

ANNUAL REPORT ON EXECUTIVE COMPENSATION FOR CALENDAR YEAR 2015: DEANS AND CERTAIN FULL-TIME FACULTY ADMINISTRATORS

BACKGROUND AND RELEVANT POLICY

This document provides an overview of the Annual Report on Executive Compensation for Calendar Year 2015: Deans and Certain Full-Time Faculty Administrators (“APP Report”) and an Addendum to the Annual Report on Executive Compensation for Calendar Year 2015: Deans and Certain Full-Time Faculty Administrators (“Addendum”). The APP Report details all aspects of deans’ and certain full-time faculty administrators’ compensation and is posted on the University of California Office of the President website as a measure of the University’s commitment to public access, accountability, and transparency. The Addendum provides a description of compensation beyond the base salary, as well as information on new appointments and salary increases.

The APP Report reflects compensation paid to all deans and certain full-time faculty administrators in the Academic Personnel Program (including those serving in acting or interim roles) during calendar year 2015 as certified by the campus Academic Personnel Offices. The APP Report has been issued each year since The Regents’ actions transferred these academic administrators out of the Senior Management Group (SMG) and into the Academic Personnel Program in 2010.

The collection of information pertaining to these academic administrators is governed by the following:

- Regents’ Standing Order 101.2 Compensation
- Regents’ Action Items
- Deans’ Salary Structure Proposal to Regents: Transfer of Deans from the Senior Management Group Program to Academic Titles (approved by Regents 11/19/2009, effective 1/1/2010)
- Transfer of Faculty Administrator Titles Other than Deans from the Senior Management Group Program to Academic Personnel (approved by Regents 5/20/2010, effective 7/1/2010)
- Academic Personnel Manual Section 240-18, Deans, Salary (effective 1/1/2010)
- Academic Personnel Manual Section 246-18, Faculty Administrators (100% Time), Salary (effective 7/1/2010)

REPORT FORMAT AND CONTENT

The original content and layout of the Report on Executive Compensation for Incumbents in Certain SMG Positions was approved by The Regents in January 2007.

In November 2011, in the interest of report transparency, accountability, and accuracy, The Regents delegated authority to the president to modify the Annual Report on Executive Compensation produced by the SMG unit (“SMG Report”), consistent with the recommendations of the Task Force on UC Compensation, Transparency and Accountability. This delegation applied to the APP Report as well. In February 2012, President Yudof approved modifying reporting (including the APP Report) to reflect actual compensation received rather than a mixture of actual and annualized data, providing a more accurate reflection of each appointee’s actual compensation for the reporting period.

In line with these approvals, the APP Report replicates the SMG Report format and content to the extent possible. As in the 2014 APP Reports, the following columns in the SMG format are omitted because deans and certain full-time faculty administrators are ineligible for these benefits: Actual Bonuses/Incentives Received; Actual Auto Allowance Paid; University Provided Housing; Severance Benefits; Senior Management Supplemental Benefit; and Additional Post-retirement Benefits. The Actual Health Sciences Compensation Plan Received column, appearing in the SMG Report, has also been omitted from the APP Report since the category applies to relatively few of those covered in the APP Report. Instead, negotiated compensation for Health Sciences Compensation Plan (“HSCP”) participants paid as “Y” and “Z” components (per policy, APM - 670-14-a and APM - 670-18-c) is reported in the

Other Negotiated Compensation Received column of the APP Report.

The following information provides a description of the data in each column of the APP Report:

Annualized Base Salary as of 12/31/15: This column reports the annualized base salary rate and includes any changes to the base salary as of December 31, 2015 such as market, equity, merit, and other salary adjustments.

Actual Base Salary Received: This column reports the actual base salary received by the employee during the 2015 calendar year. Only salary paid for service while in an acting, interim or permanent dean or faculty administrator position is listed in this column.

Actual Stipend Received: This column reports the actual total stipend the employee received during the 2015 calendar year.

