

UNIVERSITY OF CALIFORNIA, ACADEMIC SENATE

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Assembly of the Academic Senate, Academic Council  
University of California  
1111 Franklin Street, 12th Floor  
Oakland, California 94607-5200

February 14, 2006

**ROBERT C. DYNES**  
**PRESIDENT**

**Re: Assembly of the Academic Senate's Recommended Compensation Principles for the University of California**

Dear Bob,

I am pleased to forward the enclosed *Compensation Principles Recommended to the University of California*, which were endorsed by the Assembly of the Academic Senate on February 8, 2006. The Senate believes that these principles, if adopted, will sharpen the ethical outline of UC's compensation policies and provide appropriate practical guidelines for employee compensation actions of all kinds.

On behalf of the Assembly, I respectfully request that these recommended *Compensation Principles* be presented to the Regents for consideration and adoption as university policy. I ask also that, as a statement of the Academic Senate, they be disseminated broadly to the UC community and to the public. With regard to the latter, the office of the Systemwide Senate would appreciate assistance from your office in bringing this document to the attention of the public and in communicating with the press.

The Senate looks forward to working under the direction of the Regents and together with the administration to amend the university's compensation practices in ways that will ensure transparency, accountability and fairness, and that will better accord with the university's mission and its nature as a public institution

Sincerely,

A handwritten signature in cursive script, appearing to read 'Cliff'.

Clifford Brunk, Chair  
Academic Assembly

Copy: Academic Assembly  
María Bertero-Barceló, Executive Director

Encl.: 1

CB/bfP

**COMPENSATION PRINCIPLES  
RECOMMENDED TO THE UNIVERSITY OF CALIFORNIA  
BY  
THE ACADEMIC SENATE OF THE UNIVERSITY OF CALIFORNIA**

Adopted by the Assembly of the Academic Senate  
February 8, 2006

Introduction

The University of California is a public institution of higher education established and supported by the people of California along with the California State University and California Community Colleges. California's institutions of higher education historically have been afforded extraordinary freedom from political, sectarian, legal, and undue economic influences in order to optimize the contribution of higher education to a stable, democratic, and advancing society. The University of California, and public higher education more generally, are entrusted to operate in a manner consistent with the highest ideals of our democracy: with fairness, openness, and a dedication to merit. For its part, the University of California is specially charged with Constitutional autonomy to regulate itself and to do so with integrity. The public nature of the University of California coupled with its charge of self-regulation imposes an extra burden on the University to be responsive to the public interest.

The arrangement with the people of California under the California Master Plan for Higher Education has created and supported a three-tiered system of higher education that is the envy of the world. Our system was designed to provide access to higher education for all of the students of California through the Community Colleges, the State University, and the University of California.

In fulfillment of its role under the Master Plan, the University of California has become one of the world's preeminent research universities. In that position, the University of California has become a major contributor to the California economy by helping to shape the development of California as a leader in agricultural, cultural, scientific, biological, engineering, medical, and many other endeavors. But more than that, Californians and people around the world invest the University of California with their hopes – hopes in the special power of the University of California to lift all Californians, especially those not already privileged by wealth, status, and influence. The citizens of California also expect the University of California to produce wise, skilled, and civic-minded citizen-leaders.

The public nature of the University of California charges the Regents, the administration, and the faculty and staff with a special responsibility to the public that includes accountability for the quality of the educational program, financial transparency in all matters, including compensation policies, and access to higher education for California's top students from all walks of life. In the past few months controversy over aspects of the compensation packages of senior administrators within the University of California have raised questions about the University's exercise of its public responsibilities. In response to these questions, the University of California Academic Senate has developed the following principles as a guide to compensation issues.

## Compensation Principles

The excellence of the University of California is attributable to the excellence of its faculty who are responsible for the teaching and research accomplishments of the University. The University of California is recognized worldwide for the excellence of its research and discovery accomplishments. The research excellence of the faculty is the basis for the prestige of the University of California degree. The maintenance of its high quality research and teaching faculty must be the University's highest priority.

