

The Regents of the University of California

**COMMITTEE ON COMPENSATION**

September 21, 2006

The Committee on Compensation met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Coombs, Dynes, Hopkinson, Moores, Parsky, Pattiz, and Schilling; Advisory members Brewer and Oakley

In attendance: Regents Blum, De La Peña, Gould, Island, Johnson, Kozberg, Ledesma, Marcus, Preuss, Ruiz, Schreiner, and Varner, Regents-designate Allen and Bugay, Faculty Representative Brown, Acting Secretary Shaw, Acting General Counsel Blair, Chief Investment Officer Berggren, Provost Hume, Executive Vice President Darling, Vice Presidents Broome, Foley, and Gomes, Chancellors Birgeneau, Bishop, Córdova, Drake, Fox, Vanderhoef, and Yang, Acting Chancellors Abrams and Blumenthal, Executive Vice Chancellor Alley representing UC Merced, and Recording Secretary Bryan

The meeting convened at 9:46 a.m. with Committee Chair Hopkinson presiding.

1. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of July 20, 2006 were approved.

2. **UNIVERSITY ACTIONS IN RESPONSE TO RECOMMENDATIONS OF THE TASK FORCE ON UC COMPENSATION, ACCOUNTABILITY, AND TRANSPARENCY AND INTERNAL AND EXTERNAL AUDIT REPORTS**

Provost Hume and Executive Vice President Darling discussed the University's actions in response to the Task Force on UC Compensation, Accountability, and Transparency and the three audit reports – an external audit conducted by PricewaterhouseCoopers (PwC), the report of the Bureau of State Audits, and the University Auditor's report. It was recalled that at the May and July Board meetings, The Regents concurred with the recommendations of the Task Force and of the audit reports. Since the release of the Task Force report in April, the President's Implementation Committee, appointed by President Dynes to implement these recommendations and consisting of high-level campus, medical center, and Office of the President representatives, has been addressing the issues of disclosure and transparency, accountability and governance, information systems, policies and practices, and competitive compensation.

As a result of the work of the President's Implementation Committee, the following actions have been taken or will be recommended for The Regents' approval:

***Disclosure and Transparency.*** President Dynes has taken or will recommend the following actions to ensure full, proactive, and timely disclosure of information to The Regents, the Legislature, the media, and the public.

- A new definition of “total compensation” for approval, disclosure, and reporting purposes is recommended to make clear which elements comprise total compensation and for use throughout the University system for consistency and transparency. In November, the President will recommend relevant changes to the Regents’ Principles for Review of Executive Compensation (Principles), Bylaws, and Standing Orders, for action at the January 2007 meeting.
- A new compensation disclosure policy is being adopted to set forth information related to compensation that is disclosable and information that is not. The University of California, as a public institution, recognizes its unique obligation to maintain the public trust. This obligation includes being open and transparent about the way it spends taxpayer money, including to compensate its employees.

To that end, the University is committed to making information about employee compensation available to the public. This information is routinely made available upon action by the Board of Regents and through annual reports to The Regents, the Legislature, and the public. In addition, it is made available upon request by individuals and the media. At the same time, UC’s commitment to transparency must be delicately balanced against the University’s competing obligation to protect the personal privacy of its employees, as well as the continuing need to compete with other institutions, including private universities, for the best faculty, staff, and administrators.

In recognition of both the right of public access to records and the protection of personal privacy, a Presidential policy on public disclosure of compensation information is being adopted.

- Guidelines for reporting compensation, with a goal toward transparency and open communication, are not only required, but essential. These guidelines provide direction for annual electronic reporting of executive compensation, regular review of compensation policies and practices, and regular reporting on compensation actions taken at and between Regents meetings.

***Governance and Accountability.*** President Dynes has taken or will recommend the following actions to improve management and ensure consistency in the application, interpretation, and enforcement of policy. Further work in this area will continue as part of the overall policy reform efforts.

- A Presidential policy on exceptions is being adopted, providing as follows:

1. When exceptions to policies are made, they shall be documented, including the reasons for the exception.
2. Exceptions to policy shall be reported on a regular basis to the Vice President–Chief Compliance and Audit Officer.
3. The Vice President–Chief Compliance and Audit Officer shall review exceptions that have been made to policies to confirm that they have been made in accordance with the intent of the policies and public policy generally. Exceptions to policy that the Vice President–Chief Compliance and Audit Officer determines do not meet these standards shall be reported by the Vice President to the President and to the Board of Regents. In addition, if exceptions to a policy are being made on a regular basis, that fact shall be reported by the Vice President to the President and to the Board of Regents, to permit, among other things, consideration of possible amendments to the policy.

This policy is effective immediately until the comprehensive review and reform of compensation policies, including exceptions to policies, is completed. In addition, the interim policy enacted by President Dynes in February 2006 that any exceptions to employment-related policies for senior managers will require approval by the President, in consultation with The Regents, will continue to be in effect until the comprehensive policy review and reform is complete.

- A statement of consequences for serious violations of compensation policies should be added to the 1993 Principles for Review of Executive Compensation, as follows:

“Any serious violation of these principles or any University policy relating to compensation may, depending upon the facts and circumstances, result in adverse employment action, including without limitation, censure, counseling, suspension, loss of pay and/or dismissal from the employ of the University. The Vice President–Chief Compliance and Audit Officer shall provide an annual summary to the Board with respect to findings of serious wrongdoing, including the status of personnel actions proposed or taken.”

The President will recommend this amendment to the Principles in November, which will require Regental approval.

- With respect to the Task Force’s recommendation on the group of named senior officials for whom The Regents should retain direct authority to approve compensation, The Regents requested further study of the recommendation that includes the “top five most highly compensated positions at each UC location.” The President recommends that he report annually on compensation of the top five most highly compensated positions at each UC location, but that The Regents not approve this compensation in advance.

There are many reasons for not including these positions at this time. Many of them will be within the group of University Officers and professional school deans already proposed to be within The Regents' direct authority. Furthermore, the positions and their compensation are variable, so the top five most highly compensated positions at any given time usually cannot be identified in advance of Regental approval of appointments, since their compensation often depends on performance (e.g., athletic coaches, clinical personnel, and other participants in incentive-based programs). In addition, at the campus medical centers, practicing clinicians may earn substantial additional compensation based on productivity and clinical revenue as determined by the University's Health Sciences Compensation Plan (HSCP); however, because this compensation is paid in conformance with the HSCP as approved by The Regents, submitting these compensation packages for additional approval achieves no purpose. The President recommends, however, that the University report on these individuals' compensation annually.

The group of positions that the President will recommend that The Regents retain direct authority to approve compensation for consists of the following: the President, Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, Associate Vice Presidents, Assistant Vice Presidents, University Auditor, Principal Officers of The Regents, Chancellors, Vice Chancellors, Directors and Deputy Directors of the Lawrence Berkeley National Laboratory and the Lawrence Livermore National Laboratory, medical center CEOs, and professional school deans.

At the November meeting, proposed modifications to the Bylaws and Standing Orders to reflect this change will be brought forward for Board action in January 2007.

- Revise various Bylaws and Standing Orders to clarify and simplify the authority and responsibilities of The Regents and the President with respect to making compensation decisions; to consolidate compensation-related responsibilities into a single locus; and to incorporate the new definition of total compensation. In addition, some technical amendments will be proposed (e.g., to update references to new administrative titles, delete references to the Los Alamos National Laboratory where appropriate).

Proposed revisions to the Bylaws and Standing Orders will be brought forward in November, for Board action in January 2007.

- Appoint the new Executive Vice President–Business Operations to serve as the liaison to the Committee on Compensation. In the interim, Executive Vice President Darling, in his current role overseeing compensation and human resources, will continue to serve as the liaison.

***Human Resources Information System.*** The launch is under way of the first phase of a new, modern, comprehensive human resources information system (HRIS) to capture, track, monitor, and allow analysis of senior manager compensation data. As the Task Force report and audits noted, it is not possible to achieve the University's goals in compensation disclosure, transparency, and accountability without "a modern, comprehensive, integrated human resources information system" that enables compensation data to be captured, examined, and analyzed for disclosure, reporting, tracking, and monitoring purposes. In April, President Dynes committed funding for the first phase of the new HRIS, focused on capturing and tracking senior management compensation data.

