

Task Force on UC Compensation, Accountability, and Transparency Status of Implementing Regents' Approved Actions

	Task Force Recommendation	Regents' Actions	Status			Comments / Status
			Completed	In Progress	Pending	
Disclosure & Transparency	<p>Public Disclosure of Compensation Information and Actions</p> <p>1. The University should develop and broadly communicate a systemwide policy governing the disclosure of compensation information to the public. Such a disclosure policy must balance public access, personal privacy, and institutional competitiveness by defining what UC considers public versus private/protected information. UC must also provide ongoing training for its leaders and managers about its compensation disclosure policies and practices.</p>	<p>Establish a new disclosure policy (RE74b.1).</p> <p>Review compensation-related policies and procedures (RE74a.1).</p>	✓	✓		<p>The new policy, adopted by the Regents in September 2006, applied new disclosure standards for the public posting of total compensation details prior to Regents' action and after approval. The Annual Report on Executive Compensation was expanded to capture all elements of total compensation and is presented to the Regents, public and legislature each year. The Report undergoes a series of checks to ensure quality and completeness of the information being reported, including individual certifications and local audits.</p> <p>The following 10 policies have been amended, implemented, and in force:</p> <ul style="list-style-type: none"> • SMG Salary and Appointment • SMG Hiring Bonus • SMG Auto Allowance • SMG relocation allowance • Rehired Retirees • Interim policy on Compensated Outside Professional Activities • SMG Performance Management • University-provided housing • SMG Moving Reimbursement • Separation Agreements <p>The following 6 remaining policies are currently under final review and expected to be implemented later this year:</p> <ul style="list-style-type: none"> • Certain sections of the Regents Standing Orders and By Laws to provide further clarification and updates • Outside Professional Activities policies (consolidated final policy) • Migrating Deans from the SMG policies to Academic Personnel policies (not addressed by the Task Force) • Transitional Leave policy (paid administrative leave in lieu of Sabbatical) • Absence from Work (not addressed by the Task Force, but included to support other policies being revised) • SMG Cash Recognition and Incentive Awards

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Disclosure & Transparency	<p>Disclosure of Compensation Details for Regental Review and Approval</p> <p>2. UC must ensure that all relevant information about compensation packages is provided to the Regents in advance of approval. Following Regents' approval, compensation information should be disclosed to the public in a timely manner.</p>	Establish a new compensation disclosure template (RE74c).	✓			The compensation template, approved by the Regents in 2006, contains specific details on all forms of compensation, including cash, non-cash benefits and perquisites, and any other elements of remuneration associated with each individual action. These details are presented to the Regents in advance of each Regents' meeting. Individual details specify whether the action is an exception to policy or compliant with policy. Details of the approved actions are posted to a public website immediately following Regental action.

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Disclosure & Transparency	<p>HR Information Systems for Tracking and Reporting</p> <p>3. The University should invest in a modern, comprehensive, integrated human-resources information system (HRIS) that enables compensation data to be quickly examined and analyzed—at the campuses, medical centers, national laboratories, and systemwide—so that UC can meet its obligation of public accountability. Because the new systems will require a major investment of time, money, and staffing, the University should phase in implementation, beginning first with systems that track senior management compensation.</p>	<p>Conduct a needs assessment (RE74d.1).</p> <p>Phased implementation of new system (RE74d.2).</p> <p>Implement a new Senior Leadership Information System to facilitate data collection and reporting (RE74d.3).</p>	✓			<p>UC commissioned Deloitte in 2006 to conduct an assessment of systemwide HRIS needs. Although certain locations (UCB, UCDCMC and LBNL) have 'stand-alone' HR information systems, an enterprise-wide solution has been examined. A significant cost and resource commitment would be necessary for the University to undertake the purchase and implementation of a comprehensive HRIS solution. Due to the current resource constraints, this project has been postponed until a later date.</p> <p>However, because an HR information system is typically integrated with a payroll system, and the payroll systems require immediate overhaul, UC is initiating a systemwide project to design and implement a new payroll system which is expected to contain the essential components necessary to implement a broader, more comprehensive HR information system. This effort is in the very early stages of development, but has the support of all campuses.</p> <p>A new Senior Leadership system was implemented in 2006 to capture detailed data used in the Annual Report on Executive Compensation and the bi-monthly transaction monitoring reports presented at each Regents' meeting. OP Human Resources partners with the campuses, lab and medical centers to collect and validate the data used to produce the Annual Report.</p>

