Developing a Workforce for the Future Through the Budget Process

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Agenda

- Introductions & welcome
- Workforce planning:
  - Concepts
  - Strategies
  - Using data
- Job and salary structures:
  - Do you have them? Are they known and consistent? Exceptions?
  - Using market data – best source: CUPA-HR!
  - An exercise to try: “strategic”, ”core”, and “currently utilized”
- Connecting workforce planning to the budget process:
  - Timing
  - Elements
  - Planning and assumptions
- Turnover, attrition, and rebuilding your workforce
- Getting started on your campus

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Course objectives

- Identify the elements of an effective job and salary structure.
- Identify how institutions can determine market and budget strategies utilizing data.
- Demonstrate workforce planning strategies that can integrate within a budget process.
- Demonstrate how hiring and developing early career professionals can positively impact the budget process.

Activity:

How many people do you "need' to have working at your institution?

- As an individual - think about your institution:
  - Do you know your current overall "headcount" – or where to find it?
  - Do you think you are "over-staffed" or "under-staffed" – how do you come to your conclusions?
  - If you could add or eliminate 10% of your workforce – which would you choose and why?
- Share your thoughts with a partner(s):

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The “secret sauce”: workforce planning

- Forecasting and assessment
- Succession planning (do you do it now?)
- Recruiting
- Retention
- Redeployment
- Contingent (temporary) workforce
- Potential retirements
- Career pathing
- Addressing open position to backfill
- Identifying job, competency, and talent needs

Workforce planning provides information and preparation for all these things

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Workforce planning

- Accurate people (headcount) data for analysis:
  - Faculty, staff, student workers (undergrad and grad)
  - Full time, part-time
  - Contingent (adjuncts, seasonal, temporary staff workers)
  - Overtime costs (budget and annual)
  - "Extra" service: work overloads, bonuses, one-time money
  - Leaves – as they connect to work, positions, planning and timing
- Work and position management:
  - All work is linked to funding within the budget and specific funding sources
  - Identify all "open" **funded** positions
  - Identify all funding/resources available for people – not being currently utilized
- HR facilitates and manages accurate reporting processes for all units: "snapshots for analysis"
- One entry point into the institution and one exit point out: appointments and exit processes
- Identify/define all levels of turnover (voluntary, involuntary)
- **Attrition** is the greatest commodity for workforce planning!

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Workforce planning and AI

- Key benefits of AI in workforce planning:
  - Predictive forecasting
  - Skill/capabilities gap identification
  - Real-time dynamic scheduling
  - Enhanced modeling
  - Unbiased talent matching
- "Build, Buy, Borrow, Bot" framework
  - **Build** – upskill existing employees for new AI adjacent roles
  - **Buy** – recruit new talent (specialized to include AI and systems thinking)
  - **Borrow** – utilize contractors, temps, project, etc. for short term needs
  - **Bot** – deploy AI agents and automation to handle transactional/routine tasks
- Standardize all job architectures and skills before applying AI tools
- Keep humans in the loop – AI informs not replaces human judgement – still need empathy and contextual understanding
- Address ethics ad bias

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Activity:

Job and salary structures

Individually first – than with a partner(s):

- What are the “most important” positions in your work area? Why?
- How confident do you feel you can find a comparison to this position around the country? Why?
  - Name one “peer and aspirant” institution that you compare your department with – do you think this role is competitive with yours?
  - Do you think you could identify the “starting salary” for the position? How would you find out?
- Share your thoughts with others.

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Job and salary structures

- Build – and maintain – an overall structure for all roles/positions (faculty and staff)
- The structure should reflect what is important to the institution:
  - Mission/teaching/instruction/research
  - Services needed
  - Operational needs
  - All of it!