***Launch of Phase I: The Senior Leadership Information System (SLIS).*** The SLIS is being developed as a web-based, comprehensive repository of demographic, compensation, and remuneration data for members of the Senior Leadership Compensation Group. The system will import data from relevant UC systems and make information available for querying and reporting, employ consistent, standard data definitions for greater information accuracy, and reduce opportunities for entering erroneous or incomplete information. Following the release of the system to campus and Office of the President senior management group coordinators in October, enhancements will be developed to streamline the approvals process, flag exceptions, and provide access to and generate supporting documents.

The SLIS will be fully operational by December 2006, in time for the next annual executive compensation reporting cycle beginning in early 2007.

***Future system developments.*** In recognition of long-term under-investment in UC-wide systems supporting human resources and payroll functions, the University is developing a multi-year plan significantly to enhance information systems, manage core HR data and processes (e.g., recruitment, compensation), provide requisite data and information to employees and managers, assess the effectiveness of the University's human resources programs, and increase workforce value through employee development and performance management.

***Compensation Policies and Practices.*** In order to address many of the issues identified by the Task Force and audits, a complete rethinking of University compensation policies, practices, and procedures is required. The success of these reforms, as well as assurance that University policies and practices survive leadership changes systemwide, will depend on a new, comprehensive policy framework. It must be guided by the principles of public accountability and disclosure, effective governance and oversight, individual and institutional accountability, and institutional competitiveness.

***Comprehensive policy review and framework.*** As requested by The Regents in May, the Office of the President is completing a competitive bidding process for an external consultant to assist in the development of the comprehensive policy framework and new and revised policies and procedures in compensation, benefits, and related areas. It is

anticipated that the conceptual basis for this new policy framework will be brought to The Regents for discussion at the January 2007 meeting, along with a timeline for completion of the policy review.

In the longer term, in developing a new comprehensive policy framework, the University will also undertake an evaluation of all faculty and staff compensation policies and procedures, in consultation with the affected employee groups.

*Specific policies identified by the Task Force.* The Task Force report identified as a priority the need for policies to guide campuses in two specific areas: (1) outside professional activities; and (2) rate of pay for administrative leave in lieu of sabbatical. A workgroup of the President's Implementation Committee is developing policy modifications to address both of these issues.

*Outside Professional Activities.* In May, The Regents concurred in principle with the Task Force recommendation to limit the number of externally compensated professional activities and board service for senior managers and resolve conflicts in policy for senior managers but requested further analysis to ensure that any policy revisions were clear, consistent, and sound.

Among the proposed modifications are:

- Consolidation of existing policies and guidelines governing outside professional activities for senior managers into one coherent policy;
- Strengthening of pre-approval and reporting requirements;
- Clarifying which policies (e.g., academic, administrative) govern which positions (e.g., University Officers, non-faculty senior managers, senior managers with faculty appointments, academic appointees, members of the Health Sciences Compensation Plan, etc.); and
- Clarifying how deans will be treated for the purposes of outside activities, consistent with the policies and practices of peer institutions.

*Administrative and Sabbatical Leave.* The Regents also requested the University to further study its policies and practices on administrative leaves in lieu of sabbaticals for senior managers who also hold academic appointments, including the rate of pay for these leaves and the University's practice of honoring sabbatical credits earned at other institutions. Policy revisions must balance the need to compete in a market that generally grants such leaves with the need to be accountable and transparent to the Legislature and the public for UC's compensation practices.

Among the proposed modifications are:

- Clarifying and consolidating various academic and administrative policies on sabbatical leave, administrative leave, and administrative leave in lieu of sabbatical;

- Clarifying eligibility criteria for accruing and taking sabbatical leave, in accordance with policy, for taking administrative leaves at full or partial pay (in which case, the commensurate amount of accrued sabbatical leave would be forfeited), and for taking administrative leave as credit for sabbatical credit accrued at a prior institution; and
- Stating explicitly that no cash payments may be made in lieu of administrative leave.

Both sets of proposed policy changes will undergo extensive campus review and comment, in accordance with longstanding University procedures. These policies also are subject to the review by the Academic Senate. Once the consultation process is complete, the proposed policies will be presented to The Regents for review, comment, and, where appropriate, approval.

***Competitive Compensation.*** The Task Force noted that, in order for UC to serve the people of California, it is essential that the University “remain in the top tier of the world’s research universities...[and]...provide its faculty, administrators, and staff a level of compensation that is competitive with that offered by universities in its peer group.”

Inherently, work in this area is of an ongoing nature and requires a long-term perspective.

A workgroup of the President’s Implementation Committee is currently developing principles for compensation benchmarking. The workgroup recommends that benchmarking be conducted systemwide for faculty, senior managers, and staff, but that it be conducted separately for each of these groups. Also under discussion is a possible recommendation that UC use the institutions where it gains and/or loses the most faculty and the most senior managers (respectively) as the appropriate institutions for benchmarking. Such origin/separation data are available for faculty but less available for senior managers. The group is likely to recommend that origin/separation data be collected for senior managers and included in the Human Resources Information System currently being developed.

Other issues under consideration include: the appropriate balance of compensation between salary and non-salary forms of compensation; the impact of greater transparency on competitiveness; the need to acquire additional resources to be competitive; and non-salary hindrances to competitiveness at UC (e.g., housing, cost of living).

Regular reports to The Regents will be made on the ongoing efforts to maintain competitive compensation.

***Travel and Entertainment Expenses.*** In addition to compensation issues, the PricewaterhouseCoopers audit and University Auditor’s review also identified issues related to travel and entertainment expenses. In response, the Office of the President requested and has received comprehensive action plans and implementation timetables from all UC locations for addressing the three primary areas identified in the audits: 1) provision of training for those personnel who approve travel and entertainment

expenses, including guidance on permitted expenses and documentation requirements; 2) enforcement of clear and appropriate approval procedures and documentation requirements; and 3) ongoing monitoring and oversight to ensure adherence to policies and procedures. Implementation of these efforts has already begun at all UC locations, with anticipated systemwide completion in early 2007.

**Background.** The Task Force on UC Compensation, Accountability, and Transparency (Task Force) was appointed in December 2005 by Chairman Parsky to conduct an independent review of UC's policies and practices on executive compensation and on the release of public information about compensation and related matters. The Task Force was co-chaired by Regent Kozberg and former Assembly Speaker Robert Hertzberg and included as members distinguished state and national figures from government, education, business, and the media. The Task Force presented its final report of findings and recommendations in April. The report focused on four key areas related to UC compensation: disclosure and transparency; governance and accountability; policies and practices; and competitive compensation.

In addition, in April, at Chairman Parsky's request, PricewaterhouseCoopers (PwC) released the findings and recommendations from an independent audit of compensation and employment arrangements of the University's top 32 management positions over a 10-year period. A week later, the Bureau of State Audits (BSA) issued its own audit of UC senior management compensation practices, focusing on 100 highly compensated faculty and administrative positions at the campuses and the Office of the President. In May, the University Auditor also presented the findings and recommendations of UC's internal audit of compensation for those top officials not already reviewed by PwC. Both the University Auditor's report and PwC's audit also examined travel and entertainment expenses for select UC management positions.

Taken together, the Task Force review and the three audits represent the most thorough and rigorous review of UC executive compensation ever conducted. At the May and July 2006 meetings of The Regents, the Board concurred with the recommendations from these reports and directed that their recommendations be examined and presented for Board action, as necessary, following appropriate modification.

**President's Implementation Committee.** Immediately following the release of the Task Force report, President Dynes appointed a high-level Implementation Committee, composed of a Steering Committee and several workgroups, made up of campus, medical center, and Office of the President personnel, to begin the work of effecting changes in policy and practices. The Implementation Steering Committee was chaired by Provost Hume and composed of the following members: Chancellors Bishop and Drake, Executive Vice Chancellors Hinshaw and Wartella, Vice Chancellor Morabito, Executive Vice President Darling, Vice President Broome, and Faculty Representative Oakley. Supporting the Steering Committee were workgroups made up of campus, medical center, and Office of the President staff to address the five main areas of the Task Force recommendations: Disclosure and Transparency; Governance and Accountability;



Information Systems; Policies and Practices; and Competitive Compensation. Following The Regents' adoption of the recommendations from the three audits in July, the Implementation Committee's scope expanded also to include implementation of the audit recommendations.

The work of the President's Implementation Committee will move to the Advisory Committee, to be composed of campus and Office of the President representatives, to assist and advise in the development of new compensation policies and procedures.

