

**Office of the President**

**TO MEMBERS OF THE GOVERNANCE COMMITTEE:**

**ACTION ITEM**

*For Meeting of September 19, 2024*

**APPROVAL OF MARKET-BASED SALARY ADJUSTMENTS FOR CERTAIN UC  
CHANCELLORS AS DISCUSSED IN CLOSED SESSION**

**EXECUTIVE SUMMARY**

The President of the University recommends approval of market-based salary adjustments for seven chancellors (UC Davis, UC Irvine, UC Merced, UC Riverside, UC Santa Barbara, UC Santa Cruz, and UC San Francisco) to bring their base salaries into alignment with the current market as well as internal and industry peers, effective September 1, 2024.

UC consistently ranks as one of the best institutions in the world, among both public and private universities, and is known for its excellence in teaching, research, patient care, and public service.

UC's faculty, staff and administrative leaders are responsible for the high quality of UC's myriad contributions to the public throughout California, across the nation, and around the world. Compensating personnel fairly at all levels is essential to maintaining the excellence of UC's workforce to meet the commitments UC makes to those the University serves.

The chancellors who lead UC's ten campuses, each a top-ranked university in its own right, are renowned scholars and administrative leaders with significant responsibility for ensuring instructional, research, and operational excellence and continually advancing UC's service to the public.

Although UC campuses consistently rank among the best in the U.S. and the world, UC chancellors are among the lowest-paid compared to their peers nationwide as reflected in Attachment 1. Base salaries for UC chancellors trail by 20 percent among their peers at other public Association of American Universities (AAU) member institutions, and by 43 percent among their peers at private AAU member institutions, despite the size, complexity, and stature of UC campuses.

The data in Attachment 1 is taken from an executive survey completed and published by the *Chronicle of Higher Education*. The data for AAU public universities is from calendar year 2023 and the AAU private university data is taken from publicly available 2021 Form 990 filings.

The gap in compensation between AAU institutions and UC locations may be larger than represented in Attachment 1 when one considers compensation actions and/or new appointments that have occurred at some or all of the AAU institutions since the data in Attachment 1 was gathered.

For example, recently announced increases in compensation for several AAU public university presidents/chancellors, including Pennsylvania State University, Georgia Institution of Technology, and University of Wisconsin-Madison, indicate that these base salaries increased by close to 20 percent compared to the data in Attachment 1. Announcements of newly appointed presidents/chancellors at several AAU public universities, including Michigan State University, Texas A&M University – College Station, and University of Colorado at Boulder, indicate that the base salaries for the new appointees were more than 30 percent above the salaries of the previous incumbents listed in Attachment 1.

As noted in Regents Policy 7103, Policy on Compensation for Chancellors, “When a UC chancellor’s compensation falls behind the market for university leaders ... the President shall recommend to the Regents an adjustment to the applicable chancellor’s compensation so that it is more competitive with ... peer institutions.”

There are seven UC chancellors whose compensation lags behind the market based on peer institution data as represented in the UC chancellor Market Reference Zone, which is an aggregate of data from salary survey data obtained from established salary survey resources, for example, the executive compensation survey by the College and University Personnel Association (CUPA).

Salary adjustments are being requested for these seven chancellors to better align their base salaries to their experience, expertise, and comparative market salaries for their roles. On average, prior to the 2024-25 systemwide salary program general increase proposed under a separate item, the base salaries for the seven chancellors are at the 30th (30.2) percentile of the UC Chancellor Market Reference Zone (MRZ). When the 2024-25 systemwide salary program general increase of 4.2 percent is included, the base salaries for the seven chancellors, on average, would be at the 32nd (32.0) percentile of the MRZ.

For better market alignment, the market-based salary adjustments proposed in this item bring the base salaries for the seven chancellors, on average, to the 48th (48.1) percentile of the MRZ.

The proposed salary adjustments will be funded through private sources and not use State funding or tuition revenue. The total amount for the seven proposed salary adjustments is \$1,317,440. The proposed salary adjustments are intended to help UC continue to recruit and retain the caliber of diverse leadership required to maintain UC’s excellence and the quality of UC’s contributions to the public.

Consistent with policy, the proposed increases are in addition to the 2024-25 systemwide salary program general increases of 4.2 percent for UC chancellors, effective July 1, 2024, which are being presented for approval under a separate item. Approval by the Regents of the market-based

salary adjustments is required as the chancellors are Level One members of the Senior Management Group.

**RECOMMENDATION**

The Committee recommends approval of market-based salary adjustments for certain chancellors, within policy, effective September 1, 2024 as noted below:

Location	Name of Chancellor	Base Salary* Including 2024 Systemwide General Increase (4.2%) Pending Approval	MRZ Percentile	Market-Based Increase Funded through Private Sources**	Increase %	Total Proposed Base Salary After Market-Based Increase	MRZ Percentile After Market-Based Increase
UCD	Gary May	\$669,588	29.3	\$225,412	33.7%	\$895,000	50.2
UCI	Howard Gillman	\$679,416	30.2	\$215,584	31.7%	\$895,000	50.2
UCM	Juan Sanchez Muñoz	\$594,444	23.8	\$190,556	32.1%	\$785,000	40.0
UCR	Kim Wilcox	\$629,472	25.6	\$180,528	28.7%	\$810,000	42.3
UCSB	Henry Yang	\$660,348	28.4	\$159,652	24.2%	\$820,000	43.2
UCSC	Cynthia Larive***	\$618,528	24.8	\$176,472	28.5%	\$795,000	40.9
UCSF	Sam Hawgood	\$1,020,024	62.1	\$169,236	16.6%	\$1,189,260	69.6

\* For the UCD and UCSF Chancellors, a portion of their current base salaries (including the pending 2024-25 general increases) are paid through private sources (UCD - \$100,437; UCSF - \$336,605).

\*\* No State funds or tuition revenue to be used for the proposed market-based salary adjustments; funding will be through private sources.

\*\*\* The UCSC Chancellor will voluntarily forego any increases to base salary for FY 24-25. This salary increase will be subject to approval by the President, Chair of the Board, and Vice Chair of the Board before implementation.

The base salaries described above shall constitute the University’s total commitment for base salaries 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.