Other Negotiated Compensation Received: This column reports additional compensation paid to employees for the 2015 calendar year who were participants in the Health Sciences Compensation Plan (HCSP), which is not covered compensation for the purposes of the University of California Retirement Plan (UCRP), per APM - 670-14-a and APM - 670-18-c; this additional compensation is based on pre-established individual and organizational goals.

Other Cash Compensation/Payments Received: This column reports the total of any other compensation or payments that the employee received from the University for the 2015 calendar year such as summer teaching, summer research, summer differential, terminal vacation payout, or miscellaneous honoraria and awards.

Actual Housing/Relocation/Recruitment Paid to Employee: This column reports the actual recruitment allowance paid to the employee during calendar year 2015.

Total Cash Compensation: This column reports the sum of the actual amounts received by the employee in the following categories for the 2015 calendar year: base salary, stipend, other negotiated and cash compensation, and faculty recruitment allowance. Total cash compensation is not intended to reflect W-2 earnings.

Senior Management Benefits: This column reports grandfathering of certain SMG-related benefits such as Senior Management Life Insurance and Senior Management Disability Insurance for individuals who were enrolled in these programs prior to their transfer to the Academic Personnel Program in 2010. Deans and certain full-time faculty administrators appointed after the formal transfer period are ineligible for these SMG benefits. A "Y" indicates that the individual was grandfathered and received SMG benefits in 2015.

Reimbursed Moving Costs: This column reports the total amount the employee received for calendar year 2015 in connection with moving for newly appointed deans and certain full-time faculty administrators. Expenses may include temporary housing allowance and reimbursement for house hunting trip expenses, travel expenses, and payments to outside vendors for the shipment of household goods, storage fees, or other moving expenses consistent with policy.

University Provided Home Mortgage: This column reports the original loan amount if an employee participated in one of the University's home loan programs during calendar year 2015.

DATA COLLECTION AND REVIEW PROCESS

The APP Report was produced from data collected manually by each campus Academic Personnel Office, using a variety of sources such as payroll, accounts payable, and personnel records. Data quality reviews were conducted both locally and by the Office of the President. The Office of General Counsel, the Vice Provost of Academic Personnel and Programs, and the Provost and Executive Vice President for

Academic Affairs reviewed the contents of the APP Report.

OBSERVATIONS OF COMPENSATION FOR 2015

The APP Report for calendar year 2015 covers 134 individual deans and certain full-time faculty administrators in the Academic Personnel Program, including incumbents serving in acting or interim roles. In accordance with Academic Personnel Policy Section 240 (Deans) and Academic Personnel Policy Section 246 (Faculty Administrators [100% Time]), the chancellor holds authority to recruit and retain a high quality group of academic administrators. Given the academic focus of this group, the chancellor employs salary components that are slightly different from those available to recruit SMG administrators. Although the base salary is always the major component of cash compensation, other forms of pay provide the chancellor with the ability to respond flexibly and quickly to the market. Components such as faculty recruitment allowances and Mortgage Origination Program (MOP) loans are designed to compensate for the high cost of living and home ownership in California. For academic administrators in health sciences schools, the Health Sciences Compensation Plan (HSCP or APM - 670) offers a competitive salary structure indispensable to recruitment and retention efforts. Comparable with plans at other competitor universities, the HSCP builds salary components based on the academic administrator's faculty rank and step, sub-disciplinary specialty, research support, clinical activity, and administrative responsibilities.¹

Stipends are another component used to compensate an academic administrator for a temporary increase in responsibilities due to additional administrative work. Chancellors most often use stipends when appointing faculty to serve in acting or interim roles during the transition period after a dean or faculty administrator has retired or stepped down.