Executive Vice President Darling reiterated that The Regents will retain the authority to approve compensation for a list of specific senior executive positions as well as the professional school deans; however, it will be recommended that the administration report to The Regents annually on the five most highly compensated positions at each campus, medical center, or national laboratory rather than to seek Regental approval in advance, because a high proportion of the pay of the most highly compensated individuals cannot be identified with the required specificity. This is a change from the Task Force report. Regent Kozberg commented that the recommended modification was consistent with the spirit of transparency that the Task Force was working to achieve.

Regent Marcus stated that he would like the Chair of the Committee on Compensation to work with the Office of the President to try to pare down the various compensation issues to something manageable. The Regents have gone from having four pages to over 50 pages of compensation to approve. He believed it is very difficult for the Board to feel comfortable about delving into such detail. There should be an appropriate relationship between The Regents' oversight responsibilities and allowing the Office of the President and the chancellors to do their jobs.

Mr. Darling noted that the Kozberg-Hertzberg task force, with the assistance of Deloitte Consulting, identified 264 positions appropriate for Regental approval. The calculation included all deans instead of just professional school deans. Deleting those and following the recommendation of reporting after the fact on the five most highly compensated individuals at each campus, medical center, or laboratory, will reduce the list to 146 positions. This is not an attempt to reduce the number of people approved by The Regents in advance, with the exception of the five most highly compensated; it represents a miscount in the Task Force report that was not caught at the time. At the November meeting, formal changes to the Principles on Executive Compensation and the Standing Orders will be recommended.

Chairman Parsky offered the following suggestions with respect to the recommendations anticipated at the November meeting: 1) Particular attention should be paid to the issue of the definition of compensation, which was broad and extensive in the principles adopted in 1993. Provide a full explanation if the principles are to be changed or expanded. 2) In dealing with violations of compensation policies, consider deleting the word "serious," as all violations should be addressed in some way. 3) Begin with the premise that The Regents should approve the originally recommended 264 positions and

provide a full explanation of the reason for excluding nonprofessional school deans from that list. He believed that it was not inappropriate for the Board to approve 264 positions out of the University's approximately 160,000. The Regents will be reluctant not to accept the recommendation coming from the Task Force. He requested affirmation from Regent Kozberg and Mr. Hertzberg that the change is appropriate. 4) There was a clear recommendation from the Task Force to limit outside activities, specifically with respect to the number of for-profit or compensated boards. He sensed that The Regents expect that there will be specific limitations.

Committee Chair Hopkinson commented that she hoped to avoid a piecemeal reexamination of the progress that has been made on compensation issues. She expressed concern about making interim changes to things already approved by The Regents. Mr. Darling explained that the intent is to bring forward for formal incorporation into Board documents those items that have already been approved, with the exception of adding the five highest paid positions to be approved by the Board. Any changes will be minor and made only to close a gap or correct a deficiency.

Committee Chair Hopkinson stressed the importance of Regental participation in the review of policies and procedures and any recommendations involving their clarification.

3. **REPORT FROM THE COMMITTEE'S CLOSED SESSION FOR ACTION ON INDIVIDUAL SALARY ACTIONS**

The Committee forwarded for approval the following compensation items from its Closed Session meeting:

A. ***Appointment Salary for Howard K. Hatayama as Division Director–Environment, Health, and Safety, Lawrence Berkeley National Laboratory***

Approval of the following items in connection with the appointment of Howard K. Hatayama, Lawrence Berkeley National Laboratory (LBNL):

- (1) To the title of Division Director–Environment, Health, and Safety, LBNL Salary Grade 197.1
- (2) At a salary of \$214,200,100 percent time.
- (3) An effective date of October 1, 2006.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

The source of funds for payment of this compensation item is DOE funds as provided under the University's contract with the DOE. DOE approval of this appointment is pending.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

B. ***Promotional Increase for Bill W. Colston, Jr., as Chemical and Biological Countermeasures Division Leader for the Nonproliferation, Homeland and International Security Directorate, Lawrence Livermore National Laboratory***

Approval of a promotional increase for Bill W. Colston, Jr., as Chemical and Biological Countermeasures Division Leader for the Nonproliferation, Homeland and International Security Directorate, Lawrence Livermore National Laboratory of \$15,504 (8.3 percent), to increase his salary from \$186,096 to \$201,600. This appointment is at 100 percent time, and the promotional increase is effective retroactive to August 1, 2006. Lawrence Livermore National Laboratory conducted a search to fill the position of Chemical and Biological Countermeasures Division Leader for the Nonproliferation, Homeland and International Security (NHI) Directorate.

The source of funds for payment of this compensation item is DOE funds as provided under the University's contract with the DOE. Lawrence Livermore National Laboratory has received DOE approval for this appointment compensation.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

C. ***Promotional Increase for Kathryn Craft Rogers as Principal Deputy Associate Director for Administration and Human Resources Directorate, Lawrence Livermore National Laboratory***

Approval of a promotional increase for Kathryn Craft Rogers as Principal Deputy Associate Director for the Administration and Human Resources Directorate, Lawrence Livermore National Laboratory, of \$23,400 (13 percent), to increase her salary from \$180,000 to \$203,400. This appointment is at 100 percent time, and the promotional increase is effective August 21, 2006. Lawrence Livermore

National Laboratory conducted a search to fill the position of Principal Associate Director for the Administration and Human Resources Directorate.

The source of funds for payment of this compensation item is DOE funds as provided under the University's contract with the DOE. Lawrence Livermore National Laboratory has received DOE approval for this appointment compensation.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

D. ***Promotional Increase for Patricia A. Damkroger as Deputy Department Head for Computing Applications and Research Department in the Computation Directorate, Lawrence Livermore National Laboratory***

Approval of a promotional increase for Patricia A. Damkroger as Deputy Department Head for Computing Applications and Research (CAR) Department, Computation Directorate, Lawrence Livermore National Laboratory of \$14,400 (7.6 percent), to bring her salary from \$189,600 to \$204,000. This appointment is at 100 percent time, and the promotional increase is effective August 1, 2006. Lawrence Livermore National Laboratory conducted a search to fill the position of Deputy Department Head for the CAR Department, Computation Directorate.

The source of funds for payment of this compensation item is DOE funds as provided under the University's contract with the DOE. Lawrence Livermore National Laboratory has received DOE approval for this appointment compensation.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

E. ***Promotional Increase for Charles W. Spain as Division Leader, International Assessments and Knowledge Discovery Program and the Director, Field Intelligence Element for the Nonproliferation, Homeland and International Security Directorate, Lawrence Livermore National Laboratory***

Approval of a promotional increase for Charles W. Spain as Division Leader, International Assessments and Knowledge Discovery Program and the Director, Field Intelligence Element for the Nonproliferation, Homeland and International Security Directorate, Lawrence Livermore National Laboratory, of \$17,820 (10 percent, to bring his salary from \$178,200 to \$196,020. This appointment is at 100 percent time, and the promotional increase is effective August 15, 2006. Lawrence Livermore National Laboratory conducted a search to fill the position of Division Leader, International Assessments and Knowledge Discovery Program and the Director, Field Intelligence Element for the Nonproliferation, Homeland and International Security.

The source of funds for payment of this compensation item is DOE funds as provided under the University's contract with the DOE. Lawrence Livermore National Laboratory has received DOE approval for this appointment compensation.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

F. ***Promotional Increase for Page O. Stoutland as Radiological and Nuclear Countermeasures Division Leader for the Nonproliferation, Homeland and International Security Directorate, Lawrence Livermore National Laboratory***

Approval of a promotional increase for Page O. Stoutland as Radiological and Nuclear Countermeasures Division Leader for the Nonproliferation, Homeland and International Security Directorate, Lawrence Livermore National Laboratory of \$13,500 (7.2 percent), to increase his salary from \$188,100 to \$201,600. This appointment is at 100 percent time, and the promotional increase is effective August 1, 2006. Lawrence Livermore National Laboratory conducted a search to fill the position of Radiological and Nuclear Countermeasures Division Leader for the Nonproliferation, Homeland and International Security Directorate.