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Disclosure & Transparency	<p>Establish Protocol for Disclosure and Reporting Compensation Details</p> <p>4. The University should establish clear protocols, procedures, and forms that allow for full and timely compensation reporting. These reports should include:</p> <ul style="list-style-type: none"> • Annual reports on base salaries for all UC employees. • Annual reports on total compensation for UC executives. • Annual reports on outside compensated professional activities. • Compliance with annual reporting requirements to the Regents and the Legislature. • Regular reviews of compensation policies and practices. • Regular reports on compensation actions taken by the Regents at Board meetings as well as compensation actions taken between Board meetings. 	<p>Revise the Annual Report on Executive Compensation to capture all elements of total compensation (RE74e.1).</p> <p>Determine the group under Regents' direct oversight (RE74e.2).</p> <p>Establish compliance standards and assign to the Regents' Compliance Office (RE74e.3).</p>	✓			<p>The revised Annual Report on Executive Compensation, approved by the Regents in 2006, was expanded to capture all elements of total compensation. A detailed Addendum to the Report, provides specific contextual details and explanatory or clarifying notes. The report for 2008 which presented details on 528 staff, captured all SMG members and any senior staff, including coaches and athletic directors, whose annual total cash compensation exceeded \$214,000. Another broader report provides details on total annual gross pay for all UC employees and is available to the public.</p> <p>The population of UC leadership subject to Regental review and approval was established by the Regents in 2006 and is reviewed and adjusted annually. Currently, compensation-related actions for approximately 350 SMG members and other senior staff are presented to the Regents for review and approval. Approval of actions affecting staff below the SMG level are delegated to the Chancellors, Lab Director, and President, and are reported to the Regents at each meeting for those non-SMG staff members whose annual cash compensation exceeds \$214,000.</p> <p>Compensation-related policies governing SMG members are scheduled for regular, ongoing reviews to ensure that policies reflect appropriate market-prevalent practices, reflect any changes in regulations or laws, and appropriately support the business needs of the University.</p> <p>Reports are presented to the Regents providing details on interim actions approved by the Regents between meetings. In addition, the actions taken by the campuses and medical centers under Regentally-approved delegations of authority are reported at each Regents' meeting.</p> <p>The Office of Ethics, Compliance and Audit Services was established and the Senior Vice President & Chief Compliance and Audit Officer, Sheryl Vacca, was hired in October 2007.</p>

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Disclosure & Transparency	<p>Establish Website for Posting Information</p> <p>5. The University should improve public information and ensure that this information is readily available, including creating a new, easily accessible Web site for posting UC compensation information consistent with the other recommendations in this report.</p>	<p>Develop a website to provide compensation information, reports and studies (RE74f).</p>				<p>The compensation website was launched in May 2006 and contains details on the compensation programs, approved actions, policies and other communications related to competitive positioning.</p>

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Disclosure & Transparency	<p>Define 'Total Compensation'</p> <p>6. The Regents should reaffirm the definition of "total compensation" in the Regents' 1992 Principles for Review of Executive Compensation and further clarify some missing elements to ensure consistency with accepted standards and practices.</p>	<p>Reaffirm 1992-93 Principles governing executive compensation (RE74g.1).</p> <p>Define "total compensation" (RE74g.2).</p> <p>Revise reports, forms, policies and procedures (RE74g.3).</p>	<p>✓</p>			<p>The Regents approved the actions in RE76 reaffirming the 1992-93 Principles governing executive compensation. These principles were also incorporated into the revised compensation-related policies for Senior Managers.</p> <p>The Regents also approved in 2006 the definition of "Total Compensation" which helped shape the content included in the action items presented to Regents for approval, the compensation form, the Annual Report on Executive Compensation and all public disclosures of compensation information. Reports, forms, policies and procedures have been updated to reflect this definition.</p>

