

# THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

July 16, 1999

The Regents of the University of California met on the above date at UCSF-Laurel Heights, San Francisco.

Present: Regents Atkinson, Connerly, Davies, O. Johnson, S. Johnson, Kozberg, Lansing, Lee, Montoya, Pannor, Parsky, and Taylor (12)

In attendance: Regent-designate Kohn, Faculty Representatives Coleman and Dorr, Secretary Trivette, General Counsel Holst, Treasurer Small, Provost King, Senior Vice President Kennedy, Vice Presidents Darling and Hershman, Chancellors Cicerone, Greenwood, Vanderhoef, and Yang, Chancellor-designate Tomlinson-Keasey, and Recording Secretary Nietfeld

The meeting convened in Closed Session at 11:25 a.m. with Chairman Davies presiding.

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The Board convened in Open Session at 11:30 a.m.

## 1. **APPROVAL OF MINUTES OF JUNE 18, 1999**

Upon motion of Regent S. Johnson, duly seconded, the minutes of the meeting of June 18, 1999 were approved.

## 2. **REPORT OF THE PRESIDENT**

Due to the lateness of the hour, President Atkinson dispensed with the formal presentation of the Report of the President. He noted the death of Congressman George Brown, who had been a strong supporter of science and technology during his many years in Congress.

[The report was mailed to all Regents in advance of the meeting, and a copy is on file in the Office of the Secretary.]

President Atkinson commended Faculty Representative Dorr for her service to the Academic Senate, noting in particular her ability to forge consensus among the faculty. He recognized her effectiveness at working in cooperation with the other segments of higher education in the state.

Faculty Representative Dorr reported that the Academic Senate's UC Merced Task Force was delighted that a chancellor had been appointed for the Merced campus, noting that the task force had worked closely with Chancellor-designate Tomlinson-Keasey. The task force has been active

in developing ideas for the academic orientation of the campus, including preliminary work to establish how the humanities will function well on the campus.

Professor Dorr reported that the Academic Senate is continuing its intersegmental work on transfer and articulation which it hopes eventually to institutionalize. She noted that the University had made an important internal advance by adopting a regulation that affirms that undergraduate and graduate students will have the opportunity to enroll concurrently in courses at a campus other than their own. The regulation asserts that every course throughout the system will automatically be accepted by the home campus for credit towards graduation and establishes the methodology by which these courses will be acceptable in the major.

Faculty Representative Dorr reported that the faculty had appointed implementation committees in response to the changes in freshman eligibility requirements. One such committee will identify acceptable visual and performance arts courses. The faculty have begun to study the meaning and use of the tests which students are required to take in order to become UC eligible, as well as the quality and availability of honors and Advanced Placement courses.

The faculty have been involved in the academic issues which surround collective bargaining for teaching assistants because every campus will have a local union. It will be important for all aspects of the University's educational program to achieve a good contract from the beginning and to take into account the fact that graduate students are both employees and students.

Professor Dorr concluded her remarks by commenting upon her service as a Faculty Representative to the Board. She noted that her intent over the past year had been to convey fairly the views of the faculty to the Regents, as well as the views of the Regents to the faculty. She expressed her appreciation to the Regents for the role that they had played in establishing an excellent relationship with the faculty.

Ms. Dorr stated that, while many things about the University are admirable, she had three areas of concern to raise. She reported that the faculty want the University of California to remain the state's premiere research university. In order to sustain this tradition, uncomfortable decisions must sometimes be made. For example, faculty in a research university should not be given the same teaching load as the faculty at a community college. The student-faculty ratio cannot be permitted to rise if quality is to be maintained.

The second area of concern is health sciences education. In order to instruct students adequately, there must be viable clinical settings. However, faculty should not be asked to spend so much time providing clinical services that they are unable to perform their academic work.

Thirdly, the University must provide access for the children of the state, which is undergoing tremendous demographic change. While race, gender, and ethnicity are important, a university ideally should embrace many different personal and political perspectives. Active classroom

debate is facilitated by academic freedom in its broadest sense and by having a university that educates a diverse student body. Professor Dorr stressed the importance of outreach in achieving this diversity.

At the President's invitation, Ms. Darcy Bingham, chair of the Council of UC Staff Assemblies (CUCSA), presented her report. She introduced the CUCSA chair for 1999-2000, Ms. Kathryn Day-Huh, and its vice chair, Ms. Ginger Birkholm. She reported that the Council had participated in the systemwide Work/Life Symposium, which addressed the work and life-balancing issues that faculty and staff face. She noted that the Council has been joined by delegates from the Los Alamos National Laboratory and that it has extended an invitation to the other two laboratories to participate.

Ms. Bingham reported that the Council continues to support the position of a non-voting staff delegate to The Regents, especially in light of the fact that the students, the alumni, and the faculty have a voice on the Board.

In its effort to build collaboration between the staff and the faculty, the Academic Council and CUCSA have established a joint task force charged with identifying best practices that encourage a climate of cooperation, including training opportunities for those in administrative roles. A draft report will be prepared by the task force and presented to constituents for review.

Ms. Bingham mentioned the tremendous growth in enrollment that is expected to occur over the next decade. She pointed out that a great deal of attention has been focused on how this growth will be met, but little attention has been given to how new buildings will be maintained, who will assist new faculty, and how new students will receive advice. There are over 100,000 staff employees at the University of California, and these employees are one of its best resources. She urged the Regents to keep this in mind as they debate the University's response to future needs.

