

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CA 92701**

**PERSONNEL COMMITTEE MEETING
Tuesday, April 5, 2022
1:00 p.m.**

Members of the Committee

Chris Prevatt, Chair
Charles Packard, Vice Chair
Richard Oates
Shawn Dewane

Pursuant to Assembly Bill 361, signed into law on September 16, 2021 as urgency legislation; Governor Newsom’s Proclamation of a State of Emergency on March 4, 2020, which Proclamation is still in effect; and OCERS Board of Retirement Resolution 2022-03, this meeting will be conducted by video/teleconference only, in compliance with Government Code section 54953 as amended by Assembly Bill 361. None of the locations from which the Committee members will participate will be open to the public.

Members of the public who wish to observe and/or participate in the meeting may do so via the Zoom app or via telephone. Members of the public who wish to provide comment during the meeting may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad.

OCERS Zoom Meeting Video/Teleconference Information	
<p>Join Using Zoom App (Video & Audio)</p> <p>https://ocers.zoom.us/j/81819437399</p> <p>Meeting ID: 818 1943 7399 Passcode: 588892</p> <p>Go to https://www.zoom.us/download to download Zoom app before meeting</p> <p>Go to https://zoom.us to connect online using any browser.</p>	<p>Join by Telephone (Audio Only)</p> <p>Dial by your location</p> <ul style="list-style-type: none"> +1 669 900 6833 US (San Jose) +1 346 248 7799 US (Houston) +1 253 215 8782 US (Tacoma) +1 312 626 6799 US (Chicago) +1 929 436 2866 US (New York) +1 301 715 8592 US (Germantown) <p>Meeting ID: 818 1943 7399 Passcode: 588892</p>
<p>A Zoom Meeting Participant Guide is available on OCERS website Board & Committee meetings page</p>	

AGENDA

Orange County Employees Retirement System
April 5, 2022
Personnel Committee Meeting - Agenda

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The Personnel Committee of the Orange County Board of Retirement welcomes you to this meeting. This agenda contains a brief general description of each item to be considered. The Committee may take action on any item included in the agenda; however, except as otherwise provided by law, no action shall be taken on any item not appearing on the agenda. The Committee may consider matters included on the agenda in any order, and not necessarily in the order listed.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

OPEN SESSION

CALL MEETING TO ORDER AND ROLL CALL

PUBLIC COMMENTS

At this time, members of the public may comment on (1) matters not included on the agenda, provided that the matter is within the subject matter jurisdiction of the Committee; and (2) any matter appearing on the Consent Agenda. **Members of the public who wish to provide comment at this time may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9 on your telephone keypad.** When addressing the Committee, please state your name for the record prior to providing your comments. Speakers will be limited to three (3) minutes.

In addition, public comment on matters listed on this agenda will be taken at the time the item is addressed.

CONSENT AGENDA

All matters on the Consent Agenda are to be approved by one action unless a Committee Member requests separate action on a specific item.

C-1 COMMITTEE MEETING:

Approval of Meeting and Minutes
Personnel Committee Meeting

February 7, 2022

Recommendation: Approve minutes.

ACTION ITEMS

NOTE: Public comment on matters listed in this agenda will be taken at the time the item is addressed, prior to the Board’s discussion of the item. **Members of the public who wish to provide comment in connection with any matter listed in this agenda may do so by “raising your hand” in the Zoom app, or if joining by telephone, by pressing * 9, at the time the item is called.**

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

INFORMATION ITEMS

Each of the following informational items will be presented to the Committee for discussion.

I-1 INVESTMENT TEAM INCENTIVE PAY PROGRAM

Presentation by Steve Delaney, CEO, OCERS and Debby Cherney, CEO, SBCERA

I-2 OCERS INCENTIVE CERTIFICATION PROGRAM

Presentation by Steve Delaney, CEO, OCERS and Brenda Shott, Assistant to CEO of Internal Operations, OCERS

I-3 OCERS COMPENSATION POLICY REVIEW

Presentation by Cynthia Hockless, Director of Human Resources, OCERS

I-4 OCERS NEW HIRES- UPDATE ON 2022 ACTIVITY

Presentation by Cynthia Hockless, Director of Human Resources, OCERS

WRITTEN REPORTS

The following are written reports that will not be discussed unless a member of the Board requests discussion.

None

COMMITTEE MEMBER COMMENTS

CHIEF EXECUTIVE OFFICER/STAFF COMMENTS

COUNSEL COMMENTS

ADJOURNMENT

Orange County Employees Retirement System
April 5, 2022
Personnel Committee Meeting - Agenda

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NOTICE OF NEXT MEETINGS

DISABILITY COMMITTEE MEETING

April 18, 2022

8:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

REGULAR BOARD MEETING

April 18, 2022

9:30 A.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

GOVERNANCE COMMITTEE MEETING

May 3, 2022

1:00 P.M.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM

2223 E. WELLINGTON AVENUE, SUITE 100

SANTA ANA, CA 92701

All supporting documentation is available for public review in the retirement office during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Thursday and 8:00 a.m. – 4:30 p.m. on Friday.

It is OCERS' intention to comply with the Americans with Disabilities Act ("ADA") in all respects. If, as an attendee or participant at this meeting, you will need any special assistance beyond that normally provided, OCERS will attempt to accommodate your needs in a reasonable manner. Please contact OCERS via email at adminsupport@ocers.org or call 714-558-6200 as soon as possible prior to the meeting to tell us about your needs and to determine if accommodation is feasible. We would appreciate at least 48 hours notice, if possible. Please also advise us if you plan to attend meetings on a regular basis.

**ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM
BOARD OF RETIREMENT
2223 E. WELLINGTON AVENUE, SUITE 100
SANTA ANA, CALIFORNIA**

PERSONNEL COMMITTEE MEETING

Monday, February 7, 2022

9:30 AM

Members of the Committee

Chris Prevatt, Chair

Charles Packard, Vice Chair

Richard Oates

Shawn Dewane

MINUTES

Charles Packard called the meeting to order at 9:36 a.m.

Recording Secretary administered the Roll Call attendance.

Mr. Prevatt was absent

Attendance was as follows:

Present via Zoom video teleconference pursuant to Executive Order N-29-20 issued by Governor Newsom on March 17, 2020:

Present: Chris Prevatt, Chair; Charles Packard, Vice Chair; Richard Oates; Shawn Dewane

Also

Present: Steve Delaney, Chief Executive Officer; Brenda Shott, Assistant CEO, Internal Operations; Suzanne Jenike, Assistant CEO, External Operations; Gina Ratto, General Counsel; Molly Murphy, Chief Investment Officer; Cynthia Hockless, Director of Human Resources; Anthony Beltran, Visual Technician; and Brittany Cleberg, Recording Secretary

PUBLIC COMMENTS

None

CONSENT AGENDA

MOTION by Oates, **seconded** by Dewane, to approve staff's recommendation on all of the following items on the Consent Agenda:

C-1 COMMITTEE MEETING:

Personnel Committee Meeting

September 15, 2021

Recommendation: Approve minutes.

Orange County Employees Retirement System
February 7, 2022
Personnel Committee Meeting - Minutes

The motion passed **unanimously**, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Dewane Mr. Oates Mr. Packard			Chair Prevatt

ACTION ITEMS

A-1 INDIVIDUAL ACTION ON ANY ITEM TRAILED FROM THE CONSENT AGENDA

No items were trailed from the Consent Agenda.

A-2 REVIEW OF THE PERSONNEL COMMITTEE CHARTER

Presentation by Cynthia Hockless, Human Resources Director & Steve Delaney, CEO, OCERS

After discussion by the Committee, **MOTION** by Dewane, **seconded** by Oates, to review the Personnel Committee Charter and recommend the approved changes to the OCERS Board of Retirement.

The motion passed **unanimously**, pursuant to a Roll Call vote, as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mr. Dewane Mr. Oates Mr. Packard			Chair Prevatt

A-3 REQUEST ADDITION OF EXTRA HELP POSITIONS IN EXTERNAL OPERATIONS AND A BUDGET AMENDMENT

Presentation by Suzanne Jenike, Assistant CEO External Operations, OCERS

After discussion by the Committee, **MOTION** by Dewane, **seconded** by Oates, the committee (1) approved the addition of two Extra Help positions, classified as a Member Services Manager and a Disability Manager in the External Operations division. (2) Approved an amendment to OCERS' Administrative Budget for Fiscal Year 2022 by transferring \$25,000 from the Services and Supplies category to the Personnel category to account for budgeted costs for the Business Plan initiatives of a comprehensive review of the applicable MOUs for all OCERS Participating Employers being utilized using Extra Help positions instead of a third party consultant.

The motion passed **unanimously**, pursuant to a Roll Call vote, as follows:

Orange County Employees Retirement System
February 7, 2022
Personnel Committee Meeting - Minutes

AYES

NAYS

ABSTAIN

ABSENT

Mr. Dewane
Mr. Oates
Mr. Packard

Chair Prevatt

INFORMATION ITEMS

The following informational items were presented to the Committee:

I-1 2022 - CEO RECOMMENDED PERSONNEL ISSUES

Presentation by Steve Delaney, CEO, OCERS

I-2 RETURN TO THE OCERS HEADQUARTERS – UPDATE

Presentation by Steve Delaney, CEO, OCERS

Mr. Prevatt arrived at 10:07 a.m.

CEO/COMMITTEE MEMBER/COUNSEL/STAFF COMMENTS

None

The meeting **ADJOURNED** at 10:10 a.m.

Submitted by:

Approved by:

Steve Delaney
Secretary to the Committee

Chris Prevatt
Chair



Memorandum

DATE: April 5, 2022
TO: Members of the Personnel Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS INVESTMENT TEAM INCENTIVE PROGRAM**

Background

Following adoption of updated salary ranges by the Personnel Committee in late 2021, the committee directed that staff assist through 2022 in crafting and implementing an incentive pay program for the Chief Investment Officer, and possibly others of the investment team.

Discussion

On April 5 I will review a number of issues the committee might take into consideration when crafting an incentive pay program.

In addition, we will have the honor of welcoming via Zoom Ms. Debby Cherney, CEO of the San Bernardino County Employees Retirement Association (SBCERA). Ms. Cherney will review with the committee the current incentive pay program they have in place for their investment team. Her comments will assist in helping the committee see how a plan can be crafted with different goals in mind.

With comments and direction from the OCERS Personnel Committee, I will then return in July for initial consideration of an incentive pay program outline.

There will be opportunity for further work by the committee in the fall to refine that plan, prior to taking it to the full OCERS Board for possible approval by the end of the year.