The source of funds for payment of this compensation item is DOE funds as provided under the University's contract with the DOE. Lawrence Livermore National Laboratory has received DOE approval for this appointment compensation.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

G. ***Promotional Increase for P. Derek Wapman as Weaponization/Defense Technologies Engineering Division Leader, Engineering Directorate and Defense and Nuclear Technologies Directorate, Lawrence Livermore National Laboratory***

Approval of a promotional increase for P. Derek Wapman as Weaponization/Defense Technologies Engineering Division Leader, Engineering Directorate and Defense and Nuclear Technologies Directorate, Lawrence Livermore National Laboratory, of \$11,700 (5.9 percent), for a total annual salary of \$210,000. This appointment is at 100 percent time, and the promotional increase is retroactive to May 15, 2006. Lawrence Livermore National Laboratory conducted a search to fill this position.

The source of funds for payment of this compensation item is DOE funds as provided under the University's contract with the DOE.

Additional items of compensation include:

- Per policy, standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

H. ***Stipend for Victoria Harrison as Chief of Police–Public Safety and Transportation Services, Berkeley Campus***

Approval of the following items in connection with the appointment Victoria Harrison as Special Assistant to the Vice Chancellor–Administration, Berkeley campus:

- (1) Administrative stipend of 15 percent (calculated against current salary, the stipend is \$23,900) to increase her base salary of \$159,100, for a total annual salary of \$183,000.
- (2) Effective July 1, 2006 through June 30, 2007.
- (3) Standard Pension and Health and Welfare benefits and standard Senior Management benefits including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- (4) Per policy, continuation of 3 percent contribution to the Senior Management Supplemental Benefit Program

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

I. ***Stipend for Albert F. Bennett as Acting Dean–School of Biological Sciences, Irvine Campus***

Approval of an administrative stipend for Albert F. Bennett as Acting Dean–School of Biological Sciences, Irvine campus, of \$15,500 (7.8 percent above current base salary), for total annual compensation of \$213,700. This appointment is at 100 percent time, and the administrative stipend is effective August 1, 2006 through July 31, 2007, or until this responsibility is transferred to the new Dean of Biological Sciences, whichever occurs first.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits
- Eligible for Sabbatical Credits

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

J. ***Stipend Extension for Ronald Rogowski as Acting Dean and Vice Provost–International Studies, Los Angeles Campus***

Approval of extension of an administrative stipend for Ronald Rogowski as Acting Dean and Vice Provost–International Studies, Los Angeles campus, of \$2,600 (1.2 percent), for a total annual salary of \$221,000. This appointment is at 100 percent time, and the extension of the administrative stipend is effective July 1, 2006 through June 30, 2007 or until the appointment of a new Dean and Vice Provost–International Studies, whichever occurs first. This position is slotted on an interim basis at SLCG Grade 106; minimum \$146,100, midpoint \$184,900, maximum \$223,700.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, Executive Salary Continuation for Disability

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

K. ***Stipend for Judith L. Smith as Vice Provost for Undergraduate Education and Dean of Honors and Undergraduate Programs for the College of Letters and Science, Los Angeles Campus***

Approval of an annual administrative stipend for Judith L. Smith as Vice Provost for Undergraduate Education and Dean of Honors and Undergraduate Programs for the College of Letters and Science, Los Angeles campus of \$19,300 (10 percent), to increase her total annual salary from \$193,200 to \$212,500. This appointment is at 100 percent time, and the administrative stipend is for the additional temporarily assigned duties as UCLA's Accreditation Liaison Officer with the Western Association of Schools and Colleges (WASC) which will begin effective September 1, 2006 through 2009, when the WASC review is completed.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits and Standard Senior Management benefits, including Senior Manager Life Insurance,



Executive Business Travel Insurance, and Executive Salary Continuation for Disability

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

L. ***Stipend for Anil B. Deolalikar as Acting Dean—A. Gary Anderson Graduate School of Management, Riverside Campus***

Approval of an annual administrative stipend for Anil B. Deolalikar as Acting Dean—A. Gary Anderson School of Management, Riverside campus, of \$28,922 (14.5 percent), to increase his annualized salary from \$199,078 to \$228,000. This appointment is at 100 percent time. The administrative stipend is effective retroactive to July 17, 2006 and will continue through June 30, 2007, or until the appointment of a permanent Dean, whichever occurs first.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

M. ***Stipend for Jean Marie Scott as Acting Vice Chancellor—Student Affairs, Santa Cruz Campus***

Approval of an administrative stipend for Jean Marie Scott as Acting Vice Chancellor—Student Affairs, Santa Cruz campus, of \$22,968 (15 percent), to increase her annual base salary from \$153,122 to \$176,090. This appointment is at 100 percent time, and the administrative stipend is effective August 1, 2006 for a period of one year or until the appointment of a permanent Vice Chancellor, whichever occurs first.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

N. ***Stipend for Eric K. Behrens as Assistant Deputy Counsel, Office of the President***

Approval of an administrative stipend for Eric K. Berhrens as Assistant Deputy Counsel at the Office of the President of \$22,425 (15 percent) in addition to his base salary of \$149,500, for a total annual salary of \$171,925, effective retroactively to August 1, 2006 through July 31, 2007, or upon the appointment of a leadership team by the permanent General Counsel, whichever occurs first.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

O. ***Stipend for David Birnbaum as Assistant Deputy Counsel, Office of the President***

Approval of an administrative stipend for David M. Birnbaum as Assistant Deputy Counsel at the Office of the President of \$23,175 (15 percent) in addition to his base salary of \$154,500, for a total annual salary of \$177,675. This appointment is at 100 percent time, and the administrative stipend is effective retroactively to August 1, 2006 for a period of one year or upon the appointment of a leadership team by the permanent General Counsel, whichever occurs first.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

P. ***Stipend for Christopher M. Patti as Acting Deputy Counsel, Office of the President***

Approval of an administrative stipend for Christopher M. Patti as Acting Deputy Counsel at the Office of the President of \$22,575 (15 percent) in addition to his base salary of \$150,500, for a total annual salary of \$173,075. This appointment is at 100 percent time, and the administrative stipend is effective retroactively to August 1, 2006 for a period of one year or upon the appointment of a leadership team by the permanent General Counsel, whichever occurs first.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

Q. ***Summer Salary for Dennis M. Levi as Dean–School of Optometry, Berkeley Campus***

Approval of a 1/12th, one-time additional compensation payment for Dennis M. Levi as Dean–School of Optometry, Berkeley campus, of \$16,041, for total annual compensation of \$208,541. This additional compensation is for one month during July and will be paid from a five-year grant from the National Eye Institute. July is a standard vacation period and, per policy, Mr. Levi will forfeit 21 days of his accrued vacation.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

R. ***Summer Salary for Stephen M. Shortell as Dean–School of Public Health, Berkeley Campus***

Approval of a one-time additional compensation payment for eight days for Steven M. Shortell as Dean–School of Public Health, Berkeley campus, of \$8,654, for total annual compensation of \$281,254. This additional compensation is for eight days in July 2006 and will be paid from a multiple-year grant from the Robert Wood Johnson Foundation. July is a standard vacation period and, per policy, Mr. Shortell will forfeit eight days of his accrued vacation.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

S. ***Summer Salary for Nicolaos G. Alexopoulos as Dean–School of Engineering, Irvine Campus***

Approval of a one-time additional compensation payment for 12 days for Nicolaos G. Alexopoulos as Dean–School of Engineering, Irvine campus, of \$9,621, for total annual compensation of \$214,621. This additional compensation is for ten days in July and two days in August 2006 and will be paid from the discretionary research allowance he receives as dean. July and August are standard vacation periods and, per policy, Mr. Alexopoulos will forfeit 12 days of his accrued vacation.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

T. ***Summer Salary for David B. Marshall as Executive Dean—College of Letters and Science and Dean—Division of Humanities and Fine Arts, Santa Barbara Campus***

Approval of a 1/12th, one-time additional compensation payment for David B. Marshall as Executive Dean—College of Letters and Science and Dean—Division of Humanities and Fine Arts, Santa Barbara campus, of \$16,442, for total annual compensation of \$243,742. This additional compensation is for the month of August 2006 and will be paid from unrestricted gift funds income while Mr. Marshall works on a new book. August is the standard vacation period and, per policy, Mr. Marshall will forfeit one month of his accrued vacation.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

U. ***Summer Salary for Melvin L. Oliver as Dean—Division of Social Sciences, College of Letters and Science, Santa Barbara Campus***

Approval of a 1/12th, one-time additional compensation payment for Melvin L. Oliver as Dean—Division of Social Sciences, College of Letters and Science, Santa Barbara campus, of \$16,233, for total annual compensation of \$211,033. This additional compensation is for the month of August 2006 and will be paid from unrestricted gift funds income while Mr. Oliver joins his colleagues at the University of North Carolina's Center for Community Capitalism. August is the standard vacation period and, per policy, Mr. Oliver will forfeit one month of his accrued vacation.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

V. ***Salary Adjustment for Thomas Vani as Vice Chancellor—Business and Administrative Services, Santa Cruz Campus***

Approval of a salary adjustment for Thomas Vani as Vice Chancellor—Business and Administrative Services, Santa Cruz campus, of \$13,600 (7.2 percent), to increase his annual base salary from \$188,100 to \$201,700. This appointment is at 100 percent time, and the adjustment is retroactive to July 1, 2006. This position is slotted at SLCG Grade 107; minimum \$163,200, midpoint \$207,100, maximum \$251,000. This increase represents the permanent inclusion into his

base salary of a stipend approved at the July 2002 Regents meeting as a retention measure. This change will regularize his salary to reflect the original intention of The Regents to provide a level of compensation to ensure retention of Mr. Vani.

