

Office of the President

TO MEMBERS OF THE COMMITTEE ON COMPENSATION:

ACTION ITEM

For Meeting of July 21, 2016

APPROVAL OF SALARY ADJUSTMENTS FOR CERTAIN MEMBERS OF THE SENIOR MANAGEMENT GROUP AS DISCUSSED IN REGENTS ONLY SESSION

EXECUTIVE SUMMARY

Consistent with the 2016 salary program for non-represented staff at all levels, the President of the University recommends approval of base salary adjustments for certain members of the Senior Management Group (SMG). The proposed adjustments apply only to Level One SMG members who were in their current role on or before January 1, 2016 and who have not received a salary increase on or after January 1, 2016.

Level One SMG members have had three general salary increases in the past nine years. Over this period, since 2007, wages within the Western region labor market increased by approximately 30 percent and the cost of living increased by more than 17 percent. The general lack of salary or merit programs during this period has had a detrimental impact on the University's competitive position, making it more difficult to recruit and retain employees for senior leadership and staff positions.

This year, consistent with past years' findings, chancellors continue to rank in the bottom third compared to their counterparts at other Association of American Universities (AAU) institutions with regard to base salary and total cash compensation; please refer to Attachment 1. Many other AAU institutions offer other forms of cash compensation that UC does not offer, which further exacerbates the problem.

Participation by the SMG members in this organization-wide, non-represented staff salary program will allow the University to keep pace with general salary movement in the labor market. This program also aligns with President Napolitano's movement toward a more predictable salary program consistent with the budget agreement reached with the Governor that provided for four years of stable funding.

RECOMMENDATION

The Committee recommends approval of the salary adjustments for the individuals listed below, effective July 1, 2016.

Last Name	First Name	Working Title	Current Annual Base Salary	Proposed Salary Increase %	Proposed Annual Base Salary	Funding Source
Bachher*	Jagdeep	Chief Investment Officer and Vice President - Investments	\$633,450	3.0%	\$652,454	Non-State
Block	Gene	Chancellor	\$441,334	3.0%	\$454,574	Partial State
Blumenthal	George	Chancellor	\$383,160	3.0%	\$394,655	Partial State
Brostrom	Nathan	Executive Vice President and Chief Financial Officer	\$412,000	3.0%	\$424,360	Partial State
Budil	Kimberly	Vice President - Laboratory Management	\$365,650	3.0%	\$376,620	Non-State
Dirks	Nicholas	Chancellor	\$516,446	3.0%	\$531,939	Partial State
Dorr	Aimee	Provost and Executive Vice President - Academic Affairs	\$371,315	3.0%	\$382,454	Partial State
Gillman	Howard	Chancellor	\$485,000	3.0%	\$499,550	Partial State
Hawgood	Samuel	Chancellor	\$772,500	3.0%	\$795,675	Partial State
Henderson	Julie	Senior Vice President - Public Affairs	\$280,000	3.0%	\$288,400	Partial State
Khosla	Pradeep	Chancellor	\$436,120	3.0%	\$449,204	Partial State
Leland	Dorothy	Chancellor	\$383,160	3.0%	\$394,655	Partial State
Peacock	Nelson	Senior Vice President - Government Relations	\$280,000	3.0%	\$288,400	Partial State
Robinson	Charles	General Counsel and Vice President - Legal Affairs	\$441,334	3.0%	\$454,574	Partial State
Shaw	Anne	Secretary and Chief of Staff to the Regents	\$231,750	3.0%	\$238,703	Partial State
Stobo*	John	Executive Vice President - UC Health	\$615,322	3.0%	\$633,782	Partial State
Vacca	Sheryl	Senior Vice President - Chief Compliance and Audit Officer	\$429,665	3.0%	\$442,555	Partial State
Wilcox	Kim	Chancellor	\$383,160	3.0%	\$394,655	Partial State
Yang	Henry T.	Chancellor	\$389,340	3.0%	\$401,020	Partial State

* These Senior Management Group members are eligible for incentive pay authorized by the Regents.

The base salary described above shall constitute the University's total commitment for base salary until modified by the Regents or the President, 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.