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Disclosure & Transparency	<p>Establish Position to Oversee Public Information Practices</p> <p>7. The UC Office of the President should immediately assign to one person the Public Information Practices Coordinator role. This staff member should coordinate all Public Records Act (PRA) requests and develop clear protocols and timelines for processing these requests.</p>	<p>The Office of the President should assign coordination of Public Information Requests (RE74h.1).</p>	✓			<p>The role has been established and filled with a permanent appointment who coordinates all incoming requests and compiles all information in response. This allows for clear and consistent responses and a single point of accountability.</p>

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Governance & Accountability	<p>Establish Committee on Compensation and Mechanism to Oversee Compliance</p> <p>1. The Regents should examine specific aspects of the University's compliance mechanisms, and if necessary, make changes or introduce new oversight mechanisms to ensure compliance. Specifically, the Regents' Compensation Committee should have primary responsibility for setting compensation policies and providing necessary oversight to ensure compliance. In order for the Committee to exercise proper oversight, the President should designate a senior official from the Office of the President to serve as the administration's liaison to the Regents' Compensation Committee to implement the Committee's mandate.</p> <p><i>(continued on next page)</i></p>	<p>Establish a Committee on Compensation charged to have primary oversight of University compensation-related policies, practices and actions. (RE74i.1).</p>	✓			<p>The Regents established the Committee on Compensation as a Standing Committee in 2006, appointing a Chair from among the Regents to establish proper oversight standards for the review and approval of compensation, policy and other HR-related activities.</p>
		<p>Establish an oversight mechanism to ensure compliance (RE74i.2).</p>	✓			<p>Regular reporting and disclosure standards were adopted by the Regents in 2006, along with compliance and monitoring standards. These are consistently and clearly represented in policies. Reports are produced annually to provide a comprehensive view of executive compensation practices for all staff whose total annual cash compensation exceeds the Regentally-established compensation threshold, set at \$214,000 in 2008.</p>
		<p>Establish a liaison between Office of the President and the Regents to help ensure proper oversight (RE74i.3).</p> <p><i>(continued on next page)</i></p>	✓			<p>The Regents established the position of Executive Vice President – Business Operations who serves as the primary liaison to the Regents' Committee on Compensation.</p> <p>Advisory and implementation committees were formed and actively engaged in the development and implementation of policies and actions associated with the Task Force recommendations. These efforts produced policies establishing Regental oversight of compensation actions, establishing a definition for 'total compensation', disclosure and transparency standards, establishing lines of accountability for actions, and other initiatives described in more detail throughout this document. Periodic audits are performed to ensure adherence to policy and process.</p>
<p>Establish Committee on Compensation and Mechanism to Oversee Compliance <i>(continued)</i></p>						

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Governance & Accountability	<p>The University should also establish a compensation oversight committee to work with the administrative liaison to the Regents to ensure that recommendations reflect the needs of the campuses and the accountability requirements of the UC system.</p>	<p>Establish an implementation committee to assist Regents in implementing the Task Force recommendations (RE74i.4).</p>	✓			
		<p>Establish an advisory committee to provide guidance and direction for policy and procedure (RE74i.5).</p>	✓			

