



UNIVERSITY
OF
CALIFORNIA

UCPath Update

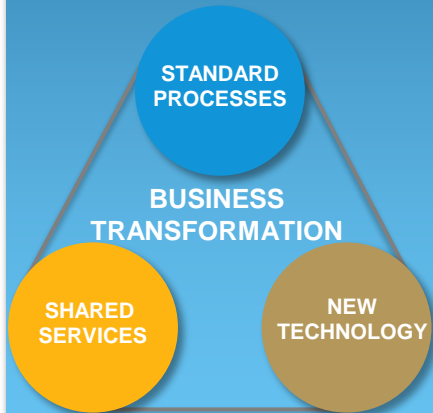


A review of the UCPath Business Case, Cost and Benefits, and Remaining Milestones

July 13, 2017

UCPath Business Case

UC
Payroll
Academic personnel
Timekeeping
Human resources



Key drivers for change:

Payroll system replacement needed

- 35-years old, 11 versions, costly, fragile, outdated

UC in bottom 10% for efficiency compared to benchmark

- Most work is high-volume, low complexity, manual
- Fragmented processes with high number of staff touches

Existing system prone to error

- 20% of all work dedicated to fixing errors
- Eight UC campuses calculate overtime differently requiring significant rework and employee payments

Independent study found that UC could reach upper quartile benchmark for efficiency with UCPath implementation

UCPath Project Timeline

Period	Milestones
2010	UC initiated study to review HR, payroll, benefits and academic personnel functions for efficiency
2011	UC launched UCPath project to replace PPS with Oracle technology
2012	UCPath Center build-out initiated
2013	UC assumed project management from Oracle
2014	UC focused on process standardization; validated with independent study
2015	UCPath launched at UCOP to 1,800 employees
2017	Target launch of Pilot deployment group
2018	Target launch of Deployment groups 1 and 2

UCPath Business Model

Service Catalog

- Defined set of services that support UCPath processes and enable standardization, centralization and automation

Organizational Design

- Established structure to ensure that UC employees receive high-quality services support

Governance Model

- Developed framework providing robust campus oversight of UCPath and ongoing assessment of its effectiveness and service costs

Funding Mechanism

- FY18 funding allocated by the Legislature in lieu of UC's proposed UCPath assessment
- Previously agreed to mechanism had operational costs shared proportionally by all UC locations based on W-2 counts

