

The Regents of the University of California

COMMITTEE ON COMPENSATION

November 27, 2012

A special meeting of the Committee on Compensation was held on the above date by teleconference at the following locations: 1111 Franklin Street, Lobby 1, Oakland; Covell Commons, South Bay Room, Los Angeles campus; 1130 K Street, Suite 340, Sacramento.

Members present: Regents Island, Kieffer, Mendelson, Ruiz, Stein, and Varner; Ex officio members Brown, Lansing, and Yudof; Advisory members Feingold and Powell

In attendance: Regents Newsom, Reiss, Rubenstein, Schilling, and Zettel, Regent-designate Schultz, Faculty Representative Jacob, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Provost Dorr, Executive Vice President Brostrom, Vice President Duckett, Chancellor Birgeneau, and Recording Secretary Johns

The meeting convened at 11:50 a.m. with Committee Chair Ruiz presiding.

1. READING OF NOTICE OF MEETING

For the record, it was confirmed that notice had been given in compliance with the Bylaws and Standing Orders for a special meeting of the Committee on Compensation, for this date and time, for the purpose of considering approval of compensation for Nicholas B. Dirks as Chancellor, Berkeley campus and Jane Conoley as Acting Chancellor, Riverside campus.

2. APPROVAL OF TOTAL COMPENSATION FOR NICHOLAS B. DIRKS AS CHANCELLOR, BERKELEY CAMPUS AS DISCUSSED IN REGENTS ONLY SESSION

Background to Recommendation

Following a six-month search, Nicholas B. Dirks, Executive Vice President for the Arts and Sciences, Dean of the Faculty of Arts and Sciences, Franz Boas Professor of Anthropology, and Professor of History at Columbia University, was selected as the candidate of choice to become the tenth Chancellor of the University of California, Berkeley.

As Executive Vice President for the Arts and Sciences at Columbia since 2004, Mr. Dirks has overseen academic administration, operational and financial management, long-term academic and financial planning, and the overall direction of 29 humanities, social sciences, and natural sciences departments as well as six schools with a total budget of more than \$450 million: Columbia College, the Graduate School of Arts and Sciences,

the School of International and Public Affairs, the School of the Arts, the School of General Studies, and the School of Continuing Education.

Under his leadership, Arts and Sciences have raised more than \$900 million toward a goal of \$1.4 billion. As Executive Vice President, he works directly with Columbia's President and Trustees. As Dean of the Faculty, he presides over the review, promotion, recruitment and retention of all Arts and Sciences faculty. He has recruited four new deans from outside Columbia and established a new administrative structure for Arts and Sciences and governance for the faculty. He also served as the key senior administrator for development of Columbia's global outreach and has worked directly with the President on a wide variety of global initiatives for the University.

Mr. Dirks led a major diversity initiative for Arts and Sciences and helped build academic programs in areas ranging from economics and statistics to sustainable development and nanoscience; he also supported and expanded programs in international, ethnic, African American, and gender studies.

Before becoming chair of the Department of Anthropology at Columbia in 1997, Mr. Dirks taught history and anthropology at the University of Michigan, where he co-founded the interdepartmental Ph.D. program in Anthropology and History and directed the Center for South and Southeast Asian Studies. He taught Asian history at the California Institute of Technology for nine years before moving to Michigan. He has also taught at the École des Hautes Études en Sciences Sociales in Paris and held a visiting appointment at the London School of Economics.

Mr. Dirks has carried out extensive archival and field research in India and Britain. His published works include a number of books on South Asian history and culture and the impact of British colonial rule.

After graduating from Wesleyan University in 1972 with a bachelor's degree in African and Asian Studies, Mr. Dirks earned a master's degree in 1974 and a Ph.D. in 1981 from the University of Chicago in the Department of History, focusing on South Asian history.

