

VII. REPORTS OF STANDING COMMITTEES (Continued)

A. Academic Council (Continued)

• **John Oakley, Vice Chair**

3. Compensation Principles

At its January 25, 2006 meeting, the Academic Council approved the following Compensation Principles Recommended to the University of California. The set of four basic principles and accompanying introductory statement were drafted by the Academic Council as a response to recent events that have caused many to question the personnel practices of the University of California. If approved by the Assembly and then in turn adopted by the University, the recommended principles would govern the compensation packages of senior administrators and all other employees of the University.

Action Requested:

The Assembly is requested to endorse the recommended Compensation Principles and forward them to the President of the University for transmittal to the Regents.

**Compensation Principles
Recommended to the University of California
by
The Academic Council of the University of California
Academic Senate**

Introduction

The University of California is a public institution of higher education established and supported by the people of California along with the California State University and California Community Colleges. California's institutions of higher education historically have been afforded extraordinary freedom from political, sectarian, legal, and undue economic influences in order to optimize the contribution of higher education to a stable, democratic, and advancing society. UC, and public higher education more generally, are entrusted to operate in a manner consistent with the highest ideals of our democracy: with fairness, openness, and a dedication to merit. For its part, UC is specially charged with Constitutional autonomy to regulate itself and to do so with integrity. The public nature of the University of California coupled with its charge of self-regulation imposes an extra burden on the University to be responsive to the public interest.

The arrangement with the People of California under the California Master Plan for Higher Education has created and supported a three-tiered system of higher education that is the envy of the world. Our system was designed to provide access to higher education for all of the students of California through the Community Colleges, the State University, and the University of California.

In fulfillment of its role under the Master Plan, the University of California has become one of the world's preeminent research universities. In that position, the University of California has

become a major contributor to the California economy by helping to shape the development of California as a leader in agricultural, cultural, scientific, biological, engineering, medical, and many other endeavors. But more than that, Californians and people around the world invest the University with their hopes – hopes in the special power of UC to lift all Californians, especially those not already privileged by wealth, status, and influence. The citizens on California also expect the University to produce wise, skilled, and civic-minded citizen-leaders.

The public nature of the University of California charges the Regents, the administration, and the faculty and staff with a special responsibility to the public that includes accountability for the quality of the educational program, financial transparency in all matters, including compensation policies, and access to higher education for California's top students from all walks-of-life. In the past few months controversy over aspects of the compensation packages of senior administrators within the University have raised questions about the University's exercise of its public responsibilities. In response to these questions, the Academic Council, the senior leadership group of the UC Academic Senate, has developed the following principles as a guide to compensation issues.

Compensation Principles

The excellence of the University of California is attributable to the excellence of its faculty who are responsible for the teaching and research accomplishment of the University. The University of California is recognized worldwide for the excellence of its research and discovery accomplishments. The research excellence of the faculty is the basis for the prestige of the University of California degree. The maintenance of its high quality research and teaching faculty must be the University's highest priority.

A higher education institution of the world-class quality of UC requires appropriately established compensation for faculty and staff. Adequate faculty and staff compensation must be accompanied by adequate support and appropriate fee policies for graduate and professional students. And it is foremost in our minds that, for both faculty and administrators, the attractiveness of a UC position depends not only on compensation but also on good working conditions for staff and faculty, an environment that includes an excellent and diverse student body, a first class research environment, and the ability to attract the world's best graduate and professional students to our programs. UC employees, as well as the general public, should be able to take pride in the accomplishments of members of the UC community and also in the place that UC enjoys as a leader in the state, the country, and the world.

The University administration is charged by the Regents to manage personnel policies and practices, with Academic Senate advice and consultation, including the cases of senior administrators. The Senate acknowledges that executive compensation, perquisites, and separation packages may require distinctly different quantities and qualities than those for other UC employee groups, but fairness requires that the rules be public, just, and consistent with the public and academic character of the University of California.

Four principles should govern the compensation packages of senior administrators and all other employees of the University and we recommend these to the President of the University for transmittal to the Regents:

1. **Transparency:** The University's internal and external constituents should know what the abiding compensation policies and practices are, and those policies and practices should closely correspond.
2. **Fidelity to Shared Governance:** With respect to personnel policies and practices, the Regents and the Academic Senate have important complementary roles to play in the review, consultation, and approval processes, and those roles should be respected.
3. **Fairness within the context of the entire University community:** Personnel policies and practices should be those that inspire faith in the institution and confidence that the entire community is being treated justly.
4. **Merit:** Beyond cost-of-living and "Comparison Eight" adjustments for all employee groups, which should be implemented in a manner consistent with the preceding principles, should be based on performance assessed in fair, valid, and transparent ways.

Recent events have caused many to question the personnel practices of the University of California. Drawing on the four basic principles and on our deep commitment to the University and to the public, the Academic Senate welcomes public scrutiny of UC's fiscal management and personnel policies and practices.

We applaud the launching of an outside audit of senior managers' compensation packages and departure agreements, the creation of a Regents' committee on compensation, and the appointment of distinguished representatives from business, government, media, and education to a task force established by President Robert C. Dynes to review UC compensation policies and practices, including disclosures, and provide recommendations to the Board of Regents.