

The Regents of the University of California

**GOVERNANCE COMMITTEE**

January 19, 2022

The Governance Committee met on the above date by teleconference meeting conducted in accordance with California Government Code §§ 11133.

Members present: Regents Cohen, Drake, Elliott, Estolano, Leib, Park, Pérez, Reilly, Sherman, and Sures

In attendance: Regents Anguiano, Hernandez, Kounalakis, Lansing, Lott, Makarechian, and Zaragoza, Regents-designate Blas Pedral and Timmons, Faculty Representatives Cochran and Horwitz, Secretary and Chief of Staff Shaw, General Counsel Robinson, Provost Brown, Executive Vice President Byington, Executive Vice President and Chief Operating Officer Nava, Senior Vice President Colburn, Vice President Lloyd, Chancellors Christ, Gillman, Hawgood, Khosla, Muñoz, and Yang, and Recording Secretary Johns

The meeting convened at 4:40 p.m. with Committee Chair Estolano presiding.

**1. APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of September 29, 2021 were approved, Regents Cohen, Drake, Elliott, Estolano, Leib, Park, Pérez, Reilly, Sherman, and Sures voting “aye.”<sup>1</sup>

**2. APPROVAL OF MARKET-BASED SALARY ADJUSTMENTS FOR CERTAIN LEVEL ONE SENIOR MANAGEMENT GROUP EMPLOYEES AS DISCUSSED IN CLOSED SESSION**

The President of the University recommended approval of the salary adjustment percentages for certain Level One Senior Management Group employees, within policy, as noted below:

- A. Effective March 1, 2022, adjustment to a baseline of \$519,400, which is the 25th percentile of the comparative market data.
- B. Effective July 1, 2022, market-based adjustment.
- C. Effective July 1, 2023, market-based adjustment.

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

Title	Incumbent		Current Salary	To Baseline (\$519,400) Effective 3/1/22	Adjustment Effective 7/1/22	Adjustment Effective 7/1/23	Annual Base Salary After Proposed Adjustments <sup>1</sup>	Comparative Market Percentile
Chancellor – UCB	Carol	Christ	\$581,266	N/A	4.8%	4.8%	\$637,798	40.2%
Chancellor – UCD	Gary	May	\$540,911	N/A	4.3%	4.3%	\$587,865	33.8%
Chancellor – UCI	Howard	Gillman	\$562,256	N/A	3.0%	3.0%	\$596,497	34.9%
Chancellor – UCLA	Gene	Block	\$511,630	1.5%	11.0%	11.0%	\$639,953	40.5%
Chancellor – UCM	Juan	Munoz	\$437,750	18.7%	0.2%	0.2%	\$521,896	25.3%
Chancellor – UCR	Kim	Wilcox	\$444,194	16.9%	3.2%	3.2%	\$552,638	29.4%
Chancellor – UCSB	Henry	Yang	\$451,362	15.1%	5.7%	5.7%	\$579,750	32.8%
Chancellor – UCSC	Cynthia	Larive	\$437,750	18.7%	2.3%	2.3%	\$543,036	28.0%
Chancellor – UCSD	Pradeep	Khosla	\$505,598	2.7%	8.7%	8.7%	\$613,707	37.2%

1-Chancellors remain eligible for merit and/or general increases under annual systemwide salary programs

The base salaries described above shall constitute the University’s total commitment for base salary until modified by the Regents, as applicable under Regents policy, 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.

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

President Drake began the discussion by stating that the University of California is known for excellence in teaching, research, patient care, and public service. Today, the Regents were being asked to approve an item with direct bearing on the University’s ability to uphold and build on this legacy of excellence in the years ahead. The issue was the compensation of UC’s distinguished chancellors. The chancellors who lead UC campuses are renowned scholars, skilled leaders, diplomats, fundraisers, relationship builders, recruiters, and entrepreneurs. Their dedication and commitment is critical to the University’s instructional, research, and operational excellence. Thanks in part to their leadership, UC campuses consistently rank among the best in the U.S. and the world.

Despite the enormous value they bring to the campuses, nine of the ten UC chancellors had base salaries that were substantially below the mid-market for their positions. Of those nine, six had base salaries that were well below the 25th percentile of the comparative market. The background material for this item included a chart showing how UC chancellors' compensation compared to their peers in the Association of American Universities (AAU). On this long list of public and private peers, UC chancellors were clustered together at the bottom. This was because their compensation lagged their public AAU peers by 38 percent and private AAU peers by 65 percent. This gap was especially stark considering the comparative size, complexity, stature, and performance of UC campuses. This under-market compensation had been an issue at UC for more than 15 years. President Drake thanked Committee Chair Estolano for forming a work group in October 2021 to analyze these issues carefully and put forward the recommendation being presented today. He thanked Regent Leib for chairing the work group, which included Regents Cohen and Sures and President Drake. Executive Vice President and Chief Operating Officer Nava and Vice President Lloyd also participated in and staffed the group. The adjustments proposed in this item were the product of the work group's analysis and thoughtful deliberation and represented a step toward more competitive pay for the chancellors. To ensure that the University would make the appropriate market-based salary adjustment for each chancellor, the work group established three guidelines. First, all chancellors would receive a base salary that was at least equal to the 25th percentile of the comparable market data. In fact, Regents policy requires that UC meet this baseline, but the University has not done so for many years. Second, for chancellors whose salary remained below the 50th percentile of the comparable market, the work group proposed additional adjustments that reflected these individuals' years of service and other factors including campus enrollment, operating expenses, and research expenditures. Third, the work group agreed that these adjustments should be put in place over the course of three fiscal years. The total cost of providing these increases for all nine chancellors combined was \$800,000. Even with these increases, their compensation would still rank well below that of their peers, but President Drake underscored that this was a step in the right direction. These adjustments reflected the high quality and diverse leadership of the UC campuses, and the profound contribution the chancellors make to the University every day. For the University, investing in its people was investing in its future.