- An organization needs:
  - Balance of flexibility and specificity – and a definition of "scope and context"
  - Chain of decision-making and accountability
  - Opportunity for growth and development
  - Constant review/analysis – comparisons to markets and institutions throughout higher education
- Structures need to determine "institutional value" *and* "market value"
- Determine the markets for your institutions – know about your "peer and aspirant" institutions
- Markets identify parameters for salaries – local/regional/national
- Compensation data can be obtained by multiple sources –
  key one is **CUPA-HR (Data-on-Demand)**

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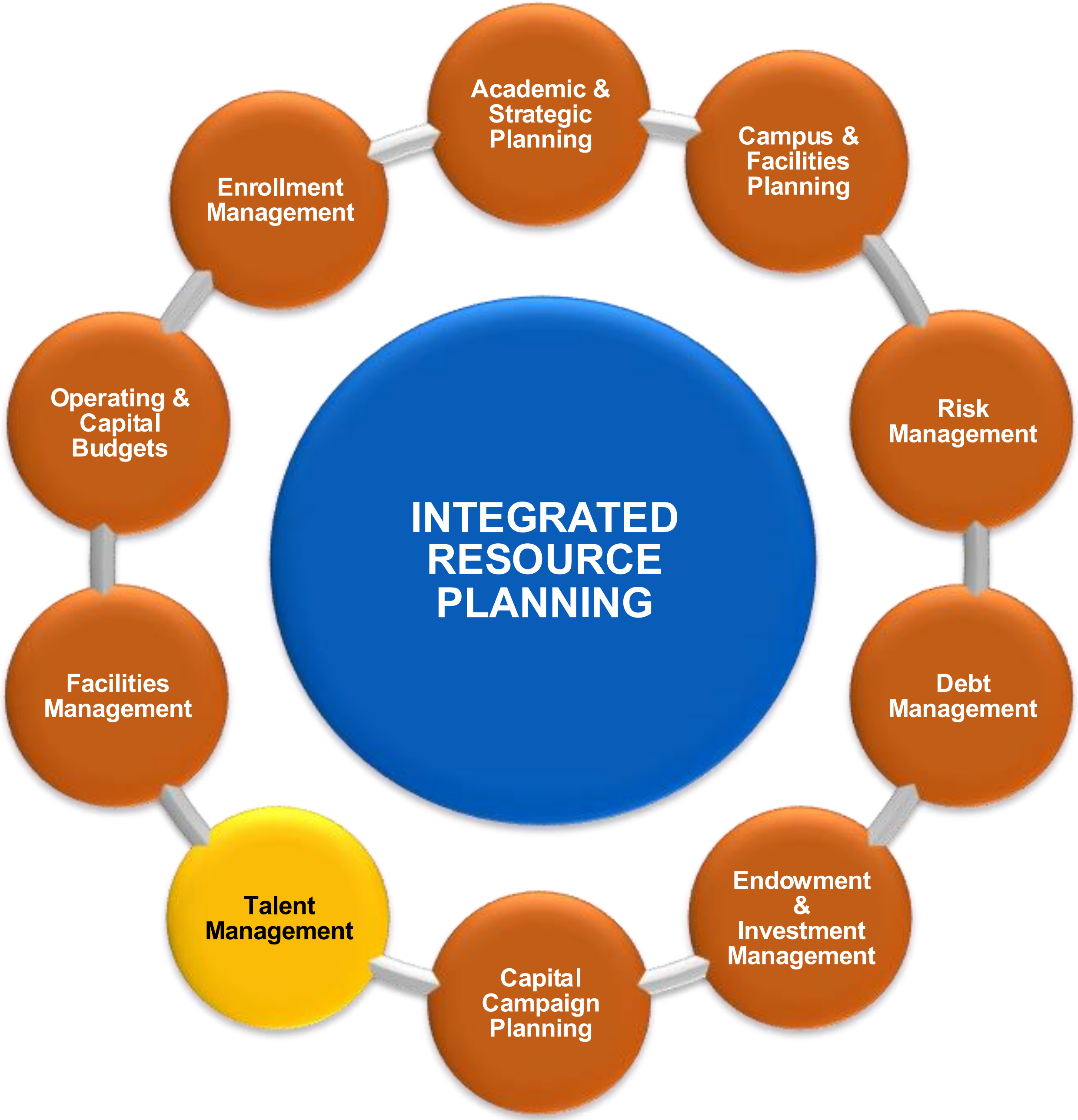
Connecting workforce planning to annual resource planning



