



November 2005

RE-61: Improving compensation for all UC employees and strengthening oversight of and accountability for senior management salaries

RE-61 is part of the University's ongoing efforts to ensure that overall compensation for UC faculty and staff is competitive within the various markets that UC competes for talent. A recent study by Mercer Consulting found that salaries at UC, on average, lag the comparative market by approximately 15 percent. However, because of the favorable health and retirement benefits offered at UC, the overall compensation for UC employees is currently at market level.

The Mercer research showed, however, that increases in salaries over the next ten years will be necessary to ensure market-level compensation at all levels of the University due to the expected increases in health benefit costs and the future possibility of employee contributions into the UC pension program for the first time since 1990.

At their September 2005 meeting, UC Regents considered RE-61, a three-part proposal consisting of the following three recommendations:

- To establish goals to obtain, prioritize and direct funds to the extent they are available, to increase salaries to achieve market comparability for all groups of employees over the ten year period from 2006-2007 through 2015-2016;
- To adopt procedures for determining and setting compensation levels for senior leadership that are clear, comprehensive and accountable, the purpose of which is to strengthen regental oversight of senior leadership compensation and to help ensure that decisions regarding executive compensation are appropriate to the markets within which UC competes; and
- To augment funding of salaries for amounts in excess of \$350,000 with private funds for 42 senior leadership positions so that market parity is achieved over the next ten years.

At their November 16-17 meeting, Regents are scheduled to act on parts one and two.

Private funding proposal postponed

In a [letter to the Board](#), Regent Judith Hopkinson postponed any further discussion of the use of private funds because she did not want the debate over this issue "to overshadow the more important part of the compensation proposal, which is the adoption of The Regents' objective of moving all University employees to market-competitive salaries within then years."

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