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## SENIOR MANAGEMENT GROUP AND OTHER POSITIONS BEING REPORTED TO THE REGENTS IN THE 2006 ANNUAL REPORT ON COMPENSATION

Dear Colleagues:

As you may recall from years past, we are required by law to present a report to the Legislature and to the public on the compensation of UC's senior managers. The past reports focused on the Senior Management Group, displaying various compensation elements paid to them. The data collection process was cumbersome and prone to errors and omissions. This resulted in incomplete or inaccurate reports to The Regents and the public.

The University is committed to providing a report that meets our obligations for transparency and disclosure, and improving the quality and accuracy of the data. Earlier this month, The Regents approved new parameters for the Annual Report on Compensation. A copy of The Regents item is attached for reference. As you'll see, this action by the Regents established a new definition of total compensation and new reporting parameters.

The new report will be presented to The Regents in March and will provide more detail on the various elements of cash compensation. In addition, we will be reporting on other forms of compensation, including certain one-time payments that are considered to constitute compensation or benefits, as defined in the attached January 18, 2007, Regents' item. The population covered under this reporting requirement includes individuals in administrative positions whose total cash compensation exceeds \$200,000 per annum. Because the covered population is larger than in past reporting efforts, the first portion of the new report to be published in March will focus only on those SMG members whose positions are listed in The Regents' item. The second portion of the report on the other positions will be presented at the May Regents' meeting. It is our intent to publish the entire report in March in future years.

The information for the Annual Report on Compensation has been collected from payroll records, personnel files, and other sources. This information has been entered into a data warehouse, known as the Senior Leadership Information System (SLIS). This data warehouse was created at the request of President Dynes and The Regents to aid the University in its efforts to ensure transparency in reporting and managing the compensation of University of California senior managers (SMG) and other highly paid employees.

To ensure the accuracy of this report, and to provide you with a preview of the data that will be used to compile the report, we are asking that you review the information that has been collected on your compensation for calendar year 2006. Some elements of your total compensation will not be used in the Annual Report. However, please review all elements to ensure we have accurately captured all of the compensation you received in calendar year 2006 in our data system.

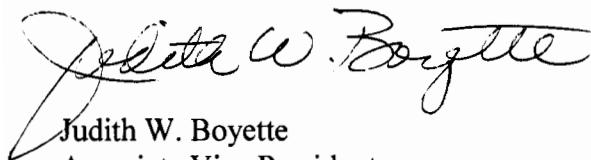
To aid you in reviewing your data, we have attached the following documents:

- The Regents item, Definition of Total Compensation...including attachments for the Annual Report on Compensation
- The template used to collect information, displaying all elements of compensation that will reside in the SLIS or other ancillary data systems
- A summary sheet displaying your compensation data that has been entered into SLIS
- A certification form for your signature to signify your concurrence with, or correction of, your personal data.

If you find inaccurate or missing information in your data, please contact your SMG Coordinator immediately to request that the information in the system be corrected. When the information is accurate and complete, please sign the certification form and return it to your SMG Coordinator.

We appreciate your help in ensuring the accuracy and thoroughness of this year's report and the integrity of the data in our systems. Please let your SMG coordinator know if you have any questions. We will be working closely with the SMG Coordinators to complete this important project.

Sincerely,



Judith W. Boyette  
Associate Vice President

Attachments

cc: President Dynes  
Executive Vice President Darling  
Vice President Broome  
University Auditor Reed  
Executive Director Larsen