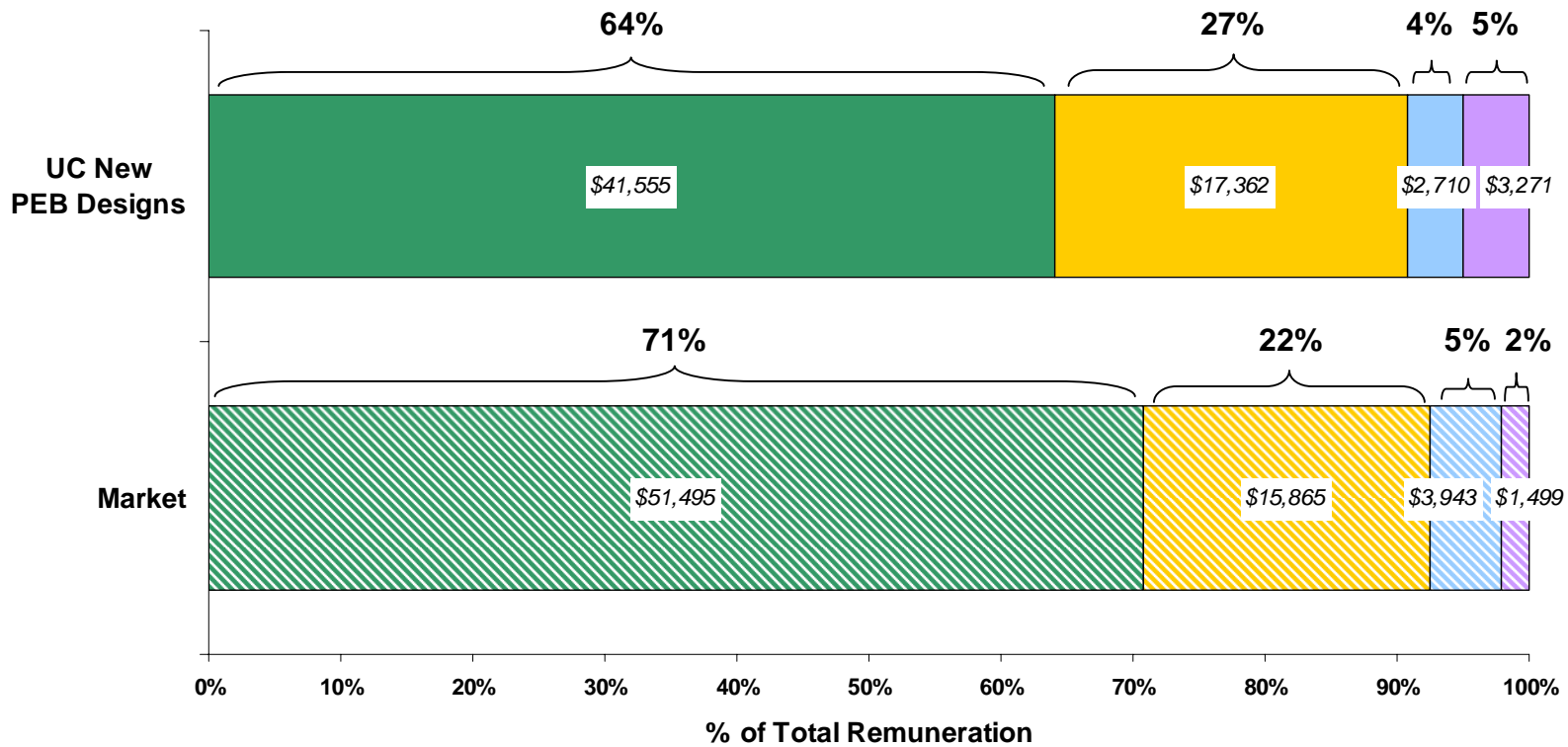
Market Cash Compensation
 Market Health & Welfare
 Market Retirement (DB/DC)
 Market Retiree Medical & Life



Campus & UCOP Findings

Pay Mix Results for PSS Rep

(Data effective October 1, 2009)



