

## 2006 UC Annual Report on Compensation for Senior Managers

As part of its commitment to transparency and public accountability, UC annually reports the compensation paid to its senior administrators.\* Below is information about UC's 2006 report, along with information about how the salaries of UC administrators compare to those at other institutions. This report will also be presented to the Legislature following the Regents' March meeting as part of the University's 2006 legislative report on executive compensation.

**Elements of the 2006 Annual Report:** The format for the 2006 report was redesigned to provide more specific compensation information than in the past and, where applicable, includes detailed explanations by individual of the compensation elements behind aggregated numbers. This new format, compliant with legislative reporting requirements, was approved by the Regents in January 2007 and includes the following:

- **Cash compensation:** Items in this category include: annualized base salary, annualized stipends, actual payments received under incentive or bonus programs, total actual Health Sciences Compensation Plan (HSCP) payments, and other cash compensation or cash payments.
- **One-time payments/reimbursements:** These are payments made to an employee, or on behalf of an employee to a third party vendor. Examples include relocation allowances, temporary housing reimbursements or allowances, and moving expense reimbursements.
- **Benefits and perquisites:** Items in this category include leased auto payments or auto allowances, senior management benefits (including some or all of the following: life insurance, executive business travel insurance, executive salary continuation for disability), University-provided housing, severance benefits, senior management supplemental benefit program contributions, additional post-retirement benefits (including medical coverage, enhanced retirement income benefits, enhanced retirement vesting schedules, etc.), and home mortgage loans provided under the University programs (the original loan amount is presented).

**Covered Population:** The report being presented to the Regents at their March 2007 meeting covers 275 administrators who are designated as "senior officials", as defined in the meeting materials. This population includes incumbents and former incumbents, including those serving in an acting capacity and those who stepped down or terminated employment. NOTE: The report being presented at the May Regents' meeting will add to the March report and will include the population that currently requires Regental review and approval -- administrators whose cash compensation exceeds \$200,000 per annum.

**Reporting Methodology:** This report, to be published each spring, covers activity for the prior calendar year. Data for the 2006 report was collected manually by each campus and laboratory using a variety of sources such as payroll, account payables and personnel records. Multiple quality reviews were conducted by the Office of the President and locations. Individual employees were asked to certify the accuracy and completeness of their information, and to confirm that there was no other compensation paid to them, or due to them that had yet to be paid. In addition, campus and OP auditors reviewed the data to validate its accuracy and completeness, and each Chancellor and Executive Vice President reviewed their group data and certified that the employee population contained in the report was accurate and complete.

**Comparison of UC executive salaries:** In 2005, the UC Regents engaged Mercer Consulting to conduct an independent, comprehensive evaluation of the University's compensation and benefits. Mercer's study showed that while UC's benefits, especially retirement benefits, were superior to many of its competitors ("above market"), salaries for the majority of UC employees, including senior administrators, lag the market -- significantly so in some cases ([www.universityofcalifornia.edu/news/compensation/mercerstudies.html](http://www.universityofcalifornia.edu/news/compensation/mercerstudies.html)).

Given California's high cost of living, being able to pay market-competitive salaries -- to employees at all organizational levels -- is critical to UC's recruitment and retention efforts, and maintaining institutional quality. Despite recent gains in state funding for employee salaries, repeated budget cuts earlier this decade have resulted in salary levels for many UC employee groups, including senior administrators, that continue to lag the market and challenge UC's ability to maintain institutional excellence.

**Salaries for University Presidents**

Univ. of MI	\$516,501*
UT System	\$476,400*
Yale	\$618,822
Harvard	\$563,119
<b>UC</b>	<b>\$405,000</b>

Source: Chronicle of Higher Educ. 11/06

\*Not including deferred compensation

**Salary Comparisons for UC Chancellors**

<b>Avg. UC Chancellor Base Salary</b>	<b>\$322,330</b>	<b>Comparisons Lead UC By:</b>
Avg. Private Univ. Base Salary	\$651,896	<b>102%</b>
Comparison Eight Avg. Base Salary	\$495,717	<b>53%</b>
Full Comp. Group Avg. Base Salary	\$520,068	<b>61%</b>
Avg. Public Univ. Base Salary	\$388,240	<b>20%</b>
<b>Avg. UC Chancellor Salary for Campuses with Medical Schools</b>	<b>\$339,460</b>	
Comparison Eight Avg. Salary	\$507,192	<b>49%</b>
Full Comp. Group Avg. Salary	\$531,013	<b>56%</b>

Source: July 2006 Mercer Salary Survey of UC Chancellors.

\* Publication of the 2004 and 2005 reports occurred in 2006.

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