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April 17, 2017

## CHANCELLORS

Dear Colleagues:

Based on the UC Budget as approved by The Regents along with recommendations and analysis from Systemwide Human Resources and Compensation, I am prompting you to move forward with plans to administer a 3 percent budget for the merit program for non-represented staff for fiscal year 2017-18. 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.

Continuing our shift to more pay for performance, salary increases under this program will be merit-based, with salary increases being related to the individual's performance and contribution. Feedback from prior engagement surveys urged us to make pay for performance a more prominent feature in our salary programs. This is difficult to achieve when everyone receives the same increase in compensation regardless of their contribution. Managers are responsible for conducting a fair process with appropriate distribution of merit awards recognizing the strongest contributors. A grid that provides differentiation guidance is on the second page of this letter. It also outlines areas of flexibility for your organization and offers advice on other best practices related to linking pay to performance, consistent with our philosophy.

Predictable pay practices based on performance, engages employees, maintains the University's competitive position for talent and helps build a high-performing organization where staff feel that they can excel. There are a number of resources available to your organization's leadership to assist them in this important aspect of people management. New modules on people management and specific trainings on giving feedback 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  
April 17, 2017  
Page 2

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

Yours very truly,

A handwritten signature in black ink, appearing to read "Janet Napolitano". The signature is fluid and cursive, with a long horizontal stroke at the end.

Janet Napolitano  
President

cc: Chief Operating Officer Nava  
Vice President Duckett  
Division Leaders