

The Regents of the University of California

**COMMITTEE ON LONG RANGE PLANNING
COMMITTEE ON COMPENSATION**

January 19, 2011

The Committees on Long Range Planning and Compensation met jointly on the above date at Price Center, San Diego campus.

Members present: Representing the Committee on Long Range Planning: Regents DeFreece, Kieffer, Lozano, Marcus, and Schilling; Ex officio members Gould and Yudof; Advisory members Hallett, Mireles, and Simmons; Staff Advisors Herbert and Martinez
Representing the Committee on Compensation: Regents Hime, Johnson, Kieffer, Lozano, Ruiz, and Varner; Ex officio members Gould and Yudof; Advisory members Anderson and Pelliccioni

In attendance: Regents Blum, Cheng, De La Peña, Island, Lansing, Makarechian, Newsom, Pattiz, and Zettel, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Provost Pitts, Executive Vice Presidents Brostrom and Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Darling, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary McCarthy

The meeting convened at 2:10 p.m. with Committee on Compensation Chair Varner presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the joint meeting of the Committees on Long Range Planning and Educational Policy of September 15, 2010 were approved.

**2. BIENNIAL ACCOUNTABILITY SUB-REPORT ON FACULTY
COMPETITIVENESS**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Committee on Compensation Chair Varner introduced Provost Pitts, Vice Provost for Academic Personnel Susan Carlson, and Faculty Representative Simmons to present the Biennial Accountability Sub-Report on Faculty Competitiveness (Report).

Provost Pitts stated that the report, a collaboration between the Office of the President and the Academic Senate, offers a comprehensive analysis of UC's faculty and the challenges of maintaining a high-quality faculty; UC's excellence depends on its continuing effectiveness in recruiting and retaining such faculty. He noted that the Report's data on salary and compensation were produced with California Postsecondary Education Commission (CPEC) methodology and using data from Mercer and Aon Hewitt, University consultants.

Ms. Carlson noted that the quality of UC is based on its distinguished faculty. Her presentation would highlight the most notable changes and trends in the composition of the faculty, and would discuss why faculty come to and sometimes leave UC.

Ms. Carlson reported that UC faculty have received increasing numbers of distinguished awards. For example, over ten percent of the new Fellows named to the American Association for the Advancement of Science in December are from UC. Such achievements are a key factor in maintaining UC's continued high ranking among national and international universities.

Mr. Simmons echoed that UC's prestige is dependent upon the work of the faculty. He explained that UC's faculty includes Academic Senate members and non-Senate faculty. Academic Senate faculty are engaged in teaching, research, shaping curriculum, designing and reviewing degree programs, reviewing peers for the peer-dominated merit and promotion process, and shared governance of the University through campus divisions of the Academic Senate and the systemwide Academic Senate.

Mr. Simmons highlighted trends in the composition of UC's faculty. From fall 2009 to fall 2010, professional general campus faculty decreased by 75, or one percent. There are currently 1,532 FTE lecturers, down from a high of 1,733 FTE in 2008. Mr. Simmons noted that the proportion of lecturers among the faculty has grown since the 1990s, but has remained relatively stable during the past decade. Graduate and professional courses, and classes involving more complex subject matter are more likely to be taught by top academic faculty. In addition, many Academic Senate members teach large introductory courses. Although lecturers are generally not engaged in research, they provide high-quality instruction for most composition and introductory language courses.

Mr. Simmons displayed a graph demonstrating that while the health sciences faculty has grown over the last two decades, most of the growth has occurred in numbers of professors in residence, clinical professors, and adjunct professors, rather than in professorial series faculty. These data indicate that UC's growth in health sciences has been in the clinical services area rather than in teaching and research.

