

## **VII. REPORTS OF STANDING COMMITTEES**

### **A. Academic Council**

- **Cliff Brunk, Chair**

- 1. Compensation Priorities for the University of California**

(ACTION)

- a. Academic Council's Resolution on Proper Compensation Priorities for the University of California (ACTION)**
- b. Academic Council's Resolution In Opposition to the Use of Private Funds for Senior Leadership Salaries (ACTION)**
- c. Academic Assembly Resolution On University Salaries (A petition from 4 Assembly members) (ACTION)**

At the September 22, 2005 Board of Regents meeting, the Regents' Committee on Finance adopted item RE-61, entitled "*POLICIES ON UNIVERSITYWIDE AND SENIOR LEADERSHIP COMPENSATION, AND PROCEDURES FOR SENIOR LEADERSHIP COMPENSATION,*" with the intention that RE-61 would be sent to the full board for final action in November. The three recommendations to the Regents include: 1) work to achieve market comparability for all UC employees over a ten year period beginning in 2006-07; 2) shift oversight of salaries for most of UC's senior leadership from the Regents to the administration and establish procedures for setting and determining salaries for senior leadership; and 3) augment the funding of salaries over \$350,000 with private funds for 42 top senior leadership positions to achieve market comparability. If approved in its current form, RE-61 would have profound implications for senior management compensation practices and for fund raising priorities within the University.

At the September 28, 2005 Academic Council meeting, Council Chair Brunk announced that RE-61 would be discussed at greater length at the October 26, 2005 Council meeting, in preparation for presenting a faculty viewpoint to the Regents at their November meeting. In turn, at its October 26, 2005 meeting, Council approved two resolutions which are presented below for the Academic Assembly's consideration.

- a. Academic Council's Resolution on Proper Compensation Priorities for the University of California (ACTION)**

#### **RESOLUTION OF THE ACADEMIC COUNCIL ON PROPER COMPENSATION PRIORITIES FOR THE UNIVERSITY OF CALIFORNIA**

Approved by the Academic Council October 26, 2005

#### **RECITALS:**

1. Excellence with respect to teaching and research is crucial to the academic mission and quality of the University of California.
2. Employee groups differ in terms of their direct relationship to the academic mission of the University of California.
3. Base salaries for virtually all employee groups lag behind salaries provided by comparison institutions.
4. The magnitude of market disparities varies for employee subgroups on the basis of age, length of service, and local cost of living.

5. Faculty are directly responsible for the delivery of the courses, the development of future scholars, and the research that are at the very core of the mission of the University of California.
6. The work of the faculty would not be possible in the absence of the support staff of the University of California including senior level administrators, the professional research and technical staff who contribute significantly to the advances made by the campuses, the clerical and secretarial staff who make everything else work, and the staff who maintain the environment in which we work including the groundskeepers who maintain campus exteriors and the building maintenance staff who maintain the interior spaces of our campuses.
7. The secretarial, clerical, maintenance, and research/laboratory support staffs have taken the brunt of many of the University of California budget cuts by being asked to maintain the workload while their numbers are decreased.

**BE IT THEREFORE RESOLVED THAT:**

1. The Academic Senate supports increasing the salaries of all University of California employee groups to achieve market parity in as short a time as possible and without any decrease in total compensation; and
2. Priority should be given to the employee groups most proximal to the core teaching and research missions of the University of California; and
3. The Academic Senate supports the development of a rational transparent process of determining senior management salaries in a way that any ensuing salary increases are proportionate with those of other employee groups; and
4. Any planned compensation structures for senior management will be subject to full review by the Academic Senate and be instituted in a measured fashion, with transparency and accountability, and include appropriate consideration of performance (analogous to the Committee on Academic Personnel for faculty).

**Action Requested:** The Academic Council requests that the Academic Assembly endorse this resolution and that if endorsed, that the Faculty Representatives to the Regents, Academic Senate Chair Cliff Brunk and Vice Chair John Oakley, communicate this Academic Assembly action to the UC Board of Regents prior to the Regents' final consideration of this matter.