Attachment

Submitted by:



Steve Delaney
Chief Executive Officer



Investment Team Incentive Pay Program

Executive Summary

- The Personnel Committee has determined a need and has decided to evaluate potential options for incentive compensation for Investment Department personnel
- This process will include:
 - Setting of goals for an incentive pay program
 - Determination of covered or eligible employees and their respective maximum % of base that could be paid as incentive pay
 - Approving a policy for incentive pay (new or amending the current compensation policy to include a new section or appendix)
 - Approving the design of the program including the metrics by which covered/eligible employees will be measured for success and subsequently paid

Rationale

- OCERS' investment program has grown in size, stature and complexity, OCERS must ensure that it can continue to recruit and retain top talent for the investment department.
- Specifically, over the past decade, OCERS has become a top allocator in private markets which often requires deep investment networks and stable investment teams to access top tier General Partners and funds.
- Over the next decade, OCERS is predicted to become one of the top 50 public pension defined benefit funds in the US by AUM.
- Per a recent NASRA survey, 27 of 69 respondents (38%) offered incentive pay to the pension system Chief Investment Officer, with many assumed to offer incentive pay to other eligible investment employees.
- With historically tight labor markets, recruiters are actively pulling out top talent from pension systems and new job applicants often have multiple offers to consider.
- Many investment professionals are attracted to or accustomed to a partial variable pay-for-performance model (which they view as favorable as it is deemed more merit based)

Potential Program Goals

- Ensure the long-term success and stability of the pension fund
- Create a natural alignment of interests and values
- Successfully recruit and retain top talent
- Build and maintain an engaged and motivated investment team
- Increase productivity
- Improve succession planning

Potential Considerations for Implementation

- Eligible employees:
 - Entire team contributes to success, but which positions are integral to performance and stability?
 - What structure will build the most engaged team?
- Design features:
 - Need to prioritize goals and then choose aligned features that are culturally appropriate for OCERS
 - Examples:
 - Return: excess return over benchmark or actuarial rate of return
 - Risk: Sharpe ratio; claw back included in pay model
 - Stability: 1-year vs. 5-year returns; combination of measurement periods; deferred pay model
 - Tenure: eligibility after certain number of years of employment; reward at seminal anniversary
 - Culture: include qualitative component

April Outcomes and July Follow Up

- Today:
 - Feedback on program direction from Personnel Committee
 - Feedback and direction on suggested program goals
- Follow up:
 - Initial draft of eligible employees and maximum incentive pay structure
 - Initial draft of program design and success metrics
 - Coordinate with OCERS' Legal department on policy process



Memorandum

DATE: April 5, 2022
TO: Members of the Personnel Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: **OCERS INCENTIVE CERTIFICATION PROGRAM**

Background/Discussion

Recognizing the agency mission benefit of having staff with specialized skills, the OCERS Board in 2017 followed the example of other public pension systems and granted an additional 5.5% salary increase to those OCERS team members who are accredited as CFA or CPA holders.

At the time of the creation of those certification premiums, the Personnel Committee indicated there was interest in expanding eligible certifications in the future.

On November 17, 2019, the Personnel Committee received a detailed discussion of recommended additions to the certification program.

Those materials are attached for reference.

OCERS INCENTIVE CERTIFICATION PROGRAM IN 2022

No final decision was made in 2019. The minutes indicate:

A-3 OCERS CERTIFICATION INCENTIVE PROGRAM

After discussion by the Committee, staff was directed to gather more information to evaluate possible additional certifications for the OCERS' certification pay program:

Certified Information Systems Security Professional (CISSP), Society for Human Resource Management Certified Professional (SHRM-CP), Society for Human Resource Professional Senior Certified Professional (SHRM-SCP), and Certified Internal Auditor.

Unfortunately, we were not long after distracted by the COVID-19 pandemic and have only now in 2022 returned to take up this issue once again, an issue especially relevant to our present national employment situation which includes what is now known colloquially as the "Great Resignation".

Continuing with the approach of providing stepped certification salary remuneration (5.5% being the highest of any certification program but allowing for lower incentive amounts for skills that are valued, but perhaps more easily obtained than the initial certification program entrants – CFA and CPA.

I plan to return to the July meeting of the Personnel Committee to provide further detail regarding the programs addressed in 2019, as well as a number of additional value add certifications that have subsequently come to my attention, such as certain specialty investment team skills, attaining CEBS (Certified Employee Benefit Specialist) accreditation, as well as a master belt accreditation in the "Lean Process Improvement" methodology.

Attachments

Submitted by:



Steve Delaney

Chief Executive Officer



Memorandum

DATE: October 29, 2019
TO: Members of the Personnel Committee
FROM: Steve Delaney, Chief Executive Officer
SUBJECT: OCERS CERTIFICATION INCENTIVE PROGRAM

Recommendation

Grant the CEO the authority to add additional certifications to the OCERS certification program.

Add Certified Information Systems Security Professional (CISSP), Society for Human Resource Management Certified Professional (SHRM-CP), Society for Human Resource Professional Senior Certified Professional (SHRM-SCP), and Certified Internal Auditor certifications to OCERS' certification pay program.

Background/Discussion

In 2017, OCERS began a certification incentive program that pays OCERS direct employees an additional 5.5% of their salary for possessing a valid Certified Public Accountant (CPA) or Chartered Financial Analyst (CFA) certification. OCERS is seeking to expand the program to include other professional level certifications with the maximum certification pay to be received by any one individual being 5.5%.

To qualify for the program, the following items related to the certification were evaluated:

- 1) Issued from a National Professional Association or Institution
- 2) Related to and representative of the employees current job title or profession
- 3) Seen as valuable in the industry (i.e. do job recruitments list the certification as a highly desirable qualification)
- 4) Level of difficulty to achieve (demonstrated by a low pass rate of test required, extensive experience and/or education)
- 5) Require Continuing Education Units (CEU's)
- 6) Other factors as deemed appropriate by the CEO or his/her designee

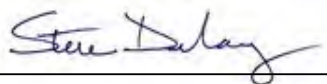
The certifications that the CEO has identified as meeting the criteria to be added to OCERS certification program are as follows:

- Certified Information Systems Security Professional (CISSP) 5.5%
- Society for Human Resource Management Certified Professional (SHRM-CP) 3.5%

- Society for Human Resource Professional Senior Certified Professional (SHRM-SCP) 5.5%
- Certified Internal Auditor – 5.5%

For 2020 the addition of the above certifications is estimated to benefit four individuals at a cost of \$31,000.

Submitted by:



Steve Delaney

Chief Executive Officer

2011



Certified Information Systems Security Professional (CISSP) & Certification Pay



CISSP Overview



Earning the CISSP proves you have what it takes to effectively design, implement and manage a best-in-class cybersecurity program.

The 8 Security Domains Covered by the CISSP

Domain 1: Security and Risk Management

Domain 2: Asset Security

Domain 3: Security Architecture and Engineering

Domain 4: Communication and Network Security

Domain 5: Identity and Access Management

Domain 6: Security Assessment and Testing

Domain 7: Security Operations

Domain 8: Software Development Security

The CISSP is ideal for experienced security practitioners, managers and executives interested in proving their knowledge across a wide array of security practices and principles.



CISSP Comparison to CPA and CFA

- Highest Experience Requirement
 - 5 years
- Highest Continuing Education Requirement
 - 40 hours/year
- Endorsement Required
 - CPA and CFA do not require endorsement
- Internationally Accredited
 - CPA and CFA are not internationally accredited



Desirability

“The CISSP certification is the current gold standard in information security certifications.”

<https://www.globalknowledge.com/us-en/resources/resource-library/articles/10-certifications-that-really-mean-something/>

“The CISSP is considered the gold standard credential that assures information security leaders possess the breadth of knowledge, skills and experience required to credibly build and manage the security posture of an organization.”

<https://niccs.us-cert.gov/training/search/standard-technology-incorporated/isc2-certified-information-systems-security>

“Despite the fact that CISSP certification has been around for a very long time, it remains not only relevant, but crucial.”

<https://resources.infosecinstitute.com/category/certifications-training/cissp/cissp-history/cissp-current-status/>

“On LinkedIn, CISSP is the most required security certification for IT professionals working in this field.”

<https://www.solarwindsmisp.com/blog/understanding-cissp-requirements>

Job Openings Requiring Information Security Certifications (Nov. 2018):

- **CISSP (ISC2): 49,731**
- CISM (ISACA): 20,209
- CEH (EC-COUNCIL): 10,780
- Security+ (COMPTIA): 10,345
- GSEC (SANS): 7,642

The CISSP outnumbers the next four certifications combined.

<https://www.businessnewsdaily.com/10708-information-security-certifications.html>

“The CISSP is one of the most widely respected certificates of high-level expertise in cyber security.”

<https://www.cisecurity.org/services/cis-cybermarket/training/isc2-security-professional-training/>



Desirability





ORANGE COUNTY
Human Resource Services
333 W. Santa Ana Blvd,
Santa Ana, CA 92701
714-834-2555
<http://www.ocgov.com/hr>

INVITES APPLICATIONS FOR THE POSITION OF:
Chief Information Security Officer (CISO)

DESIRABLE QUALIFICATIONS & CORE COMPETENCIES

The ideal candidate will possess a Bachelor's degree in information security, computer science, information systems, computer engineering, or a related field; **be a Certified Information Systems Security Professional (CISSP)** and/or Certified Information Security Manager (CISM); and possess a minimum of seven (7) years experience in comprehensive security program management in planning, administering, and ensuring effective and secure large-scale information security operations covering applications, mainframe, servers, voice and data network, Internet, or other systems. In addition, the ideal candidate will possess extensive knowledge and/or experience in the following core competencies:




CITY OF IRVINE
Department of Human Resources
One Civic Center Plaza
Irvine, CA 92606-5208

INVITES APPLICATIONS FOR THE POSITION OF:
IT Security Officer

Best Fit

- Certifications: **Certified Information Security Systems Professional (CISSP)**, Certified Information Security Manager (CISM), or Certified Information Systems Auditor (CISA).