Best Practices for talent management
<u>in integrated resource planning:</u>

- Comprehensive asset/liability management
- Integrative – single institutional point of view
- Long-term in nature
- Analyzes returns on investments
- Proactive
- Dynamic and scenario-based
- Transparent

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Workforce planning staff analysis

- Introduce workforce planning concepts to all units on campus
- Build simple models for analysis for all positions (not the people that hold the positions) in all areas – one suggested model:
  - “Strategic”
  - “Core”
  - “Currently Utilized”

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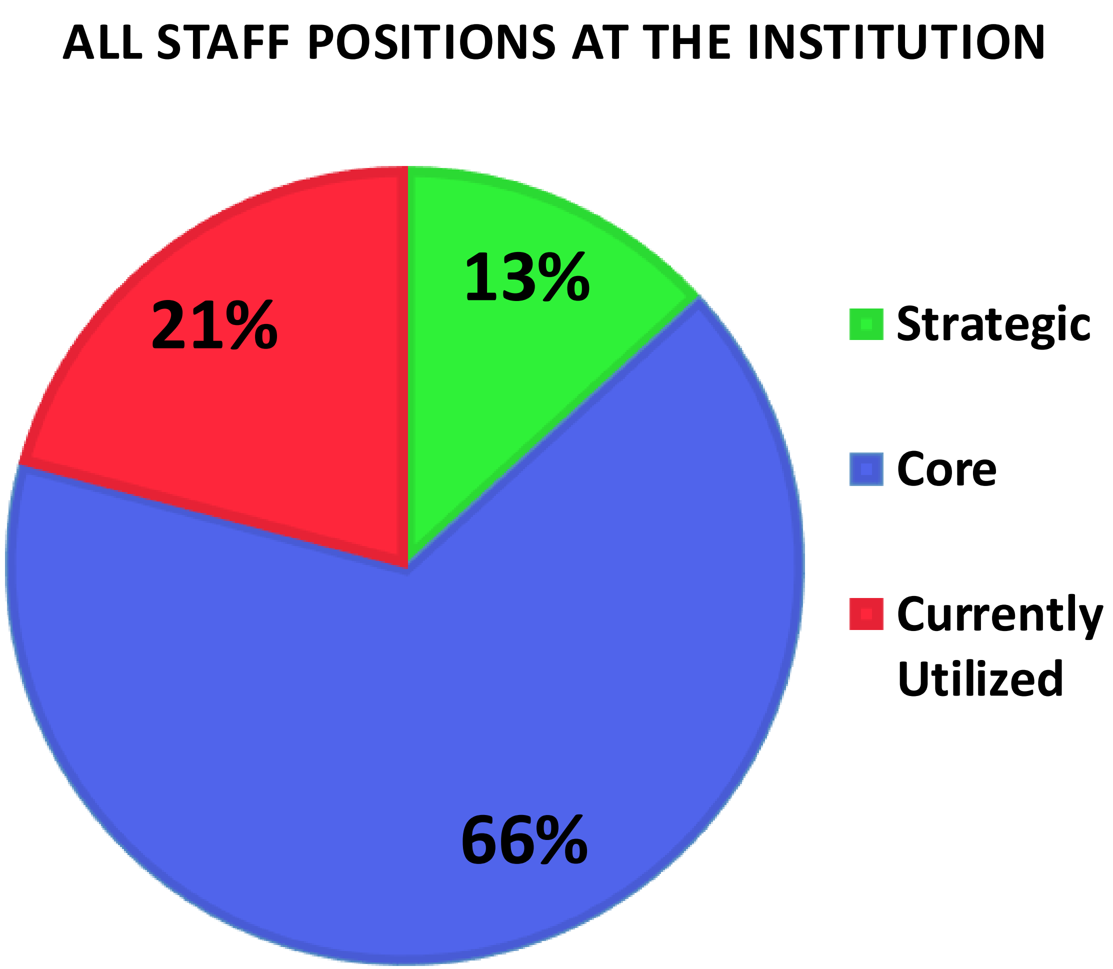
Workforce planning staff analysis example



