

UNIVERSITY OF CALIFORNIA
REPORT ON 2015 EMPLOYEE PAY

July 2016

Introduction

The University of California annually discloses employee payroll information as part of its commitment to transparency and public accountability. The information contained in this summary report and accompanying tables is broken down by employees' pay, personnel category and fund sources for the 2015 calendar year. The searchable employee payroll database is located here: <https://ucannualwage.ucop.edu/wage/>. 2015 UC compensation has also been reported to the California State Controller's Office, <http://publicpay.ca.gov/>.

UC competes in many different labor markets for personnel – faculty, physicians, nurses, technology experts, administrative staff, investment professionals and others – and prevailing practices in each market dictate employee compensation. To compete in these markets, UC must follow market practices as closely as possible. In some markets such as health care, coaching and investment management, standard industry practice is to divide compensation into two distinct parts for certain positions: a guaranteed base salary and a contingent payment based on performance. Other market practices dictate a combination of pay components. For example, nurses and other health care employees are paid a combination of base pay and shift differential for working evening or night shifts. Compensation for clinical faculty includes base pay along with an additional amount for patient care and research activities. Other faculty compensation might include additional pay for teaching summer courses or conducting extramurally sponsored research. Staff and administrators generally receive most of their income from base pay, but some can also earn overtime, or stipends for temporarily assuming additional responsibilities.

As a result of years of budgetary pressures and the lack of consistent salary programs, compensation for some UC employees is below market. With the exception of contractual obligations to union-represented employees, there were no systemwide staff salary increases from fiscal year 2008-09 through 2010-11 or in 2012-13. In addition, furloughs for UC faculty and staff in 2009-10 translated to temporary salary cuts that ranged from 4 percent to 10 percent. A 2009 total compensation study showed that cash compensation for many UC staff employee groups remained lower than comparable positions at competing institutions, and in many cases significantly so (<http://compensation.universityofcalifornia.edu/comparisons.html>). According to the 2014 update of UC's *Total Remuneration Study for General Campus Ladder Rank Faculty*, salary for general campus tenured and tenure-track faculty lags the market by 12 percent.

The university was able to fund salary increases in 2011, 2013, 2014, and 2015 but implementation of a broader 10-year plan approved by the Board of Regents in 2005 to achieve market-competitive pay was not fully successful. As a result, the university has not been able to comprehensively address the salary lags shown in the 2009 and 2014 reports. The lack of general salary increases over a multi-year period threatens to exacerbate existing talent management challenges in attracting and retaining high-performing faculty and staff at UC. These challenges are expected to increase, particularly as the economy recovers and other institutions are in a position to recruit UC's top performers. Still, as the economy has recovered, UC's payroll has increased, generally through replacement of retiring or departing staff with those at market-competitive rates of pay, particularly at the Medical Centers.

The percentage of the total payroll funded by the state and student educational fees continues to decline.

- About 39 percent of the funding for systemwide compensation came from clinical revenue and other sources associated with UC's teaching hospitals and health sciences faculty.
- Just over 22 percent came from state and UC general funds and tuition – down about three quarters of a percentage point from 2014.
- Approximately 4 percent came from other student fees such as those associated with professional schools, summer session and University Extension.
- The remainder – about 34 percent – came from such sources as the federal government, private contracts, grants, and gifts.

Key points about UC's 2015 payroll data

- The delivery of educational services, research and health care is labor intensive; payroll costs account for almost half of UC's \$27 billion (FY 2014-15) annual operating budget.
- UC's total payroll of roughly \$12.6 billion in 2014 grew to \$13.2 billion in 2015, an increase of 4.8 percent. This increase is attributable to a combination of factors. These include increases in staffing and market pressures for more competitive compensation, particularly at the Medical Centers, and overall increases in UC's instructional and public service activities – for example, student enrollments grew by 2 percent between 2014 and 2015, from 252,300 to 257,400.
- Non-represented staff received a 3 percent salary increase in 2015-16, only the fourth systemwide salary increase for non-unionized staff since 2007-08.
- While there were 276,000 employees for the entire 2015 year, UC's workforce in October 2015 included approximately 106,000 full time employees and an additional 99,000 part time employees, including students and other part-time academic and staff employees. The total work force figure in October 2015 reflects an increase of about 2 1/2 percent from 200,000 in 2014.
- As in previous years, the "top 10 earning" employees at UC in 2015, based on total pay, were health sciences faculty members – typically world-renowned specialists in their fields – and athletic coaches.
- Employees earning \$200,000 or more represent less than 3 percent of all employees, the same as in 2014. As in 2014, the Senior Management Group makes up less than 3 percent of all those earning \$200,000 or more. SMG members constitute less than one-tenth of one percent of all employees.