### 3. **REPORT OF THE COMMITTEE ON FINANCE**

#### A. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program***

The Committee reported its concurrence with the recommendations of the Committee on Grounds and Buildings that the 1999-2000 Budget for Capital Improvements and the 1999-2002 Capital Improvement Program be amended to include the following projects: (1) San Diego: A. Engineering Building Unit 3A - Bioengineering; and (2) San Diego: B. Cogeneration Addition to the Central Utilities Plant.

B. ***Proposed Student-Sponsored Recruitment and Retention Centers Fee, Berkeley Campus***

The Committee recommended that, effective fall semester 1999, a mandatory Recruitment and Retention Centers Fee of \$3 per student per semester be assessed to all enrolled students at the Berkeley campus.

C. ***Proposed Student-Sponsored Increases in Graduate Student Association Fee, Riverside Campus***

The Committee recommended that, effective with fall 1999, the Graduate Student Association Fee at the Riverside campus be increased from \$10 per graduate student per quarter as follows:

<u>Academic Year</u>	<u>Fee per Graduate Student per Quarter</u>
1999-2000	\$12
2000-2001	\$14
2001-2002	\$16
2002-2003	\$18
2003-2004 and thereafter	\$20

D. ***Approval of Student-Sponsored Increases in Student Fees, Santa Barbara Campus***

The Committee recommended that, effective with the fall quarter 1999, fees for students at the Santa Barbara campus be approved as follows:

**Undergraduate students only:**

- An increase in the existing Associated Students Fee of \$.75, from \$43.00 to \$43.75 per undergraduate student per quarter;
- A new Events Center Support Fee of \$4.00 per undergraduate student per quarter; and
- For the 1999-2000 academic year only, a new Campus Track Repair Fee of \$4.50 per undergraduate student per quarter.

**Graduate students only:**

- An increase in the existing Graduate Student Association Fee of \$1.50, from \$8.00 to \$9.50 per graduate student per quarter.

**Undergraduate and graduate students:**

- A new Shoreline Fee of \$3.00 per student per quarter.

**E. *External Financing for Seismic Safety Corrections, FEMA Program Phase 1, Berkeley Campus***

The Committee recommended that, subject to amendment of the Budget for Capital Improvements and the Capital Improvement Program to include this project:

- (1) Funding for Seismic Safety Corrections, FEMA Program Phase 1, Berkeley campus, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
Federal Emergency Management Agency (FEMA)	\$41,960,000
External financing	32,000,000
State	13,987,000
Campus funds	<u>4,153,000</u>
Total	\$92,100,000

- (2) The Treasurer be authorized to obtain long-term external financing not to exceed \$32 million for Seismic Safety Corrections, FEMA Program Phase 1, Berkeley campus, subject to the following conditions:

- Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
- Repayment of the debt shall be from the Berkeley campus' share of the University Opportunity Fund; and
- The general credit of The Regents shall not be pledged.

- (3) The Treasurer be authorized to obtain interim external financing not to exceed \$10 million to finance, if necessary, cash flow needs in connection with the FEMA Hazard Mitigation Grant Program for seismic correction costs associated with this project, subject to the following conditions:

- a. Interest on any advance shall be paid from income distributed from the Russell Springer Memorial Foundation Fund to the Berkeley campus;
  - b. The general credit of The Regents shall not be pledged; and
  - c. It be recognized that should significant disallowance of expenses occur in the post-audit reviews of this seismic project, the campus would, if necessary, return to The Regents to seek the appropriate approval for long-term external financing of some or all of those costs.
- (4) The Officers of The Regents be authorized to provide certification to the lender that interest paid by The Regents is exempt from federal income taxation under existing law.
  - (5) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

F. ***External Financing for Cogeneration Addition to Central Utilities Plant, San Diego Campus***

The Committee recommended that, subject to the approval to amend the 1999-2000 Budget for Capital Improvements and the 1999-2002 Capital Improvement Program to include the Cogeneration Addition to the Central Utilities Plant, San Diego campus:

- (1) Funding for the Cogeneration Addition to the Central Utilities Plant, San Diego campus, estimated at \$30,868,000, be approved for external financing.
- (2) The Treasurer be authorized to obtain external financing not to exceed \$30,868,000 to finance the Cogeneration Addition to the Central Utilities Plant, San Diego campus, subject to the following conditions:
  - a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
  - b. Repayment of the external financing shall be from the University's annual appropriation from the State of California and other lawfully available funds of The Regents; and
  - c. The general credit of The Regents shall not be pledged.