Strategic:
These positions are essential to the department, and play a major role in setting direction and significantly enhance the opportunity for departmental success

Core:
These positions are key in delivering services and producing results, they are the "Engine of the Enterprise", overall functionality and the duties and responsibilities are essential to meet the goals, mission, and vision of the department

Currently Utilized:
These positions provide needed services; however, choices can be made to deliver services through alternative means – if circumstances changed – would you do something differently?

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Annual resource planning and salary savings

- Link workforce planning to ARPP – traditional 3-year look at all staffing/position requests
- Analyze all individual unit plans (Budget Office & HR):
  - Connection to determined institutional attrition rate
  - Connection to replacement roles with less emphasis on experience – drive to complement current highly experienced teams with early career professionals
  - Build an assumption model for **<u>cost savings</u>**
- Initial strategy of **payroll reduction and not headcount reduction**

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Salary savings ideas: developed and shared by the Budget Office & HR partnership

- Salary savings by not filling open positions right away (vacancy credit).
- Anticipating openings – dialogue between leaders and their units.
- Develop a unit workforce plan:
  - Analyze all positions
  - Discuss scope and context for all positions
  - Analyze the salary markets utilizing titles and job descriptions
  - Compare with markets (internal and external) – for salary and scope of work
  - Identify all funding sources for positions – both recurring and contingent
- Apply turnover data to 3-year budget model
- Determine readiness for individual promotions – connect to each year of the budget plan:
  - Include salary increases needed to fund promotions
  - Use talent assessment to determine some positions to become entry level positions
- Identify potential payroll savings for anticipated openings that move from leadership/experience-based roles to entry level.

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Salary savings ideas: developed and shared by the Budget Office & HR partnership (continued)

Director level position currently requiring 10 years+ experience

- Market salary analysis has a range of $75,000 - $125,000
- Current director has more than 20+ years experience and is at the top of the salary range ($125K)

Assistant Director level positions currently requiring 4-7 years+ experience

- Market salary analysis has a range of $57,000 - $74,000
- Current assistant director has 9 years experience and making $70K

Workforce plan actions:

- Director leaves/retires – do not fill position right away (identify vacancy credit time)
- Promote/internal search for director opening moving current assistant director that is ready for new role – place in 1st-2nd quartile of range for director app. $80-85K
- Savings of app. $40K
- Redesign former director role to entry level professional role with salary app. $52K
- Decide whether to fill assistant director role or hire another entry level role for further savings

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Turnover, attrition, and re-thinking the higher ed workforce

- Workforce planning provides an opportunity to proactively focus on an institution's biggest spend: ***the people*** (app. 70% of the budget)
- Knowing the recent and ***anticipated*** annual turnover rate identifies set budget targets for individual units and the institution
- Utilizing natural attrition is a way to "right size" the organization with less impact – a reduction in force for cost savings is a traumatic event!
- Try adopting a "payroll reduction" rather than a "headcount reduction" strategy:
  - Develop new leaders/positions for promotion
  - Look to replace "mature" salaried positions with "early career" professionals whenever possible
  - Develop structured and rapid position training experiences
  - Document and map pathways for advancement

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Getting started on your campus

- Know your overall "people spend" – including:
  - Open and funded positions
  - Contingent/temporary worker costs
  - Overtime costs
  - Student employment costs
- Analyze all your job descriptions – update, capture, maintain (HR)
- Analyze all salary market data – be honest and transparent – consider published salary ranges for posted positions
- HR and Budget Office should sit down and talk about the process utilized to identify opportunities:
  - Look at the timelines, identify how business officers and HR can work together for planning – **at least a 3-year plan/look**
  - Connect the budget process to your talent/recruitment process
  - Build a step for **all positions to have a market range for salary before posting**
- Analyze potential cost savings connected to turnover and attrition

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