UCPath Center Services

1 HR Administration

2 Payroll

3 Benefits

4 Absence Management

5 Business Continuity

6 Mass Records Update

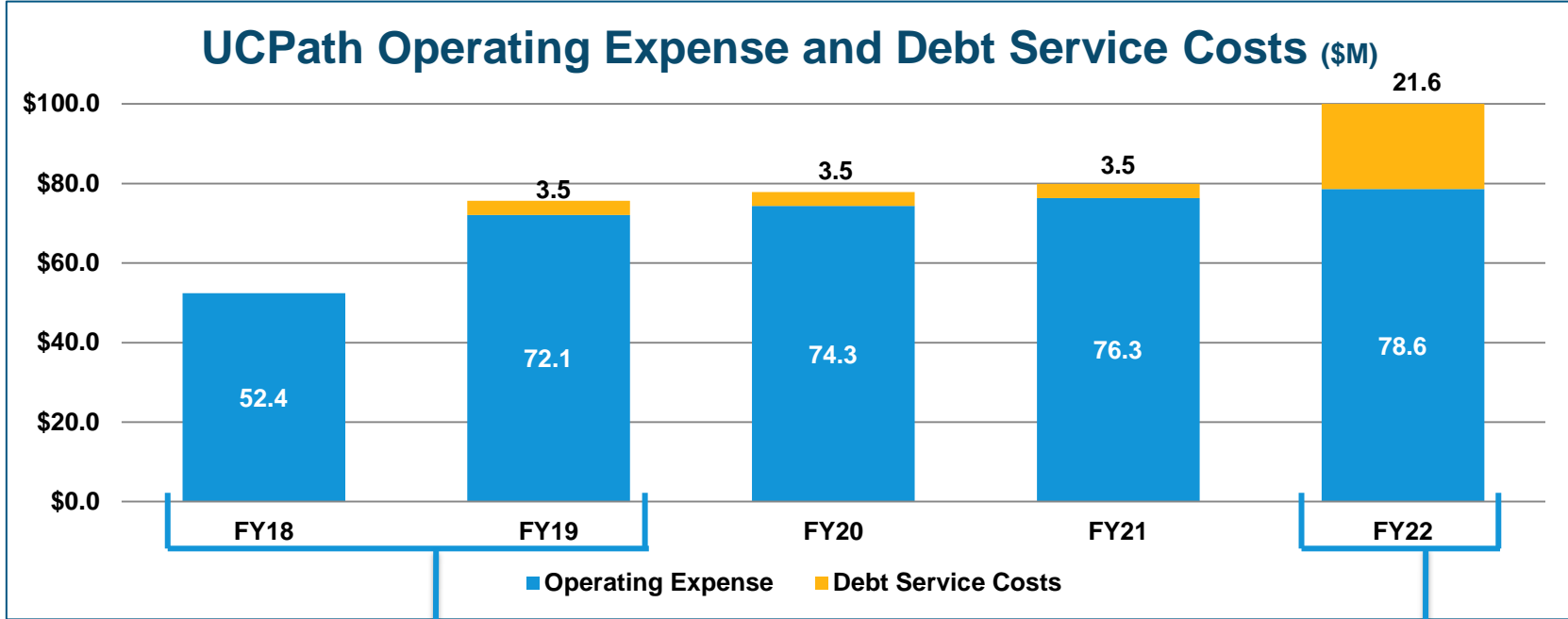
7 Customer Service Tool

8 Finance and Accounting

9 Reporting and Analytics

10 Records and Fulfillment

UCPath Operating Costs – 5-Year Forecast



Growth from FY18 to FY19 driven by:

- Final staffing ramp up at UCPath Center
- Full-year impact of production costs

Full debt service of \$21.6M for 15 years
Debt service began in FY16; first five years interest only

UCPath Project Costs

- **Forecasted UCPath project costs \$503.8M**
 - Includes \$55M in reimbursed campus costs, but campuses expect to spend an additional \$164.3M on local UCPath implementation activities.
 - Also includes \$25.8M in contingency funds in FY19
- **As of May 31 actual costs:**
 - UCOP-managed UCPath project costs total \$348.7M
 - Related campus project costs total \$69.8M

UCPath Capital Costs (\$ millions)	Project to Date	FY17 Actual/ Forecast	FY18 Forecast	FY19 Forecast	FY20 Forecast	Total
Implementation – Project Office	348.7	102.7	72.3	49.9	0.1	503.8
Implementation - Campus	69.8	22.5	58.3	28.7	0.0	164.3

