

**Statement on Executive Compensation**

**Meeting of The Regents, October 5, 1992**

**W. Elliot Brownlee, Chair, Academic Council**

Mr. Chairman, President Peltason and members of the committee:

I have been asked by the members of the Academic Council to present to you the following statement on the subject of executive compensation:

The issue of the compensation, broadly defined, provided to the members of the Executive Program has been an extremely painful one for the faculty of the University of California. Many faculty have been dismayed at what they regard as excessive and overly intricate packages of compensation. At a special meeting of the Berkeley Division of the Academic Senate last May 6th, a majority of the faculty present declared that the University's standards for the compensation of "top administrators" were "based upon standards derived from the commercial sector, standards which are fundamentally inappropriate to the academic world, and especially wrong for a publicly funded university." At a meeting of the Davis Division last May 8th, the faculty present struck a similar note, asserting that "The patterns of executive compensation found in the corporate world have no place in the University of California." Other faculty have wished to reserve judgment on the substance of executive compensation but have been distressed by the apparent insensitivity of the University administration to public opinion regarding executive compensation. These faculty, and others, have expressed their regret that the methodology of executive compensation has not received the kind of discussion within the University that is necessary to build consensus in our large, complicated, and remarkably open institution. Last May, for example, the Senate's Committee on Planning & Budget urged that there be consultation between The Regents and the Senate "concerning the principles governing executive compensation, and that the adoption and implementation of these principles be an open process."

The present situation calls for enlightened leadership by the President and The Regents. President Peltason has responded to that call by beginning within the University a wide-ranging discussion of executive compensation. I am pleased that President Peltason has now invited the Academic Senate to join that discussion. It has the potential for moving the University toward an executive compensation methodology that will win the support

of the entire University community and then be effectively explained to the public at large. The Academic Council appreciates President Peltason's leadership and looks forward to working with him in the coming weeks, and with The Regents, if it is your desire, offering its advice on the character of executive compensation policy and programs at the University.

The Academic Council will have a preliminary discussion of the matter at its regular October meeting. Meanwhile, the Academic Senate's Faculty Welfare and Planning and Budget committees will begin to develop draft recommendations for formal review by the Council at its November meeting. I should stress that the Academic Council has reached no settled or fixed conclusions regarding executive compensation. We have open minds; we will listen closely to President Peltason and his associates; and we will consider carefully all of the available analyses, before we put forward any recommendations.