Mr. Simmons displayed another slide showing that the number of faculty has increased an average of 1.8 percent annually over the last decade, while numbers of undergraduate, graduate, and professional students (excluding health sciences students) have increased an average of 2.5 percent per year over that time. He noted that, while the resulting larger class sizes might not affect learning in some disciplines, professors have reported

difficulty evaluating writing projects and essay examinations for larger classes. Mr. Simmons expressed his opinion that the trend toward larger class sizes could result in the University's moving from an environment where faculty can provide individual evaluation of student reasoning toward an educational model involving more rote memorization and multiple choice examinations.

Mr. Simmons commented that one solution to the trend toward larger class sizes could be to have professors teach more and do less research, but noted that would be counterproductive from an economic standpoint since faculty research generates an increasing proportion of revenue to UC as State support declines. In addition, Mr. Simmons cautioned that reducing the ability of faculty to perform research could diminish the research environment that distinguishes the University of California from state universities and from most other higher education institutions in the country.

Turning to the demographics of the UC faculty, Mr. Simmons showed a graph indicating that the average faculty age is increasing, and noted the effect of the elimination of mandatory retirement. An increasing percentage of active faculty are over age 60, presenting the University with both challenges and opportunities. Mr. Simmons reported that the Academic Senate is reviewing policies regarding recall and phased retirement, which could provide faculty with a variety of options for continued engagement after retirement. The University is currently taking part in two Alfred P. Sloan Foundation research projects on faculty aging and retirement. Given the large number of faculty from age 61 to 65, the University would anticipate the retirement of a large number of its most distinguished faculty in the upcoming few years. These retirements could provide opportunities for faculty renewal so long as UC remains an attractive workplace.

Mr. Simmons turned to faculty compensation, which remains one of UC's biggest challenges. Mr. Simmons displayed a slide showing that current faculty salaries lag the Comparison Eight institutions, a difference compounded by the fact that UC competes mainly with private institutions for faculty. When UC faculty are recruited away by other institutions, 40 percent leave to join 20 top institutions, three-quarters of which are private. While UC faculty compensation has remained relatively flat over the prior few years, compensation at both public and private competitors has increased.

Mr. Simmons pointed out that faculty total remuneration lags the market average most seriously for associate professors, i.e., middle-range professors who have achieved tenure, are approaching their peak years of discovery, and are the most vulnerable to recruitment away from UC. Mr. Simmons attributed this salary dip partially to UC's departure from salary scales with off-scale market-based compensation, creating a loyalty penalty for faculty who have committed careers to UC. Repeatedly hiring assistant and tenured faculty at off-scale market rates challenges the integrity of the historic faculty salary scales. In general, Mr. Simmons commented that the University must evaluate whether it is committed to its merit and promotion policy, or should move to compensation policies that are discretionary with campus administrators.

Ms. Carlson discussed recruitment and retention of faculty. She displayed a slide which showed that faculty hiring had slowed notably during the prior year and attributed the reduced rate of hiring to budget shortfalls. Ms. Carlson stated that the faculty composition is dynamic, with over one-quarter of the professorial faculty having been hired in the past five years, allowing the University to hire in emerging fields. More than 15 percent of the faculty have budgeted appointments in more than one department and thus are able to work at the creative intersection of disciplines.

Ms. Carlson emphasized that UC seeks to hire from the increasingly diverse pool of potential new faculty. The University has not succeeded in hiring women to the professoriate in numbers approaching their availability, although the number of women professors varies by campus and discipline. The University has sought funding from the National Science Foundation's ADVANCE: Increasing the Participation and Advancement of Women in Academic Science and Engineering Careers program to increase the number of women and underrepresented minority women faculty in science, technology, engineering, and mathematics. Additionally, an award from the Alfred P. Sloane Foundation allowed two UC campuses to take leadership in enhancing family-friendly policies.

Ms. Carlson displayed a graph indicating that UC hired underrepresented minority assistant professors at a slightly higher rate than their proportion in the available pool in some disciplines. She noted that UC must compete for promising underrepresented minority candidates with competitor institutions who can sometimes offer more attractive hiring incentives. Her office will collect information from campuses on gender, race, and ethnicity of candidate pools, finalists, and hires to determine the most promising practices. She emphasized that UC should be a leader in hiring a top-rate faculty that reflects the changing demographics of the state and the nation.