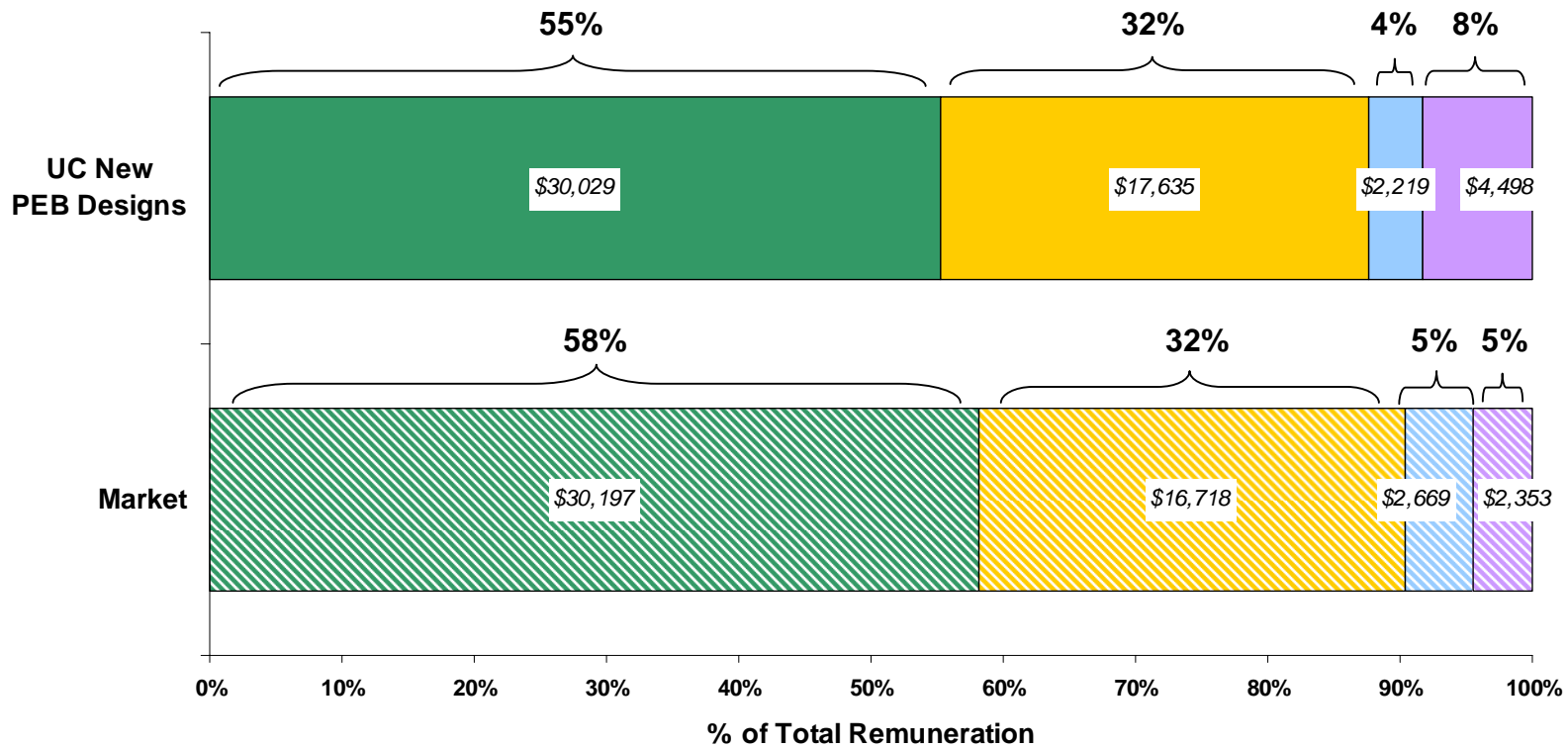
Market Cash Compensation
 Market Health & Welfare
 Market Retirement (DB/DC)
 Market Retiree Medical & Life



Campus & UCOP Findings

Pay Mix Results for Service Workers

(Data effective October 1, 2009)



Market Cash Compensation
 Market Health & Welfare
 Market Retirement (DB/DC)
 Market Retiree Medical & Life