Deans and certain full-time faculty administrators continue to retain their faculty titles after appointment, complicating salary reporting. In some cases, reported individuals received other compensation from the University during calendar year 2015, but while serving in a faculty role, not an administrative role. Only compensation paid for service in a dean or full-time faculty administrator position is reported. Further complicating salary reporting is the difference between an academic-year salary, which is the base salary for almost all general campus faculty who are in service for nine months during the academic year, and a fiscal-year salary, which is the base salary for nearly all deans and full-time faculty administrators who are in service for twelve months during the fiscal year. Many deans or faculty administrators receive additional compensation by forfeiting vacation time to focus on sponsored research or teaching. This practice is a clear reminder that all of the academic administrators in this reporting group are expected to remain active in their disciplines, to ensure that their administrative work is closely connected to the research and education missions of the University.

During the 2015 calendar year, a 1.5% salary increase for deans and certain full-time faculty administrators based on satisfactory administrative performance was approved by the President, effective July 1, 2015, and approved by The Regents as a part of the 2015-16 budget. Also, campuses were authorized to create a pool of up to an additional 1.5% to be awarded for meritorious performance. Each campus designed its own program within these parameters, taking into consideration the salary program for other faculty and academic personnel on the campus as well as the performance review process for deans and certain full-time faculty administrators.

As is the case with faculty, disciplinary differences in market salaries affect the salaries of deans. For example, the five permanent deans of management and business, who were in service during the full calendar year, have an average annual base salary of \$424,820, while the seven permanent deans of humanities or arts and humanities have an average annual base salary of \$260,301. Those in interim or acting roles also tend to have lower salaries than do those in permanent positions and were not included in

¹ HSCP participants may receive a negotiated amount of additional compensation to reflect productivity and incentive awards. Per policy (APM - 670), this additional negotiated compensation must be derived from non-state funds and is not considered covered compensation for purposes of UCRP.

these figures.

Additional analysis of compensation for calendar year 2015 includes the following:

Covered Population: The positions covered in the APP Report include 134 individuals, including 89 (66.4%) men and 45 (33.6%) women. There are 19 (14.2%) underrepresented minorities (African-American, Hispanic, and American Indian). For some positions, there is more than one individual listed: the former, interim, and/or current incumbent. There were 24 acting or interim appointments and 8 new permanent appointments reported in this period.

Adjustments to Base Salary: Adjustments to base salary are broken down by 1) individuals who receive the 1.5% increase only, 2) individuals who received only a performance-based salary increase (always greater than 1.5%) and 3) individuals who received a combination of the 1.5% increase and the performance-based increase. The figures below are based on the 134 individuals included in the APP Report. There are 30 individuals who did not receive an increase to their salary due to stepping down from their position, being newly hired into their position or performance issues.

1. 1.5% increase only – 42 (31.3%)
2. Performance-based increase only (always greater than 1.5%) – 17 (12.7%)
3. 1.5% and performance-based increase – 45 (33.6%)

Stipends: Stipends were awarded to 13 individuals and ranged from \$1,500 to \$47,152 (actual, not annualized amounts).

Other Negotiated Salary: Six received a negotiated salary component as members of the Health Sciences Compensation Plan (APM - 670).

Additional Summer Compensation: Twenty-three individuals received additional summer compensation for teaching or research; of these, all individuals deducted vacation leave equivalent to the number of days worked for which summer compensation was received. Vacation leave deduction may vary by campus and/or summer session course based on the length of the summer session course and the number of working days within that period. Five individuals served in acting or interim roles and received summer salaries as a component of their compensation for administrative service; therefore, no vacation leave was deducted.

Additional Compensation for Recruitment: Ten recruitment allowances were paid (in full or in part). Five of these individuals received funds for reimbursable moving costs (in full or in part).

SMG Benefits: Twenty-one of the 134 individuals were in the group “grandfathered” with SMG benefits.

Total Compensation: The total compensation (for those in their position for an entire year) ranges from \$145,850 to \$523,000. There were 99 individuals who held their position for all of 2015. There is one (0.8%) individual earning over \$500,001; there are four (3%) earning between \$500,000 and \$400,001; 35 (26.1%) between \$400,000 and \$300,001; 44 (32.8%) between \$300,000 and \$200,001; and 15 (11.2%) at \$200,000 and below; the remaining 35 (26.1%) individuals were not in their position for all of 2015 and are not included here.