CITY OF BALTIMORE
Department of Human Resources
7 E. Redwood Street, 16th Floor
Baltimore, MD 21202
(410) 396-3860 711(TTY)
www.baltimorecity.gov

INVITES APPLICATIONS FOR THE POSITION OF:
Deputy Chief Information Security Officer (DCISO) - BCIT

Certification/Licensure One or more of the following:

- CompTIA Security+ (SY0-401)
- **(ISC)² Certified Information Systems Security Professional (CISSP)**
- (ISACA) Certified Information Security Manager (CISM)
- GIAC Security Essentials (GSEC)
- EC-Council Certified Ethical Hacker (CEH)



ORANGE COUNTY
CCERS
EMPLOYEES RETIREMENT SYSTEM

DIRECTOR OF CYBER SECURITY

DESIRABLE QUALIFICATIONS

Master of Business Administration or Master of Science degree in computer science or related field

Professional information security certifications such as:

- **Certified Information Systems Security Professional (CISSP)**,
- Certified Information Systems Auditor (CISA)
- Certified Information Security Manager (CISM)
- Similar industry certifications



Certification Preparation

- 20+ Years of Experience
- Self-Study Program
 - We averaged 140 study hours over a 6 week period
- CISSP Certification Training Courses
 - We averaged 50 hours of in-class training over a 1 week period
 - Equivalent to semester-length college course
- 2017 and Earlier – Standard Exam
 - One 250 question, 6 hour exam
- 2018 and Later - Computerized Adaptive Test
 - One 100-150 question, 3 hour exam
 - Maximizes precision of exam by utilizing knowledge of the test-taker
 - Increasing difficulty of questions based on performance



OCERS Stated Goals

- High Level Certifications support the following goals:
 - Increase Professionalism
 - Continuous Improvement
 - Trained Workforce (Do More With What We Have)
 - Engaged and Dedicated Workforce
 - Recruit and Retain a High-Performing Workforce
 - Develop and Empower Every Member of the Team
 - Recognize Individual Needs and Career Goals
 - Cultivate a Collaborative, Inclusive and Creative Culture



Benefit Recommendations

CPS HR Consulting in the OCERS Final Total Compensation Report:

“Consideration should be given to develop a certification incentive compensation program by encouraging, acknowledging and rewarding employees for acquiring knowledge and developing critical skills beyond the minimum qualification requirements of a classification which are a benefit to the organization. A program should be agency wide and include national and state certifications relative to the different agency areas of business i.e.; investment, benefits, administration etc. A certification incentive compensation program aids in retention, requirement and development of agency intellectual knowledge.”



Recommendation

- Include the Certified Information Systems Security Professional (CISSP) in the OCERS Certification Pay program at the 5.5% level

2011



Thank You

Comparison of CISSP, CPA, and CFA Certifications

Certification	Certified Information Systems Security Professional (CISSP)	Certified Public Accountant (CPA)	Chartered Financial Analyst (CFA)
Governing Organization	International Information System Security Certification Consortium (ISC) ²	American Institute of Certified Public Accountants (AICPA)	CFA Institute
Accreditation Body & Standard	American National Standards Institute (ANSI) ISO/IEC Standard 17024 ¹	N/A (Internal AICPA Committee) ²	N/A ³
Education Requirement	N/A (can use four-year college degree to satisfy 1 year of required experience) ⁴	Bachelor's Degree (150 semester units of education, including 24 semester units in accounting-related subjects and 24 semester units in business-related subjects) ⁵	Bachelor's Degree or 4 years professional work experience (does not have to be investment-related) or Combination of work experience and education totaling 4 years prior to enrollment ⁶
Experience Requirement	5 years cumulative paid work experience in 2 or more of the 8 domains of the CISSP CBK (a four-year college degree or an approved credential will satisfy 1 year of required experience) ⁷	1 year general accounting experience, supervised by actively-licensed CPA ⁸	4 years in the investment decision-making process ⁹
Exam Requirement	One 250 question, 6 hour exam (2017 and earlier) or One 100-150 question, 3 hour Computerized Adaptive Test exam (2018 and later) (exams include multiple choice and simulation questions) ¹⁰	Four exams, containing an average of 77 questions each, 4 hours per exam (exams include multiple choice, simulation, and writing questions) ¹¹	Three exams as follows: Level I Exam: 240 multiple choice questions (6 hours) Level II Exam: 120 multiple choice questions (6 hours) Level III Exam: 8-12 essay questions, 60 multiple choice questions (6 hours) ¹²
Exam Passing Score	700 out of 1000 ¹³	75 out of 99 on each exam ¹⁴	Pass/Fail ¹⁵
Exam Pass Rate	Not publically released; widely assumed to be well below 50% ¹⁶	Historically between 45-50% ¹⁷	Level I: 43%; Level II: 45%; Level III: 56% ¹⁸
Certification Term	3 years ¹⁹	2 years ²⁰	N/A
Continuing Education Requirement	120 hours over the three-year period (40 hours annually) ²¹	80 hours during the two-year period (40 hours annually) ²²	N/A (Voluntary) ²³
Ethics Requirement	Agree to and uphold the (ISC) ² Code of Ethics ²⁴	CaICPA PETH Exam (50 multiple-choice questions; no time limit; 90%+ passing score) ²⁵	Complete a Professional Conduct Statement and uphold the Code of Ethics and Standards of Professional Conduct ²⁶
Endorsement Requirement	Endorsement by an (ISC) ² certified professional in good standing ²⁷	N/A	N/A
Desirability In Industry	Job Openings Requiring Information Security Certifications (Nov. 2018): CISSP (ISC ²): 49,731 CISM (ISACA): 20,209 CEH (EC-COUNCIL): 10,780 Security+ (COMPTIA): 10,345 GSEC (SANS): 7,642 ²⁸	N/A	N/A
No. of Certification Holders	> 136,428 worldwide ²⁹	> 664,532 in the US ³⁰	> 154,000 worldwide ³¹
Year Established	1994 ³²	1917 ³³	1963 ³⁴

2011



Certified Internal Auditor (CIA) & Certification Pay



CIA Overview



The Certified Internal Auditor (CIA) designation is the only globally accepted designation for internal auditors.

Earning a CIA indicates that an auditor:

- possesses the competence, skills, and experience to perform auditing procedures;
- understands and can apply the International Standards for the Professional Practice of Internal Auditing;
- knowledgeable in organizational governance;
- can review and analyze financial statements; and
- can work with management to ensure internal controls are operating as intended to safeguard assets.



CIA Comparison to CPA & CFA

- Internationally Accredited
 - CPA & CFA are not Internationally Accredited
- Lowest Exam Pass Rate
 - 43% - CIA
 - 49.5% - CPA
 - 48% - CFA
- Highest Continuing Education Requirement
 - 40 hours/year
- Character Reference
 - no such requirement for CPA & CFA



Desirability

“As pressures for the internal audit to contribute to the strategic direction of entities and move away from myopic procedural audit, the need for auditors to advance their competencies and professionalism and provide enhanced value-adding services to management grows.

The Certified Internal Auditor (CIA) designation will help you demonstrate you are a true expert that understands these needs.”

<https://www.ais-cpa.com/how-to-become-a-cia-certified-internal-auditor/>

“CIA is enduring because it requires candidates to master the ability to identify risks, examine alternative remedies, and prescribe the best initiatives to control these risks. CIAs master auditing standards and practices as well as management principles and controls, information technology, and emerging strategies to improve business and government.”

John J. Fernandes, Executive Vice President and Chief Operating Officer of The Institute of Internal Auditor

“CIA’s earn an average of \$38,000 more annually than those without a certification.”*

**According to The IIA’s 2017 Internal Audit Compensation Study (based on U.S. responses).*

“According to the Salary Guide, many businesses seek to hire internal auditors who possess credentials such as Certified Internal Auditor (CIA), offered by The Institute of Internal Auditors (The IIA).”

<https://www.roberthalf.com/blog/salaries-and-skills/a-look-ahead-internal-audit-hiring-and-salary-trends>

“The CIA is the only globally accepted designation for internal auditors and the standard by which individuals demonstrate their professionalism in internal auditing.”

<https://na.theiia.org/certification/new/Pages/Why-Become-Certified.aspx>



Desirability



City and County of Denver Careers

Government Lead Internal Auditor


- An applicable professional certification, such as **CIA (Certified Internal Auditor)**, CPA (Certified Public Accountant), CGAP (Certified Government Auditing Professional), CRMA (Certification in Risk Management Assurance), or similar,



DIRECTOR OF INTERNAL AUDIT

Desired Qualities:

- Highly Desirable: Valid certificate as a Certified Public Accountant (CPA), **Certified Internal Auditor (CIA)** or Certified Information Systems Auditor (CISA)



An Official website of the Commonwealth of Massachusetts
MassCareers Job Opportunities

Job Description

Assistant Deputy Auditor - (190006XR)
Description

MINIMUM QUALIFICATIONS:
The successful candidate will possess and/or demonstrate the following:

- A bachelor's degree and at least 10 years of audit experience that includes government auditing, conducted in accordance with generally accepted five years must be in a senior management position. An advanced degree in business, finance, public administration or a related field may be substituted for the five years of experience.
- A Certified Public Accountant, **Certified Internal Auditor**, Certified Fraud Examiner, and/or Certified Government Financial Manager certification.



General Auditor

US-TX-Austin

Minimum Qualifications

Fourteen or more years of experience in audit, accounting, finance, information technology, process improvement, project management or other relevant field, including three or more years of experience providing leadership to an internal audit function. A degree(s) in business administration, finance, accounting or relevant field may be substituted per LCRA guidelines for certain years of experience.

Certified Internal Auditor, Certified Public Accountant or Certified Information Systems Auditor



Certification Preparation

- 20+ Years of Experience
- Self-Study Program
 - Approximately 300 study hours for all three parts
- CIA Certification Training Courses per part
 - Part 1: Average 70 hours of in-class training over a 7 week period
 - Part 2: Average 80 hours of in-class training over a 8 week period
 - Part 3: Average 120 hours of in-class training over a 12 week period
 - Equivalent to over three semester-length college courses
- 2013 and Earlier
 - Four 100 question exams, 2 hours and 45 minutes per exam
 - Testing both basic and proficient cognitive levels
- 2013 and Later
 - Changed from four parts to three parts
 - New Part 3 combines former Parts 3 and 4 topics (Business Analysis, Business Managements Skills and Information Technology)
 - Part 1 contains 125 questions, 2 hours and 30 minutes
 - Part 2 and 3 contains 100 questions each, 2 hours per exam



OCERS Stated Goals

- High Level Certifications Support the following goals:
 - Increase Professionalism
 - Continuous Improvement
 - Trained Workforce (Do More With What We Have)
 - Engaged and Dedicated Workforce
 - Recruit and Retain a High-Performing Workforce
 - Develop and Empower Every Member of the Team
 - Recognize Individual Needs and Career Goals
 - Cultivate a Collaborative, Inclusive and Creative Culture



Benefit Recommendations

CPS HR Consulting in the OCERS Final Total Compensation Report:

“Consideration should be given to develop a certification incentive compensation program by encouraging, acknowledging and rewarding employees for acquiring knowledge and developing critical skills beyond the minimum qualification requirements of a classification which are a benefit to the organization. A program should be agency wide and include national and state certifications relative to the different agency areas of business i.e.; investment, benefits, administration etc. A certification incentive compensation program aids in retention, requirement and development of agency intellectual knowledge.”