Additional items of compensation include:

- Per policy, 5 percent monthly contribution to the Senior Management Supplemental Benefit Program
- Standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

**W. *Salary Adjustment for Karen R. Lawrence as Dean–School of Humanities, Irvine Campus***

Approval of a salary adjustment for Karen R. Lawrence as Dean–School of Humanities, Irvine campus, of \$14,200 (8.3 percent), to increase her annual base salary from \$170,500 to \$184,700. This appointment is at 100 percent time, and the salary adjustment is effective September 1, 2006. This position is slotted at SLCG Grade 108; minimum \$182,200, midpoint \$231,900, maximum \$281,700. This increase is to include in her base pay a retention payment that was being processed as a 1/12th summer salary payment.

Additional items of compensation include:

- Standard Pension and Health and Welfare benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, Executive Salary Continuation for Disability, and Eligibility for Sabbatical Credits

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

**X. *Compensation Contract for Kevin Boyd, Head Women's Soccer Coach, Berkeley Campus***

Approval of revised compensation terms for head women's soccer coach Kevin Boyd, Berkeley campus, 100 percent time. Mr. Boyd's contract is being renewed for the period July 1, 2006 through June 30, 2010.

This contract increases his base salary annually as noted here:

|                     |          |                      |
|---------------------|----------|----------------------|
| 07/01/06 - 06/30/07 | \$77,000 |                      |
| 07/01/07 - 06/30/08 | \$80,000 | 7.9 percent increase |
| 07/01/08 - 06/30/09 | \$85,000 | 6.3 percent increase |
| 07/01/09 - 06/30/10 | \$90,000 | 5.9 percent increase |

Additionally, this contract provides opportunity to earn supplemental compensation of up to \$138,900, as detailed below.

This contract is for a non-revenue sport and as such does not contain a penalty clause for early termination. If Mr. Boyd terminates before the expiration of the agreement, he simply loses the benefits of the agreement, and all University obligations cease.

If the University terminates the contract early without cause, the campus will owe the base salary balance of the contract paid out in yearly installments and any additional earned bonus stipend income. The University will not be responsible for paying unearned bonus/stipend income in this circumstance.

The compensation provided under this contract is funded exclusively from athletic department revenues and private fund raising, and no State or general campus funds are used in this arrangement.

Additional elements of compensation include:

- In lieu of a courtesy vehicle, Mr. Boyd will receive a monthly stipend of \$450. It is understood that this perquisite may be withdrawn by the Athletics Director at any time in her sole, exclusive discretion
- Twenty working days of vacation per each twelve-month period of the contract, all days to be used during each twelve-month period
- In addition to leaves entitled by law, twelve days of sick leave during each twelve-month period of the contract
- Eligible for standard Health and Welfare benefits
- Supplemental Compensation in the event the Berkeley women's soccer team, during the term of this employment contract, accomplishes the following, Mr. Boyd shall receive supplemental compensation during the contract year in which the accomplishment occurs as follows:

| <u>Amount</u> | <u>Accomplishment</u>                             |
|---------------|---|
| \$4,000       | Winning the Pac-10 Championship                   |
| \$3,000       | Participation in the NCAA Championship 1st Round  |
| \$4,000       | Participation in the NCAA Championship 2nd Round  |
| \$4,000       | Participation in the NCAA Sweet 16                |
| \$4,000       | Participation in the NCAA Quarterfinals (Elite 8) |
| \$4,500       | Participation in the NCAA College Cup Semifinals  |
| \$5,000       | Participation in the NCAA College Cup Final       |
| \$5,000       | Winning the NCAA Championship                     |

Coach is not precluded from receiving more than one bonus

- The Athletics Director may, in her sole discretion, offer Mr. Boyd an assignment to participate in a University summer women's soccer camp at a stipend not to exceed \$100,000 for no less than four weeks in duration.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

Y. ***Compensation Contract for David Esquer as Head Coach of Baseball, Berkeley Campus***

Approval of revised compensation terms for head coach of baseball David Esquer, Berkeley campus, 100 percent time. Mr. Esquer's contract is being renewed for the period June 11, 2006 through June 30, 2008.

This contract increases his base salary annually as noted here:

|                     |           |                      |
|---------------------|-----------|----------------------|
| 06/11/06 - 06/10/07 | \$106,376 |                      |
| 06/11/07 - 06/10/08 | \$109,000 | 2.5 percent increase |
| 06/11/08 - 06/30/08 | \$109,000 | 0.0 percent increase |

In the event that the team competes in the 2006 NCAA Division I Baseball Championships, the employment contract will be amended to reflect an expiration date of June 30, 2009, with compensation for this additional year determined by the Director of Intercollegiate Athletics, but not less than the annual salary for the period June 11, 2007 through June 30, 2008 approved by The Regents.

Additionally, this contract provides opportunity to earn supplemental compensation of up to \$276,385, as detailed below.

This contract is for a non-revenue sport and as such does not contain a penalty clause for early termination. If Mr. Esquer terminates before the expiration of the agreement, he simply loses the benefits of the agreement, and all University obligations cease.

If the University terminates the contract early without cause, the campus will owe the base salary balance of the contract paid out in yearly installments, and any additional earned bonus stipend income. The University will not be responsible for paying unearned bonus/stipend income in this circumstance.

The compensation provided under this contract is funded exclusively from athletic department revenues and private fund raising, and no State or general campus funds are used in this arrangement.

Additional elements of compensation include:

- In lieu of a courtesy vehicle, Mr. Esquer will receive a monthly stipend of \$450. It is understood that this perquisite may be withdrawn by the Athletics Director at any time in her sole, exclusive discretion.
- Twenty working days of vacation per each twelve-month period of the contract; all days to be used during each twelve-month period
- In addition to leaves entitled by law, twelve days of sick leave during each twelve-month period of the contract
- Eligible for standard Health and Welfare benefits
- Supplemental Compensation – Annual Stipend:

The University will be entering into an agreement with an athletic equipment supplier which requires services on the part of Mr. Esquer including, but not limited to, consultation, endorsement of products, and promotional appearances. Mr. Esquer agrees not to enter directly into any such agreements during the term of his contract. In consideration for these services, he will receive:

| <u>Effective Date</u> | <u>Amount</u> | <u>Accomplishment</u>                          |
|-----------------------|---------------|--|
| 06/11/06-12/10/06     | \$7,500       | For services to Athletic Equipment Supplier    |
| 12/11/06-06/10/07     | \$7,500       | For services to Athletic Equipment Supplier    |
| 12/11/06-06/10/07     | \$5,000       | Participation in the 05/06 NCAA Super Regional |
| 06/11/07-12/10/07     | \$7,500       | For services to Athletic Equipment Supplier    |
| 06/11/07-12/10/07     | \$5,000       | Participation in the 05/06 NCAA Super Regional |
| 12/11/07-06/30/08     | \$7,500       | For services to Athletic Equipment Supplier    |
| 12/11/07-06/30/08     | \$5,000       | Participation in the 06/07 NCAA Super Regional |