- (3) The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (4) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

G. ***External Financing for Engineering Building Unit 3A - Bioengineering, San Diego Campus***

The Committee recommended that, subject to the approval to amend the 1999-2000 Budget for Capital Improvements and the 1999-2002 Capital Improvement Program to include the Engineering Building Unit 3A -- Bioengineering, San Diego campus:

- (1) Funding for Engineering Building Unit 3A -- Bioengineering, San Diego campus, be approved as follows:

<u>Fund Source</u>	<u>Amount</u>
Grant funds	\$ 17,200,000
Gift funds	12,200,000
External financing	6,945,000
Campus funds	<u>387,000</u>
Total	\$ 36,732,000

- (2) The Treasurer be authorized to obtain external financing not to exceed \$32,545,000 to finance a portion of the construction of the Engineering Building Unit 3A -- Bioengineering, San Diego campus, subject to the following conditions:
  - a. Short-term external financing shall not exceed \$25.6 million, as necessary until gift and grant funding commitments are received by the campus; and
    - i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
    - ii. repayment of the debt shall be from gift and grant funds, and should such funds be insufficient, from the San Diego campus' share of the University Opportunity Funds.
  - b. Long-term external financing shall not exceed \$6,945,000, and

- i. interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period;
    - ii. repayment of the debt shall be from the San Diego campus' share of the University Opportunity Funds.
  - c. The general credit of The Regents shall not be pledged.
- (4) The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
  - (5) The Officers of The Regents be authorized to execute all documents necessary in connection with the above.

**H. *Proposed Health Sciences Compensation Plan***

The Committee recommended that the existing General Health Sciences Compensation Plan and Medical School Clinical Compensation Plan be combined and replaced by the Health Sciences Compensation Plan, as set forth in Attachment 1, on the condition that, prior to implementation, the Guidelines on Occasional Outside Professional Activities by Health Sciences Plan Participants be presented to The Regents for formal review and approval.

**I. *Adoption of Final 1999-2000 Budget for Current Operations and the Budget for Capital Improvements***

- (1) The Committee recommended that the 1999-2000 Budget for Current Operations, as modified by actions of the Legislature and the Governor, be adopted.
- (2) The Committee reported its concurrence with the recommendation of the Committee on Grounds and Buildings that the 1999-2000 Budget for Capital Improvements, as modified by actions of the Legislature and the Governor, be adopted.

**J. *Proposed Reduction in Educational Fee for Resident Students for 1999-2000***

The Committee recommended that, effective with the fall term 1999, the Educational Fee be reduced as follows:



- (1) By \$180, from \$2,896 to \$2,716 per year for California resident undergraduate students only.
- (2) By \$190, from \$3,086 to \$2,896 per year for California resident graduate academic students only. California resident graduate students subject to the Fee for Selected Professional School Students will continue to pay \$3,086 per student per year.

**K. *Proposed Increase in Nonresident Tuition for 1999-2000***

The Committee recommended that effective with the fall term 1999, the Nonresident Tuition Fee be increased by \$420 (4.5 percent), from \$9,384 per nonresident student per year to \$9,804 per nonresident student per year.

**L. *External Financing for the 1999-2000 Universitywide Deferred Maintenance and Facilities Renewal Program***

The Committee recommended that:

- (1) Funding for the 1999-2000 Universitywide Deferred Maintenance and Facilities Renewal Program be approved in an amount not to exceed \$66 million from external financing.
- (2) The Treasurer be authorized to obtain external financing in an amount not to exceed \$66 million to finance the Universitywide Deferred Maintenance and Facilities Renewal Program, subject to the following conditions:
  - a. Average annual debt service shall not exceed \$6 million (this limitation is intended solely as a limit on the amount of scheduled debt service and not as a limitation on the extent of the pledge on nonresident tuition income);
  - b. Repayment of the debt shall be from nonresident tuition income; and
  - c. The general credit of The Regents shall not be pledged.
- (3) The Officers of The Regents be authorized to provide certification that interest paid by The Regents is excluded from gross income for purposes of federal income taxation under existing law.
- (4) The Officers of The Regents be authorized to execute all documents in connection with the above.

Regent Montoya reported that Regent Preuss had asked that she, acting on his behalf, withdraw the amendment he had made to item H. above, *Proposed Health Sciences Compensation Plan*, and asked that the recommendation be approved as originally submitted by the President, as follows:

The Committee recommended that the existing General Health Sciences Compensation Plan and Medical School Clinical Compensation Plan be combined as replaced by the Health Sciences Compensation Plan, as set forth in the Attachment.

Upon Regent Montoya, the reports and recommendations of the Committee on Finance, as amended, were approved.

#### 4. **REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS**

##### A. ***Amendment of the Budget for Capital Improvements and the Capital Improvement Program***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 1999-2000 Budget for Capital Improvements and the 1999-2002 Capital Improvement Program be amended to include the following projects:

- (1) San Diego: A. Engineering Building Unit 3A - Bioengineering - preliminary plans, working drawings, construction, and equipment -- \$36,732,000 total project cost, to be funded from grant funds (\$17,200,000), gift funds (\$12,200,000), external financing (\$6,945,000), and funds available to the Chancellor (\$387,000).
- (2) San Diego: B. Cogeneration Addition to the Central Utilities Plant -- preliminary plans, working drawings, and construction -- \$30,868,000 total project cost, to be funded from external financing.

##### B. ***Approval of Site and Amendment of Long Range Development Plan, Sports and Recreation Complex Expansion, Riverside Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Initial Study, the Committee recommended:

- (1) Approval of the Initial Study/Mitigated Negative Declaration.

- (2) Adoption of the Findings.
- (3) Amendment of the Long Range Development Plan, Riverside campus, to change the land use designation of the project site from *Parking* and *School of Education* to *Recreational Facilities/Outdoor Fields*.
- (4) Approval of the site of the Sports and Recreation Complex Expansion, Riverside campus.