**b. Academic Council's Resolution In Opposition to the Use of Private Funds for Senior Leadership Salaries (ACTION)**

**RESOLUTION OF THE ACADEMIC COUNCIL IN OPPOSITION TO THE USE OF PRIVATE FUNDS FOR SENIOR LEADERSHIP SALARIES**

Approved by the Academic Council October 28, 2005

**WHEREAS** the University of California Board of Regents had taken under consideration RE-61, Recommendation C, a specific action to modify current Regental polices and procedures on compensation by augmenting 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; therefore

**NOW BE IT RESOLVED** that the Academic Senate opposes RE-61, Recommendation C on its own terms and applauds the decision to withdraw this item from present consideration.

**Action Requested:** The Academic Council requests that the Academic Assembly endorse this resolution and that if endorsed, that the Faculty Representatives to the Regents, Academic Senate Chair Cliff Brunk and Vice Chair John Oakley, communicate this Academic Assembly action to the UC Board of Regents prior to the Regents' final consideration of this matter.

**c. Academic Assembly Resolution On University Salaries (A petition from 4 Assembly members) (ACTION)**

17 October 2005

Professor Clifford Brunk  
Chair, Academic Assembly

Dear Cliff,

As you know, during their September meeting, the Committee on Finance of the Board of Regents adopted item RE-61, entitled “POLICIES ON UNIVERSITYWIDE AND SENIOR LEADERSHIP COMPENSATION, AND PROCEDURES FOR SENIOR LEADERSHIP COMPENSATION” with the understanding that this item may return to the full board for final action in November. If approved in its current form, this item would have profound implications for senior management compensation practices and for fund raising priorities within the University.

We believe that the Academic Assembly, as the official representative body of the systemwide Academic Senate, has a responsibility to take a position on a matter of such vital concern to the University and to do so in a timely manner, so that the Regents will be informed of the views of the Senate prior to their final consideration of this matter.

Therefore, pursuant to [Senate bylaw 110.A.3.e](#), which states in part that “On the written request of ... four members of the Assembly, the Chair shall include in the agenda any item of business within the authority of the Assembly,” we request that you include the following Assembly resolution in the November 9 Assembly agenda as an action item. We also request that you allow sufficient time for the Assembly to complete action on this item so that the Assembly voice can be heard by the Regents at their November meeting.

We are submitting this petition well before the deadline for the November Assembly meeting so that the Academic Council, at its October meeting, can be apprised of this petition. Should the Academic Council place an acceptable resolution of its own on the Assembly’s November agenda, we would be prepared to consider withdrawing our own resolution. In any event, we do reserve the right to change the wording of our resolution prior to the agenda deadline for the Assembly meeting.

Respectfully submitted,

George Blumenthal, UCSC Assembly Representative  
Barbara Gerbert, UCSF Assembly Representative  
Lawrence Pitts, UCSF Assembly Representative  
Quentin Williams, UCSC Assembly Representative

Cc: Executive Director Maria Bertero-Barcelo

## TO MEMBERS OF THE ACADEMIC ASSEMBLY:

During their September meeting, the Committee on Finance of the Board of Regents adopted item RE-61, entitled “Policies on Universitywide and Senior Leadership Compensation, and procedures for senior leadership Compensation,” with the understanding that this item may return to the full board for final action in November. If approved in its current form, this item would have profound implications for senior management compensation practices and for fund raising priorities within the University. The item can be found at <http://www.universityofcalifornia.edu/regents/regmeet/sep05/re61.pdf> and is also reproduced at the end of this item.