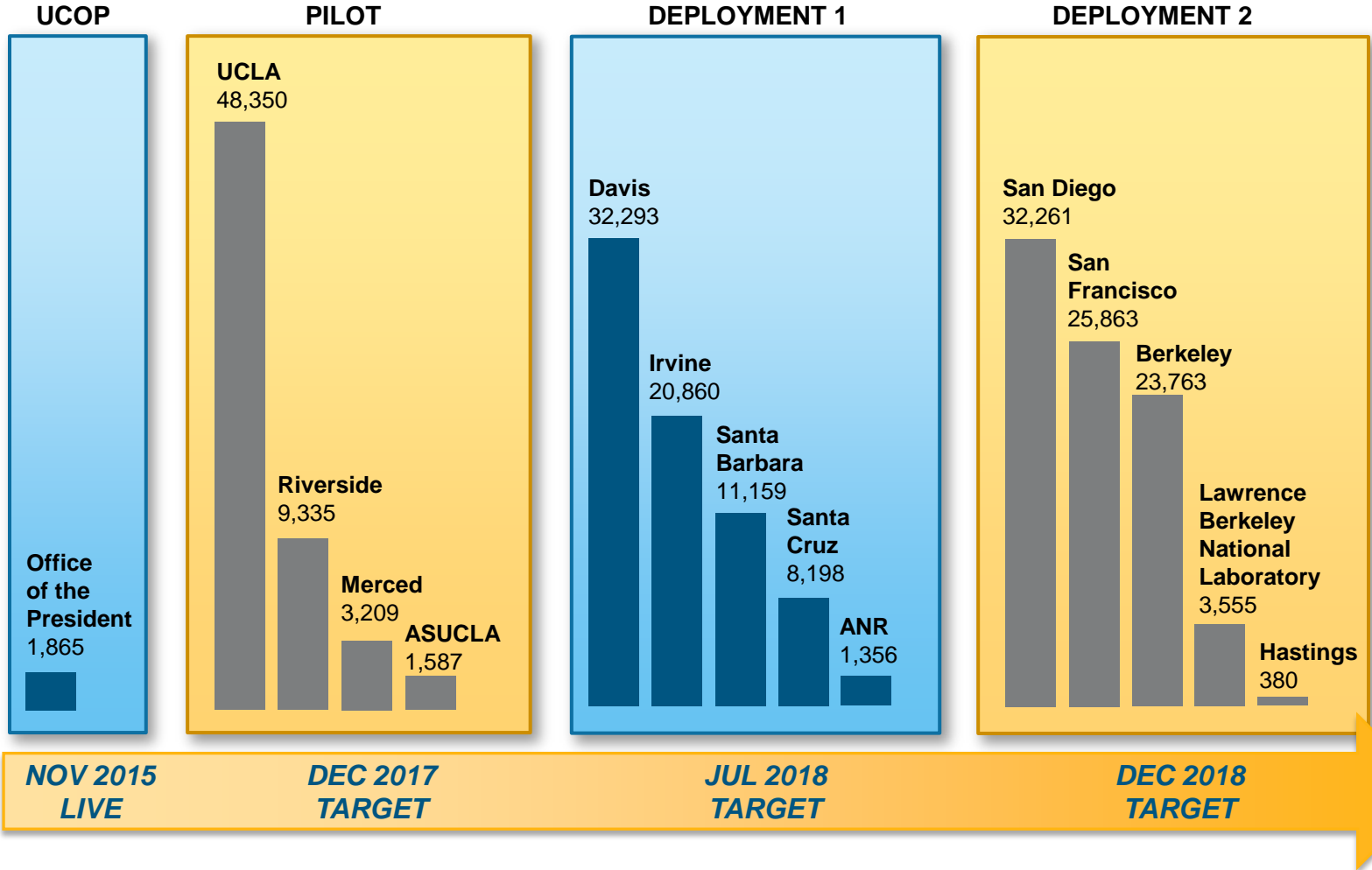
UCPath Governance: Escalation Thresholds

We recently updated the project’s escalation thresholds to reflect the governance work completed by the Board of Regents last year.

Impact Area	Examples of Material Impact
Cost	<ul style="list-style-type: none"> • Unplanned costs in excess of \$500K (Steering Committee) • Unplanned costs in excess of \$1 million (Executive Leadership Team) • Unplanned costs in excess of \$20 million (UC Regents)
Scope	<ul style="list-style-type: none"> • Customizations with a net development effort of more than 500 hours • Changes to FSPDs • Additions or changes to existing scope definition that require additional staffing support
Timeline	<ul style="list-style-type: none"> • Deferred deployment date • Extension of post go-live hyper-support period for a specific location • Availability of project resources to meet intended outcomes based on approved schedule
Quality	<ul style="list-style-type: none"> • Data conversion success rate • UCPath Center service quality • Test results, including user experience
Risk	<ul style="list-style-type: none"> • Readiness for go live
Reputation	<ul style="list-style-type: none"> • Audit finding(s) of controls • Negative press from external media • Confidence in program leadership or governance

UCPath Deployment Sequence

All UC employees will be transitioned to UCPath



*Employee counts as of October 2016