[The Initial Study/Mitigated Negative Declaration and Findings were mailed to all Regents in advance of the meeting.]

**C. *Approval of Initial Study and Approval of Design, Natural Sciences Building, San Diego Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Initial Study/Mitigated Negative Declaration, the Committee reported its:

- (1) Approval of the Initial Study/Mitigated Negative Declaration.
- (2) Adoption of the Findings and Mitigation Monitoring Program.
- (3) Approval of the design of Natural Sciences Building, San Diego campus.

[The Initial Study/Mitigated Negative Declaration, Findings, and Mitigation Monitoring Program were mailed to all Regents in advance of the meeting.]

**D. *Approval of Design, Center for Ocean Health Building, Joseph M. Long Marine Laboratory, Santa Cruz Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the 1999 Addendum and the Environmental Impact Report for the Long Marine Laboratory Master Plan certified by The Regents in November 1993, the Committee reported its:

- (1) Adoption of the Findings and EIR Addendum.
- (2) Approval of the design of the Center for Ocean Health Building at the Joseph M. Long Marine Laboratory, Santa Cruz campus.

[The Findings and EIR Addendum were mailed to all Regents in advance of the meeting.]

E. ***Certification of Environmental Impact Report and Approval of Design, Core West Parking Structure, Santa Cruz Campus***

Upon review and consideration of the environmental consequences of the proposed project as indicated in the Environmental Impact Report, the Committee reported its:

- (1) Certification of the Environmental Impact Report.
- (2) Adoption of the Mitigation Monitoring Program and Findings.
- (3) Approval of the design of the Core West Parking Structure, Santa Cruz campus.

[The Environmental Impact Report, Mitigation Monitoring Program, and Findings were mailed to all Regents in advance of the meeting.]

F. ***Approval of Design, University of California, Washington, D.C. Center, Office of the President***

The Committee reported its approval of the design of the University of California, Washington, D.C. Center.

G. ***Adoption of Final 1999-2000 Budget for Capital Improvements***

The Committee recommended that, subject to the concurrence of the Committee on Finance, the 1999-2000 Budget for Capital Improvements, as modified by actions of the Legislature and the Governor, be adopted.

Upon motion of Regent Lee, duly seconded, the reports and recommendations of the Committee on Grounds and Buildings were approved.

5. **REPORT OF THE COMMITTEE ON INVESTMENTS**

***Report of the Commission on the Office of the Treasurer***

The Committee recommended that The Regents direct the Commission, on behalf of and reporting to The Regents, to act as an interim oversight committee with respect to the activities of the UC Treasurer's Office in order to improve governance.

Upon motion of Regent Montoya, duly seconded, the recommendation of the Committee on Investments was approved.

6. **REPORT OF THE COMMITTEE ON HEALTH SERVICES**

*Authorization for the President to Approve Corporate Compliance Program*

The Committee recommended that:

- A. The Regents authorize the President to approve the University of California Health Sciences Corporate Compliance Program (University's Program), subject to review by affected academic and staff employees and employee organizations as appropriate under the Higher Education Employer-Employee Relations Act and by Academic Senate members as appropriate under the Standing Orders of The Regents.
- B. The President be charged with implementing the University's Program in consultation with the Office of the General Counsel and the Office of Clinical Services Development.
- C. The President be charged with providing a report to The Regents no later than November 1999, in coordination with the Office of Clinical Services Development, on the status of the University's Program.

Upon motion of Regent Lansing, duly seconded, the recommendation of the Committee on Health Services was approved.

7. **REPORT OF THE NOMINATING COMMITTEE**

The Committee recommended that Regent-designate Kohn be appointed an Advisory Member to the Committees on Educational Policy, Grounds and Buildings, and Health Services through June 30, 2000.

Upon motion of Regent Montoya, duly seconded, the recommendation of the Nominating Committee was approved.

8. **REPORT OF THE SPECIAL COMMITTEE ON REGENTS' PROCEDURES**

*Amendments of Bylaws and Standing Orders Related to Board Meetings, Practices, and Procedures*

The Committee recommended that:

- A. Effective with the January 2000 meeting, Regents meetings be reduced from 9 per year to 6 per year. The currently scheduled meetings in February, June, and October would be eliminated. The 6 meetings would be held for a full day on Wednesday and Thursday rather than a full day on Thursday and a half day on Friday.
- B. The Regents approve in concept the recommendations contained in items (3) through (6) of RE-20, with the understanding that actions within the increased thresholds be approved by the President or the Treasurer only with the concurrence of the Chairman of the Board and the Chair of the Committee on Finance for areas within the authority of the President and only with the concurrence of the Chairman of the Board and the Chair of the Committee on Investments for areas within the authority of the Treasurer. In addition, matters affecting changes to the Capital Improvement Program would require the concurrence of the Chair of the Committee on Grounds and Buildings.
- C. The recommendations pertaining to items (3) to (6) of RE-20 be brought back to The Regents at the September 1999 meeting for final approval.

Upon motion of Regent Montoya, duly seconded, the recommendation of the Special Committee on Regents' Procedures was approved.