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Governance & Accountability	<p>Delineate Authorities</p> <p>2. The Regents should clearly delineate the respective authority of the Regents, the President, and the chancellors in approving compensation decisions. They should also specify which decisions can be delegated, the conditions under which decisions can be delegated, and the review and approval process for delegated decisions. Compensation decisions should be regularly audited to ensure that they are being made and approved at the appropriate levels.</p>	<p>Establish clear delineations of authority (RE74j.1).</p> <p>Establish and conduct regular audits (RE74j.2).</p>	✓			<p>Approval authority was delineated by the Regents in 2006 and reviewed and adjusted by the Regents annually thereafter. The Regents currently review and approve actions for approximately 350 SMG and other senior leadership staff. In 2008 the Regents approved delegations of authority to the President, Chancellors and Lab Director for actions pertaining to certain non-SMG staff. As a key condition of this delegation, bi-monthly reports are presented at each Regents' meeting disclosing the details of actions taken under this delegation by the President, Chancellors and Lab Director for any staff member whose compensation exceeds \$214,000. When actions are identified that should have been approved by a higher authority, e.g., the Regents, corrective actions are implemented and the item is presented for 'retroactive approval' and appropriate disclosure.</p> <p>Regular periodic audits and reviews are conducted in conjunction with the filing of the Annual Report on Executive Compensation, which captures all delegated actions as described above, as well as other compensation-related actions including those approved by the Regents.</p>

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Governance & Accountability	<p>Clarify and Define Exceptions to Policy</p> <p>3. Compensation policies should include specific guidance about when exceptions to policy are appropriate, who may grant them, and through which mechanisms. Exceptions should be subject to rigorous review and advance approval by the appropriate higher authority. To monitor compliance, all exceptions should be reported to a central office or individual.</p>	<p>Create and implement a new compensation disclosure template (RE74k.1)</p>	✓			<p>All compensation items that are presented to the Regents for approval now contain a detailed chart listing every element of total compensation provided to the individual, specifying whether it is within policy or an exception to policy. When exceptions to policy are requested, background information is provided so the Regents may understand the context and business rationale for the request. Exceptions require a higher level of review and approval, such that if actions within policy would normally be delegated to the Chancellor for approval, exceptions would require the President's review and approval; all SMG actions require Regental approval. Details of those SMG and other actions presented to the Regents for approval, including the compensation chart specifying whether the compensation elements are exceptions or within policy, are posted publicly at each Regents' meeting. Actions that are delegated by the Regents to the President, Chancellors and Lab Director are reported to the Regents at each meeting through the Bi-Monthly Transaction Monitoring Report and also capture the details of the actions including specifying exceptions to policies.</p> <p>The Annual Report on Executive Compensation provides a comprehensive, detailed listing and description of the total compensation for all senior leadership at the University, clearly specifying those elements of compensation that are exceptions to policy.</p> <p>Certain policies, as described in the first item in this report, are currently under review, with a number already amended and implemented. Final Regental approval of remaining policies will occur by the end of fiscal year 2009-10. Audits will be conducted periodically after implementation.</p>
	<p>Create an information system that captures, tracks and monitors exceptions to policy (RE74k.2)</p>	✓				
	<p>Review and revise policies (RE74k.3)</p>		✓			
	<p>Annual audits will include examination of exceptions and the supporting rationale (RE74k.4).</p>			✓		

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Governance & Accountability	<p>Violations of Policy</p> <p>4. Policies must include specific consequences for violations of compensation policy. Violations should be reported annually to the Regents' Compensation Committee and, where appropriate, sanctions should be issued.</p>	<p>Develop a specific policy on violations of University policy or law (RE74I.1).</p> <p>Review and clarify policy language to address consequences of violations (RE74I.2).</p>	 			<p>In November 2006 the Regents established guidelines to define three levels and types of policy violations. Each level has a range of corrective or disciplinary actions associate with it. These guidelines are referenced within new policies and applied if and when violations are discovered. Each revised policy contains a section that specifically addresses compliance, assigns an executive officer responsible for ensuring compliance, and specifies the corrective actions approved by Regents in 2006 as the mechanism for addressing violations and infractions. In May 2006 the Regents established a policy addressing violations of policy or law by individuals with negotiated separation agreements, and the disposition of any separation pay. In addition, there are policies (PPSM 60-67, APM336) that deal with disciplinary and separation actions.</p>

