

November 9, 2005

Dear UC Colleagues:

Many of you may be aware that consideration will be given at the upcoming meeting of the Board of Regents to a Regents' proposal that deals with a range of University compensation issues. This three-part proposal (RE-61) was initially discussed at the Regents' September meeting, and it focuses on the adoption of a Regents' objective of moving all University employees to market-competitive salaries within ten years.

Much of the attention to RE-61 has focused on just one part of the proposal – to use private funds when salaries are augmented for certain senior leadership positions. I want you to know that further discussion of this part of the proposal, so-called “Part C” of RE-61, has been postponed at the request of Regent Judith Hopkinson. In a recent letter to her fellow Regents, Regent Hopkinson explained that Part C had overshadowed the more important part of the compensation proposal and that more input on Part C was desired than could be obtained by the time of the November meeting.

This discussion reflects the Regents' desire to offer all UC employees the most competitive salaries and benefits within available resources. Regrettably, with the recent economic downturn and several years of reduced state support, salaries for many UC employee groups now seriously lag the market, threatening UC's ability to attract and retain the caliber of personnel required to maintain institutional excellence. During these difficult budget years, the University has tried to provide relief in other ways, such as providing for increases in employee CAP retirement funds and restructuring health plan rates to keep premiums down for lower-income employees.

At the same time, we have been working to maintain the quality, accessibility, and competitiveness of the University by making targeted, strategic investments to attract and retain the best people. These include recent new hires, including of faculty and top administrators, that in some cases have attracted media attention. (It is worth noting here, for those who may not be aware, that salaries of all University employees are disclosable to the press and the public under the California Public Records Act.) But the larger issue often neglected in the media coverage is that salaries at almost every level of the University significantly lag the market. To lure top talent to California and its high cost of living sometimes requires that we spend additional dollars for relocation and other recruitment costs. These investments have been necessary to ensure no deterioration in the quality of the University of California.

The University's compact with the Governor provides some much-needed relief from the state budget cuts of the last few years – it stops the worst of the cuts and gets us back on more stable fiscal footing. It provides basic funding increases, starting this year, so we don't fall any further behind. Many UC employees have already started to see these increases reflected in their paychecks, and the University is working hard to negotiate new contracts with several unions to ensure the rest of our represented employees will be able to receive their well-deserved increases as soon as possible. While the salary increases available this year do not completely compensate for the past few years of financial struggles, we are at last getting back on track to becoming

more competitive.

The University, and I personally, appreciate the hard work and ongoing dedication of all our employees. As we move toward a brighter future, we will continue to plan diligently to ensure that the University ultimately will be able to offer market-competitive compensation packages to all employees at UC.

Sincerely,

Robert C. Dynes  
President