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Total compensation for UC employees

In support of the University's goal of achieving market-competitive pay and benefits for all employee groups and attracting and retaining excellent faculty and staff, UC periodically evaluates how total compensation for various UC employee groups compares against competitor institutions. UC's Systemwide Human Resources recently completed a university-wide study of employee total compensation. The 2009 study included UC's ten campuses, five medical centers and the Office of the President. This study is a comprehensive, revised update of a similar study in 2005, and was conducted in close consultation with a working group of the UC Academic Senate that helped define the methodology and reviewed the final report. Two consulting firms, Hewitt and Mercer, supported the study with comparative market data and statistical analyses capability. The objectives of the study were to:

- Provide a comprehensive, market-based evaluation of UC's competitive position on total compensation.
- Demonstrate how total compensation varies across different segments of the UC workforce.
- Provide a basis for assessing UC's total compensation programs in relation to human resource strategies.
- Help inform the University's short-term planning and longer-term human resources strategies.

Overall findings

As with previous studies, the 2009 assessment found that, overall, cash compensation for many employee groups is below market, significantly so in many cases, but that UC's benefits are currently ahead of market. Market positions have eroded, and are expected to worsen, due to lack of salary increases, rising employee medical benefit premiums, employee contributions to the UC retirement plan, and a systemwide furlough program which reduced faculty and staff pay for the 2009-10 fiscal year.

Key findings and facts

[Note: As the chart on the following page shows, pay reductions associated with the furlough program worsen current market positions for most faculty and staff groups.]

- On average, cash compensation for UC **faculty** is 10 percent below market, and total compensation (cash plus benefits) is 4 percent behind comparable institutions.
- **Union-represented service workers** are closer to the market average than all other categories of employees in the UC system, and their total compensation (cash plus benefits) is 18 percent higher than their counterparts at other institutions.
- The largest compensation gap affects **senior management group members** (e.g., president, chancellors, deans, vice presidents, chief financial officers) whose cash compensation, on average, was 22 percent lower than their counterparts. Total compensation for top administrators, including university chancellors, was 14 percent below their counterparts at comparable institutions.
- Cash compensation for **Managers, senior professionals and professionals and support staff** – both union-represented and non-represented – lags behind their counterparts as well. On average, the gap for all of those categories ranges from 13 percent to 19 percent.
- For UC medical centers, results show that cash compensation for **most UC medical center employees** is near or slightly above market, except for **staff physicians** whose pay is 18 percent below market.
- In total compensation, **all medical center employee groups**, except staff physicians, were above market by 4 to 17 percent.
- Consistent with healthcare industry practices, UC medical centers use performance-based (incentive) compensation programs to encourage and reward quality patient care and operational efficiency among employees at every level. UC medical centers are self-supporting enterprises and operating expenses, including employee compensation, are paid from operating revenues – no state funds are used.

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How UC compensation compares

The following chart shows the relative market position for UC employees, with and without furlough-related pay reductions. Market positions for large populations between -5% and +5% from the market average are considered “competitive”. Positions more than +/-10% are considered significantly above or below competitive levels.

Campus Employees (includes Office of the President)	Market lead/lag Cash only (with furloughs)	Market lead/lag Cash only (w/out furloughs)	Market lead/lag Cash + Benefits (with furloughs)	Market lead/lag Cash + Benefits (w/out furloughs)
Ladder Rank Faculty (does not include ladder rank health sciences faculty)	-17%	-10%	-9%	-4%
Senior Management Group (e.g., president, chancellors, deans, vice presidents)	-29%	-22%	-19%	-14%
Other Academics (librarians)	-11%	-4%	+3%	+8%
Managers & Senior Professionals (e.g., managers and supervisors in Administration, Finance, Accounting, Human Resources)	-22%	-16%	-9%	-4%
Professional & Support Staff (non-unionized) (e.g., systems programmers, accountants, analysts, facilities specialists)	-19%	-13%	-4%	0%
Professional & Support Staff (unionized) (e.g., clerical staff, laboratory technicians, research technicians, skilled trades staff)	-23%	-19%	-5%	-2%
Union-represented Service Workers (e.g., custodians, food service workers, groundskeepers)	-5%	-1%	+15%	+18%
Medical Center Employees	Market lead/lag Cash only (w/out furloughs)	Market lead/lag Cash + Benefits (w/out furloughs)	<p><i>Notes: An independent analysis shows that total cash compensation for medical center CEOs (a subset of the Senior Management Group) is 26% below market. With incentive pay, CEOs' total cash compensation is 3% below market.</i></p> <p>To protect patient care, all medical center employees -- except senior management group members -- are exempt from furlough-related pay reductions. Medical centers are achieving equivalent budget savings through other means.</p> <p>Consistent with industry practice, UC medical centers use performance-based (incentive) pay plans to reward quality patient care and operational efficiency among employees at every level.</p>	
Senior Management Group (e.g., chief executive officers, chief medical officers, other senior administrators)	+3%	+15%		
Staff Physicians	-18%	-9%		
Managers & Senior Professionals (e.g., managers and supervisors in Administration, Finance, Accounting, Health & Safety)	+5%	+17%		
Nurses	-3%	+4%		
Professional & Support Staff (non-unionized) (e.g., analysts, systems programmers, accountants, service coordinators)	-5%	+6%		
Professional & Support Staff (unionized) (e.g., patient care assistants, clerical staff)	0%	+11%		

Methodology

The 2009 study followed established industry practices. Consistent with industry practices, cash compensation was defined as base salary, excluding forms of rewards that generally are not a part of ongoing compensation, such as one-time relocation allowances, stipends for assuming additional temporary responsibilities, summer salaries for faculty, one-time bonuses and the like. Health benefits included medical, dental, life and long-term disability insurance; hearing and vision insurance; and offering employees access to flexible spending accounts. Retirement benefits included the University’s defined benefit, defined contribution, and retiree medical and life plans.

A copy of the full 2009 UC Total Compensation Study is available at www.universityofcalifornia.edu/news/compensation/reports.html