Recommendation

The Committee recommended that, contingent upon and effective with Nicholas B. Dirks' appointment by the Regents as Chancellor of the Berkeley campus, the following items be approved in connection with that appointment:

- A. Per policy, an annual base salary of \$486,800, funded by State and other sources. This represents an increase of \$50,000 (11.4 percent) over the previous incumbent's salary, which will be funded entirely from private donor sources.
- B. Per policy, annual automobile allowance of \$8,916.
- C. Per policy, a University-provided house on campus while serving as Chancellor.

- D. Per policy, an annual relocation allowance of \$30,425 to be paid over a four-year period beginning January 1, 2014 and terminating on January 1, 2017 (25 percent of annual base salary). Any unpaid installments will be forfeited if Mr. Dirks steps down as Chancellor and separates from University employment.
- E. The University will arrange for packing and relocation of household goods and personal effects associated with the initial relocation to Berkeley. The University will also arrange to pack and move Mr. Dirks' personal library and other related equipment and materials, subject to the limitations under University policy.
- F. Consistent with past practice, when Mr. Dirks leaves the Chancellor position and returns to the University faculty at a UC campus, the University will arrange for the relocation of personal belongings, including his library and any other related equipment and materials to a location of his choice in California.
- G. Per policy, eligibility to participate in the UC Home Loan Program, in accordance with all applicable policies when stepping down as Chancellor, if Mr. Dirks assumes a tenured faculty position at Berkeley or at another UC campus.
- H. Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- I. If Mr. Dirks maintains an active research program during his appointment as Chancellor, an annual allocation of campus funding will be established for this research during the term as Chancellor.
- J. Reimbursement of reasonable travel expenses, as defined by policy, for all business-related visits to the campus prior to Mr. Dirks' official start date.
- K. Per policy, two round trips each for the candidate and his spouse, for the purposes of organizing the move into the University-provided house, subject to the limitations under policy.
- L. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- M. As an exception to policy, eligibility to participate in the University's insured retiree health care plans on an accelerated eligibility schedule (subject to changes in the law), receiving 50 percent of the maximum University contribution after completing five years of service. For each additional year of service completed, the percentage will be increased by ten percent, thereby making Mr. Dirks eligible for the maximum University contribution upon completing ten years of service.

- N. Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.
- O. Per policy, accrual of sabbatical credits as a member of tenured faculty.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: on or about June 1, 2013

Base Salary: \$486,800

Target Cash Compensation:* \$486,800

Funding: partially or fully State-funded; private donations will fund the amount (\$50,000) above the previous incumbent's salary.

Budget &/or Prior Incumbent Data

Title: Chancellor

Base Salary: \$436,800

Target Cash Compensation:* \$436,800

Funding: partially or fully State-funded

* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

COMPETITIVE ANALYSIS

MARKET REFERENCE ZONES FOR CHANCELLOR (BASE SALARY)						MARKET REFERENCE ZONES FOR CHANCELLOR (TARGET CASH)				
Percentiles	25 th	50 th	60 th	75 th	90 th	25 th	50 th	60 th	75 th	90 th
Market Data	\$380	\$508	\$583	\$695	\$876	\$374	\$638	\$696	\$782	\$868
% Difference from Market	28.1%	-4.2%	-16.5%	-30.0%	-44.4%	30.2%	-23.7%	-30.0%	-37.7%	-43.9%

Survey Source: College and University Professional Association (CUPA) survey and Mercer Chancellor Compensation Survey

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: President Yudof
Reviewed by: Committee on Compensation Chair Ruiz
 Office of the President, Human Resources

[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 Chair Ruiz briefly introduced the item. He noted that the proposed base salary represented an increase of \$50,000 or 11.4 percent over that of the previous incumbent. This increase would be funded entirely from private donor sources. Other elements of the proposed compensation included a standard automobile allowance, a relocation allowance, relocation of personal effects, accelerated eligibility to participate in UC's retiree health plan, University-provided housing, and other standard benefits.