Recommendation

- Include the Certified Internal Auditor (CIA) in the OCERS Certification Pay program at the 5.5% level

2011



Thank You

Comparison of CIA, CPA, and CFA Certifications

Certification	Certified Internal Auditor (CIA)	Certified Public Accountant (CPA)	Chartered Financial Analyst (CFA)
Governing Organization	The Institute of Internal Auditors (IIA) ³⁵	American Institute of Certified Public Accountants (AICPA)	CFA Institute
Accreditation Body & Standard	International Professional Practices Framework International Standards for the Professional Practice of Internal Auditing ³⁶	N/A (Internal AICPA Committee) ²	N/A ³
Education Requirement	Associate's Degree or Higher	Bachelor's Degree (150 semester units of education, including 24 semester units in accounting-related subjects and 24 semester units in business-related subjects) ⁵	Bachelor's Degree or 4 years professional work experience (does not have to be investment-related) or Combination of work experience and education totaling 4 years prior to enrollment ⁶
Experience Requirement	Dependent upon education level: Master Degree - 12 months Internal Audit (IA) Experience Bachelor's Degree - 24 months IA Experience Associate's Degree - 60 months IA Experience	1 year general accounting experience, supervised by actively-licensed CPA ⁸	4 years in the investment decision-making process ⁹
Exam Requirement	Three exams, multiple choice ³⁷ Part 1 - 125 questions / 150 minutes Part 2 - 100 questions / 120 minutes Part 3 - 100 questions / 120 minutes	Four exams, containing an average of 77 questions each, 4 hours per exam (exams include multiple choice, simulation, and writing questions) ¹¹	Three exams as follows: Level I Exam: 240 multiple choice questions (6 hours) Level II Exam: 120 multiple choice questions (6 hours) Level III Exam: 8-12 essay questions, 60 multiple choice questions (6 hours) ¹²
Exam Passing Score	600 out of 750 ³⁸	75 out of 99 on each exam ¹⁴	Pass/Fail ¹⁵
Exam Pass Rate	43% ³⁹	Historically between 45-50% ¹⁷	Level I: 43%; Level II: 45%; Level III: 56% ¹⁸
Certification Term	1 year ⁴⁰	2 years ²⁰	N/A
Continuing Education Requirement	40 hours annually	80 hours during the two-year period (40 hours annually) ²²	N/A (Voluntary) ²³
Ethics Requirement	Agree to abide by the Code of Ethics established by The IIA ⁴¹	CalCPA PETH Exam (50 multiple-choice questions; no time limit; 90%+ passing score) ²⁵	Complete a Professional Conduct Statement and uphold the Code of Ethics and Standards of Professional Conduct ²⁶
Endorsement Requirement	Candidates must exhibit high moral and professional character and must submit a Character Reference Form signed by a CIA, CGAP, CCSA, CFSA, CRMA, or the candidate's supervisor ⁴¹	N/A	N/A
Desirability In Industry	CIAs earn an average of \$38,000 more annually than those without a certification. ⁴²	N/A	N/A
No. of Certification Holders	> 157,444 worldwide ³⁷	> 664,532 in the US ³⁰	> 154,000 worldwide ³¹
Year Established	1974 ³⁷	1917 ³³	1963 ³⁴

2011



**Society Human Resources Management
Certified Professional (SHRM-CP) &
Senior Certified Professional (SHRM-SCP) &
Certification Pay**



About SHRM

- Established in 1948, The Society for Human Resources Management (SHRM) has over 300,000+ HR and business executive members in 165 countries, and impacts the lives of more than 115 million workers and families globally.
- SHRM is the foremost expert, convener and thought leader on issues impacting today's evolving workplaces.



Purpose, Mission & Vision

Purpose

To elevate the HR profession

Mission

To empower people and workplaces by advancing HR practices and by maximizing human potential

Vision

To build a world of work that works for all



SHRM Certification Overview



- The Society Human Resources Certified Professional (SHRM-CP) and Senior Certified Professional (SHRM-SCP) credential is a highly recognized and globally respected designation in the HR field.
- Twice per year, SME's write new questions to refresh the exam. This effort is led by top-notch, professionally trained SHRM exam development experts with an average of 20 years of experience, and questions are reviewed and approved by the SHRM Certification Commission to ensure the quality and impartiality of the program.

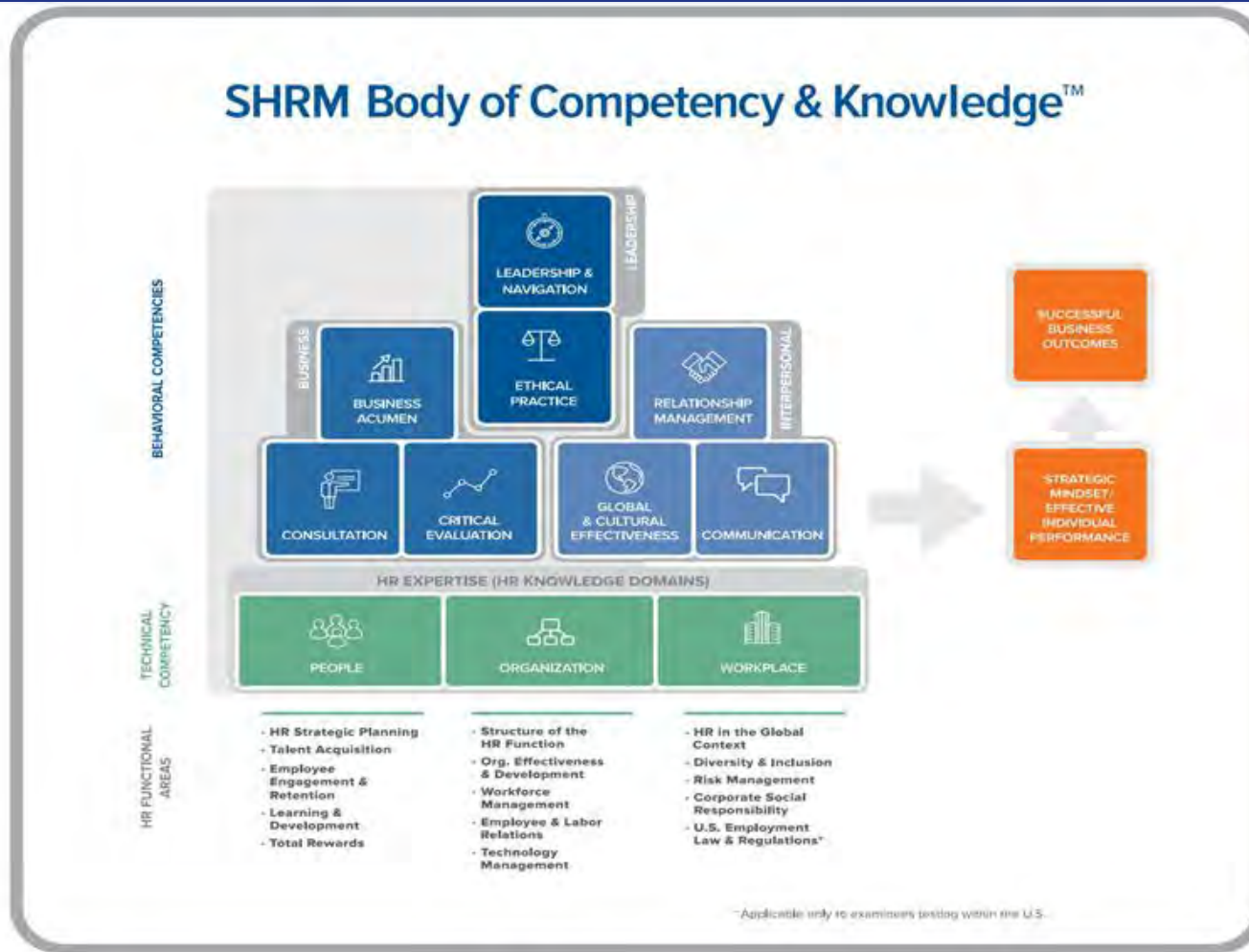


Accreditation Body of Competency & Knowledge

- SHRM certifications are accredited by the **Buros Center for Testing, a premier test review center located at the University of Nebraska-Lincoln**, the global leader in evaluating the psychometric quality of examinations. The SHRM credentials meet the highest quality and standards of an industry-leading certification.
- The Buros Center specializes in auditing major educational and licensure testing programs for fairness in testing and overall psychometric quality of test based on standards for testing developed by the American Psychological Association, the American Educational Research Association and the National Council on Measurement in Education, the leading authorities in high-stakes testing.



SHRM Body of Competency & Knowledge (BoCK)





SHRM Certification Requirements



SHRM-CP AND SHRM-SCP ELIGIBILITY CHART

Credential	Less than a Bachelor's Degree*		Bachelor's Degree		Graduate Degree	
	HR-Related Program	Non-HR Program	HR-Related Degree	Non-HR Degree	HR-Related Degree	Non-HR Degree
SHRM-CP**	3 years in HR role	4 years in HR role	1 year in HR role	2 years in HR role	Currently in HR role	1 year in HR role
SHRM-SCP	6 years in HR role	7 years in HR role	4 years in HR role	5 years in HR role	3 years in HR role	4 years in HR role



Difference Between Credentials

- SHRM-CP – Designed for HR professionals who are engaged primarily in operational roles
 - Implementing policies, serving as the HR point of contact for staff and stakeholders, and/or performing day-to-day HR functions.
- SHRM-SCP – Designed for HR professionals at a senior level who operate primarily in a strategic role
 - Developing policies and strategies, overseeing the execution of HR operations, analyzing performance metrics, and/or contributing to the alignment of HR strategies to organizational goals.



Credential Requirements

- Highest Experience Requirement
 - SHRM-CP – 4 years in an HR role
 - SHRM-SCP – 7 year in an HR role
- Highest Continuing Education Requirement
 - 60 Professional Development Credits (PDC') within the three years certification period
- Pass Rate
 - SHRM-CP – Average 69%
 - SHRM-SCP – Average 55%
- Average Certification Holders
 - SHRM-CP - 65,730
 - SHRM-SCP – 45,677

SHRM requires all candidates to agree and abide by the SHRM Bylaws & Code of Ethics.



SHRM-CP & SHRM-SCP Exams

The SHRM-CP and SHRM-SCP exams are 4 hours and contain two types of multiple choice questions: stand-alone knowledge-based items that assess a candidate's knowledge and understanding of factual information, and scenario-based situational judgement items that assess a candidate's judgement, application and decision-making skills.

Knowledge Items (60% of Questions):

- HR-specific knowledge items (KIs)
 - Cover key concept topics associated with the 15 HR functional areas.
- Foundational knowledge items (FKIs)
 - Cover key concept topics considered foundational to the eight behavioral competencies.

Situational Judgement Items (40% of Questions):

- 40% of questions
- Assess candidates' judgement and decision-making skills.
- Examinees are presented with realistic work-related scenarios and asked to choose the best of several possible strategies to resolve or address the issues described in the scenarios.