## 9. **REPORT OF INTERIM ACTIONS**

Secretary Trivette reported that, in accordance with authority previously delegated by The Regents, interim action was taken on routine or emergency matters as follows:

The Chairman of the Board and the President of the University approved the following recommendation:

*Authorization to Execute Affiliation Agreement Between the County of Los Angeles and the School of Medicine, Los Angeles Campus*

That the President, in consultation with the Vice President for Clinical Services Development, the Vice President for Health Affairs, and the General Counsel, be authorized to execute the affiliation agreement between the County of Los Angeles and the School of Medicine, Los Angeles campus.

## 10. **REPORT OF PERSONNEL ACTIONS**

In accordance with Bylaw 14.7(b), Secretary Trivette reported the following personnel action taken at the June 1999 meeting. There was no roll call vote on this action.

Appointment of David J. Southwood as Regents' Professor, Department of Earth and Space Sciences and the Institute of Geophysics and Planetary Physics, Los Angeles campus, for the winter quarter of the 1999-2000 academic year.

## 11. **REPORT OF COMMUNICATIONS**

Secretary Trivette presented summaries of communications received subsequent to the June 1999 meeting which will be referred to President Atkinson for response as appropriate.

## 12. **REPORT OF THE PRESIDENT**

### **Reports Mailed Between Meetings**

The President reported that on the dates indicated, the following informational reports were mailed to The Regents or to Committees:

#### **To Members of the Committee on Finance**

- A. Annual Report on Paid Service on Corporate Boards by Officers of the University and Officers of The Regents, covering the period July 1, 1997 through June 30, 1998. June 23, 1999.
- B. Background information pertaining to compensation planning for the 1999-2000 fiscal year. July 2, 1999.

#### **To Members of the Committee on Health Services**

- C. Activity and Financial Status Report on Hospitals and Clinics as of May 31, 1999. June 28, 1999. (Schedule of Reports)
- D. Activity and Financial Status Report for UCSF Stanford Health Care as of May 31, 1999. July 6, 1999. (Schedule of Reports)

#### **The Regents of the University of California**

- E. Update concerning the status of UCSF Stanford Health Care. June 14, 1999.
- F. Press release on the 1999-2000 State Budget allocation for the University of California. July 2, 1999.
- G. Results of the University's Medical Plan bid. July 6, 1999.

- H. Copy of the *University Community Concept Report (May 1999)* concerning the development of a new community anchored by the UC Merced campus. July 6, 1999.

The meeting adjourned at 12:05 p.m.

Attest:

Secretary



July 1999

## **Health Sciences Compensation Plan University of California**

### **I. Introduction**

#### **A. Philosophy**

Health Sciences education occupies a special place in American higher education with unique functions and responsibilities. In medical education, the orientation to clinical practice, essential to the teaching function, requires an emphasis on sophisticated patient care, in addition to an emphasis on research and the advancement of knowledge. In dentistry, nursing, pharmacy, and other health science education as well, clinical teaching is integrated with basic and applied research. The University of California is committed to excellence in instruction, research, and public service in the health sciences just as it is committed to the same goals in other academic disciplines. As the only public university in California authorized to grant professional doctoral degrees in the health sciences, the University has a responsibility to the State, the public, and its students to maintain the breadth and depth of its curricula, the creativity of its research efforts, and the quality of its health care services.

To ensure the level of excellence essential in the University of California, special effort must be exerted to recruit and retain the best and most dedicated faculty. Special compensation plans have been established over the years to provide for quality across academic programs in the health sciences disciplines. These health sciences compensation plans offer a competitive salary structure indispensable to the health sciences schools' recruitment and retention efforts.

Health sciences disciplines require varying compensation levels in order to remain competitive with comparable schools elsewhere in the United States. However, because University health sciences schools share some common needs and operating requirements, the University has developed a uniform Health Sciences Compensation Plan to govern compensation arrangements and account for compensation plan income to the University's Schools of Medicine, Dentistry, Nursing, Pharmacy, and other health sciences units as deemed appropriate by the President.

The Health Sciences Compensation Plan is approved, amended and repealed by and under the authority of The Regents of the University of California. Through the Plan, compensation is set as a part of the employment relationship, and as a consequence, the level of compensation and the terms and conditions of the Plan may be amended or repealed at any time by The Regents, following consultation with the Health Sciences Chancellors, Deans and appropriate Academic Senate Committee(s).

The implementation, administration and continued operation of this Plan shall be contingent on the understanding and assurance that it will not require the expenditure of more State-appropriated funds in the University budget than operation without the Plan would require.

## **B. Purpose and Goals of the Plan**

The purpose of this Health Sciences Compensation Plan is to provide a common administrative framework within which a participating health sciences school can compensate its faculty according to the competitive requirements of each discipline. Specific goals of this Plan are:

1. To provide sufficient non-State resources to recruit and retain outstanding health sciences faculty.
2. To encourage a balance among teaching, research, and service activities (including clinical practice) of the quality required in the University of California.
3. To provide teaching, patient care and research incentives that encourage and recognize academic merit as well as generation of income.
4. To offer consistent benefits and privileges to participating health sciences faculty and schools at all University of California campuses.
5. To benefit the health sciences schools by providing academic and research support funds in addition to State-appropriated funds.

## **II. Review and Approval Responsibility**

### **A. Overview**

The regulations included in this Plan are intended to provide a policy framework within which operating procedures will be developed by each health sciences school that participates in the Plan. Campus procedures and revisions in such procedures must be consistent with the Plan, reviewed by the appropriate faculty committee(s), and approved by the Chancellor and the President.

