The Honorable Denise Moreno Ducheny
Chair, Joint Legislative Budget Committee
State Capitol, Room 5035
Sacramento, California 95814

Dear Senator Ducheny:

Pursuant to Item 6440-001-0001, Provision 13, of the 2009 Budget Act, enclosed is the University of California’s report to the Legislature on Compensation Policies and Practices.

If you have any questions regarding this report, Associate Vice President Debora Obley would be pleased to speak with you. She can be reached by telephone at (510) 987-9112, or by e-mail at Debora.Obley@ucop.edu.

With best wishes, I am,

Sincerely yours,

Mark G. Yudof
President

Enclosure

cc:  The Honorable Gloria Romero, Chair
     Senate Budget and Fiscal Review Subcommittee #1
         (Attn: Ms. Seija Virtanen)
         (Attn: Ms. Cheryl Black)
     The Honorable Wilmer Amina Carter, Chair
     Assembly Budget Subcommittee #2
         (Attn: Ms. Sara Bachez)
         (Attn: Ms. Amy Rutschow)
     Ms. Ana J. Matosantos, Director of Finance
     Mr. E. Dotson Wilson, Chief Clerk of the Assembly
     Mr. Gregory Schmidt, Secretary of the Senate
     Ms. Diane Boyer-Vine, Legislative Counsel
     Ms. Sara Swan, Department of Finance
     Joint Legislative Budget Committee (18)
     Executive Vice President Nathan Brostrom
     Senior Vice President Daniel Dooley
     Vice President Patrick Lenz
     Vice President Dwaine Duckett
     Associate Vice President and Director Steve Juarez
     Associate Vice President Debora Obley
     Executive Director Jenny Kao
UC is not just an institution of higher learning. Here, research aims higher. Service reaches higher.

A higher level of excellence calls for a higher commitment.
The University of California submits this 2010 legislative report in response to Item 6440-001-0001, Provision 13, of the Budget Act of 2009, which states:

"13. It is the intent of the Legislature that the University of California submit an annual report by March 1 of each year through the 2010-11 fiscal year to the Joint Legislative Budget Committee, legislative fiscal subcommittees, and the Department of Finance on the university's progress in reforming its compensation policies and practices, reflecting the criteria specified in Provision 27 of Item 6440-001-0001 of Section 2.00 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)."

The criteria for this report are in Item 6440-001-0001, Provision 27, of the 2006 Budget Act, which states in part:

"27. ...It is the intent of the Legislature that the University of California submit an annual report on March 1 of each year through the 2010-11 fiscal year to the Joint Legislative Budget Committee, legislative fiscal subcommittees, and the Department of Finance on the university's progress in reforming its compensation policies and practices consistent with the recommendations of the April 2006 report of the Task Force on UC Compensation, Accountability, and Transparency, the Price Waterhouse-Coopers report, and the Bureau of State Audits' May 2, 2006 report.... It is the intent of the Legislature that the report specifically include all of the following:

(a) Consistent with the task force's recommendations on reporting, annual reports provided to the Board of Regents on total compensation for specified university senior officials...
(b) Plans and actions taken by the University of California to reform compensation policies and practices...
(c) Plans and actions taken by the University of California to update its human resources information system..."

The University continues to take significant steps towards reforming its compensation policies and practices in order to address the recommendations from the 2006 Task Force report and the various audits, and for compliance with the requirements under the Budget Act of 2006. This is the University’s fourth annual legislative report on these matters and this year submits its response primarily in the form of the attached 2009 Report of the Task Force on UC Compensation, Accountability, and Transparency. In August 2009, the Task Force reconvened to review the University’s progress toward implementing the recommendations contained in their 2006 report and subsequently adopted by the Regents. This new report contains a comprehensive review of actions that have been completed and implemented, actions that are currently in progress, and actions that are pending.
ANNUAL REPORTING OF TOTAL COMPENSATION FOR NAMED POSITIONS
Consistent with Provision 27(a) of the 2006 Budget Act

In accordance with the Task Force’s recommendation on reporting, the University has continued to use the Regents’ approved format for the Annual Report on Executive Compensation. The report on 2009 compensation is currently scheduled to be sent to the Board of Regents in March 2010. The University will forward the relevant portion of this report, as described in the Budget Act language, to the Legislature following distribution The Regents.

REFORM OF COMPENSATION POLICIES AND PRACTICES
Consistent with Provision 27(b) of the 2006 Budget Act

The University continues to make progress in reviewing and revising its compensation policies and practices. This can be seen in various sections of the attached 2009 Task Force report, particularly on pages 4-6 on completed and in progress action items, and beginning on page 20, where a complete review of progress and ongoing efforts is detailed.

HUMAN RESOURCES INFORMATION SYSTEM (HRIS)
Consistent with Provision 27(c) of the 2006 Budget Act

The Task Force report provides detail on progress of the University’s ongoing efforts to achieve better quality compensation data and better mechanisms for collecting and reporting on such data on pages 24-25.

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Report website: http://budget.ucop.edu/legreports/200910/200910legreq.html