



UNIVERSITY *of* CALIFORNIA

O F F I C E O F T H E P R E S I D E N T

ANNUAL REPORT ON EXECUTIVE COMPENSATION FOR CALENDAR YEAR 2008

INCUMBENTS IN CERTAIN SENIOR MANAGEMENT POSITIONS

As part of its commitment to transparency and public accountability, UC reports annually on compensation paid to senior managers. This report details all aspects of senior management compensation, and it is also posted on UC Web sites to provide public access to the information.

KEY POINTS ABOUT UC EXECUTIVE COMPENSATION FOR 2008

UC competes for personnel in many different labor markets — for physicians, faculty members, nurses, administrative staff, investment professionals, athletic coaches, etc. — and components of compensation are dictated by prevailing practices in each market. In order to compete in these markets for the highest quality individuals, UC must and should reflect the same market practices. In particular markets, such as health sciences, coaches and investment professional, compensation is divided into two distinct parts: (1) a guaranteed base salary; and (2) a contingent payment based on performance. The highlights of the 2008 annual report are as follows:

■ UC doctors and coaches remain the highest paid

As in previous years, the top earning employees at UC in 2008 based on total pay were either members of the health sciences personnel, some world-renowned specialists in their fields or athletic coaches.

■ Executive pay remains a tiny portion of payroll

Senior management salaries continue to represent less than 1 percent of UC's total payroll.

■ No state funds for incentive/bonus pay

No state funds are used for UC's incentive or bonus pay programs for clinical and health sciences personnel, or treasurer's office personnel, and all compensation paid to coaches comes from non-state funds.

■ By the numbers

The 111 incentive and bonus payments in this report total \$4,849,243 — approximately .054% of UC's \$9 billion annual payroll. The vast majority of these payments (67.6%) are attributable to the clinical enterprise and Treasurer's Office plans.

■ Incentive pay used to promote good performance and University priorities

Like many employers nationwide, UC uses incentive compensation plans to encourage and reward sustained individual and group performance in support of key university goals:

● Medical centers

Incentive compensation plans for UC hospitals cover employees at all levels – from clerical staff to senior hospital leaders – and reward individual as well as group performance for upholding key priorities such as improving patient care and safety, operational efficiency, and good financial management.

● Treasurer's Office

Consistent with industry standards, the Treasurer's Office incentive compensation plan rewards recipients for maximizing long-term total investment returns while assuming appropriate levels of risk, and promotes teamwork. Awards are paid out over three years to help retain good performers, with future payouts forfeited if the participant leaves UC.

● Coaches

Coaches pay is comprised of base salary plus bonuses and incentive pay tied to revenue generated from television and radio contracts, marketing arrangements with equipment and clothing manufacturers, and summer sports camps. Other awards are based on specific goals, such as winning a national championship, and are paid only if those goals are met. Other pay may include signing or retention bonuses.

NOTE

Incentive and bonus payments noted in the report are based on performance during the 2007-08 fiscal year, not the current 2008-09 year. Acting on President Yudof's recommendation, UC Regents froze incentive and bonus pay programs for most senior UC officials in January 2009.