In developing campus procedures consistent with these regulations, the participating health sciences schools may include provisions that are more, but not less, restrictive than those outlined herein.

### **B. Roles of The Regents and the President**

After consultation with the Health Sciences Chancellors, Deans and the appropriate Academic Senate committee(s), and upon recommendation by the President, The Regents may amend or repeal any portion of or the entire Plan.

The President shall have the authority to:

- approve the inclusion or exclusion of a health sciences school, discipline or specialty in the Plan.
- approve campus procedures and revisions of approved campus procedures within the limitations of this Plan.
- approve individual exceptions to the provisions of this Plan to meet special teaching, research or clinical service requirements.
- issue administrative regulations and procedures further refining this Plan.

The President shall report to The Regents total compensation for any Plan participant which is greater than four times the highest step on the Professor Series Fiscal Year Salary Scale.

#### **C. Role of the Academic Senate**

The President shall consult with the appropriate Academic Senate committee(s) concerning proposed revisions of this Plan before submitting such revisions to The Regents for approval.

The appropriate campus faculty committee shall be provided the opportunity to review and comment on any proposed exceptions to campus procedures which the Chancellor intends to submit to the President for approval.

#### **D. Role of the Chancellor**

The Chancellor shall have operational authority over the development and, subsequent to approval by the President, implementation and monitoring of the campus procedures for administration of this Plan. The Chancellor shall be responsible for assuring that affected Plan participants and the appropriate Academic Senate committees shall be afforded the opportunity to review and comment on the proposed campus implementing procedures.

### **III. Membership in the Health Sciences Compensation Plan**

#### **A. Membership Requirements**

Individuals in health sciences schools, disciplines or specialties that have been approved for participation in this Plan shall be members of this Plan if they hold a University appointment at greater than 50 percent of full time, funded by one or more of the participating health sciences units, in any of the following title series:

1. Professor
2. Professor In Residence
3. Professor of Clinical \_\_\_\_\_(e.g., *Medicine*)
4. Adjunct Professor
5. Acting Professor
6. Clinical Professor
7. Visiting Professor
8. Health Sciences School Dean titles.
9. Any other title series approved for membership in this Plan by the President.

Membership in the Plan is a term and condition of employment. All new and continuing eligible Plan members shall receive a copy of this Plan document, the campus procedures and any related departmental guidelines setting forth Regental, campus, and departmental policy applicable to faculty covered by the Plan.

#### **B. Exceptions to Membership Requirements**

As specified at Section II.B, the President may approve exceptions to membership requirements in individual circumstances to meet special teaching, research, or clinical service requirements.

The President shall review and has authority to approve provisions in campus procedures, and requests by Chancellors in specific cases, for inclusion in the Plan of individuals in a health sciences school whose appointments are in the series listed in Section III.A, regardless of percentage of time.

### **IV. Compensation**

The Income Limitation Arrangement is not an option for compensation of health sciences faculty except as provided in Appendix A. No single member professional corporations, or any other form of professional corporation, partnership or other entity(s) for the provision of professional health care shall be permitted for faculty under the Plan without the express written approval of the President.

#### **A. Total Compensation**

Faculty members participating in this Plan shall:

- 1) receive base salary as described in Section B, below.
- 2) be eligible for optional additional compensation as described in Section C, below.
- 3) be permitted to retain the other miscellaneous income as described in Section D, below.

No State funds shall be used for the portion of base salary that exceeds the Fiscal Year Salary Scales for the Plan member's rank and step or for optional additional compensation as described at Section C, below. This portion of compensation shall be funded using Compensation Plan funds and other non-State funds in compliance with any related fund source restrictions.

## **B. Base Salary**

Base salary for an individual is the approved rate on one of the Health Sciences Compensation Plan Salary Scales, associated with that faculty member's academic rank, step and academic programmatic unit. The base salary is covered under the University of California Retirement Plan (UCRP) up to the amount permissible under law and in accordance with UCRP provisions and regulations. Salary scales shall be assigned to academic programmatic units and may be changed in accordance with guidelines issued by the President.

## **C. Optional Additional Compensation**

Local compensation procedures (that is campus, department, division and/or academic programmatic unit procedures) may provide for the payment of additional compensation. Prior to the implementation or revision of local compensation procedures, affected Plan participants shall be afforded the opportunity to review and comment on the proposed procedures. Local procedures shall specify how additional compensation will be calculated, when it will be paid, and the title(s) of person(s) authorized to approve individual compensation agreements. Additional compensation may be paid, in accordance with fund source restrictions, as follows:

1. Negotiated additional compensation ("Y")

Plan members may receive a negotiated amount of additional compensation. This component of pay is beyond the base salary and is not covered compensation for the University of California Retirement Plan, but may be eligible for optional disability and life insurance programs and for the Health Sciences Severance Pay Plan (HSSPP), as described at Section V.B.

2. Incentive/Bonus compensation ("Z")

Plan members may receive incentive/bonus compensation. This incentive/bonus compensation is not covered compensation for the University of California Retirement

Plan, but may be eligible for the Health Sciences Severance Pay Plan, as described at Section V.B.

