



## THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON REPORT ON INFORMATION REGARDING STAFF COMPENSATION

In compliance with *Texas Government Code Sec. 659.026*, INFORMATION REGARDING STAFF COMPENSATION, the following information is made available:

- I. the number of full-time equivalent employees employed by the agency;

|                                | Fiscal Year 2015 |
|--------------------------------|------------------|
| Full-time equivalent employees | 6,686.6          |

Source: Quarterly FTE reports filed with the Texas State Auditor's Office and based on four-quarter average.

- II. the amount of legislative appropriations to the agency for each fiscal year of the current state fiscal biennium;

|                               | Fiscal Year 2016 | Fiscal Year 2017 |
|-------------------------------|------------------|------------------|
| Total Appropriation All Funds | \$192,071,918    | -\$192,320,093   |

Source: 84<sup>th</sup> Legislative Session, *General Appropriations Act*, Article III. The amounts shown include direct appropriations from all funds.

- III. the agency's methodology, including any employment market analysis, for determine the compensation of executive staff employed by the agency, along with the name and position of the person who selected the methodology;

The U. T. System Board of Regents has adopted Regents' *Rules and Regulations*, Rule 20203, relating to compensation for key executives. Key executives are defined as the Chancellor, General Counsel to the Board, Chief Audit Executive, Executive Vice Chancellors, presidents of each of the U. T. System academic and health institutions, and Vice Chancellors. Rule 20203 states that the elements of compensation for key employees "may include and are limited to base salary; short and long-term incentive pay; supplemental retirement plans, such as deferred compensation plans; one-time merit pay; special provisions necessary to recruit an individual to a key executive position, such as salary supplement for a limited time or one-time relocation payment as necessary and prudent to recruit the top talent for the position; and perquisites such as memberships, parking privileges, and provision of or allowance for cell phone and/or other mobile communication devices as determined necessary for business purposes and as covered in individual agreements."

Rule 20203, Section 2 outlines procedures for the Office of the Board of Regents to oversee and conduct a comprehensive survey and analysis to obtain current and reliable market data on total compensation of key executives in comparable positions at peer institutions that includes

both public and private institutions. Market data is adjusted using cost of living information related to a respondent's geographic region. The survey is conducted every three years. In non-survey years, the Office of the Board of Regents is to obtain information concerning general changes in executive compensation in the marketplace, and the comprehensive survey is to be adjusted accordingly.

In November 2013, a summary of Key Executive Compensation was prepared by Buck Consultants and presented to the U. T. System Board of Regents. Market data from the survey indicated that U. T. System maintains a competitive market position relative to the market for cash compensation, however, somewhat less emphasis on security-related programs like retirement plans, health and welfare benefits, deferred compensation arrangements and other practices. The Office of the Board of Regents selected Buck Consultants through a competitive process to prepare the compensation analysis.

U.T.H.S.C.-Houston works with third party consultants with expertise in executive compensation to oversee and conduct a comprehensive management administrative and professionals (A&P) executive survey and analysis to obtain current and reliable market data on total compensation of management A & P executives in comparable positions at peer institutions that includes both public and private institutions. In September 2009 and then again in September 2011, a summary of Management A & P Executive Compensation was prepared by Deloitte Consulting, LLP. Market data from the surveys indicated that the University maintains a competitive market position for some management A & P executive positions relative to the market, however, other management A & P positions required adjustments to become competitive. The surveys through third party compensation consultants are conducted on an annual basis. The Human Resources Department obtains information concerning general changes in management A & P executive compensation in the marketplace through salary surveys from compensation professionals such as Sullivan & Cotter, Hay Group, Culpepper, Mercer, Towers Watson, College and University Professional Association for Human Resources, Western Management, and CompData among others. U.T.H.S.C.- Houston completed a competitive bid process in FY 2015 for the next executive survey to be conducted in FY 2016. Pearl Meyer & Partners has been selected as our partner in this next executive compensation analysis with an expected completion date in January of 2016.

Source: Buck Consultants; U. T. System Regents' *Rules and Regulations*; Deloitte Consulting, LLP

IV. whether executive staff are eligible for a salary supplement;

The President is the only individual receiving a salary supplement meeting the requirements of the *General Appropriations Act (GAA)*, Article IX, Section 3.02. The President is eligible for a salary supplement per the *GAA*, Article III, Special Provisions, Section 5, Paragraph 2. It is not the current policy of the U. T. System to accept gifts, grants, donations, or other consideration specifically designated by a donor for salary supplements.