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Governance & Accountability	<p>Policy Review and Revision</p> <p>5. UC should immediately eliminate any conflicts in its compensation and related governance policies and clarify precisely which policies apply to different groups of employees.</p>	<p>Undertake a policy review to clarify ambiguous language and eliminate conflicts (RE74m.1).</p> <p>Create an advisory Committee (RE74a2).</p> <p>Retain a consultant to assist in preparing the overall policy review framework (RE74a.3).</p> <p>Determine if external consulting help is needed to establish ongoing training (RE74a4).</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>✓</p>	<p></p>	<p>Many of the major policy conflicts and ambiguities have been addressed and corrected. However, given the complexity and volume of policies governing the different groups of UC employees, this will be an ongoing effort. Although the overall policy review is still underway, as described earlier in this document, interim policies, e.g., Compensated Outside Professional Activities, have been implemented to provide clarification and guidance until the full policy review can be concluded.</p> <p>A policy advisory group was established to create a process and framework to guide policy review and development, prioritization, and assessment of competitive market practices. Subject matter experts, including campus and OP resources, provided specific input in the review and development of policies. The Compliance group continues to be involved in the remaining policy reviews and dissemination.</p> <p>Policy training and communication is ongoing between the OP SMG compensation team and SMG Coordinators at the campuses, medical centers and lab. Regular conference calls and consultations occur to address policy questions and to clarify interpretations. Clarifications are shared with all Coordinators across the system and incorporated into policy revisions, FAQs, and other communications.</p>

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Governance & Accountability	<p>Regental Approval Authority</p> <p>6. The Task Force recommends that the Regents retain direct authority to approve compensation for the President, senior vice presidents, vice presidents, associate/assistant vice presidents, the university auditor, the university controller, principal officers of the Regents, chancellors and vice chancellors, national laboratory directors and deputy directors, medical center CEOs, professional school deans, and the top five most highly compensated positions at each UC location. This currently yields 264 individuals.</p>	<p>Modify policies, procedures and reports to include the recommended positions (RE74n.1).</p> <p>Conduct further study on including the 'top five most highly compensated positions' (RE74n.2).</p>	✓			<p>Regents retain authority to review and approve compensation transactions for all SMG members, a broader group of employees than those originally identified, e.g., all Deans are currently under the purview of the Regents rather than just the professional school deans. The population subject to Regental review and approval totals approximately 350 individuals.</p> <p>Upon further review with the Regents it was determined that capturing the top five most highly compensated employees for approval of actions was problematic since the definition of 'the top 5 highly compensated' is necessarily retrospective; this definition was not adopted by the Regents for establishing approval authority. However, the annual compensation report, which provides gross annual pay, provides data on the most highly compensated employees.</p>

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Governance & Accountability	<p>Ethics</p> <p>7. UC leaders should vigorously promote standards of ethical conduct and UC should continue to broadly communicate its whistleblower and anti-retaliation policies.</p>	<p>Establish an Ethics training program (RE74o.1).</p> <p>Implement Ethics training program (RE74o.2).</p> <p>Report on ongoing efforts re: ethics training (RE74o.3).</p>	<p>✓</p> <p>✓</p> <p>✓</p>			<p>An online ethics training program was adopted and implemented in 2006. During 2008, the training related to ethics began to be integrated into the ongoing compliance and conflict of interest training, as well as other training modules such as Researcher training. Reporting is accomplished through the quarterly compliance reports. Training is mandated for all employees on an ongoing, annual basis. Over the last 2 years, 85% of employees systemwide fulfilled their training requirement. It is expected that as training programs are further refined and the ethics component is integrated into the programs this compliance rate will increase.</p>