Score Weighting for Each Subject Area

Subject Area	SHRM-CP	SHRM-SCP
Behavioral Competencies	35%	50%
Technical Knowledge	65%	50%
People	20%	10%
Organization	20%	10%
Workplace	15%	10%
Strategy	10%	20%

Behavioral Competencies	
Domain	Functional Area
Leadership	Leadership & Navigation
	Ethical Practice
Interpersonal	Relationship Management
	Communication
	Global & Cultural Effectiveness
Business	Business Acumen
	Consultation
	Critical Evaluation

HR Expertise			
<i>Technical Competencies</i>			
<i>HR Functional Areas</i>			
Domain	Functional Area	Domain	Functional Area
People	HR strategic Planning	Workplace	HR in the Global Context
	Talent Acquisition		Diversity & Inclusion
	Employee Engagement & Retention		Risk Management
	Learning & Development		Corporate Social Responsibility
	Total Rewards		U.S. Employment Law & Regulations
Organizational	Structure of the HR Function		
	Organizational Effectiveness & Development		
	Workforce Management		
	Employee & Labor Relations		
	Technology Management		



Benefit Recommendations

CPS HR Consulting in the OCERS Final Total Compensation Report:

“Consideration should be given to develop a certification incentive compensation program by encouraging, acknowledging and rewarding employees for acquiring knowledge and developing critical skills beyond the minimum qualification requirements of a classification which are a benefit to the organization. A program should be agency wide and include national and state certifications relative to the different agency areas of business i.e.; investment, benefits, administration etc. A certification incentive compensation program aids in retention, requirement and development of agency intellectual knowledge.”



Desirability

“SHRM relies on the [Body of Competency and Knowledge](#), also known as the SHRM BoCK, as the foundation for the SHRM-CP & SHRM-SCP certifications, which center on eight key behavioral skills and 15 HR functional areas that it deems critical to the success of any HR professional. As a result, HR professionals are equipped to address core skill requirements represented in Fortune 100 organizations and beyond.”

Alexander Alonso, Senior Vice President of Knowledge Development with Society Human Resource Management

<https://www.workforce.com/2016/06/13/hr-credentials-evaluating-their-value/>

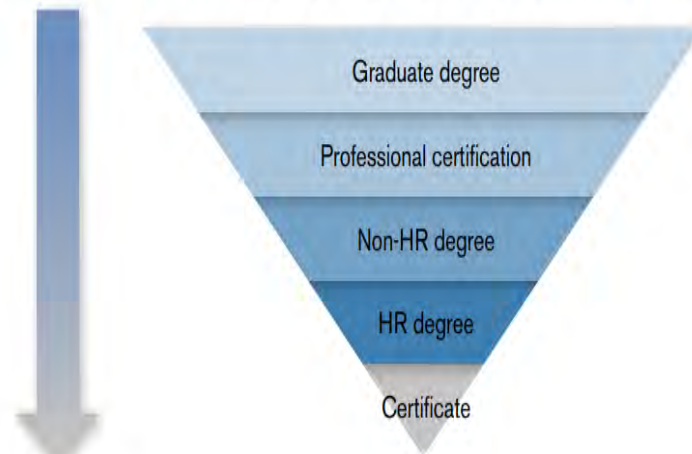
“According to the Bureau of Labor Statistics, although certification is voluntary, it can show professional expertise and credibility, and it may enhance advancement opportunities. Many employers prefer to hire certified candidates, and some positions may require certification.”

<https://www.bls.gov/ooh/management/human-resources-managers.htm#tab-4>

“According to [payscale.com](https://www.payscale.com), the median SHRM-CP certification holder reaped a 22.8 percent pay boost in 2018 compared to someone who has no certifications.”

<https://www.payscale.com/data/hr-certifications-pay>

Professional Certification Is the Second Most Valued Credential After Graduate Degrees



The advantages of HR certification continue to grow and are likely to be amplified as an HR practitioner moves up the HR career ladder to take on more senior HR and business partner roles. It is no wonder, based on the yearly analysis conducted by HRCI, that more than 85 percent of Fortune 500 companies have HR leaders with certifications.

<https://www.hrci.org/community/blogs-and-announcements/hr-leads-business-blog/hr-leads-business/2017/04/28/hr-job-outlook-remains-robust>



Desirability

Top 5 “most desirable” Human Resources certifications in 2018.

Most Prevalent Certifications in 2018	
Professional in Human Resources (PHR)	16.90%
SHRM Certified Professional (SHRM-CP)	15.40%
Senior Professional in Human Resources (SPHR)	7.90%
SHRM Senior Certified Professional (SHRM-SCP)	5.30%





OCERS Stated Goals

- High Level Certifications Support the following OCERS goals:
 - Increase Professionalism
 - Continuous Improvement
 - Trained Workforce (Do More With What We Have)
 - Engaged and Dedicated Workforce
 - Recruit and Retain a High-Performing Workforce
 - Develop and Empower Every Member of the Team
 - Recognize Individual Needs and Career Goals
 - Cultivate a Collaborative, Inclusive and Creative Culture



Recommendation

- Include the Society for Human Resources Management - Certified Professional (SHRM-CP) in the OCERS Certification Pay program at the 3.5% level
- Include the Society for Human Resources Management Senior Certified Professional (SHRM-SCP) in the OCERS Certification Pay program at the 5.5% level

2011



Thank You

SHRM-CP SHRM-SCP Certifications

Certification	Society Human Resource Management - Certified Professional - (SHRM-CP) ¹⁶	Society Human Resources Management - Senior Certified Professional (SHRM-SCP) ¹⁶	Certified Public Accountant (CPA)	Chartered Financial Analyst (CFA)
Governing Organization	Society Human Resource Management (SHRM) ¹	Society Human Resource Management (SHRM) ¹	American Institute of Certified Public Accountants (AICPA)	CFA Institute
Accreditation Body Competency & Knowledge	The Buros Center for Testing ² SHRM Body of Competency and Knowledge (SHRM BoCK) ³	The Buros Center for Testing ² SHRM Body of Competency and Knowledge (SHRM BoCK) ³	N/A (Internal AICPA Committee) ²	N/A ³
Education Requirement	HR Certificate Program (Accredited institution - eight courses covering HR fundamentals) or Associate's Degree or Higher ⁴	HR Certificate Program (Accredited institution - eight courses covering HR fundamentals) or Associate's Degree or Higher ⁴	Bachelor's Degree (150 semester units of education, including 24 semester units in accounting-related subjects and 24 semester units in business-related subjects) ⁵	Bachelor's Degree or 4 years professional work experience (does not have to be investment-related) or Combination of work experience and education totaling 4 years prior to enrollment ⁶
Experience Requirement	<u>Dependent upon education level:</u> ⁴ Must work in the role of HR a minimum of 1,000+ hours within a calendar year <u>Associate's Degree:</u> HR-Related Degree: 3 years in HR role Non HR-Related Degree: 4 years in HR role <u>Bachelor's Degree:</u> HR-Related Degree: 1 year in HR role Non-HR Degree: 2 years in HR role <u>Graduate Degree:</u> HR-Related Degree: Currently in HR role Non-HR Degree: 1 year in HR role	<u>Dependent upon education level:</u> ⁴ Must work in the role of HR a minimum of 1,000+ hours within a calendar year <u>Associate's Degree:</u> HR-Related Degree: 6 years in HR role Non HR-Related Degree: 7 years in HR role <u>Bachelor's Degree:</u> HR-Related Degree: 4 years in HR role Non-HR Degree: 5 years in HR role <u>Graduate Degree:</u> HR-Related Degree: 3 year in HR role Non-HR Degree: 4 years in HR role	1 year general accounting experience, supervised by actively-licensed CPA ⁸	4 years in the investment decision-making process ⁹
Exam Requirement	4 hours in length ⁵ 160 questions - 95 knowledge based items (60%) 65 situational judgement items (40%) 30 pre-test questions	4 hours in length ⁵ 160 questions - 95 knowledge based items (60%) 65 situational judgement items (40%) 30 pre-test questions	Four exams, containing an average of 77 questions each, 4 hours per exam (exams include multiple choice, simulation, and writing questions) ¹¹	Three exams as follows: Level I Exam: 240 multiple choice questions (6 hours) Level II Exam: 120 multiple choice questions (6 hours) Level III Exam: 8-12 essay questions, 60 multiple choice questions (6 hours) ¹²
Certification	Society Human Resource Management - Certified Professional - (SHRM-CP) ¹⁶	Society Human Resources Management - Senior Certified Professional (SHRM-SCP) ¹⁶	Certified Public Accountant (CPA)	Chartered Financial Analyst (CFA)
Exam Passing Score	Modified Angoff method ⁷	Modified Angoff method ⁷	75 out of 99 on each exam ¹⁴	Pass/Fail ¹⁵
Exam Pass Rate	Average of 69% ⁸	Average of 55% ⁸	Historically between 45-50% ¹⁷	Level I: 43%; Level II: 45%; Level III: 56% ¹⁸
Certification Term	3 years ¹²	3 years ¹²	2 years ²⁰	N/A
Continuing Education Requirement	60 Professional Development Credits (PDC's) within the three-year recertification period ⁹	60 Professional Development Credits (PDC's) within the three-year recertification period ⁹	80 hours during the two-year period (40 hours annually) ²²	N/A (Voluntary) ²³
Ethics Requirement	Agree to SHRM Certification Candidate agreement ¹ , abide by SHRM Bylaws & Code of Ethics ¹⁰	Agree to SHRM Certification Candidate agreement ¹ , abide by SHRM Bylaws & Code of Ethics ¹⁰	CalCPA PETH Exam (50 multiple-choice questions; no time limit; 90%+ passing score) ²⁵	Complete a Professional Conduct Statement and uphold the Code of Ethics and Standards of Professional Conduct ²⁶
Endorsement Requirement	N/A ¹¹	N/A ¹¹	N/A	N/A
Desirability In Industry	In 2018, the median SHRM-CP certification holders received a 22.8% increase in salary. ¹³	In 2018, HR professionals reported receiving median pay increases by 54 percent going from a SHRM-CP certification to SHRM-SCP certification. ¹³	N/A	N/A
No. of Certification Holders	65,730 ¹⁴	45,677 ¹⁴	> 664,532 in the US ³⁰	> 154,000 worldwide ³¹
Year Established	1976 ^{15 17}	1976 ^{15 17}	1917 ³³	1963 ³⁴



Memorandum

DATE: March 28, 2022
TO: Members of the Personnel Committee
FROM: Cynthia Hockless, Director of Human Resources
SUBJECT: OCERS COMPENSATION POLICY REVIEW

Background/Discussion

In 2018, the Orange County Employee Retirement System (OCERS) conducted a Total Compensation study for OCERS direct employees. The purpose of the study was to provide an objective and comprehensive comparison of OCERS total compensation (salary, bonus, benefits, etc.) between OCERS and other public sector employers. The study results were used as a tool for aligning the pay structure with strategic goals with the outcome of having a comprehensive total compensation package that is aligned with OCERS pay philosophy and business goal to Recruit, Retain, and Inspire a high-performing workforce. The objectives of the study included:

- Detailed revisions of the Personnel Philosophy, into a policy
- The development and design of a revised salary structure
- The best method to integrate OCERS employees into the proposed salary structure once adopted
- A recommendation to codify the OCERS Performance Management program
- The best method to maintain the salary range structure by utilizing the Employer Cost Index (ECI) for Salaries and Wages, as published by the U.S. Department of Labor, Bureau of Labor