Ms. Carlson then discussed reasons why faculty leave UC. Nearly 350 faculty have separated annually from the University in the past few years. The number of retirements of faculty over age 60 has increased, with 212 retiring in 2009-10, compared with 182 and 178 the prior two years. Resignations have not increased. Ms. Carlson expressed concern that, should the economic recovery in California be slower than in other states, UC may lose potential hires to competitor institutions. She pointed out that UC loses most faculty to 20 top institutions, most of them private. She expressed concern that the number of faculty who leave UC after earning tenure may be increasing, although the number currently is small. She emphasized that UC wants to retain particularly those faculty whom the University has nurtured through their first years in the professoriate.

Key reasons that cause faculty to leave UC are partner accommodation, compensation, work-life balance, and cost of living. Individual campuses have surveyed faculty to determine ways to improve recruitment and retention. A UC Berkeley 2009 faculty survey found that efforts to improve housing assistance were effective, as faculty satisfaction with housing rose from 49 percent to 72 percent over six years. A UCSF faculty survey resulted in the establishment of a strong faculty mentoring program.

Looking to the future, Ms. Carlson stated that UC's new faculty received their degrees from the most highly-rated universities in the world: 41 percent are from the 20 top national universities, all members of the Association of American Universities, and another 23 percent are UC graduates. Two UC assistant professors were named Fellows by the MacArthur Foundation in 2010 and early career faculty have continuing success rates in receiving highly competitive awards from five other foundations.

Ms. Carlson discussed other issues affecting faculty career decisions. She cited a 2006 study of UC graduate students showing that they were reluctant to consider faculty careers largely because of a perceived incompatibility of faculty roles with raising children. In addition, Ms. Carlson reported that many faculty make career decisions based on issues affecting their dual-career partnerships. She cited statistics showing that 72 percent of faculty at research universities have partners whose careers are also considered in seeking and accepting jobs, and 36 percent have academic partners who are looking for positions at academic institutions. In order to attract the best new talent, UC must continue its leadership in practices that allow flexibility in career paths, such as part-time appointments, the extension of the tenure clock, and other policies that accommodate family responsibilities.

Mr. Simmons concluded by stating his opinion that the data in the report indicate that the University has not suffered a serious decline in the quality of its faculty, at least through 2009 and possibly into 2010. He urged the Regents to protect the policies that have allowed the University to become the world's most preeminent institution of public research and teaching.

Regent Marcus asked how the Regents could help meet the challenges outlined in the Report. Ms. Carlson responded that she would urge the Regents to continue support for policies largely managed on individual campuses that have proven effective in recruiting and retaining faculty. Mr. Simmons advocated Regental support for protecting the public teaching and research nature of UC and its role as a public institution in service to the state. He added that finding ways to support graduate students is crucial to helping faculty accomplish research.

Regent-designate Hallett asked whether the University differentiates faculty salary levels among campuses based on cost of living or academic discipline. Mr. Simmons responded that differences in cost of living are taken into account through programs such as Mortgage Origination Program (MOP) loans. As the University has evolved away from its uniform salary scale, market influences affect salaries of faculty in various disciplines. Dr. Pitts added that individual campuses sometimes make salary decisions in accord with their plans regarding areas of emphasis. He stated his opinion that, even if salary scales were completely aligned across the system, market forces would still be involved in recruitment and retention of highly valued faculty.

Regent-designate Mireles asked whether the University had specific ways of accommodating career needs of partners of recruited faculty. Ms. Carlson responded that individual campuses have been creative in finding ways to help partners find positions.

Dr. Pitts stated that UC's size and the geographic proximity of some of its campuses give it an advantage over smaller institutions in being able to offer more dual hires. Dr. Pitts noted that UC also benefits from its reputation for having family-friendly policies. Mr. Simmons added that such situations are handled on an individual basis. Ms. Carlson reported that UC Riverside specifically highlights a dual-career partnership in its efforts to attract new faculty.