#### **D. Other Miscellaneous Income Which May be Retained by Plan Members**

Certain categories of income accruing from occasional service, as described below, may be retained by Plan members. The Department Chair and/or Dean shall monitor the frequency of individual activity in these areas:

1. Income from occasional outside professional activity (other than patient care) in accordance with the Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants issued by the President and campus implementing procedures.
2. Prizes, defined as gifts in recognition of personal achievements and not for services rendered.
3. Royalties, defined as shares of proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies.
4. Honoraria, defined as payments by agencies outside the University for occasional lectures and similar public appearances beyond normal academic responsibilities to the University of California and which are not in return for other services, whether given directly or indirectly.
5. University honoraria, defined as payment for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy.
6. Administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal academic responsibilities.
7. Income from a profession or activity unrelated to the training and experience which is the individual's qualification for University appointment as determined by the Department Chairperson in consultation with the Dean.

#### **V. Benefits**

No campus may offer faculty benefits beyond those which have been approved by The Regents. All benefits shall be provided in accordance with policies and/or guidelines issued or approved by the Office of the President. Each Health Sciences School and respective Accounting Office shall develop and provide a funding mechanism for support of all benefits made available under the provisions of this Plan, and this mechanism shall be included in the campus procedures established for administration of the Plan.

### **A. Base Salary-Related Benefits**

Base salary-related benefits are associated with an individual's salary from one of the Health Sciences Salary Scales. These benefits include participation in the UCRP, health care insurance, disability insurance, regular term life insurance, and other benefits as may be approved by The Regents. Base salary-related benefits will be made available to faculty members who are members of this Plan on the same basis as to all other members of the University faculty.

### **B. Optional Benefits on Additional Compensation**

The Regents have authorized some benefit programs related to health sciences additional compensation beyond the base salary:

1. Disability and life insurance programs

These programs must be approved by the Office of Employee Benefits/Human Resources, Office of the President. Policies governing optional disability and life insurance programs on additional compensation are available from the Office of Employee Benefits/Human Resources, Office of the President.

2. Health Sciences Severance Pay Plan (HSSPP)

Presidential Guidelines for the Health Sciences Severance Pay Plan are available from the Office of the Provost and Senior Vice President – Academic Affairs.

### **C. Paid Leave**

Plan members who are eligible for sabbatical leave, leave with salary, or vacation leave, or who are granted sick leave (including parental leave) may be granted such leave at the Health Sciences Scales Base Salary rate or total negotiated salary rate as set forth in local implementing procedures.

All such benefits as described above shall be provided uniformly within campus departments, divisions, or academic programmatic units as approved by the Dean.

## **VI. Campus Accounting and Budgeting Methods**

### **A. Management and Reporting of Professional Services Income and Expenses**

1. University Management

All professional services income generated by Compensation Plan members shall be managed by, accounted for and reported as revenue of the University; the only exception to this requirement shall be income which the Plan participant is allowed to retain in accordance with Section IV.D. All compensation paid by the University to Plan members will be subject to Federal and State withholding and reported on a W-2 form as wages. Campus procedures shall include billing and accounting procedures necessary to assure accountability for all funds. All financial transactions shall be approved, documented, and

otherwise processed or executed in accordance with University policies, procedures and delegations of authority.

a) Professional fee billing and collection activities shall be conducted by University billing groups, by external vendors with which the University has contracted, or as otherwise permitted by University procedures. All such fees shall be deposited upon receipt by the University or by an external vendor in a University bank account established in accordance with University delegations of authority.

b) Contracts with external billing vendors shall be processed and executed in accordance with delegated authority and University purchasing policies and procedures. They shall contain standard University-approved clauses, be subject to audit, and provide for monthly transmission of billings and receipt information to the University. Specific Universitywide regulations may be developed for such contracts as needed to assure that funds are accounted for, safeguarded, and appropriately managed.

## 2. Reports

The accounting standards specified in the University of California Accounting Manual must be used in reporting income and expenses in all compensation arrangements.

## **B. Fund Accounts and Sources**

Each campus shall establish one or more school Compensation Plan fund account(s) (or, with the approval of the Chancellor on recommendation of the Dean, a department, division, or academic programmatic unit fund account for each such unit participating in this Plan). All fund accounts shall be separate University accounts and shall receive Plan income from the following sources:

1. Income from professional services.
2. Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan, excluding stipends in IV.D.6.
3. Such other funds as are required by the Chancellor or President to be included in fund accounts.

Certain other sources of University income may be available to support faculty compensation and benefits but are not recorded in Compensation Plan fund accounts, such as:

1. Funds made available for salaries from University-administered grants and contracts.
2. Funds made available from unrestricted, non-State fund accounts within the school.



3. Gifts and other funds available for such purposes, as allocated by the Dean or Chancellor.

### **C. Assessment of Professional Services Income.**

As an aid in the administration, budgeting, and allocation of professional services income, gross Plan income shall be assessed using a rate(s) annually recommended by the Dean and approved by the Chancellor for each school or department. The income categories specified in Section IV.D. are not subject to assessment.