Governor Brown stated that he would vote against the proposed compensation for Nicholas B. Dirks. He stressed that this action did not reflect the quality of the candidate, but resulted from his concern about the University's cost structure, which assumes a level of State funding and tuition increases over the next several years that in his view were not acceptable. A more balanced program was called for, one that would recalibrate the existing model. The University is an outstanding academic institution and a complex institution; changes must by nature come slowly. If projected annual cost increases at UC exceed the growth of gross domestic product, funding can come from only three sources. One source is the State. Governor Brown stressed that he would be a strong advocate for increased State support of the University. The second source is fees and tuition, and long-term borrowing by students. The third source is reduced costs, which would be achieved by altering and restructuring UC's model. Governor Brown acknowledged that the University finds itself embedded in a larger system of American higher education, and that administrative and professorial salaries are higher at other universities. Nonetheless, UC is a public university. Governor Brown stated that he had pledged to the people of California to use public funds judiciously and to exercise effective, prudent stewardship. He alluded to the Biblical account of Joseph's advice to the Egyptian pharaoh to set aside grain during the years of plenty. This advice, not to spend all one's resources in the first year, would guide Governor Brown in developing his State budget proposal in January 2013. He observed that the University would experience continuing calls for greater efficiency. In many of its programs and activities, the University would have to exercise financial restraint, and there would be great resistance to such restraint. The leaders of the UC system must demonstrate that they are living within the new paradigm to be created, a university that functions at a lower cost ratio than was currently the case. He acknowledged that UC is in a competitive position and is judged against other institutions. Governor Brown stated his belief that the proposed \$50,000 increase for the new chancellor did not reflect the spirit of "servant leadership" that would be required in the years to come. He expressed his intention to work with the University and the awareness that the University faces a long-term challenge much greater than the question of any one salary. He looked forward to collaborating with the University at all levels to fulfill its mission and to serve the people of California.

Regent Newsom echoed Governor Brown's distinction between the quality of the candidate and the proposed salary enhancement. The Berkeley campus would be fortunate in having this outstanding new leader. He recognized the contributions of outgoing Chancellor Birgeneau.

Regent Kieffer expressed agreement with Governor Brown on the point that all universities would soon undergo major changes and that difficult measures would have to

be taken. The University would experience a difficult period as a new model for the delivery of education was being developed. In the case of the proposed salary for the new chancellor, Regent Kieffer stressed that it concerned the foremost public university in the world. The proposed salary was within the lower part of the range for Association of American Universities institutions, well below average. UC has set an example by keeping its compensation within the bottom third of this range, and thus has already begun to draw down income disparities and the growth of executive compensation. The proposed salary was below that for comparable positions at almost all major American universities, such as the Universities of Michigan, Virginia, and Texas.

Regent Varner noted that contributions from the private sector were an important alternative source of revenue for the University. In the case of this compensation package, the amount exceeding the salary of the prior incumbent would be paid for with new private funds dedicated for that purpose. In the future, substantial amounts of private support would be directed to student scholarships.

President Yudof stressed that he and Governor Brown agree on many issues of concern to the University, such as online learning, faculty involvement, private giving, and maintaining lower tuition levels. He recalled that Governor Brown has responsibility for the budgets of many other State institutions and programs. He anticipated that the University would work with the Governor in a collaborative manner. He observed that these are challenging times for the University because the current models for financing and delivery of education may no longer be sufficient. He emphasized his own wish to secure the very best candidate for the chancellor position at UC Berkeley.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Island, Kieffer, Lansing, Mendelson, Ruiz, Stein, Varner, and Yudof (8) voting "aye" and Governor Brown (1) voting "no."¹

3. **APPROVAL OF TOTAL COMPENSATION FOR JANE CONOLEY AS ACTING CHANCELLOR, RIVERSIDE CAMPUS AS DISCUSSED IN REGENTS ONLY SESSION**

Background to Recommendation

The President recommended the appointment of Jane Close Conoley to serve as the Acting Chancellor of the University of California, Riverside. Ms. Conoley will serve until the appointment of a successor to Chancellor Timothy White, who is departing at the end of December 2012 to become chancellor of the California State University system.