Submitted by: President Napolitano

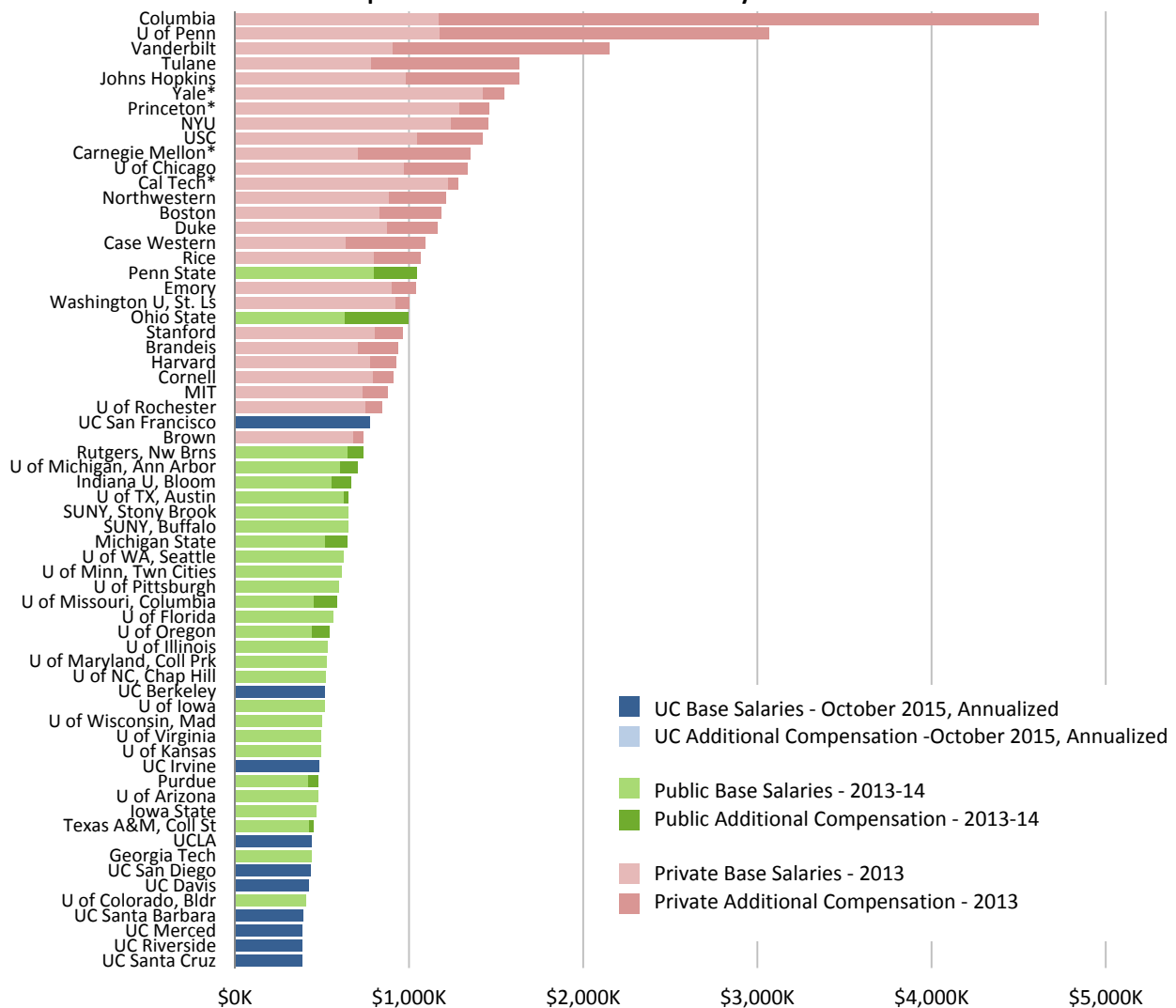
**Reviewed by: Committee on Compensation Chair Reiss
Office of the President, Human Resources**

(Attachment)

UC chancellors place among the lowest-paid when compared to their Association of American Universities (AAU) peers despite recent UC salary increases

With the recently published updated compensation data for private institution leaders, UC chancellors continue to place among the lowest-paid university leaders when compared with their AAU peers. This placement of UC chancellors remains unchanged from the previous analysis in June 2015 despite recent salary increases. Nine UC chancellor salaries fall among the lowest third in this comparison group. UC San Francisco, an exclusively graduate health science campus, is the only exception. Seven UC chancellors are among the ten lowest-paid leaders within this comparison group.

Base Salaries and Additional Compensation for UC and AAU University Leaders



Data source: *The Chronicle of Higher Education Executive Compensation Report* and institutional data sources. Base salary is the minimum salary an employee receives. Additional compensation includes other pay (e.g., bonus & incentive, severance and deferred-paid out). It does not include deferred compensation-set aside. UC chancellors do not receive additional compensation. As per *Chronicle* instructions, auto allowances are not included.

*Due to change of leadership at four private institutions, the reported partial-year compensation was annualized for this report.