In the event the team accomplishes the following during this contract, Mr. Esquer shall receive supplemental compensation during the contract year in which the accomplishment occurs as follows:

| <u>Amount</u> | <u>Accomplishment</u>                                    |
|---------------|--|
| \$2,500       | Winning the Pac-10 Conference Championship               |
| \$5,000       | Participation in the College World Series                |
| \$10,000      | Winning the College World Series                         |
| \$1,000       | Participation in the Division I NCAA Regional Tournament |

Coach is not precluded from receiving more than one bonus

- Supplemental Compensation in the event the University of California, Berkeley baseball team, during the term of this employment contract, accomplishes the following, Mr. Esquer shall receive supplemental compensation during the contract year in which the accomplishment occurs as follows:

| <u>Amount</u> | <u>Accomplishment</u>                            |
|---------------|--|
| \$ 5,000      | Winning the Pac-10 Coach of the Year             |
| \$10,000      | Winning National Coach of the Year               |
| \$ 7,500      | Participation in the NCAA Regionals              |
| \$ 8,750      | Participation in the NCAA Super Regionals        |
| \$10,000      | Participation in the College World Series        |
| \$10,000      | Advancing to the College World Series Final Game |
| \$15,000      | Winning the National Championship                |
| \$ 8,864      | Winning the 2007 Pac-10 Championship; or         |
| \$ 9,083      | Winning the 2008 Pac-10 Championship             |

Coach is not precluded from receiving more than one bonus

- The Athletics Director may, in her sole discretion, offer Mr. Esquer an assignment to participate in a University baseball camp at a stipend not to exceed \$85,000 per year.
- At the discretion of the Athletics Director, Mr. Esquer may be assigned to participate in various public appearances for a stipend of \$38,288 over the life of the contract.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

**Z. *Compensation Contract for Diane Ninemire, Head Coach of Softball, Berkeley Campus***

Approval of revised compensation terms for head coach of softball Diane Ninemire, Berkeley campus, 100 percent time. Ms. Ninemire's contract is being renewed for the period July 1, 2006 through June 30, 2011.

This contract increases her base salary annually as noted here:

|                     |           |                      |
|---------------------|-----------|----------------------|
| 07/01/06 - 06/30/07 | \$116,000 |                      |
| 07/01/07 - 06/30/08 | \$118,900 | 2.5 percent increase |
| 07/01/08 - 06/30/09 | \$121,875 | 2.5 percent increase |
| 07/01/09 - 06/30/10 | \$124,925 | 2.5 percent increase |
| 07/01/10 - 06/30/11 | \$128,050 | 2.5 percent increase |

Additionally, this contract provides opportunity to earn supplemental compensation of up to \$207,150 per annum, as detailed below.

This contract is for a non-revenue sport and as such does not contain a penalty clause for early termination. If Ms. Ninemire terminates before the expiration of the agreement, she simply loses the benefits of the agreement, and all University obligations cease.

If the University terminates the contract early without cause, the campus will owe the base salary balance of the contract paid out in yearly installments, and any additional earned bonus stipend income. The University will not be responsible for paying unearned bonus/stipend income in this circumstance.

The compensation provided under this contract is funded exclusively from athletic department revenues and private fund raising, and no State or general campus funds are used in this arrangement.

Additional elements of compensation include:

- One courtesy vehicle is assigned to Ms. Ninemire under the terms and conditions contained in a separate Vehicle Assignment Agreement. In the event that the University does not have a courtesy vehicle, Ms. Ninemire will receive a monthly stipend of \$450 until a vehicle becomes available. It is understood that this perquisite may be withdrawn by the Athletics Director at any time in her sole, exclusive discretion.
- Twenty working days of vacation per each twelve-month period of the contract; all days to be used during each twelve-month period
- In addition to leaves entitled by law, twelve days of sick leave during each twelve-month period of the contract

- Eligible for standard Health and Welfare benefits
- Supplemental Compensation – Annual Stipend

The University will be entering into an agreement with an athletic equipment supplier which requires services on the part of Ms. Ninemire including, but not limited to, consultation, endorsement of products, and promotional appearances. Ms. Ninemire agrees not to enter directly into any such agreements during the term of this contract. In consideration for these services, she will receive:

| <u>Effective Date</u> | <u>Amount</u> |
|-----------------------|---------------|
| 07/01/06-06/30/07     | \$30,000      |
| 07/01/07-06/30/08     | \$30,000      |

In the event the team, during the term of this employment contract, accomplishes the following, Ms. Ninemire shall receive supplemental compensation during the contract year in which the accomplishment occurs as follows:

| <u>Amount</u> | <u>Accomplishment</u>                                       |
|---------------|---|
| \$10,000      | Participation in the 2007 or 2008 NCAA College World Series |
| \$15,000      | Winning the 2007 or 2008 College World Series               |

Coach is not precluded from receiving more than one bonus

Supplemental Compensation in the event the University of California at Berkeley Softball team, during the term of this employment contract, accomplishes the following, Ms. Ninemire shall receive supplemental compensation during the contract year in which the accomplishment occurs as follows:

| <u>Amount</u> | <u>Accomplishment</u>                                     |
|---------------|---|
| \$5,000       | Winning PAC-10 Coach of the Year                          |
| \$10,000      | Winning NFCA Coach of the Year                            |
| \$2,500       | Placement in the top 3 in the PAC-10                      |
| \$7,500       | Participation in the NCAA Regionals                       |
| \$8,750       | Participation in the NCAA Super Regionals                 |
| \$10,000      | Participation in the NCAA College World Series            |
| \$10,000      | Participation in the NCAA College World Series final game |
| \$15,000      | Winning the NCAA College World Series                     |

Coach is not precluded from receiving more than one bonus

- Supplemental Compensation – PAC-10 Stipend

The PAC-10, from July 1, 2006 through June 30, 2008, will enter into an agreement with an athletic equipment supplier which requires services on the part of Ms. Ninemire, including but not limited to, consultation, endorsement of products, and promotional appearances, and agrees to abide by such requirements. In consideration for these services, she shall receive \$3,000 in the years 2007 and 2008. This stipend is conditional upon and subject to the receipt of said amounts by the University under third party agreements. In the event such third-party agreements are terminated or modified, payments under this provision shall be modified accordingly in the sole discretion of the University.

The Athletics Director may, in her sole discretion, offer Ms. Ninemire an assignment to participate in a University Softball camp at a stipend (supplemental compensation) not to exceed \$75,000.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

**AA. *Promotional Increase and New Position Title for Rebecca Stafford as Investment Officer, Real Estate, Office of the Treasurer***

Approval of the following items in connection with the promotion of Rebecca Stafford, Office of the Treasurer:

- (1) The title of Investment Officer, Grade 104.
- (2) A salary of \$124,200, an increase of \$16,200 (15 percent) from her current salary of \$108,000, 100 percent time.
- (3) An effective date of August 1, 2006.

Additional items of compensation include:

- Per policy, eligibility to participate in the University of California Office of the Treasurer Annual Incentive Plan, with an incentive target of 35 percent of base salary
- Standard Pension and Health and Welfare benefits

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

Upon motion duly made and seconded, the Committee approved the report and voted to present it to the Board.

4. **REPORT FROM THE COMMITTEE'S CLOSED SESSION FOR APPROVAL OF COMPENSATION FOR CERTAIN PARTICIPANTS OF THE OFFICE OF THE TREASURER ANNUAL INCENTIVE PLAN**

The Committee forwarded for approval the following compensation item from its Closed Session meeting:

That the following award amounts for certain individuals of the Senior Leadership Compensation Group be approved under the 2005-06 Office of the Treasurer Annual Incentive Plan (AIP). This award, consistent with AIP terms and conditions and subject to the claw-back feature of the Plan, will be paid out incrementally over a three-year period.

