

## **GOVERNANCE AND COMPENSATION COMMITTEE**

July 13, 2017

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

### **1. APPROVAL OF APPOINTMENT OF AND COMPENSATION FOR ALEXANDER BUSTAMANTE AS SENIOR VICE PRESIDENT AND CHIEF COMPLIANCE AND AUDIT OFFICER, OFFICE OF THE PRESIDENT AS DISCUSSED IN CLOSED SESSION**

#### Recommendation

The Committee recommends approval of the following items in connection with the appointment of and compensation for Alexander Bustamante as Senior Vice President and Chief Compliance and Audit Officer, Office of the President:

- A. Per policy, appointment of Alexander Bustamante as Senior Vice President and Chief Compliance and Audit Officer, Office of the President, at 100 percent time.
- B. Per policy, an annual base salary of \$350,000.
- C. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including eligibility for senior management life insurance and eligibility for executive salary continuation for disability after five consecutive years of Senior Management Group service). Mr. Bustamante will not participate in the Senior Management Supplemental Benefit Program.
- D. Per policy, eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.
- E. Per policy, reimbursement of actual and reasonable moving and relocation expenses associated with relocating his primary residence, subject to the limitations under Regents Policy 7710, Senior Management Group Reimbursement.
- F. Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- G. This action will be effective on or about September 5, 2017.

#### **COMPARATIVE ANALYSIS**

##### Recommended Compensation

**Effective Date :** On or about September 5, 2017

**Annual Base Salary:** \$350,000

**Target Cash Compensation:**\* \$350,000  
**Funding: Partially or Fully State-Funded**

**Budget &/or Prior Incumbent Data**

**Title:** Senior Vice President and Chief Compliance and Audit Officer

**Base Salary:** \$442,555

**Target Cash Compensation:**\* \$442,555

**Funding: Partially or Fully State-Funded**

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS FOR  
 SENIOR VICE PRESIDENT – CHIEF COMPLIANCE AND AUDIT OFFICER  
 (MRZ TITLE: SENIOR VICE PRESIDENT – CHIEF COMPLIANCE AND AUDIT  
 OFFICER)**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY					Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>		25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$278k	\$323k	\$359k	\$407k	\$484k	Market Data	\$333k	\$389k	\$447k	\$502k	\$741k
% Difference	25.8%	8.4%	-2.4%	-14.0%	-27.8%	% Difference	5.1%	-10.0%	-21.7%	-30.3%	-52.8%

**Survey Sources:** Mercer Benchmark Database, Towers Watson CDB General Industry Executive

The compensation described above shall constitute the University’s total commitment until modified by the Regents or the President, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

**Submitted by: President Napolitano**  
**Reviewed by: Governance and Compensation Committee Chair Reiss**  
**Office of the President, Human Resources**

**Background to Recommendation**

The Chair of the Board and the President of the University recommend approval for the appointment of and compensation for Alexander Bustamante as Senior Vice President and Chief Compliance and Audit Officer, Office of the President, effective on or about September 5, 2017. This request is being made in response to the departure of the previous incumbent, Ms. Sheryl Vacca, in 2016. The position has been held on an interim basis since November 2016 by Mr. John Lohse. As this is a Level One position in the Senior Management Group (SMG), this action requires the Regents’ approval.

Reporting directly to the Regents and to the President of the University, the Senior Vice President and Chief Compliance and Audit Officer is responsible for developing and

overseeing the University's corporate compliance and audit program. Functioning as an independent and objective officer, this position reviews and evaluates ethics, compliance and audit matters within the University, and monitors and reports to the Board and to the administration regarding compliance with rules and regulations of regulatory agencies and University policies and procedures.

Following a nationwide open recruitment, Mr. Bustamante emerged as the top candidate for this role. The proposed base salary will be slightly below the 60th percentile of the Market Reference Zone and is less than the previous incumbent's salary. Additionally, Mr. Bustamante has deep and broad experience and a strong skill set in that he has served as an Assistant U.S. Attorney and most recently as an Inspector General for the Los Angeles Police Department.