In response to Regent-designate Mireles' comment that UC's faculty salaries compare favorably to salaries at the four public universities in the Comparison Eight institutions, Ms. Carlson pointed out that UC's competitors for faculty are often private universities.

3. **BIENNIAL ACCOUNTABILITY SUB-REPORT ON STAFF**

[Background material was mailed to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Vice President Duckett introduced the first Biennial Accountability Sub-Report on Staff, which he noted is based on October 2009 data. He pointed out that the majority of UC's employees are staff, and that staff contributions are crucial to the University's tripartite mission of teaching, research, and public service.

Mr. Duckett explained that UC's staff is composed of three personnel groups distinguished by nature of their work, degree of independence, and depth and breadth of required knowledge: the Senior Management Group (SMG), the Management and Senior Professionals Group (MSP), and the Professional and Support Staff (PSS). PSS is the largest staff group with almost 118,000 employees; they provide professional, administrative, operational, and technical support, and include such positions as student affairs officers, management services officers, and botanical garden managers. MSPs constitute five percent of the workforce or 8,000 people; they provide leadership to PSSs as well as expertise for major units. The smallest group is the SMG with 291 employees; Mr. Duckett pointed out that the size of the SMG has decreased since deans are no longer included in the SMG. The SMG includes positions such as chancellors, medical center chief operating officers, laboratory directors and university controllers.

Staff can be unionized or non-unionized; examples of unionized PSSs are nurses, lifeguards, payroll clerks, and x-ray technicians. Of UC's staff employees, 45 percent are unionized; student workers are 22 percent of total employees or 28,000; non-represented staff are 26 percent or 33,000 employees. Mr. Duckett commented that UC's highly unionized workforce is relatively rare among universities.

Turning to the gender and ethnic composition of UC's staff, Mr. Duckett stated that 65 percent of staff are female; females are predominant in all ethnic categories by a ratio of two-to-one. In staff personnel groups, women are the minority only in the Senior Management Group. UC's long-standing commitment to diversity is demonstrated by the fact that minorities outnumber white staff. The ethnic breakdown of UC's staff generally aligns favorably with that of the state: African Americans comprise eight percent of UC's

staff and seven percent of the state population; Asians comprise 22 percent of UC's staff and 13 percent of the state population. Whites are 47 percent of UC staff, but only 42 percent of California's population is white; Latinos comprise 18 percent of UC's staff, lagging their proportion in California by ten percent.

Mr. Duckett turned to the age demographics of UC staff. The average age of UC's career staff employee is 43 years. Although 65 percent of the staff are younger than 50, 88 percent of the SMG are over 50. On average, UC staff retire at 59.5 years of age with 20 years of service. Of the total staff, 35 percent or approximately 30,000 are over age 50 with at least five years of service and are eligible to retire. Mr. Duckett displayed a graph showing the percentages of staff in various age groups who are likely to retire in the near future.

Mr. Duckett stated that staff provide the infrastructure which allows the University to pursue its mission. He gave many examples of the wide range of services that staff perform. In addition, large numbers of staff volunteer for public service activities outside of their working hours.

Mr. Duckett reported that campuses expressed concern about staff salary levels, the need for more training, and leadership development.

UC's Department of Human Resources has developed a strategic plan with the objective of building an environment of employee engagement and empowerment, and developing fair and effective policies. A new integrated human resources data system is being developed. In the area of compensation, the strategic plan emphasizes market alignment and leveraging the value of UC's pay and benefit programs.

Mr. Duckett stated that investment opportunities lie in the areas of performance management, talent management, technology, and staff salary programs. Given the inadequacy of current State funding, competing priorities throughout the UC enterprise must be balanced in order to fund staff salary increases. Market alignment and pay for performance are critical. Mr. Duckett stated that non-represented UC staff had four years of no salary increases in the past seven years and none since 2007.

