



September 22, 2005

## **Regents Discuss Plan to Achieve Long-term Competitive Salaries**

A committee of the Board of Regents on Sept. 22 endorsed a statement calling on the University of California to identify and allocate funding to bring all UC employees across the system up to market-competitive compensation within 10 years.

The committee also recommended actions to strengthen Regental controls in the setting of senior leadership salaries. The proposal would place the salaries of senior-level managers into specific salary bands that would help ensure that decisions regarding executive compensation are appropriate to markets within which UC competes.

The proposed actions, put forward by a Regent-led advisory group following an independent review of UC compensation by Mercer Consulting, will go to the full Board of Regents for action at the board's November meeting.

A third proposal of the advisory group, which would allow the University to seek private funds to help bring the salaries of specific UC leadership positions up to market standards without the use of state funds alone, was not voted on but may return for further Finance Committee consideration.

“We are facing a massive challenge to maintain quality and pay competitive salaries throughout the University, from service employees to faculty to senior leadership,” said Regent Judith Hopkinson. “We need to find all available sources of funding to bring salaries up to market.”

With the recent economic downturn and several years of less-than-full funding support from the state, salaries for many UC employee groups now seriously lag the market, threatening UC's ability to attract and retain the caliber of personnel required to maintain institutional excellence.

In light of these ongoing issues, the Regents formed the Advisory Group on Universitywide Compensation to explore, with the assistance of Mercer Consulting – a recognized expert in the field of employee compensation and benefits – possible solutions to these problems and develop compensation strategies and help address salary issues for all UC employees throughout all levels of the University.

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

Details on the proposals are available at <http://www.universityofcalifornia.edu/regents/regmeet/sep05/re61.pdf>.

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