A higher education institution of the world-class quality of the University of California requires appropriately established compensation for faculty and staff. Adequate faculty and staff compensation must be accompanied by adequate support and appropriate fee policies for graduate and professional students. And it is foremost in our minds that, for both faculty and administrators, the attractiveness of a University of California position depends not only on compensation but also on good working conditions for staff and faculty, an environment that includes an excellent and diverse student body, a first class research environment, and the ability to attract the world's best graduate and professional students to our programs. University of California employees, as well as the general public, should be able to take pride in the accomplishments of members of the University community and also in the place that the University of California enjoys as a leader in the state, the country, and the world.

The University of California administration is charged by the Regents to manage personnel policies and practices, with Academic Senate advice and consultation, including the cases of senior administrators. The Academic Senate acknowledges that executive compensation, perquisites, and separation packages may require distinctly different quantities and qualities than those for other University of California employee groups, but fairness requires that the rules be public, just, and consistent with the public and academic character of the University of California.

Four principles should govern the compensation packages of senior administrators and all other employees of the University of California, and we recommend these to the President of the University of California for transmittal to the Regents:

1. **Transparency:** The University's internal and external constituents should know what the abiding compensation policies and practices are, and those policies and practices should closely correspond.
2. **Fidelity to Shared Governance:** With respect to personnel policies and practices, the Regents and the Academic Senate have important complementary roles to play in the review, consultation, and approval processes, and those roles should be respected.
3. **Fairness within the context of the entire University of California community:** Personnel policies and practices should be those that inspire faith in the institution and confidence that the entire community is being treated justly.

4. Merit: Beyond cost-of-living and “Comparison Eight” adjustments, which should be implemented in a manner consistent with the preceding principles, compensation for all employee groups should be based on performance, as assessed in fair, valid, and transparent ways.

### Specific Recommendations

Recent events have caused many to question the personnel practices of the University of California. Drawing on the four basic principles and on our deep commitment to the University of California and to the public, the Academic Senate welcomes public scrutiny of the University's fiscal management and personnel policies and practices.

We applaud the launching of an outside audit of senior managers' compensation packages and departure agreements, the creation of a Regents' Committee on Compensation, and the appointment of distinguished representatives from business, government, media, and education to a task force recommended last month by President Robert C. Dynes to review University of California compensation policies and practices, including disclosures, and provide recommendations to the Regents. We also enumerate a set of specific recommendations:

- We strongly encourage the Regents to develop policies that firmly establish total compensation levels for leadership that are appropriate for a public trust and to act promptly to identify and remedy any areas where practices do not correspond to policies.
- We recommend that compensation increases for the University's leadership should not lead that of the faculty and other staff of the University of California.
- We recommend that policies and practices with respect to compensation and perquisites be carefully scrutinized, including those associated with off-scale salaries and separation agreements.
- As is consistent with its role in shared governance, we call for sustained scrutiny by the Academic Senate, acting through the Academic Council, of systemwide and Office of the President compensation, perquisite, separation, and leave policies and practices. The Academic Senate already reviews and comments upon academic personnel policies and practices. However, there is an apparent need for Academic Senate consultation, drawing upon its expertise in performance-based compensation reviews, in the areas of *non-academic* personnel policies and practices.
- As befits the academic character of the University of California, and where feasible, the Academic Senate suggests that the University's academic leadership should come from faculty, within and outside the University of California, especially those experienced in shared governance.
- We believe that administrative leaves are of a distinctly different character and purpose from sabbatical leaves. We support current regental policy that these leaves should be compensated at administrative salary levels but should not exceed 90 days. Following

the March 2003 position of the Academic Council, administrators with academic appointments accrue and are entitled to sabbatical leaves under the University's sabbatical leave policy APM 740, but these leaves should be compensated at academic salary levels. As APM 758 was added without full Academic Senate review and does not unambiguously incorporate this principle, we ask that APM 758 undergo immediate review to comply with the recommendation of the Academic Council.

- While APM 758 is under review and understanding that leaves for many senior managers are often negotiated as part of their hiring package, we recommend that academic appointees who are planning "administrative/sabbatical" leaves after stepping down from their administrative appointment should elect to do so at their faculty salaries in the spirit of the Academic Senate recommendations and to help renew faith in the public trust.