Mr. Bustamante started his career in 1997 as a Judge Advocate General for the United States Army where he provided legal advice to senior military commanders and their staffs and represented the U.S. Army in criminal investigations and prosecutions. Mr. Bustamante was deployed for a period of time to Kosovo where he assisted the United Nations and non-governmental organizations in developing political and judicial infrastructure for the region. In 2002, Mr. Bustamante was appointed as an Assistant U.S. Attorney for the Central District of California, covering the counties of Riverside, San Bernardino, Orange, Los Angeles, San Luis Obispo, Santa Barbara, and Ventura. He was responsible for investigating and prosecuting complex, high-profile cases involving civil rights violations, organized crime groups, and various white-collar and financial-related crimes, employing investigative techniques requiring detailed forensic accounting and analysis. In 2011, Mr. Bustamante was appointed to his current position as the Inspector General for the Los Angeles Police Department (LAPD). In this role, he is responsible for the development and implementation of an integrated compliance program, including the design of policies and procedures, performance of risk assessments, and monitoring of compliance performance. Mr. Bustamante provides strategic guidance to leadership to ensure full compliance with all applicable laws, regulations, and policies. He identified several high-risk areas that had previously escaped examination which he remedied by broadening oversight to include the entirety of LAPD's operations to fully assess the overall health of the organization and its leadership. In addition to revising and restructuring the LAPD's investigative systems and ethics processes, he created and implemented a multi-tiered community outreach program, including social media and the creation of a smartphone application to improve community engagement and crisis management response capabilities.

Mr. Bustamante received his bachelor of arts degree in rhetoric from the University of California, Berkeley and his juris doctor degree from the George Washington University Law School.

For any outside professional activities related to his professional expertise, Mr. Bustamante will comply with current Outside Professional Activity (OPA) policies.

In light of Mr. Bustamante's strong experience and skill set, the proposed base salary of

\$350,000 is 2.4 percent below the 60th percentile (\$359,000) of the Market Reference Zone (MRZ) for this position. The recommended base salary is consistent with Regents Policy 7701, Senior Management Group Appointment and Compensation. As a point of comparison, the Vice Chancellor and Chief Audit Officer for California State University (CSU) in 2016 had total pay of \$255,800.<sup>1</sup> It should be noted that the CSU position has a smaller scope of responsibility: it does not include oversight of the compliance function, nor does the CSU position have audit or compliance for a large medical enterprise, high-volume research, or a National Laboratory.

Committee vote: Regents Elliott, Kieffer, Lansing, Lozano, Napolitano, Ortiz Oakley, and Pérez voting “aye.”

Board vote: Regents Anguiano, De La Peña, Elliott, Guber, Kieffer, Lansing, Lemus, Lozano, Makarechian, Mancina, Monge, Napolitano, Ortiz Oakley, Park, Pérez, Sherman, and Tauscher voting “aye,” and Regent Blum abstaining.

**2. APPROVAL OF APPOINTMENT OF AND COMPENSATION FOR MICHAEL BROWN AS PROVOST AND EXECUTIVE VICE PRESIDENT – ACADEMIC AFFAIRS, OFFICE OF THE PRESIDENT AS DISCUSSED IN CLOSED SESSION**

Recommendation

The Committee recommends approval of the following items in connection with the appointment of and compensation for Michael Brown as Provost and Executive Vice President – Academic Affairs, Office of the President.

- A. Per policy, appointment of Michael Brown as Provost and Executive Vice President – Academic Affairs, Office of the President, at 100 percent time.
- B. Per policy, an annual base salary of \$379,000.
- C. Per policy, continued eligibility to accrue sabbatical credits as a member of tenured faculty, consistent with academic personnel policy. Mr. Brown will retain a tenured faculty appointment at zero percent time on the Santa Barbara campus. After stepping down as Provost and upon returning to UC Santa Barbara, Mr. Brown’s step and academic salary will be determined by the academic process at the campus.
- D. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including eligibility for senior management life insurance and executive salary continuation for disability after five consecutive years of Senior Management Group service). Mr. Brown will not participate in the Senior Management Supplemental Benefit Program.