| <b>Incumbent</b> | <b>Position</b>         | <b>Base Salary (1)</b> | <b>Target AIP (\$)</b> | <b>Target as a % of Base Salary</b> | <b>Total Award (\$)</b> | <b>Award as a % of Base Salary</b> | <b>Total Cash Comp</b> |
|------------------|-------------------------|------------------------|------------------------|-------------------------------------|-------------------------|------------------------------------|------------------------|
| Melvin Stanton   | Asst. Treasurer         | \$243,175              | \$145,905              | 60%                                 | \$185,880               | 76%                                | \$429,055              |
| Randall Wedding  | MD, Fixed Income        | \$237,625              | \$142,575              | 60%                                 | \$152,560               | 64%                                | \$390,185              |
| Robert Blagden   | MD, External Invest.    | \$237,625              | \$142,575              | 60%                                 | \$51,010                | 21%                                | \$288,635              |
| Jesse Phillips   | MD, Risk Mgmt.          | \$227,675              | \$136,605              | 60%                                 | \$149,240               | 66%                                | \$376,915              |
| Linda Fried      | Sr. Portfolio Mgr.      | \$193,483              | \$ 87,067              | 45%                                 | \$117,520               | 61%                                | \$311,003              |
| Satish Swamy     | Sr. Portfolio Mgr.      | \$193,483              | \$ 87,067              | 45%                                 | \$89,400                | 46%                                | \$282,883              |
| David Schroeder  | St. Portfolio Mgr.      | \$192,503              | \$ 86,626              | 45%                                 | \$106,800               | 55%                                | \$299,303              |
| Kim Evans        | Investment Officer      | \$191,930              | \$ 86,369              | 45%                                 | \$116,580               | 61%                                | \$308,510              |
| Lynda Choi       | Dir. of Absolute Return | \$178,344              | \$62,420               | 35%                                 | \$106,020               | 59%                                | \$284,364              |
| Burton Yuen      | Investment Officer      | \$179,474              | \$62,851               | 35%                                 | \$22,550                | 13%                                | \$202,125              |
| <b>TOTAL</b>     |                         | <b>\$3,445,970</b>     | <b>\$1,673,922</b>     | <b>49%</b>                          | <b>\$1,681,340</b>      | <b>49%</b>                         |                        |

(1) Actual salary earned during the 2006 Fiscal Year

(2) Totals include payout values for individuals with <\$200,000 Total Cash Compensation

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

Upon motion duly made and seconded, the Committee approved the report and voted to present it to the Board.

5. **REPORT FROM THE COMMITTEE'S REGENTS ONLY SESSION FOR APPROVAL OF 2005-06 INCENTIVE AWARD FOR CHIEF INVESTMENT OFFICER OF THE REGENTS AND ACTING TREASURER**

The Committee forwarded for approval the following compensation item from its Regents Only session:

That the total award amount of \$426,940 for 2005-06 contributions and performance under the Office of the Treasurer Annual Incentive Plan (AIP) be approved for Marie Berggren as Chief Investment Officer of The Regents and Acting Treasurer. This award, consistent with AIP terms and conditions and subject to the claw-back feature of the Plan, will be paid out incrementally over a three-year period.

Upon motion duly made and seconded, the Committee approved the report and voted to present it to the Board.

6. **REPORT FROM THE COMMITTEE'S CLOSED SESSION FOR APPROVAL OF COMPENSATION FOR CERTAIN PARTICIPANTS OF THE CLINICAL ENTERPRISE MANAGEMENT RECOGNITION PLAN**

The Committee forwarded for approval the following compensation item from its Closed Session:

That awards under the Clinical Enterprise Management Recognition Plan, as proposed by the medical centers for 69 eligible participants and totaling \$2,471,121, be approved for certain members of the Senior Leadership Compensation Group, as shown below:

| <b>Last Name</b> | <b>First Name</b> | <b>Title</b>  | <b>Base Salary</b> | <b>Actual Award Amount<sup>1</sup></b> | <b>Annual Total Direct Cash</b> |
|------------------|-------------------|---|--------------------|--|---------------------------------|
| Pomero           | Claire            | Vice Chancellor/Dean                                      | \$435,600          | \$65,340                               | \$500,940                       |
| Chason           | Robert            | Director/CEO  | \$420,300          | \$54,639                               | \$474,939                       |
| McGowan          | William           | CFO/Acting CEO  | \$333,100          | \$49,965                               | \$383,065                       |
| Siefkin          | Allan             | Executive Dir., Clinical Affairs                          | \$310,000          | \$37,200                               | \$347,200                       |
| Nesbitt          | Thomas            | Executive Associate Dean                                  | \$300,000          | \$45,000                               | \$345,000                       |
| Bonham           | Ann               | Executive Associate Dean                                  | \$300,000          | \$45,000                               | \$345,000                       |
| Musallam         | Nabil             | Chief Ambulatory Care Officer                             | \$263,400          | \$39,510                               | \$302,910                       |
| Duruiseau        | Shelton           | Chief Pt. & Admin. Svs Officer                            | \$228,900          | \$34,335                               | \$263,235                       |
| Robinson         | Carol             | Chief Pt. Care Services Officer                           | \$218,500          | \$32,775                               | \$251,275                       |
| Koppel           | Guy               | Exec Dir., Information Services                           | \$218,700          | \$30,618                               | \$249,318                       |
| Zehntner         | Maureen           | Interim CEO   | \$341,900          | \$54,285                               | \$396,185                       |
| King             | Ron               | CFO   | \$272,300          | \$40,586                               | \$312,886                       |
| Spiritus         | Eugene            | CMO   | \$261,300          | \$30,311                               | \$291,611                       |
| Grosser          | Joy               | CIO   | \$201,600          | \$31,450                               | \$233,050                       |
| Herron           | James             | Chief Compliance Off. (Assc Dean)                         | \$179,200          | \$25,760                               | \$204,960                       |
| Winner           | Cynthia           | Chief Ambulatory Care Officer                             | \$181,500          | \$21,780                               | \$203,280                       |
| Rayburn          | Susan             | Exec Dir, Clin Entrprse Contracting                       | \$179,700          | \$22,642                               | \$202,342                       |
| Callender        | David             | AVC Hospital System, CEO UCLA Medical Center              | \$533,000          | \$81,283                               | \$614,283                       |
| Creem            | Mitch             | AVC & CFO, Medical Sciences                               | \$426,200          | \$72,600                               | \$498,800                       |
| Rubin            | Amir              | COO, UCLA Medical Center                                  | \$375,000          | \$57,188                               | \$432,188                       |
| Rosenthal        | J. Thomas         | CMO, UCLA Medical Center                                  | \$325,100          | \$49,578                               | \$374,678                       |
| Fawzy            | Fawzy             | Hospital Medical Director, NPI/H                          | \$299,300          | \$45,643                               | \$344,943                       |
| Staton           | Paul              | CFO Hospital System                                       | \$241,898          | \$36,889                               | \$278,787                       |
| Klove            | Carole            | Chief Compliance Officer, Medical Sciences                | \$236,000          | \$17,700                               | \$253,700                       |
| Crooks           | Heidi             | Sr Associate Director, Operations & Patient Care Services | \$218,509          | \$33,323                               | \$251,832                       |
| Carpenter        | Posie             | CAO, SM-UCLA Medical Center                               | \$204,999          | \$31,262                               | \$236,261                       |
| Shultz           | James             | COO, Practice Plan  | \$185,706          | \$28,320                               | \$214,026                       |
| Speare           | Mark A.           | Sr. Associate Director, Patient Relations, HR & Marketing | \$183,890          | \$28,043                               | \$211,933                       |
| Liekweg          | Richard           | CEO   | \$445,900          | \$66,885                               | \$512,785                       |
| McAfee           | Thomas            | Physician-in-Chief  | \$333,100          | \$49,965                               | \$383,065                       |
| Holmes           | Edward            | Vice Chancellor & Dean                                    | \$318,400          | \$47,760                               | \$366,160                       |
| Sakai            | David             | CFO Health Sciences                                       | \$301,800          | \$45,270                               | \$347,070                       |
| Jackiewicz       | Thomas            | Chief of Staff  | \$291,300          | \$43,695                               | \$334,995                       |
| Babakanian       | Edward            | Chief Information Officer                                 | \$265,300          | \$39,795                               | \$305,095                       |
| Hogan            | Robert            | CFO Medical Center  | \$210,500          | \$31,575                               | \$242,075                       |
| Scioscia         | Angela            | Medical Director - Med Center                             | \$204,000          | \$30,600                               | \$234,600                       |
| Friedman         | Lawrence          | Medical Director - Med Group                              | \$202,500          | \$30,375                               | \$232,875                       |
| Giddings         | Leland            | Medical Director - Mgd Care                               | \$196,700          | \$29,505                               | \$226,205                       |
| Middleton        | Mary              | CNO   | \$192,500          | \$28,875                               | \$221,375                       |

