

UNIVERSITY OF CALIFORNIA
REPORT ON 2016 EMPLOYEE PAY

August 2017

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 employee pay, personnel category, and fund sources for the 2016 calendar year. The searchable employee payroll database is located here: <https://ucannualwage.ucop.edu/wage/>. The California State Controller's Office also receives and publishes reports on similar data here: <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 the past four years 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 worsen, particularly as the economy recovers and other institutions are more in the position to recruit UC's top performers. Still, UC's payroll has increased to a small extent, generally through replacing retiring or departing staff with those at market-competitive rates of pay, particularly at the medical centers.

Facts about funding sources for systemwide compensation

- About 41 percent of the funding for systemwide compensation came from clinical revenue and other sources associated with UC's teaching hospitals and health sciences faculty.
- Nearly 23 percent of compensation came from state funds, UC general funds and tuition – down half of 1 percent since 2015. This percentage has declined significantly over recent years.
- Approximately 4 percent of compensation came from other student fees, such as those from professional schools, summer session and UC Extension.
- The remaining 32 percent came from sources that include the federal government, private contracts, grants, sales and services, endowments and gifts.

Key points about UC's 2016 payroll data

- The delivery of educational services, research and health care is labor intensive; payroll costs account for about 44 percent of UC's \$32 billion (FY 2015-16) in annual operating expenses; benefits are another 22 percent.
- UC's total payroll grew to \$14.2 billion in 2016, an increase of about 7 percent over 2015, which can be attributed to many factors. Chief among them: boosting support for a 5 percent jump in student enrollment from fall 2015 to fall 2016. Other factors include an increased number of full-time employees, including 6 percent at medical centers, 3 percent in academics, and 4 percent in staff (despite a 3 percent decrease in SMG staff). Increased expenditure activity including a 20 percent increase in academic support, a 16 percent increase in medical center spending, an 8 percent increase in public service, and an 8 percent increase in instruction also impacted employee growth and payroll.
- As in previous years, the top 10 earning employees at UC in 2016 (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 systemwide, the same as in 2015. Again, as in 2015, 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 1 percent of all employees.