### **D. Contingency in Event of Inadequacy of Health Sciences Fund Accounts**

Campus procedures shall require the establishment of one or more reserve fund(s) and shall specify whether such reserve funds will be established at the school, department, division or academic programmatic unit level. The purpose of the reserve(s) is to provide the funds necessary to pay Plan expenses, including the agreed-upon compensation to each Plan participant, in the event that the current year income of the Plan is insufficient to do so. If the funds in the appropriate reserve account are insufficient for the purpose, the Chancellor may seek support from another non-State fund account (or other non-State fund accounts) within the school. If such support is not forthcoming, then the campus will reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, department, division, or academic programmatic unit as determined by the Chancellor.

Although funds may be transferred from one fund account to another within a health sciences school in accordance with University accounting and budgeting policies and procedures, fund accounts on each campus shall be maintained as financially independent for administrative purposes.

### **E. Budgeting**

Subject to approval by the Chancellor on recommendation of the Dean, each campus shall develop a process to annually budget for and monitor expenditures from the Health Sciences Compensation Plan fund accounts. Expenditures shall be budgeted for and funded in the following order of priority:

1. Clinical practice operating expenses, defined as costs incurred by the University for billing and collection of fees for clinical services; for faculty use of University-owned and/or-leased practice facilities; and for related professional operating activities.
2. To the extent that funds remain after expenditures for clinical practice costs indicated in 1., above, compensation may be paid to eligible participants in the Plan. Base salary and related benefits, including any required contribution on behalf of University of California Retirement Plan covered compensation, shall be funded before additional compensation.

3. To the extent that funds remain after the foregoing expenditures, benefits approved in accordance with Sections V.B. and V.C. may be paid.
4. To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.
5. When a health sciences fund account has accumulated a surplus beyond that required for expenditures and reserves as provided in all the above categories, the surplus shall be used as follows:
  - a) At least one-half for academic purposes in the department or division of origin (including but not limited to salaries for support personnel) as recommended by the Chair and approved by the Dean;
  - b) The remainder may be used for other purposes in the school or campus as recommended by the Department Chair and the Dean and approved by the Chancellor.

## **VII. Implementation and Transition Arrangements**

Campus procedures for implementing this Plan shall be submitted for the President's review and approval within one year of approval of this Plan by The Regents. Campus procedures may be made effective as of the effective date of this Plan, or at any time thereafter, as approved by the President.

Each school, discipline or specialty participating in the Medical School Clinical Compensation Plan or the General Health Sciences Compensation Plan at the time this Plan is approved by The Regents shall automatically be approved for participation in this Plan. Until campus procedures for implementing this Plan are approved by the President, the plan or plans currently in use on a campus shall remain in effect.

Chancellors may approve the inclusion in this Plan of individuals who are participating in the Medical School Clinical Compensation Plan or the General Health Sciences Compensation Plan at the time this Plan is adopted but whose title is not in the series listed at Section III.A.

## **APPENDIX A**

### **Requirements for Continuation of the Income Limitation Arrangements**

Upon the request of a Chancellor, the President may approve continuation of an individual or a group of individuals employed and operating under Income Limitation Plan arrangement policies prior to November 1993. In order for an individual or group of individuals to be approved, that individual's or group's practice must be examined by outside experts in health care professional compensation and tax and regulatory requirements. These experts shall advise the President whether the Income Limitation Plan arrangement policies and practices for an individual or group are in conformance with legal requirements. To the extent that an individual's or group's practice fails to conform with either tax laws or federal or state regulatory statutes, consultation shall occur with appropriate representatives of the campus regarding steps necessary to comply with tax laws and statutes governing physician reimbursement. Where such requirements cannot be met, the individual or group shall become members of the Health Sciences Compensation Plan.

**RECOMMENDATIONS CONCERNING BOARD PRACTICES AND PROCEDURES**  
**Items (3) to (6)**

**Capital Improvement Program**

- (3) *It is proposed that The Regents increase the President's authority to approve capital improvement projects and amendments as follows:*
- *Delegate authority to the President to approve projects of \$15 million or less.*
  - *For projects in excess of \$15 million, up to (and including) \$20 million, delegate authority to the President, with the concurrence of the Chairman of the Board, the Chairman of the Committee on Grounds and Buildings, and the Chairman of the Committee on Finance.*
  - *Projects in excess of \$20 million would require Regental approval.*

Currently, the President has authority to approve projects of \$10 million or less.

**External Financing and Borrowing Authority**

- (4) *It is proposed that The Regents establish borrowing authority as follows:*
- *Delegate authority to the President to borrow funds in the amount of \$5 million or less.*
  - *For amounts in excess of \$5 million, up to (and including) \$20 million, delegate authority to the President, with the concurrence of the Chairman of the Board and the Chairman of the Committee on Finance.*
  - *Amounts in excess of \$20 million would require Regental approval.*

Currently, all borrowing must be approved by The Regents.

**Real Property/Rental Agreements**

- (5) *It is proposed that The Regents increase the President's authority to approve and execute leases as follows:*
- *Delegate authority to the President for leases which have an initial base annual rent not to exceed \$1 million (currently \$500,000) and an aggregated base rent over the lease term not to exceed \$20 million (currently \$10 million), and that corresponding increases be made to the Treasurer's authority with respect to investment property.*

**Acquisitions and Sales of Real Property**

- (6) *It is proposed that The Regents increase the President's authority to approve acquisitions and sales of real property as follows:*
- *Delegate authority to the President for acquisitions and sales of real property not to exceed \$20 million (currently \$5 million), and that corresponding increases be made to the Treasurer's authority with respect to investment property.*