At the June 21, 2021, Board meeting, OCERS approved the recommendation of the results of the Compensation study which included the following revisions:

- 1) Changed the name of the OCERS Compensation Philosophy to Compensation Policy
- 2) Approved a new salary range structure for the OCERS Direct employees
- 3) Approved a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure Effective July 2, 2021
- 4) Approved a pay philosophy that allowed OCERS to administer an annual performance merit-based step increase in the amount of 2.75% to progress employees through the salary ranges. Employees now receive salary increases based on the performance rating received in their annual performance evaluation as follows: **Meets = Base increase equal to ECI inflation**, Exceeds = Base + 1 step of 2.75%, and Exceptional = Base + 2 steps or 5.5%
- 5) **Approved an annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics, and perform a formal review of the ranges at least every five years to keep the pay structure current**

On April 05, 2022, Staff will review the Compensation policy with the Personnel Committee. This review will demonstrate how the recent revisions to the Compensation policy will assist OCERS with ensuring their ranges keep pace with the Employer Cost Index (ECI) for salaries and wages. This rate is published in the U.S. Department of Labor, Bureau of Labor Statistics. Before the adoption of the Compensation policy revisions, OCERS used the Consumer Price Index (CPI) to adjust their salary ranges. Additionally, multiple meetings would be held to meet with the Personnel Committee and the full Board to approve the adjustment. This process allowed OCERS to fall behind in the years that the salary ranges were not updated. The revised Compensation policy allows OCERS to review the ECI and adjust the salary range structure by the ECI. Moreover, OCERS will look to the ECI to set the minimum rate for employees that have met expectations for the annual performance review. At budget time, the full Board will continue to review and approve all the personnel costs.

Submitted by:



CH - Approved

Cynthia Hockless
Director of Human Resources

Attachments:

1. OCERS Compensation policy
2. Compensation policy review presentation



OCERS Compensation Policy

Purpose and Background

1. This Compensation Policy applies to all employees employed directly by the Orange County Employees Retirement System (OCERS; OCERS Direct Employee) and not to employees of the County of Orange who are assigned to work at OCERS.
2. The philosophy behind the Compensation Policy is to create and maintain a pay structure that attracts, develops and retains strong leaders who model and promote OCERS' mission and values. This Compensation Policy is a management tool that when aligned with an effective communication plan will support, reinforce, and align OCERS' values, business strategy, operations and financial needs and provide secure retirement benefits to OCERS members with the highest standards of excellence.

The goals of this Compensation Policy are to:

- ▶ Create and maintain a pay structure that is competitive among OCERS' peers in the public pension community and aligned with published market data for similarly sized governmental organizations.
- ▶ Recognize and reward individual performance, initiatives, growth in job proficiency and achievement of stated goals.
- ▶ Provide management the flexibility to make compensation decisions within budgetary guidelines.
- ▶ Provide OCERS Direct Employees with some measure of predictability with respect to both salary growth and rewards for superior performance.

In alignment with OCERS' culture, the goals of the agency and the design of the compensation program will be communicated openly to all OCERS Direct Employees. The compensation program is intended to be fair and straightforward so that all OCERS Direct Employees understand the goals of the process.

Compensation Program

3. The OCERS Board of Retirement (Board) will approve a salary range for each OCERS Direct Employee position. Consistent with the goals of this Policy, the salary ranges will be competitive with OCERS' peers and aligned with published market data. The Board may direct the CEO to retain a compensation consultant for purposes of obtaining peer and market data and advice regarding OCERS' compensation program.
4. The CEO will be responsible for ensuring that the Board-approved salary ranges are reviewed at least every three years to ensure that they remain competitive, and will promptly inform the Board of the results of each such review. The CEO may retain a compensation consultant for purposes of undertaking this review. If the CEO believes adjustments to the salary ranges may be necessary, the CEO will promptly present his or her recommendations to the Board for the Board's approval of any adjustments to the salary ranges.



OCERS Compensation Policy

5. In each year in which salary ranges are not reviewed in accordance with Section 4, above, the salary ranges will be automatically increased by the amount, if any, of the increase in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics.
6. The CEO will be responsible for managing salaries of the OCERS Direct Employees within the Board-approved salary ranges. The CEO will use the following process:
 - ▶ In November of each year, or such other time of year as determined by the CEO, each OCERS Direct Employee who was employed by OCERS as of June 1 of that year will receive a written performance evaluation. Each OCERS Direct Employee's performance will be rated as Does Not Meet Expectations; Meets Expectations; Exceeds Expectations; or Exceptional. The CEO must concur in each performance rating.
 - ▶ Employees who receive a performance rating of Meets Expectations or better will be eligible for a salary increase.
 - Employees who receive a performance rating of Meets Expectations will receive a salary increase equal to the increase, if any, in the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics (Base Increase).
 - Employees who receive a performance rating of Exceeds Expectations will receive a salary increase equal to the Base Increase plus a merit increase equal to one step (Merit Step) up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.
 - Employees who receive a performance rating of Exceptional will receive a salary increase equal to the Base Increase plus a merit increase equal to two Merit Steps up to the maximum amount of the salary range for the position, after the salary range has been adjusted in accordance with Section 4 or 5, above.
 - Each Merit Step is equal to 2.75%.
 - No salaries will exceed the maximum amount of the salary range for the position after the salary range has been adjusted in accordance with Section 4 or 5, above. If an employee's salary increase under this provision would cause the employee's salary to exceed the maximum of the salary range for the position, the employee's salary will be limited to the maximum for the range and there will be no additional payments (by lump sum or otherwise) to the employee to make up the difference.
7. The Board has entered into a Memorandum of Agreement with the County of Orange for providing and administrating employee benefits to OCERS Direct Employees. The agreement with the County calls for OCERS Direct Employees to receive the same benefits offered to County administrative and executive management employees.



OCERS Compensation Policy

History

8. This policy was adopted by the Board of Retirement on October 21, 2013, and revised on October 11, 2017 and June 21, 2021.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

A handwritten signature in blue ink that reads "Steve Delaney".

JUNE 21, 2021

Steve Delaney
Secretary of the Board

Date

PERSONNEL COMMITTEE MEETING



Compensation Policy Review

Cynthia Hockless, Director of Human Resources
April 5, 2022



2018 OCERS Compensation Study

The purpose of the study was to provide an objective and comprehensive comparison of OCERS total compensation (salary, bonus, benefits, etc.) between OCERS and other public sector employers. The study results were used as a tool for aligning the pay structure with strategic goals with the outcome of having a comprehensive total compensation package that is aligned with OCERS pay philosophy and business goal to **Recruit, Retain, and Inspire** a high-performing workforce.

1. Detailed revisions of the Personnel Philosophy, into a policy
2. The development and design of a revised salary structure
3. The best method to integrate OCERS employees into the proposed salary structure once adopted
4. A recommendation to codify the OCERS Performance Management program
5. The best method to maintain the salary range structure by utilizing the Employer Cost Index (ECI) for Salaries and Wages, as published by the U.S. Department of Labor, Bureau of Labor



Approved Policy Revisions

- 1) Changed the name of the OCERS Compensation Philosophy to Compensation Policy
- 2) Approved a new salary range structure for the OCERS Direct employees
- 3) Approved a 5% pay adjustment with the implementation of the proposed salary ranges and pay structure Effective July 2, 2021
- 4) Approved a pay philosophy that allowed OCERS to administer an annual performance merit-based step increase in the amount of 2.75% to progress employees through the salary ranges. Employees now receive salary increases based on the performance rating received in their annual performance evaluation as follows:
Meets = Base increase equal to ECI inflation, Exceeds = Base + 1 step of 2.75%, and Exceptional = Base + 2 steps or 5.5%
- 5) Approved an **annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages** for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics, and perform a **formal review of the ranges at least every five years** to keep the pay structure current

*formal salary review due 2026, start 2023/24

Employer Cost Index (ECI)

1. Meets = Base increase equal to ECI inflation
2. Annual adjustment of the salary ranges equal to the Employer Cost Index for Salaries and Wages for the previous 12-month period, as published by the U.S. Department of Labor, Bureau of Labor Statistics

Who relies on the Employment Cost Index?



US Department of Labor -Bureau of Labor Statistics

- Quarterly Report
- OCERS will use September 2022 report to adjust salary ranges per policy (received in late Oct)

- January 28, 2022 report:

Wages and salaries increased by 4.5% for the 12-month period ending December 2021

NEWS RELEASE BUREAU OF LABOR STATISTICS U. S. DEPARTMENT OF LABOR



Transmission of material in this release is embargoed until 8:30 a.m. (ET) Friday, January 28, 2022

USDL-22-0105

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EMPLOYMENT COST INDEX – December 2021

Compensation costs for civilian workers increased 1.0 percent, seasonally adjusted, for the 3-month period ending in December 2021, the U.S. Bureau of Labor Statistics reported today. **Wages and salaries** increased 1.1 percent and **benefit costs** increased 0.9 percent from September 2021. (See chart 1 and tables A, 1, 2, and 3.)

Chart 1. Three-month percent change, seasonally adjusted, civilian workers, total compensation