Executive Director for Talent Management and Staff Development Randolph Scott discussed staff talent development, pointing out that UC must use a variety of strategies to service a multigenerational workforce during various stages of career cycles. A UC Learning and Development Consortium (Consortium) is being developed with representatives from each campus, to leverage training resources across campuses. Pilot succession management processes that will focus on knowledge transfer will be designed and employed to reduce operational problems when knowledgeable staff retire. Systemwide recruiting contracts are reducing costs. The Consortium is developing a core competency model, based on one used at UC Berkeley and UC Davis, to define the skills, knowledge, and behaviors necessary for staff managers. The Consortium will also develop the recommendation of the Council of University of California Staff Assemblies (CUCSA) to design and implement core management training. The newly-designed

Business Officer Institute was conducted in November 2010 to increase knowledge among staff from a wide variety of disciplines of UC business operations. A similar development process review of the systemwide Management Skills Assessment Program has begun. Mr. Duckett summarized that UC's investment in talent management should yield more efficiencies, be cost effective, raise employee productivity, and result in better-trained managers and employees.

Staff Representative Martinez thanked the presenters for their report, which captured the breadth and depth of staff support for the University. She reported that staff are seeking talent management, performance management, leadership development, and compensation consideration.

Regent Cheng commented on the fact that 22 percent of staff are student workers. He asked whether more data are available about student workers. Mr. Duckett responded that the data include the number of student employees and noted that more data could be collected about student workers. He expressed his opinion that student workers would become increasingly important to the University in the future and that students are eager to work in a variety of capacities. Mr. Brostrom commented that the Department of Student Affairs has studied student outcomes in relation to how many hours they work. Regent Cheng noted that payment for work study has not kept pace with inflation and stated that students can empower themselves by working, particularly in this difficult economic climate.

Faculty Representative Anderson reiterated the critical importance of staff to the functioning of both research and instruction at the University. Staff play critical roles interfacing with students, providing advice, and administering the rules of the academic programs. Staff carry institutional knowledge used to help train faculty. Mr. Anderson commented that staff have borne a great deal of the pain of recent budget cuts. He urged the Regents to be attentive to the needs of staff to maintain the quality of the University.

Referring to a chart in the report, Regent Makarechian asked why the numbers of employees in the age brackets from 30 to 49 have not increased at the same rate as numbers in younger and older age brackets from 1999 to 2009. He asked if these employees were leaving the University. Mr. Scott responded that, while the overall number of UC staff over the decade from 1999 to 2009 has grown, the growth has been concentrated in certain areas, principally in the clinical enterprise area. He noted that staff join different areas of the University at different points in their careers. Staff such as nurses and technicians join the clinical enterprise areas in technical fields. The number of managerial staff in the clinical enterprise area has also grown during the decade. On the other hand, the number of clerical staff has decreased.

Regent Makarechian asked how many years on average staff stay at UC. Mr. Scott responded that the average annual turnover rate is approximately eight to nine percent.

President Yudof agreed with Mr. Anderson that staff play an extraordinary role at the University. He stated that he is sensitive to the fact that the University has increased

compensation over the past three years for represented staff, while non-represented staff have had no increase. President Yudof asked if the report contained a breakdown of funding sources for staff, i.e., how many staff positions are funded by State funds and how many by hospital or research revenues, and an analysis of staff growth in relation to funding sources. He noted that such figures would be important in determining how the University is managing staff costs. Director of Strategic Planning in the Department of Talent Management and Staff Development Eleanor Skarakis responded that staff funding sources over the last ten years are included in the Report. President Yudof requested that these figures be reported to the Board as part of the next biennial report and at the subsequent meeting. He noted that past analysis had shown that staff growth had been in areas where funding had grown, such as clinical and research areas.

The meeting adjourned at 3:10 p.m.

Attest:

Secretary and Chief of Staff