

Office of the President

TO MEMBERS OF THE COMMITTEE ON COMPENSATION:

ACTION ITEM

For Meeting of September 18, 2014

POLICY ON COMPENSATION FOR CHANCELLORS

RECOMMENDATION

The President of the University recommends that the Committee on Compensation recommend to the Regents that the following policy be approved to ensure the competitive compensation of chancellors:

The chancellors of the University of California system provide leadership that is critical to the continuing success of their individual schools and the system as a whole. As a result, it is essential that UC remain competitive in the compensation of these key leaders in order to recruit and retain the most highly qualified chancellors. This is particularly important in light of increasing responsibilities of chancellors and the dynamic market for university leaders of this caliber.

The following shall be used to determine whether compensation for UC chancellors is competitive: how the compensation for UC chancellors compares to that of the leaders of comparable institutions in both the Association of American Universities and the comparator institutions traditionally used for compensation comparisons, as well as other relevant indicators such as the appropriate Market Reference Zone.

When a UC chancellor's compensation falls behind the market for university leaders as measured by these indicators, the President shall recommend to the Regents an adjustment to the applicable chancellor's compensation so that it is more competitive with, though not necessarily equal to, the average compensation at such peer institutions. The President shall assess chancellors' compensation annually and recommend any adjustments to the Regents.

BACKGROUND

Remaining competitive with regard to compensation for the University's chancellors is of the utmost importance to the UC system. The President of the University recommends adoption of the following policy which provides a process for the President to present recommendations to the Regents to adjust any chancellor's compensation when it falls significantly behind the

average compensation for chancellors at Association of American Universities (AAU) and comparator institutions.