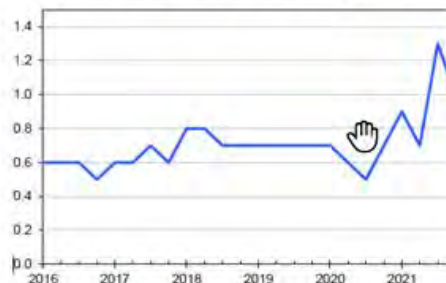
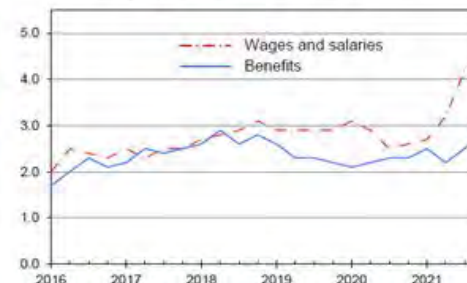
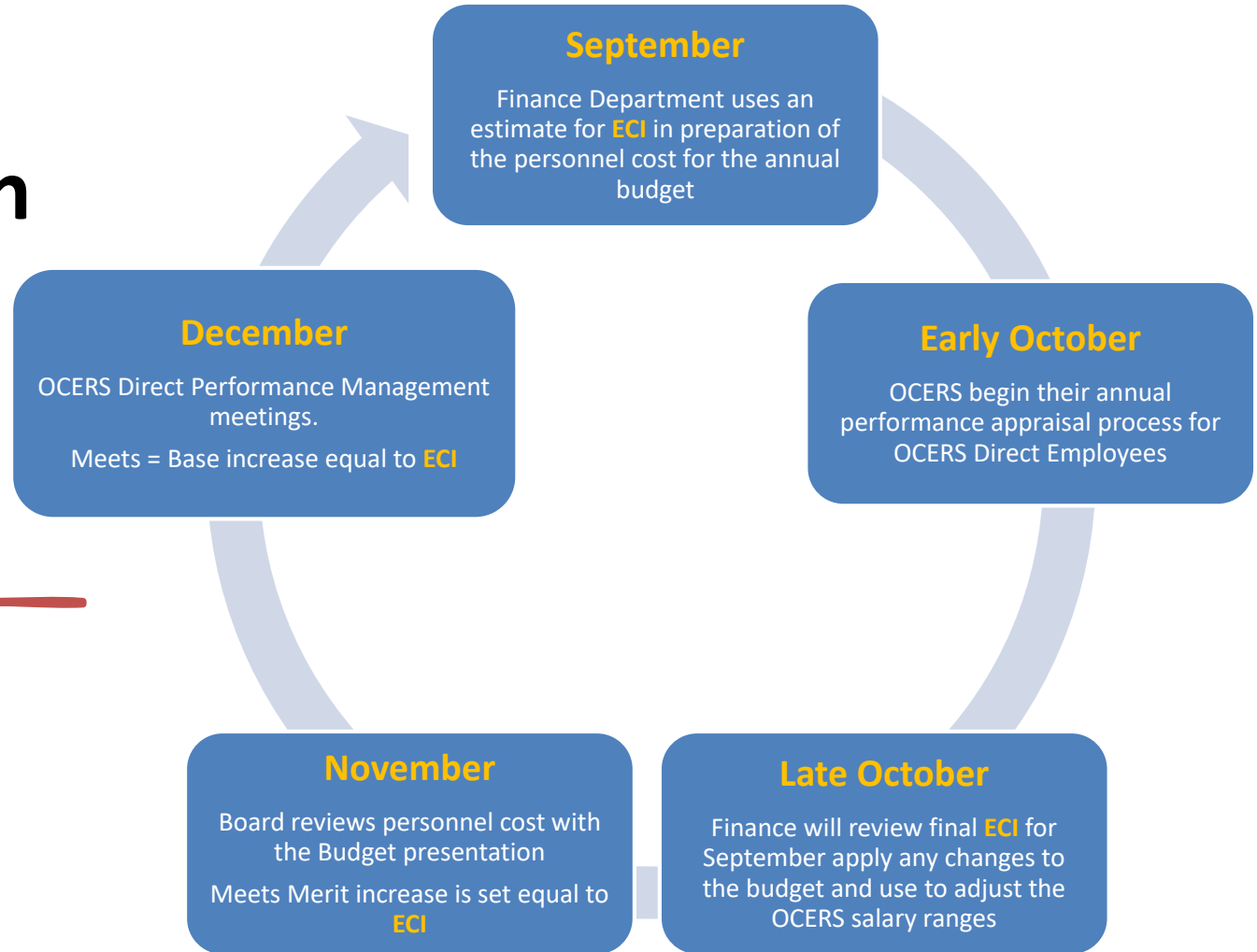


Chart 2. Twelve-month percent change, not seasonally adjusted, civilian workers



Compensation costs for civilian workers increased 4.0 percent for the 12-month period ending in December 2021 and increased 2.5 percent in December 2020. **Wages and salaries increased 4.5 percent for the 12-month period ending in December 2021** and increased 2.6 percent for the 12-month period ending in December 2020. **Benefit costs** increased 2.8 percent over the year and increased 2.3 percent for the 12-month period ending in December 2020. (See chart 2 and tables A, 4, 8, and 12.)

OCERS Compensation Policy in Action



Questions





Memorandum

DATE: March 28, 2022
TO: Members of the Personnel Committee
FROM: Cynthia Hockless, Director of Human Resources
SUBJECT: **OCERS NEW HIRES – UPDATE ON 2022 ACTIVITY**

OCERS Human Resources department started the year with a budgeted headcount of one-hundred and eight (108) positions. At the February 22, 2022, Board meeting, the Board approved the addition of two (2) new Extra-Help positions moving the agency's budgeted headcount from 108 to 110. The two (2) additional positions are one (1) Members Services Manager and one (1) Disability Manager in the Member Services department. OCERS has now added a total of fourteen (**14**) new positions this year. A status update of the newly added positions are below:

- **Two (2) Extra-Help Member Services Managers – Members Services (Hired)**
- **Two (2) Information Technology Managers – Information Technology (SME Review)**
- **Four (4) Senior Retirement Program Specialists – Member Services (Interview Process)**
- **Two (2) Retirement Program Specialists – Member Services (Interview Process)**
- Two (2) Benefit Analysts – Member Services (On Hold)
- Two (2) Retirement Supervisors – Member Services (On Hold)

The two Extra-Help Member Services Managers were hired in early March, leaving a total of twelve (12) of the fourteen (14) newly added positions vacant.

A total of ten (10) of the following legacy positions are vacant:

- 1) **Investment Officer – Investments (SME Review)**
- 2) **Retirement Program Specialist – Member Services (Interview Process)**
- 3) **Retirement Program Specialist – Member Services (Interview Process)**
- 4) **Sr. Retirement Programmer/Business Analyst – Information Technology (SME Review)**
- 5) Sr. Manager of Operations Support Services – Operations Support Services (On Hold)
- 6) Accountant/Auditor I – Finance (On Hold)
- 7) Senior Staff Development Specialist – Member Services (On Hold)
- 8) Disability Investigator – Disability (On Hold)

OCERS added the following two (2) additional vacancies due to a recent employee separation and retirement:

- 9) Information Technologist II – Information Technology (On Hold)
- 10) Senior Retirement Manager – Member Services (On Hold)

The Human Resources department onboarded three (3) Legacy positions in March:

- **Two (2) Extra Help Retirement Program Specialists – Member Services (Hired)**
- **Executive Secretary I – Legal/External Operations (Hired)**

In March, the Human Resources department extended an offer for the Executive Secretary II position. The position will report to the Chief Executive Officer. The applicant is currently undergoing the background check and employment verification process and is scheduled to start in early April. Also in April, the current Executive Secretary II is scheduled to depart from the agency.

The Human Resources department worked with the Information Technology department to review over 150 applications for their vacant IT Managers and Senior Retirement Programmer/Business Analyst positions. The qualified applicants are currently undergoing the Subject Matter Expert (SME) review process. We anticipate the first round of interviews will take place in late April. In the Member Services department, interviews for the eight (8) Retirement Program Specialist positions are currently underway.

The Human Resources department processed two (2) separations in March. This included the OCERS Senior Retirement Manager in the Member Services department assigned to the Quality Assurance team and an employee in the Information Technology department who retired in late March. These two (2) positions have been added to the list of vacancies.

In conclusion, the Human Resources department has received, reviewed, and processed over 800 applications in the past 90 days. This includes reviewing over 300 applications in the SME review process, administering a written in-person test for over 30 candidates, scheduling over 40 interviews, and hiring 5 new employees thus far. OCERS has 110 budgeted positions, a total of 88 team members on payroll, and twenty-two (22) vacancies. At the time of this report, a total of five (5) team members have separated from the agency. Three (3) separations were due to retirement, one departed for personal reasons and a returning retiree assisting the agency decided to permanently retire. The year-to-date annual turnover rate is estimated at 5.68%. The turnover rate is the number of separated employees divided by the number of employees on payroll multiplied by 100.

Attachment:

- 1. 2022 Staffing Update Presentation
- 2. 2022 Recruitment Activity Map

Submitted by:



CH - Approved

Cynthia Hockless

Director of Human Resources

2022



Human Resources Department

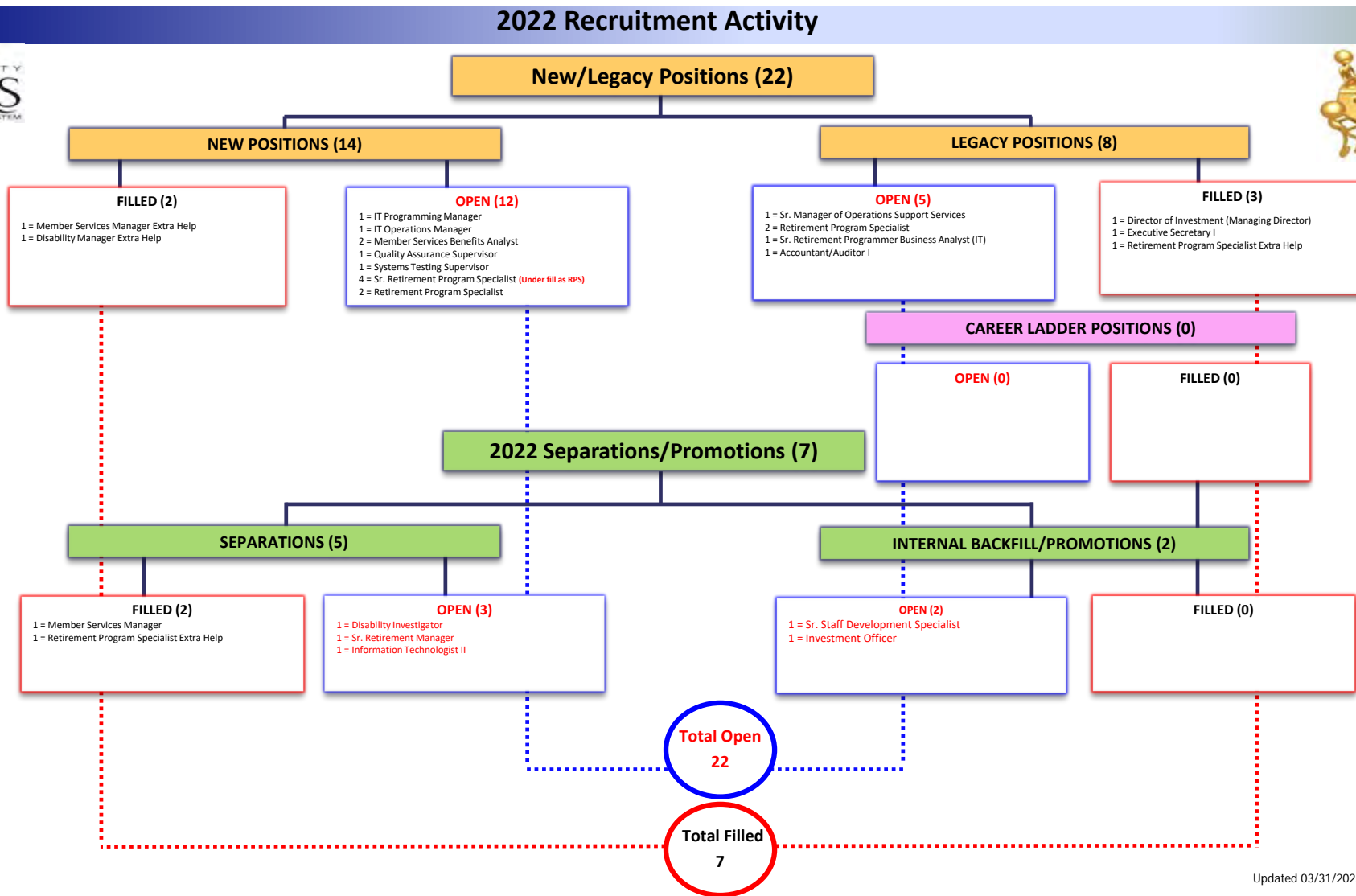
New Hires - Update on 2022 Activity

Cynthia Hockless
Director of Human Resources
April 5, 2022



Staffing Summary

Staffing	Count
Total Budgeted Employees	110
Current Headcount	88
Vacancies	22
Separations	5
YTD Turnover	5.68%