- V. the market average for compensation of similar executive staff in the private and public sectors;

An analysis was performed by Buck Consultants of peer institutions and this analysis found that the president's total cash compensation as it relates to the study period was found to be at the 75th percentile of peers.

An analysis was performed by Deloitte Consulting, LLP of peer institutions and this analysis found that the Management A & P executives' total cash compensation was found to be at the 50th percentile of peers.

According to the 2014-15 Salary Survey of Academic Health Center Officials by the Association of Academic Health Centers (AAHC):

The Dean of the School of Dentistry's total cash compensation is at the 50<sup>th</sup> percentile of peers.

The Dean of the Graduate School's total cash compensation is at the 50<sup>th</sup> percentile of peers.

The Dean of the School of Public Health's total cash compensation is at the 90<sup>th</sup> percentile of peers.

The Dean of the School of Nursing's total cash compensation is between the 75<sup>th</sup> and 90<sup>th</sup> percentile of peers.

Note: In FY 2015, the President also served as Dean of the Medical School. The School of Biomedical Informatics is the only stand-alone school of its kind in the United States and comparable compensation data is not available.

Source: Buck Consultants; Deloitte Consulting, LLP; 2014-15 Salary Survey of Academic Health Center Officials by the Association of Academic Health Centers (AAHC)

Complete the sentence based on the following:

ARL — at the 90<sup>th</sup>

MDA — between the 75<sup>th</sup> and 90<sup>th</sup>

AUS, BRW, DAL, P-A, TYL, P-B, THC, SAH, HHS — at the 75<sup>th</sup>

SWM — between the 50<sup>th</sup> and 75<sup>th</sup>

ELP, S-A, GMB — at the 50<sup>th</sup>

- VI. the average compensation paid to employees employed by the agency who are not executive staff; and

|                                    |                         |
|------------------------------------|-------------------------|
|                                    | <b>Fiscal Year 2015</b> |
| Average compensation paid to staff | <b>\$56,614</b>         |

Source: Texas State Auditor Workforce Summary Document using self-reported information from the institution (note: institutions may find this report at <http://www.hr.sao.state.tx.us/Publications/wfsummaries.aspx> - current data will need to be obtained from your HR Office)

- VII. the percentage increase in compensation of executive staff for each fiscal year of the five preceding fiscal years and the percentage increase in legislative appropriations to the agency

each fiscal year of the five preceding fiscal years.

| <b>Executive Staff</b>                       | <b>FY 2011</b> | <b>FY 2012</b> | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b> |
|--|----------------|----------------|----------------|----------------|----------------|
| President                                    | 4%             | -27%           | 15%            | 9%             | 9%             |
| Sr. Executive VP, COO & CFO                  | 6%             | 15%            | 26%            | 6%             | 9%             |
| Executive VP, Academic and Research Affairs  | N/A            | N/A            | 1%             | 3%             | 5%             |
| Dean, Medical School                         | 0%             | N/A            | N/A            | N/A            | N/A            |
| Dean, School of Dentistry                    | -2%            | 14%            | 6%             | 0%             | 0%             |
| Dean, Graduate School of Biomedical Sciences | 15%            | N/A            | N/A            | 4%             | 3%             |
| Dean, School of Biomedical Informatics       | -1%            | 0%             | 39%            | 0%             | 0%             |
| Dean, School of Public Health                | 0%             | 5%             | 0%             | 5%             | 2%             |
| Dean, School of Nursing                      | 0%             | 13%            | 2%             | 0%             | 0%             |
| VP, Chief Legal and Compliance Officer       | 16%            | 11%            | 11%            | 2%             | 8%             |
| Assistant VP and Chief Audit Officer         | -16%           | 1%             | 2%             | 2%             | 3.5%           |
| Vice President, Governmental Relations       | 3%             | 0%             | 2%             | -1%            | 3%             |
| Assistant VP and Chief Compliance Officer    | 5%             | 0%             | 14%            | (2.5%)         | 2%             |

Note: Percentage of salary increases are based on salaries for positions on September 1<sup>st</sup> of each year.

| <b>Legislative Appropriations</b>                 | <b>FY 2011</b> | <b>FY 2012</b> | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b> |
|---|----------------|----------------|----------------|----------------|----------------|
| Percent Increase in Total Appropriation All Funds | -3%            | 15%            | -13%           | 16%            | 0%             |

Source: *General Appropriations Act* from Legislative Appropriations from each biennium's and includes direct appropriations from all funds net of legislatively mandated reductions.