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<sup>1</sup> Information taken from the online database Transparent California for 2016.

- E. Per policy, eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.
- F. Per policy, reimbursement of actual and reasonable moving and relocation expenses associated with relocating his primary residence, subject to the limitations under UC Regents Policy 7710, Senior Management Group Moving Reimbursement.
- G. Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- H. This action will be effective on or about September 5, 2017.

**COMPARATIVE ANALYSIS**

**Recommended Compensation**

**Effective Date :** On or about September 5, 2017

**Annual Base Salary:** \$379,000

**Target Cash Compensation:\*** \$379,000

**Funding:** Partially or Fully State-Funded

**Budget &/or Prior Incumbent Data**

**Title:** Provost and Executive Vice President – Academic Affairs

**Base Salary:** \$382,454

**Target Cash Compensation:\*** \$382,454

**Funding:** Partially or Fully State-Funded

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS FOR  
PROVOST AND EXECUTIVE VICE PRESIDENT – ACADEMIC AFFAIRS  
(MRZ TITLE: PROVOST AND EXECUTIVE VICE PRESIDENT – ACADEMIC  
AFFAIRS)**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY				
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$403k	\$515k	\$535k	\$627k	\$773k
% Difference	-6.0%	-26.4%	-29.2%	-39.6%	-51.0%

**Survey Sources:** CUPA Administrators in Higher Education Salary Survey

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

**Submitted by: President Napolitano**  
**Reviewed by: Governance and Compensation Committee Chair Reiss**  
**Office of the President, Systemwide Human Resources**

#### Background to Recommendation

The President of the University recommends approval for the appointment of and compensation for Michael Brown as Provost and Executive Vice President – Academic Affairs, Office of the President, effective on or about September 5, 2017. This request is being made in response to the retirement of Aimée Dorr. As this is a Level One position in the Senior Management Group (SMG), this action requires the Regents' approval.

Reporting directly to the President of the University, the Provost and Executive Vice President – Academic Affairs is responsible for fostering a spirit of partnership and teamwork among multiple constituencies across the University system. This role will develop and implement strategies, policies, and processes across the University system that align with the public mission of the University. Additionally, the position requires a strong commitment to fostering diversity among students, faculty, and staff and maintaining an inclusive and respectful environment. The Provost must develop close working relationships with the campus provosts and key stakeholders such as the Academic Senate, Regents, Legislature, and the public to bring together disparate views and build a systemwide academic strategy.

Mr. Brown began his career with the University of California, Santa Barbara in 1993 as an Associate Professor of Counseling, Clinical and School Psychology. In 2000, he was appointed as a Professor in the same discipline and in 2009 became Acting Dean for Extension and Off-Campus Studies before being named to his present role as Dean for UC Santa Barbara Extension. Mr. Brown has served the Board of Regents as a Faculty Representative, Member of the Special Committee to Select the President of the University as Chair of the Academic Advisory Committee, and Member of the Regents' Study Group on University Diversity as Chair of the Work Team on Undergraduate Student Diversity. Additionally, throughout his career with the University, Mr. Brown has held numerous administrative and shared governance roles, including serving as the Chair of the Systemwide Academic Senate and Chair of the Board of Admissions and Relations with Schools (BOARS). Mr. Brown has published numerous books, book chapters, and articles that contribute to understanding the cultural variables underlying the career and educational choice behavior of racial/ethnic minorities and women. He has made international, national, regional, and local presentations relevant to advancing personal and career development and serves on a number of editorial boards. He was elected fellow of the American Psychological Association in 2001.