¹ Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code §11123(b)(1)(D)] for all meetings held by teleconference.

Ms. Conoley currently serves as the Dean of the Gevirtz Graduate School of Education at the University of California, Santa Barbara. She is also a full professor in the Counseling, Clinical, and School Psychology Department.

Ms. Conoley became Dean of the Gevirtz Graduate School of Education at UC Santa Barbara in January 2006 after serving for ten years as Dean of the College of Education and Human Development at Texas A&M University, where she was a professor of educational psychology.

Under her leadership, the Gevirtz School has become ranked by *U.S. News and World Report* among the top 50 graduate schools of education.

Ms. Conoley graduated from the College of New Rochelle with a bachelor's degree in psychology. She earned a Ph.D. degree in school psychology at the University of Texas at Austin.

Recommendation

The Committee recommended that, contingent upon and effective with Jane Conoley's appointment by the Regents as Acting Chancellor of the Riverside campus, the following items be approved in connection with that appointment:

- A. Per policy, an annual base salary of \$245,600, funded by State and other sources for the duration of the Acting Chancellor appointment and also for the transition period of up to two months thereafter.
- B. Per policy, annual automobile allowance of \$8,916.
- C. Per policy, a University-provided house on campus while serving as Acting Chancellor.
- D. The University will arrange for packing and relocation of household goods and personal effects associated with the temporary relocation to Riverside. The University will also arrange to pack and move Ms. Conoley's personal library and other related equipment and materials, subject to the limitations under University policy.
- E. Consistent with past practice, when Ms. Conoley leaves the Acting Chancellor position and returns to the University faculty at UC Santa Barbara, the University will arrange for the relocation of personal belongings, including her library and any other related equipment and materials to her home and the UC Santa Barbara campus, respectively.
- F. Per policy, continued eligibility to participate in the UC Home Loan Program.

- G. Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- H. If Ms. Conoley maintains an active research program during her appointment as Acting Chancellor, an annual allocation of campus funding will be established for this research during the term as Acting Chancellor.
- I. Reimbursement of reasonable travel expenses, as defined by policy, for all business-related visits to the campus prior to Ms. Conoley's official start date.
- J. Per policy, two round trips each for the candidate and her spouse, for the purposes of organizing the move into the University-provided house, subject to the limitations under policy.
- K. Per policy, continued participation in standard pension and health and welfare benefits.
- L. Per policy, continued accrual of sabbatical credits as a member of tenured faculty.
- M. Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: on or about December 31, 2012

Base Salary: \$245,600

Target Cash Compensation:* \$245,600

Funding: partially or fully State-funded

Budget &/or Prior Incumbent Data

Title: Chancellor

Base Salary: \$325,000

Target Cash Compensation:* \$325,000

Funding: partially or fully State-funded

* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

COMPETITIVE ANALYSIS

MARKET REFERENCE ZONES FOR CHANCELLOR (BASE SALARY)						MARKET REFERENCE ZONES FOR CHANCELLOR (TARGET CASH)				
Percentiles	25 th	50 th	60 th	75 th	90 th	25 th	50 th	60 th	75 th	90 th
Market Data	\$380	\$508	\$583	\$695	\$876	\$374	\$638	\$696	\$782	\$868
% Difference from Market	-35.4%	-51.7%	-57.9%	-64.7%	-72.0%	-34.3%	-61.5%	-64.7%	-68.6%	-71.7%

Survey Source: College and University Professional Association (CUPA) survey and Mercer Chancellor Compensation Survey

The compensation described above shall constitute the University’s total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: President Yudof
Reviewed by: Office of the President, Human Resources
 Committee on Compensation Chair Ruiz

[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 Chair Ruiz briefly introduced the item.

Upon motion duly made and seconded, the Committee approved the President’s recommendation and voted to present it to the Board, Regents Brown, Island, Kieffer, Lansing, Mendelson, Ruiz, Stein, Varner, and Yudof (9) voting “aye.”

The meeting adjourned at 12:10 p.m.

Attest:

Secretary and Chief of Staff