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July 19, 2018

CHANCELLORS

Dear Colleagues:

Based on recommendations and analysis from Systemwide Human Resources and Compensation, I am prompting you to move forward with plans to administer the merit pay program for non-represented staff for fiscal year 2018-19. The overall budget that is recommended for this performance-based aspect of your overall compensation programming should be 3 percent. This program targets all policy covered staff in career, or partial year career appointments. It excludes student employees and anyone covered by Academic Personnel Policies, or a union contract.

Salary increases under this program are to be merit-based and salary increases should be tied to each individual's performance and contribution. Feedback from prior engagement surveys urged leadership to make pay for performance a more prominent feature in our compensation programs. This is difficult to achieve when everyone receives the same increase in compensation, regardless of their performance or contribution. It is also difficult to make progress on this important driver of engagement if there are significant inconsistencies between departments and/or locations. Leadership is responsible for conducting a fair process with appropriate distribution of merit awards with an emphasis on performance. The second page of the enclosure to this letter includes a grid that provides guidance in this area. The enclosure also outlines areas of flexibility for your organizations and offers advice on other best practices consistent with our UC philosophy.

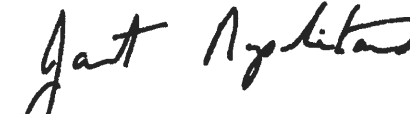
Predictable pay practices consistently based on performance engages employees, maintains the University's competitive position for talent and helps to build a high performing organization, where staff feel that they can excel and are rewarded for their contributions. There are a number of resources available to your organization to assist you in this important aspect of people management. As a resource and reminder, modules on people management and specific training covering best practices are available via the LMS

(<http://ucnet.universityofcalifornia.edu/working-at-uc/your-career/talent-management/people-management-series-and-certificate/index.html>) under the People Management Certificate Training.

Chancellors
July 19, 2018
Page 2

Let me know how we can support you and your locations as you move forward with this important program.

Yours very truly,



Janet Napolitano
President

Enclosure

cc: Executive Vice President and Chief Operating Officer Nava
Vice President Duckett
Division Leaders