Mr. Brown received his bachelor of arts degree in psychology from the University of California, Irvine and his master of arts degree in counseling psychology and his Ph.D. in counseling psychology both from Southern Illinois University.

For any outside professional activities related to his professional expertise, Mr. Brown will comply with current Outside Professional Activity (OPA) policies.

The proposed base salary of \$379,000 is 6.0 percent below the 25th percentile (\$403,000) of the Market Reference Zone (MRZ) for this position. The recommended base salary is less than the previous incumbent's salary by 0.9 percent. As an additional point of comparison, the Executive Vice Chancellor for Academic and Student Affairs for California State University in 2016 had total pay of \$340,504.<sup>2</sup>

Committee vote: Regents Elliott, Kieffer, Lansing, Lozano, Napolitano, Ortiz Oakley, and Pérez voting "aye."

Board vote: Regents Anguiano, De La Peña, Elliott, Guber, Kieffer, Lansing, Lemus, Lozano, Makarechian, Mancina, Monge, Napolitano, Ortiz Oakley, Park, Pérez, Sherman, and Tauscher voting "aye," and Regent Blum abstaining.

3. **APPOINTMENT OF REGENTS, REGENTS-DESIGNATE, AND FACULTY REPRESENTATIVES TO STANDING COMMITTEES AND SUBCOMMITTEES FOR 2017-18**

A. The Committee recommends that:

- (1) Regents be appointed as members of Standing Committees, effective immediately through June 30, 2018, as follows:
  - a. Regent Anguiano be appointed as a member of the Finance and Capital Strategies Committee and the Compliance and Audit Committee.
  - b. Regent Park be appointed as a member of the Finance and Capital Strategies Committee and the Public Engagement and Development Committee.
  - c. Regent Tauscher be appointed as a member of the Academic and Student Affairs Committee and the Compliance and Audit Committee.
- (2) Regents-designate be appointed as advisory members to Standing Committees, effective immediately through June 30, 2016, as follows:

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<sup>2</sup> Information taken from the online database Transparent California for 2016.

- a. Regent-designate Anderson be appointed as an advisory member of the Finance and Capital Strategies Committee and the Compliance and Audit Committee.
  - b. Regent-designate Morimoto be appointed as an advisory member of the Finance and Capital Strategies Committee and the Public Engagement and Development Committee.
  - c. Contingent upon his appointment as student Regent for 2018-19, Regent-designate Graves be appointed as an advisory member of the Academic and Student Affairs Committee and the Compliance and Audit Committee.
- (3) Faculty Representatives be appointed as advisory members of Standing Committees, effective September 1, 2017 through August 30, 2018 as follows:
- a. Faculty Representative May be appointed as an advisory member of the Finance and Capital Strategies Committee and the Public Engagement and Development Committee.
  - b. Faculty Representative White be appointed as an advisory member of the Academic and Student Affairs Committee and the Compliance and Audit Committee.
- B. The Committee reports its appointment of Regent Tauscher as a member, effective immediately through June 30, 2018, and Faculty Representative White as an advisory member, effective September 1, 2017 through August 30, 2018, to the National Laboratories Subcommittee, contingent upon their appointment by the Regents to the Academic and Student Affairs Committee.
- C. The Committee reports its appointment of Regent Anguiano as a member, effective immediately through June 30, 2018, and Regent-designate Anderson, effective immediately through June 30, 2018, and Faculty Representative May, effective September 1, 2017 through August 30, 2018, as advisory members of the Investments Subcommittee, contingent upon their appointment by the Regents to the Finance and Capital Strategies Committee.

Committee vote: Regents Elliott, Kieffer, Lansing, Lozano, Napolitano, Ortiz Oakley, and Pérez voting “aye.”

Board vote: Regents Anguiano, De La Peña, Elliott, Guber, Kieffer, Lansing, Lemus, Lozano, Makarechian, Mancía, Monge, Napolitano, Ortiz Oakley, Park, Pérez, Sherman, and Tauscher voting “aye,” and Regent Blum abstaining.