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Specific Policies & Practices	<p>Policy on Outside Activities</p> <p>1. The University should adopt specific limits on externally compensated activities to preclude conflicts of commitment on the part of senior executives. Based on leading best practices in governance from the public and private sectors, UC senior executives should be limited to serving on no more than three externally compensated boards.</p>	<p>Establish a policy governing outside service on boards (RE74p.1).</p>		✓		<p>In 2006, the Regents adopted a revised 'interim' policy and expanded reporting requirements for compensated outside professional activities for the senior management group. This interim version defined "board service" and placed limits on the number of boards on which one may serve.</p> <p>The revision to this policy is substantially complete, pending further review including consultation with the Academic Senate. This interim policy will prevail until the full policy can be revised and implemented, which is anticipated to conclude later this year.</p>

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Specific Policies & Practices	<p>Policy Revision and Clarification</p> <p>2. Policies governing outside professional activities and board service for senior managers who also hold faculty appointments should be revised so that the senior manager policy prevails.</p>	<p>A new policy should be established governing outside professional activities in consultation with the Academic Senate (RE74q.1).</p>		✓		<p>Several options have been identified in consultation with campus and academic senate constituents. The revision to this policy is substantially complete, and is expected to be implemented later this year.</p>

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Specific Policies & Practices	<p>Policy Review and Revision</p> <p>3. The University should carefully review its policies on “administrative leaves in lieu of sabbaticals” for senior managers who also hold academic appointments, especially chancellors, and revisit the provision that these leaves be paid at the higher administrative salary rate rather than the faculty salary rate. The University must also revisit the questionable practice of honoring sabbatical credits earned at other institutions to ensure it is in accordance with both the letter and the spirit of sabbatical policies. Furthermore, the Regents should eliminate the practice of making payments, at the commencement of employment, to compensate for forfeited sabbatical credits accrued at other institutions.</p>	<p>Review the policy on “Administrative Leaves in Lieu of Sabbatical” in consultation with the Academic Senate (RE74r.1).</p>				<p>In 2006 the Regents disallowed the cashing out of sabbatical credits earned at other institutions for newly-hired SMG members.</p> <p>A fully revised policy is substantially complete and is expected to be presented to Regents for approval later this year.</p>

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Competitive Compensation	<p>Compensation Philosophy</p> <p>1. The Regents should implement, in a vigorous and sustained manner, their compensation philosophy emphasizing the importance of competitive compensation as a means to maintain the quality of academic, management, and staff personnel.</p>	<p>Implement the compensation philosophy adopted by the Regents in November 2005 under RE61, including bringing salaries to market within 10 years (RE74s.1).</p> <p>The Regents, in consultation with the faculty, staff and administrators, will identify additional resources to reach market competitive compensation (RE74s.2).</p> <p>Establish external, regular benchmarking for compensation analyses (RE74s.3).</p>	✓		✓	<p>Consistent with RE61, additional funding for merit/equity increases was provided in 2005-06 and 2006-07 for staff. The faculty plan to reach market in four years was implemented in year one but suspended for subsequent years' actions due to the severe budget reductions. Additional information is presented below.</p> <p style="text-align: center;">✓</p> <p>Benchmarking of salaries, total cash compensation and total remuneration has been established and is ongoing on a regular basis. The University collects data on the 26 public and private institutions designated under the protocol established by the California Postsecondary Education Commission (CPEC).</p> <p>Although, in general, salaries of most employee groups continue to lag the market, in some cases by significant amounts, funding is not available to close the gap. Closing this gap in the future will be significantly more expensive and will present substantial funding challenges. In addition, as the market gap widens, retaining quality faculty and staff will become more difficult, and recruiting top-flight replacements at market-prevailing wages will further heighten internal awareness of the disparities.</p> <p style="text-align: center;">✓</p>