Regent Leib commented that the work group was diverse in its opinions and spent three months discussing this matter, reviewing data from a variety of sources. It did not take long to come to a decision about the need to raise the chancellors' compensation. It was extraordinary that there was no other classification of UC employees for whom it was considered acceptable to pay compensation less than the 25th percentile of the market rate. The chancellors were under-recognized in many ways. They were outstanding scholars and leaders who contributed to the greatness of the campuses. The proposed action was the right thing to do.

Regent Sures stated that this was an issue of pay equity. The University had an obligation to pay its employees well and should pay its chancellors well. It was unacceptable that UC chancellors' salaries were at the bottom of the list of AAU public university comparators. The University had probably the most diverse group of chancellors of any public university

system and needed to pay them fairly, and this was a first step. The work group reached this solution after much discussion, and Regent Sures believed that it was a fair solution.

Regent Cohen commented that he approached compensation decisions with a fair degree of skepticism, but the data in this case were clear. The chancellors were in challenging positions where they were both academics but in fact also serving as mayors of small cities. The responsibilities of a chancellor's job should not be underestimated. For Regent Cohen, there were two important factors that gave him comfort about the conclusion reached by the work group. First was the comparison of the chancellors' salaries with those of leaders of other public universities. If an executive wished to be paid at the level of a private university, the position of chancellor at UC was not the right position for that person. UC chancellors have shown repeatedly that they are committed to public service. The second factor was the phased in approach. For many years, the Board of Regents had not dealt with this issue and had not adjusted chancellors' salaries; therefore, it also seemed reasonable to phase in this solution. A measured approach was the responsible one.

Regent Leib stressed that this action made a statement that needed to be made.

Regent Pérez proposed that the item be amended so that the salary adjustments occur not over multiple phases, but as one action, effective March 1, 2022. He praised the recommendation that the work group had arrived at. This problem of chancellors' compensation had festered for years. He recalled that an earlier work group, convened by former Chair Kieffer, had proposed a solution, but other issues had intervened and action was not taken. A consensus solution had been found and should be applied with appropriate timing, and that timing would be in one phase.

Regent Lansing stressed that this had been a longstanding problem, for over a decade. She recalled that, when she had served as Chair of the Board, the Regents had wanted to address this matter. It was a time of financial challenges, and the chancellors, when they were informed that the Regents wished to raise their salaries, asked the Regents not to do so. This action was long overdue. Regent Lansing emphasized the chancellors' selflessness and care for the University.

Regent Elliott underscored that the work group spent much time in developing this recommendation. The proposed timing of the salary adjustments was part of that work. For this reason, he would not support the amendment.

Regent Sherman stated that the Regents should be bold and take this action all at once to correct this problem. The Regents knew the goal they wished to reach and there was no reason to wait.

Regent Leib expressed opposition to the proposed amendment because the work group made significant effort to reach a compromise.

Regent Park expressed support for the phasing of sorely needed increases in the chancellors' compensation. There was a rationale for phasing in salary increases, which

was often the case for other categories of UC employees, such as in collective bargaining agreements.

Regent Hernandez stated his view that concern about not following the exact recommendation of the work group seemed less important than correcting this situation of years of inadequate salaries for the chancellors.

Regent Kounalakis commented that the recommendation had been carefully crafted and that amending it to make the adjustments all at once would probably raise questions.

Upon motion duly made and seconded, the amendment was approved, Regents Drake, Estolano, Pérez, Reilly, Sherman, and Sures voting “aye” and Regents Cohen, Elliott, Leib, and Park voting “no.”

Staff Advisor Lakireddy expressed support for this action to increase chancellors’ compensation. This action showed that the University valued the chancellors’ work and vision. She cited the many advocacy efforts carried out by Chancellor Muñoz for UC Merced even during the very challenging time of a pandemic. She asked that chancellors advocate for staff and work to ensure equitable pay for staff on their campuses.

Committee Chair Estolano expressed strong support for the proposed action. The chancellors are scholars, leaders, executives, and extraordinary fundraisers. It was absolutely accurate to compare them to mayors of small cities, except that they also raise funds, forge partnerships, must be leading scholars in their own right, and serve as advocates for their broader communities. She was glad that the Regents were willing to take action to right a wrong.

Regent Cohen explained that he would vote “no” on the amended proposal, but that this should not be taken to mean that he did not support the chancellors.

Regent Reilly thanked the work group. This was an opportunity for the Regents to thank the chancellors for the extraordinary work they do.

Upon motion duly made and seconded, the Committee approved the President’s recommendation as amended and voted to present it to the Board, Regents Drake, Elliott, Estolano, Leib, Park, Pérez, Reilly, Sherman, and Sures voting “aye” and Regent Cohen voting “no.”

The meeting adjourned at 5:10 p.m.

Attest:

Secretary and Chief of Staff