Office of the President

TO MEMBERS OF THE COMMITTEE ON COMPENSATION:

DISCUSSION ITEM

For Meeting of March 19, 2008

ANNUAL REPORT ON EXECUTIVE COMPENSATION FOR CALENDAR YEAR 2007: INCUMBENTS IN CERTAIN SENIOR MANAGEMENT POSITIONS

The University’s Annual Report on Executive Compensation for Calendar Year 2007 is provided as an Attachment. This report provides detailed compensation-related data on the population subject to Regental review and approval. A subset of this report – data for all Officers of the University and the Corporation (generally, direct reports to the Regents), including deans – is required to be submitted to the Legislature as part of UC’s reporting obligation under the 2006-07 Budget Act.

The content and layout of this report, compliant with legislative reporting requirements, were approved by the Regents at the January 2007 meeting. This report presents the following information for calendar year 2007:

Population covered: This report includes all incumbents in the “senior officials” listing as referenced in the Budget Act. This report also includes the population that currently requires Regental review and approval, e.g., those administrators in slotted positions and certain positions that are not slotted, such as coaches, whose potential total cash compensation exceeds the Indexed Compensation Level (ICL), currently $205,000 per annum.

The attached report displays compensation details on approximately 535 incumbents and former incumbents, including those in acting capacities and those who stepped down or terminated employment. If an individual held more than one position during 2007, e.g., Acting Dean and then was appointed Dean, each position is reported.

Cash compensation: The report presents the following compensation details on each person: annualized base salary, annualized stipends, actual payments received under incentive or bonus programs, total actual Health Sciences Compensation Plan (HSCP) payments, and other cash compensation or cash payments. A subtotal of these elements is also provided. Please note that this information is a combination of data that represents actual payments and annualized figures. The annualized figures for base salary and stipends were chosen over actual pay to avoid problems with partial year assignments. For example, actual pay for a new employee who starts employment with the University in November with an annualized base salary of
$240,000 would be only $40,000. In many cases, stipends (which are represented in the report as annualized figures) may only be paid for a portion of the year and therefore do not reflect what the recipient actually received. In some cases, individuals received the stipend for less than the full year, but the annualized figure is still represented.

Health Sciences Compensation Plan payments are provided and displayed in a separate column for those participants who participate in this program. The amounts displayed in this column reflect actual payments to the individuals and include income processed through the HSCP (per policy) from qualified outside activities, such as speaking engagements. Since an individual’s outside activities fluctuate from year to year, the HSCP payments may fluctuate accordingly.

One-time payments/reimbursements are made to the employee or on behalf of the employee to a third-party vendor, including relocation allowances, temporary housing reimbursements or allowances, and moving expense reimbursements. Some of the information displayed in this section is described in more detail in the attached Addendum.

Benefits and perquisites include leased auto or auto allowance, senior management benefits (including some or all of the following: life insurance, executive business travel insurance, executive salary continuation for disability), University-provided housing, severance benefits, senior management supplemental benefit program contributions, additional post-retirement benefits (including medical coverage, enhanced retirement income benefits, enhanced retirement vesting schedules, etc.), and home mortgage loans provided under the University programs (the original loan amount is presented). Auto allowances are represented as annualized figures. In some cases, individuals received the allowance for less than the full year, but the annualized figure is still represented. Where post-retirement or severance benefits are noted, further detail is provided in the Addendum.

Data Collection, Review, Audit and Certification Process
This Annual Report on Compensation was produced from data collected manually by each campus and laboratory using a variety of sources such as payroll, accounts payable, personnel records, and other sources to populate a data warehouse, the Senior Leadership Information System (SLIS). Multiple data quality reviews were conducted by the Office of the President (OP) and local entities. The first certification occurred at the individual level when each person received a report from SLIS displaying his or her data and was asked to certify that the information was accurate and complete. Each person also certified that there were no other forms of compensation paid to him or her, nor did he or she have any other compensation due that had yet to be paid. In addition, campus and OP auditors reviewed the population and data, checking against source records to validate the accuracy and completeness of the data entry and the reportable population. Each Chancellor and the Laboratory Director reviewed his or her group data, certifying that the population contained in the report was accurate and complete.
Additional Items for Follow-up

During the course of producing this report, five items emerged as having needed Regental approval where none was obtained. Although these were minor infractions caused by administrative oversight, action is being pursued to bring them before the Regents.

These items included payment beyond policy for moving expenses, exceptional vacation accrual, stipend payment, and payment as adjunct professor that took the individual’s total compensation over $205,000. Of these five items, three came from the campuses and two from the Office of the President.

(Attachments: One Two)