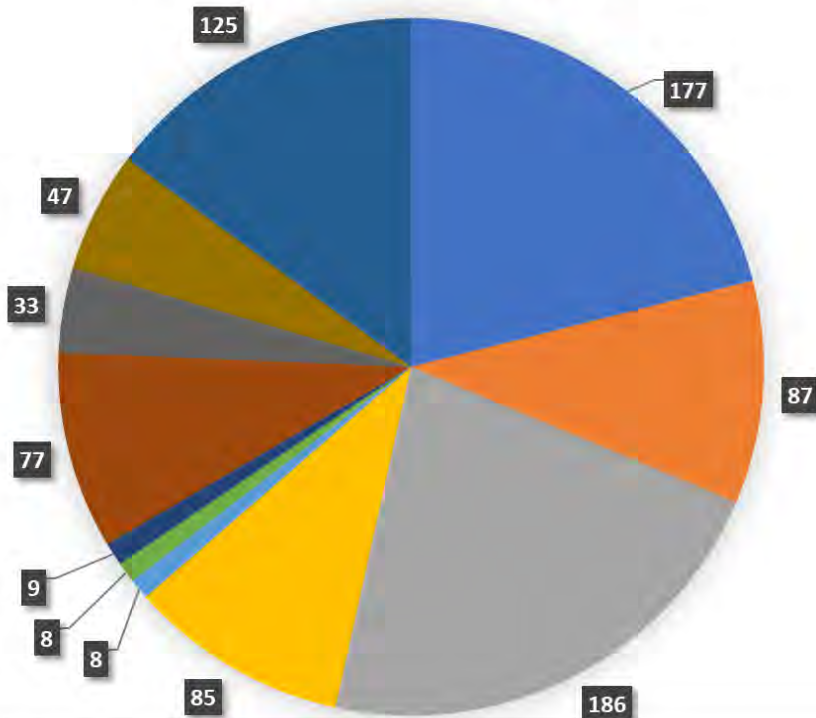
Recruitment Summary

#	Position	Applications Received	SME Review/Exam	Scheduled for Interviews	Hits	Filled	Open Recruitment
1	Director of Investments	177	91	9	5940	x	
2	Retirement Program Specialist	87	27	13	5145		x
3	Executive Secretary I	186	20	9	1675	x	
4	Executive Secretary II	85	33 (Exam)	7	2853	x	
5	Member Services Manager Extra Help	8	1	1	540	x	
6	Disability Services Manager Extra Help	8	1	1	504	x	
7	Retirement Program Specialist Extra Help	9	1	1	574	x	
8	IT Operations Manager	77	61		2091		x
9	IT Programming Manager	33	31		1586		x
10	IT Supervisor	47	31		1900		x
11	Investment Officer	125	79		4974		x
Recruitment Total		842	343	41	27782		



842 Applications Received Since January

Total Applications: 842



11 Recruitments

- Director of Investments
- Retirement Program Specialist
- Executive Secretary I
- Executive Secretary II
- Member Services Manager Extra Help
- Disability Services Manager Extra Help
- Retirement Program Specialist Extra Help
- IT Operations Manager
- IT Programming Manager
- IT Supervisor
- Investment Officer



Recruitment Summary - On-Hold

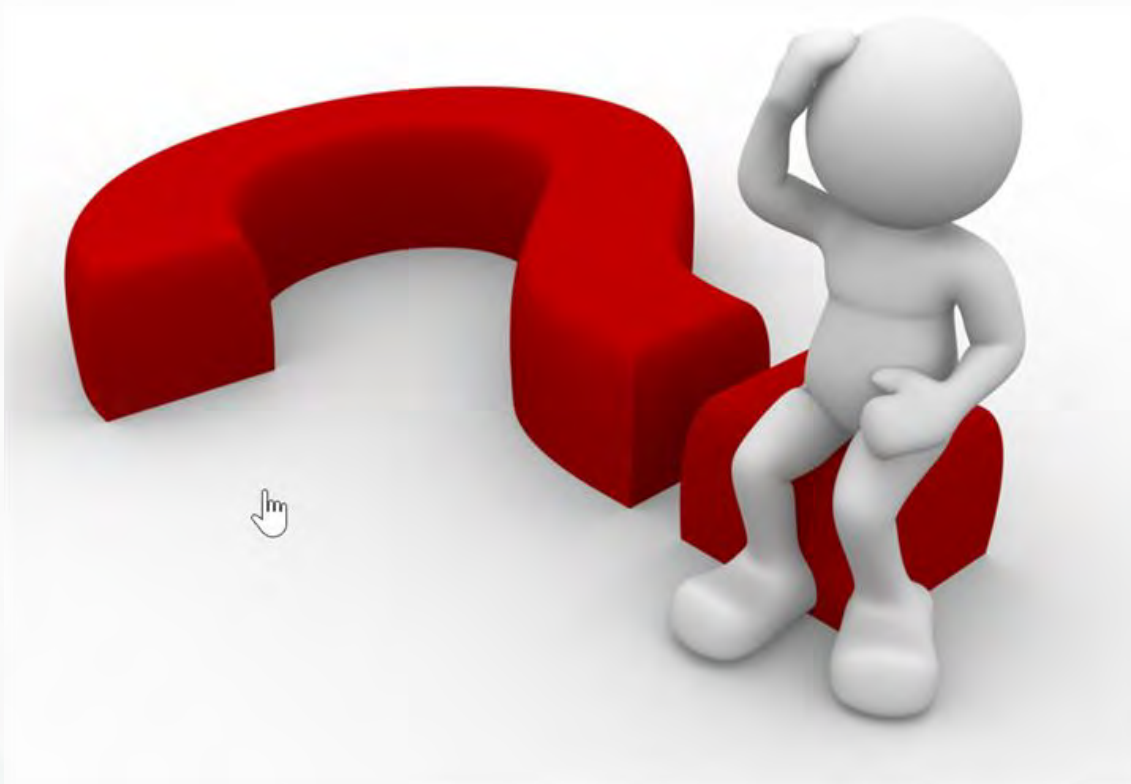


10 Positions
Sr. Manager of Operations Support Services – Operations Support Services
Accountant/Auditor I – Finance
Sr. Staff Development Specialist – Member Services
Disability Investigator – Member Services
Sr. Retirement Manager – Member Services
Information Technologist II – Information Technology
Two (2) Member Services Benefits Analyst – Member Services
Quality Assurance Supervisor – Member Services
Systems Testing Supervisor – Member Services



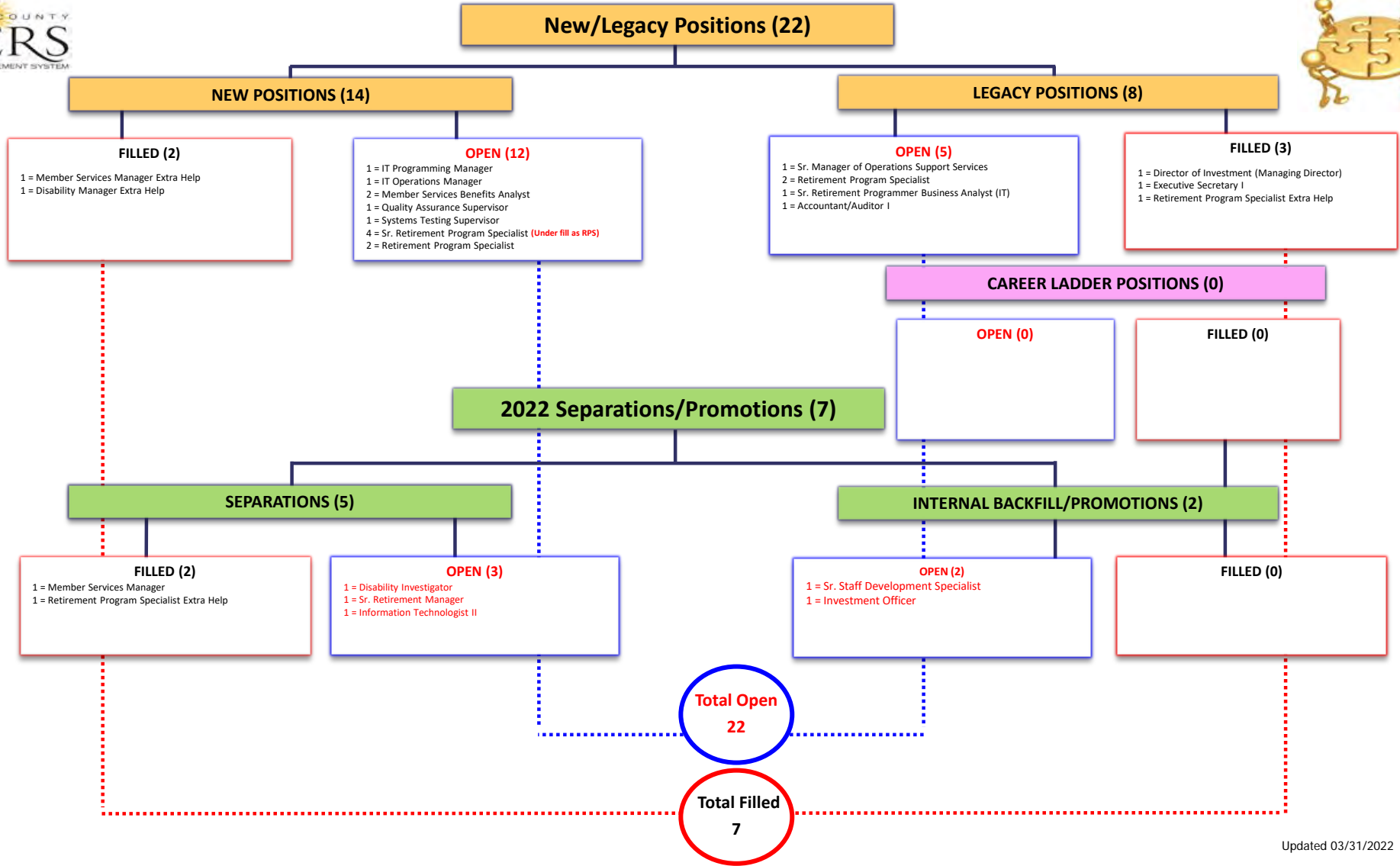


Questions





2022 Recruitment Activity



Updated 03/31/2022