APPENDIX

UC and AAU Member Public and Private Institutions Chancellor/President Salaries

Private institutions: Calendar Year 2013

Public institutions: Fiscal Year 2013-14

UC campuses: October 2015, Annualized

Institution Name	Base Salary	Total Compensation
	Pub: FY 13-14 Priv: CY 2013	
Columbia University in the City of New York	\$1,170,200	\$4,615,230
University of Pennsylvania	\$1,175,307	\$3,065,746
Vanderbilt University	\$904,469	\$2,147,452
Tulane University of Louisiana	\$784,000	\$1,634,000
Johns Hopkins University	\$981,325	\$1,629,325
Yale University (started July 2013)*	\$1,423,490	\$1,543,974
Princeton University (started July 2013)*	\$1,289,032	\$1,461,262
New York University	\$1,242,636	\$1,452,992
University of Southern California	\$1,047,563	\$1,422,458
Carnegie Mellon University (started July 2013)*	\$706,528	\$1,353,798
University of Chicago	\$974,462	\$1,337,869
California Institute of Technology (interim started July 2013)*	\$1,226,196	\$1,280,590
Northwestern University	\$883,747	\$1,211,285
Boston University	\$828,861	\$1,182,534
Duke University	\$873,792	\$1,159,855
Case Western Reserve University	\$635,668	\$1,092,979
Rice University	\$802,175	\$1,067,362
Pennsylvania State University, Main Campus (Started April 2014)**	\$800,000	\$1,047,538
Emory University	\$902,865	\$1,039,772
Washington University, St. Louis	\$924,335	\$1,004,194
Ohio State University, Main Campus (Interim)	\$634,572	\$996,169
Stanford University	\$805,963	\$963,248
Brandeis University	\$709,821	\$938,759
Harvard University	\$779,283	\$929,584
Cornell University	\$790,839	\$907,191
Massachusetts Institute of Technology	\$737,241	\$878,324
University of Rochester	\$753,772	\$846,890
University of California, San Francisco***	\$772,500	\$772,500
Brown University	\$682,500	\$739,681
Rutgers University, New Brunswick	\$649,624	\$739,624

APPENDIX

Institution Name	Base Salary	Total Compensation
	Pub: FY 13-14 Priv: CY 2013	
University of Michigan, Ann Arbor	\$603,357	\$703,357
Indiana University, Bloomington	\$555,745	\$666,893
The University of Texas, Austin**	\$624,350	\$650,952
State University of New York, Buffalo	\$650,000	\$650,000
State University of New York, Stony Brook	\$650,000	\$650,000
Michigan State University	\$520,000	\$645,000
University of Washington, Seattle	\$622,008	\$622,008
University of Minnesota, Twin Cities	\$610,000	\$610,000
University of Pittsburgh	\$597,500	\$597,500
University of Missouri, Columbia (Started February 2014)**	\$450,000	\$585,000
University of Florida	\$564,553	\$564,553
University of Oregon	\$444,004	\$544,004
University of Illinois, Urbana-Champaign	\$530,501	\$530,501
University of Maryland, College Park	\$526,590	\$526,590
University of North Carolina, Chapel Hill	\$520,000	\$520,000
University of California, Berkeley	\$516,446	\$516,446
University of Iowa	\$513,003	\$513,003
University of Wisconsin, Madison	\$499,950	\$499,950
University of Virginia, Main Campus	\$494,700	\$494,700
University of Kansas	\$492,650	\$492,650
University of California, Irvine	\$485,000	\$485,000
Purdue University, Main Campus	\$420,000	\$478,154
University of Arizona	\$475,000	\$475,000
Iowa State University	\$466,752	\$466,752
Texas A & M University, College Station (Interim)	\$425,000	\$451,818
University of California, Los Angeles	\$441,334	\$441,334
Georgia Institute of Technology	\$440,000	\$440,000
University of California, San Diego	\$436,119	\$436,119
University of California, Davis	\$424,360	\$424,360
University of Colorado, Boulder	\$406,505	\$406,505
University of California, Santa Barbara	\$389,340	\$389,340
University of California, Santa Cruz***	\$383,160	\$383,160
University of California, Riverside***	\$383,160	\$383,160
University of California, Merced***	\$383,160	\$383,160

APPENDIX

Data Sources: *The Chronicle of Higher Education Executive Compensation Report* (private institutions CY 2013, data published 12/6/2015, public institutions FY 2013-14 data published 6/8/2015), UC campuses October 2015 (annualized), and institutional sources.

-Private institution information was obtained from IRS form 990. Public institution information was collected by exclusive survey conducted by The Chronicle and consultation with individual institutions.

Private Institutions:

-Base salary is separate from bonus & incentive and other compensation. Base salary may include sick pay paid by the employer, employee contributions to a 401(k) or 403(b) plan.

Public Institutions:

-Instructions for The Chronicle survey were to report Fiscal Year 2013-14 actual base pay.

-Salary for UC campuses is the annualized October 2015 salary

Deferred compensation-set aside is not included within the total compensation figure.

*Due to change of leadership at four private institutions (Cal Tech, Carnegie Mellon, Princeton, and Yale), the reported partial-year compensation was annualized for this report.

**Where necessary, the base salary was determined through research and communication with institutional representatives.

***UC Merced, UC Riverside, UC San Francisco, and UC Santa Cruz are not members of AAU.