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Competitive Compensation	<p>Total Remuneration Review</p> <p>2. The Regents should examine the composition of UC compensation to determine if the balance between cash compensation versus health and retirement benefits is optimal for recruitment and retention purposes. The Regents should approach this examination with the understanding that the underlying issues may differ among employee groups and that some issues are subject to the collective bargaining process.</p>	<p>Conduct an analysis of total compensation (RE74t.1).</p> <p>Establish an advisory committee comprised of faculty, staff and administrators to review compensation (RE74t.2).</p>	✓			<p>A complete update to the 2005 Total Remuneration Study was completed in May 2009, in full consultation with an Advisory Group from the UC Faculty Welfare Committee of the Academic Senate. The report captures detailed information on all aspects of cash and non-cash compensation, assigning a value to benefits and other non-cash forms of remuneration. The Study compares these values to public and private institutions, as well as industry cohort comparators. Specific analyses break out the various UC employee segments into Faculty, SMG, MSP, PSS (policy-covered staff), and PSS (represented staff). The Study includes results for UCOP, the Campuses and Medical Centers. The Study will be a critical resource for the work of the President's Task Force on Post Employment Benefits. Plans call for the presentation of key findings of the Study to be presented to the Regents later in 2009 as part of the budget planning cycle of the University.</p>

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Competitive Compensation	<p>Compensation Studies</p> <p>3. The Regents should regularly benchmark the University's compensation against peer institutions to ensure that UC compensation remains competitive.</p>	Establish compensation benchmarking processes (RE74u.1).	✓			UC participates in third-party compensation surveys and benchmarks against the 26 public and private educational institutions as established by CPEC to determine relative position to market. Base salaries of certain categories of employees, e.g., faculty, senior staff, etc., continue to lag the market by significant amounts. These market analyses will continue despite the current fiscal situation so that our competitive position is clearly understood and can be addressed in part or as a whole when the fiscal situation improves or as circumstances warrant.
		Implement the compensation philosophy adopted under RE61 (RE74u.2).	✓			

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	Task Force Recommendation	Regents' Actions	Status			Comments / Status
			Completed	In Progress	Pending	
Competitive Compensation	<p>Competitive Compensation and Position to Market</p> <p>4. The Regents' Compensation Committee should identify and address as quickly as possible the key compensation challenges facing the University today, including the difficulties of competing for employees with better-funded institutions and the sometimes competing demands of market, merit, and equity.</p>	<p>Implement the compensation philosophy adopted under RE61 (RE74v.1).</p> <p>Provide annual reports on progress (RE74v.2).</p> <p>Provide annual report to the Legislature on progress to close salary gap (RE74v.3).</p> <p>Conduct compensation benchmark studies (RE74v.4).</p> <p>Identify additional funding sources for reaching market parity (RE74v.5).</p>	<p>✓</p>	<p>✓</p>	<p>✓</p>	<p>The President and the Regents have consistently recognized the importance of ensuring that the University be in a position to provide competitive compensation to faculty and staff as to ensure that it can attract and retain the best talent possible. Historically the cash compensation for existing faculty and staff has lagged the market in varying degrees, in one case by as much as 37% for Chancellors. Although the University's benefits have tended to soften the impact of this disparity, the impending restart of employee contributions into UCRP scheduled for April 2010 and the trend of shifting increasing costs of some benefits to employees has resulted in a reduction in the value of these benefits.</p> <p>In FY 2007-08, the Regents adopted a four year faculty salary plan designed to address market disparity. The first year of the program was funded; however no further funding was provided for year two or three (FY 2008-09/FY 2009-10) due to State budget reductions sustained by the University. In FY 2008-09 and FY 2009-10, faculty merits increases did continue to be funded even though staff merits were cancelled. The magnitude of the State funding reductions to the University for FY 2008-09 and FY 2009-10 totaling over \$800 million (a 20% reduction over FY 2007-08 levels) caused the Regents, upon request of the President, to declare a fiscal emergency and impose furloughs/salary reductions on faculty and staff for the period of September 1, 2009 through August 31, 2010.</p> <p>Clearly these actions caused by the dramatic State funding reductions confronting the University will challenge the University's ability to remain competitive in retaining and recruiting faculty and staff. The next few years will test the University's ability to address fiscal challenges in new and creative ways, to free up resources to reshape the University's future and ensure that appropriate market-based total remuneration is a component of a sustainable solution to maintaining the University's reputation as a top ranked public research and educational institution.</p>