

Office of the President

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

ACTION ITEM

For Meeting of April 6, 2023

APPROVAL OF COMPENSATION COMPONENTS FOR A CHANCELLOR

EXECUTIVE SUMMARY

The Chair of the Board of Regents recommends approval of additional compensation for Pradeep K. Khosla, Chancellor, San Diego Campus. Chancellor Khosla has confidentially disclosed that he has received an offer from a private institution to serve as its president.

Chancellor Khosla's current compensation package consists of a base salary of \$641,324, which is at the 33rd percentile of his position's Market Reference Zone (MRZ), and he receives standard employer contributions to the UC retirement plan. As Chancellor, he also receives University-provided housing and an automobile allowance of \$8,916 per year.

The compensation discussed in this item would assist in being able to retain Chancellor Khosla and help to provide base salary compensation that is more closely aligned to market comparators.

The Chair recommends approval of an increase of \$500,000 to Chancellor Khosla's base salary which will be from a privately funded endowed chair. This salary increase will bring Chancellor Khosla's base salary from \$641,324 to \$1,141,324, effective May 1, 2023.

In relation to the Market Reference Zone for the position of Chancellor, the proposed base salary of \$1,141,324 is 21.2 percent above the 60th percentile (\$942,000) and 7.3 percent below the 75th percentile, placing his salary at the 70th percentile of the MRZ.

In addition, item B2 recommends an amendment to Regents Policy 5309: Policy on the University of California Employee Housing Assistance Program which would allow Chancellors to be eligible for the Program and enable them to purchase a private residence through the Program. If approved, this would assist in the retention of Chancellor Khosla.

RECOMMENDATION

The Chair of the Board of Regents recommends approval by the Board of Regents for the following items in connection with the compensation components for Pradeep Khosla as Chancellor, San Diego Campus, effective May 1, 2023:

- (1) Per policy, an increase in base salary from \$641,524 to \$1,141,524, wherein \$500,000 will be funded through an endowed chair created specifically for the Chancellor position by the UC San Diego Foundation.
- (2) Eligibility to participate in the UC Employee Housing Assistance Program while serving as Chancellor, San Diego Campus.
- (3) Per policy, continuation of University-provided housing.
- (4) Per policy, continuation of an annual automobile allowance of \$8,916.
- (5) Per policy, continuation of arrangements by the University for the relocation of household goods and personal effects, including Chancellor Khosla's personal library, laboratory, and any other related equipment and materials to a location of his choice in California if he leaves the Chancellor position and returns to the University faculty at a University of California campus.
- (6) Per policy, continuation of an administrative fund established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- (7) Per policy, continuation of an annual allocation of campus funding for his research during his term as Chancellor, if Chancellor Khosla maintains an active research program during his appointment as Chancellor.
- (8) Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability after five consecutive years of service in a Senior Management Group position).
- (9) Per policy, continued eligibility to accrue sabbatical credits as a member of the tenured faculty, consistent with academic personnel policy.
- (10) Chancellor Khosla will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: May 1, 2023

Annual Base Salary: \$1,141,324; \$641,324 to be paid with no change to current funding sources, plus \$500,000 to be funded by an endowed chair.

Incentive Compensation: N/A

Target Cash Compensation*: \$1,141,324

Current Compensation

Title: Chancellor, San Diego Campus

Annual Base Salary: \$641,324

Incentive Compensation: N/A

Target Cash Compensation*: \$641,324

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

**COMPETITIVE ANALYSIS FOR
CHANCELLOR, SAN DIEGO CAMPUS
(MRZ TITLE: CHANCELLOR)**

| Percentiles | MARKET REFERENCE ZONE FOR BASE SALARY | | | | |
|--------------|---------------------------------------|------------------|------------------|------------------|------------------|
| | 25 th | 50 th | 60 th | 75 th | 90 th |
| Market Data | \$558.7k | \$832.4k | \$942.0k | \$1231.2k | \$1639.7k |
| % Difference | 104.3% | 37.1% | 21.2% | -7.3% | -30.4% |

Survey Source: CUPA Administrators in Higher Education Salary Survey, Mercer Benchmark Database Survey, and Towers-Watson CDB General Industry Executive Survey. Market data for this position reports base salary only.

The compensation described above shall constitute the University’s total commitment 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.