This Regents item in question has three parts. We now list the three parts and discuss some of their implications:

- A. To adopt the goals of obtaining, prioritizing, and directing 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. This item presents a ten year plan for increasing salaries to market value. It is based in part on a study that found that total compensation is currently at about market value when the value of UC benefits is included<sup>1</sup>. However, for certain groups such as faculty, there is a longstanding understanding that salaries should be set by a methodology employed by the California Postsecondary Education Commission, comparing faculty salaries to those of our comparison eight institutions, a methodology showing that faculty at UC are currently about 12% behind our comparison group. To the extent that this item is motivated by the belief that a decline in benefits over the next decade should be made up for by increases in salary, this proposal is inconsistent with longstanding practice to abide by the CPEC salary standards. In any event, there is no justification presented for why the adoption of a ten year plan to increase salaries should supplant the obligation of the President and the Regents to make UC salaries competitive as soon as possible. Also note that there is no funding mechanism identified beyond the Compact except for item C below, which would benefit only 42 senior managers.
- B. To adopt procedures for determining and setting compensation levels for senior leadership that are clear, comprehensive, and accountable. Currently, all salaries above an indexed compensation level of \$168,000 must be approved by the Board of Regents. It is currently the case that not all proposed salary increases are approved by the board. This proposal would delegate to the President and the Chancellors the responsibility to set the salary of all but 32 identified members of the Senior Management Group. Salary scales for senior managers would be adopted, and almost certainly the transition to this new mode would involve significant salary increases. The regents would review salary decisions after the fact on an annual basis.

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<sup>1</sup> Please note that the Mercer study suffers from several methodological deficiencies. It does not compare benefits to our comparison 8 institutions, it does not take account of the difference of value of certain benefits to various age cohorts, and it takes no account of cost of living expenses.

C. 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. This is the only part of the proposal that identifies additional resources, and it would establish a private fund raising priority to raise funds for salaries of the 42 highest paid UC administrators. It is noteworthy that this private fund raising would benefit so few of our top salary earners, while the funds needed for part A of this item have not been identified at all. It is our belief that the fund raising priorities should place student financial aid, research activities, and capital projects at the top of the list.

We believe that the Academic Assembly, as the official representative body of the systemwide Academic Senate, has a responsibility to take a position on a matter of such vital concern to the University and to do so in a timely manner, so that the Regents will be informed of the views of the Senate prior to their final consideration of this matter.

As members of the Assembly, we therefore offer the following resolution for approval by the Academic Assembly at its November 9 meeting:

#### **ACADEMIC ASSEMBLY RESOLUTION ON UNIVERSITY SALARIES**

**WHEREAS** the University of California Board of Regents is considering a proposal that would (1) establish a ten year goal of bringing UC salaries into compatibility with the marketplace, (2) decrease Regental oversight of salaries in excess of \$168,000, and (3) employ private fund raising to augment the salary above \$350,000 for 42 members of the Senior Management Group; therefore

**NOW BE IT RESOLVED** that the Academic Senate of the University of California supports bringing salaries into compatibility with the marketplace while maintaining that the President and the Regents have a responsibility to do so much sooner than ten years from now and also have an additional responsibility to ensure that priority is given to the salary of those employees whose work is most closely related to the mission of the University; and

**BE IT FURTHER RESOLVED** that the Academic Senate of the University of California can support greater delegation of authority from the Regents regarding senior management salaries only if such delegation does not lead to immediate salary increases in excess of those available to other employees and only if there is a requirement that **all salaries** above the indexed compensation level for all campuses and for the Office of the President be publicly posted on an annual basis; and

**BE IT FURTHER RESOLVED** that the Academic Senate of the University of California opposes using private fund raising to augment the salaries of the most highly paid University senior managers whose primary jobs include neither research nor teaching.

Respectfully submitted,

George Blumenthal, UCSC

Barbara Gerbert, UCSF

Lawrence Pitts, UCSF

Quentin Williams, UCSC

**Action Requested:** Academic Assembly members Blumenthal, Gerbert, Pitts and Williams requests that the Academic Assembly endorse this resolution and that if endorsed, that the Faculty Representatives to the Regents, Academic Senate Chair Cliff Brunk and Vice Chair John Oakley, communicate this Academic Assembly action to the UC Board of Regents prior to the Regents' final consideration of this matter.