| Last Name  | First Name | Title   | Base Salary | Actual Award Amount <sup>1</sup> | Annual Total Direct Cash |
|------------|------------|---|-------------|----------------------------------|--------------------------|
| Laret      | Mark       | Chief Executive Officer                           | \$535,600   | \$62,130                         | \$597,730                |
| Ryba       | Tomi       | Chief Operating Officer                           | \$374,000   | \$52,360                         | \$426,360                |
| Ring, MD   | Ernie      | Chief Medical Officer                             | \$358,800   | \$50,232                         | \$409,032                |
| Jones      | Ken        | Chief Financial Officer                           | \$327,100   | \$46,775                         | \$373,875                |
| Barclay    | Steve      | SVC-Administration and Finance                    | \$279,200   | \$50,256                         | \$329,456                |
| Lotenero   | Larry      | Chief Information Officer                         | \$249,700   | \$38,953                         | \$288,653                |
| Komiske    | Bruce      | Executive Director, Clinical Facilities Planning  | \$275,000   | \$12,835                         | \$287,835                |
| Harris     | John       | Chief Strategy and Business Development Officer   | \$250,000   | \$29,334                         | \$279,334                |
| Wittenberg | Catherine  | Chief Nursing/Patient Care Officer                | \$221,000   | \$31,824                         | \$252,824                |
| Fernandes  | Roxanne    | Executive Director, Mothers' and Children's Svcs  | \$201,825   | \$30,677                         | \$232,502                |
| Mahaney    | Tim        | Executive Director, Facilities & Support Services | \$201,825   | \$29,063                         | \$230,888                |
| Louie      | Clifton    | Executive Director, Clinical/Professional Svcs    | \$204,355   | \$25,340                         | \$229,695                |
| Odato      | David      | Executive Director, HR & Svc Exc                  | \$198,315   | \$30,937                         | \$229,252                |
| Fawley     | Reece      | Exec Dir, Contracting & RevMgmt                   | \$201,825   | \$27,246                         | \$229,071                |
| Morgan     | David      | Exec Dir, Ambulatory Care Svcs                    | \$201,075   | \$26,542                         | \$227,617                |
| Moore      | Susan      | Director, Finance                                 | \$198,315   | \$27,764                         | \$226,079                |

<sup>1</sup>Actual Award Amount displays only those individuals with \$200,000 annual total cash compensation or more.

The incentive compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

Upon motion duly made and seconded, the Committee approved the report and voted to present it to the Board.

7. **REPORT FROM THE COMMITTEE'S CLOSED SESSION FOR APPROVAL OF RECOMMENDED COMPENSATION AND PERSONNEL ACTIONS RELATED TO INTERNAL REVIEWS AND AUDIT FINDINGS**

The Committee forwarded for approval the following compensation item from its Closed Session:

- A. Corrective Actions: Compensation and personnel actions proposed for employees as shown in **Attachment 1**, which include corrective actions related to matters identified in audits conducted by the Bureau of State Audits (BSA) and the University Auditor, and internal management reviews.



- B. W-2c Corrections (corrected wage and tax statements): Reimbursement to employees who were provided incorrect W-2 forms as identified in recent management reviews, for the costs to the employee for applicable tax preparation fees, IRS interest charges and penalties, if any, and any incremental taxes associated with such reimbursements, as evidenced by receipts and other documentation, as shown in [Attachment 2](#).

Upon motion duly made and seconded, the Committee approved the report and voted to present it to the Board.

8. **AMENDMENT OF BYLAWS 12.8, 20.1, AND 21.5 AND STANDING ORDERS 100.1, 100.2, 100.3, 100.4, AND 100.5 TO REFLECT NEW JOB TITLES FOR RESTRUCTURED POSITIONS**

The Chairman of the Board and the President recommended that:

- A. Service of notice be waived.
- B. Bylaws 12.8, 20.1, 21.5 and Standing Orders 100.1, 100.2, 100.3, 100.4, 100.5 be amended, as shown in [Attachment 3](#), to conform with The Regents' July 20, 2006 action to restructure the Office of the President, including review of position descriptions for the University's Senior Business, Finance, and Compliance Officers.

It was recalled that at the July 20, 2006 meeting, The Regents approved a plan to restructure the University of California Office of the President. Pursuant to that plan, existing senior vice presidents were replaced with new positions and a vice president position was created, as follows:

- (1) Executive Vice President–Academic and Health Affairs and Provost
- (2) Executive Vice President–Business Operations
- (3) Executive Vice President–Chief Financial Officer
- (4) Executive Vice President–University Affairs
- (5) Vice President–Chief Compliance and Audit Officer

The proposed amendments to Bylaws 12.8, 20.1 and 21.5 and Standing Orders 100.1, 100.2, 100.3, 100.4, 100.5 add these new titles to existing provisions relating to Officers of the University and remove those positions which were eliminated by this restructuring. They do not result in any substantive change in the current Bylaw and Standing Orders.

Upon motion duly made and seconded, the Committee approved the Chairman's and President's recommendation and voted to present it to the Board.

9. **AMENDMENT TO EXISTING AUTHORITY TO TRANSFER ASSETS FROM THE UNIVERSITY OF CALIFORNIA RETIREMENT PLAN TO THE LOS ALAMOS NATIONAL SECURITY, LLC DEFINED BENEFIT PLAN**

The President recommended that authority be granted to make initial and interim transfers of University of California Retirement Plan assets to the Los Alamos National Security, LLC Plan subject to the following terms:

- A. The initial transfer of UCRP assets to the LANS Plan will be made as a single sum payment to cover current administrative needs, and subsequent payments will be made to the extent necessary to cover ongoing administrative needs in lieu of the monthly payments previously authorized. Authority is requested to transfer an amount no greater than \$10 million as the initial payment and, if necessary, interim payments not to exceed \$50 million in total, including the initial \$10 million payment. Any such funding amounts transferred before the final transfer of assets and liabilities will be agreed to by the University and the Department of Energy and will be based on anticipated benefit payments, administrative fees, and other reasonable costs that are expected to be incurred by or on behalf of the LANS Plan prior to the final transfer of UCRP assets and liabilities.
- B. The initial and interim funding will be accounted for in the determination of the final amount of UCRP assets and liabilities that will eventually be transferred to the LANS Plan when all regulatory approvals are in place.
- C. Prior to the initial transfer of any UCRP assets, LANS will need to provide various documents and representations to satisfy the University's legal advisors regarding the LANS Plan status and assumption of liabilities. Additionally, DOE will need to provide assurance that (a) if the final transfer cannot take place due to legal barriers, the initial and any interim transfers from UCRP will be returned to UCRP with interest and (b) there will be reasonable indemnification for any penalties, taxes, or costs related to such transfer.
- D. Authority for implementation of initial and interim funding for the LANS Plan as provided in this recommendation be delegated to the Plan Administrator, Associate Vice President Boyette, subject to the limits and terms and conditions described above.

Associate Vice President Boyette recalled that in accordance with provisions of UC's former management contract for LANL (Contract W-7405-ENG-36) governing the transition to a successor contractor, UC is required to transfer UCRP assets at a rate sufficient to meet the cash flow requirements of the LANS Plan. Consequently, at the meeting of May 18, 2006, The Regents authorized the President to transfer UCRP assets to the LANS Plan on a monthly basis, but only to the extent necessary to fund the plan's current benefit claims. Any UCRP assets transferred will be accounted for in the final

reconciliation of UCRP assets and liabilities that will eventually be transferred to the LANS Plan, assuming it receives a favorable determination letter from the IRS and all regulatory approvals are in place.

The transition election results that have been recorded following the May 18, 2006 Regents' meeting indicate that approximately 10,200 Active LANL Members opted to continue employment under LANS, with approximately 6,600 of those electing to participate in the LANS Plan. The actuarial accrued liability for those members electing to participate in the LANS Plan has been estimated by The Regents' actuary, The Segal Company, to be in excess of \$1 billion. The DOE has requested an amount of initial funding for the LANS Plan that exceeds current benefit claims and expected claims for the upcoming initial months. Since the final transfer of UCRP assets and liabilities may not be initiated until the LANS Plan receives a favorable determination letter from the IRS and all regulatory approvals are in place, which is often a lengthy process, LANS must have sufficient funding to cover administrative expenses for the LANS Plan before the final transfer of UCRP assets and liabilities is completed. The President's recommendation for the amendment of the existing authority will allow UC to accommodate the DOE's request for an initial transfer to the LANS Plan and facilitate subsequent transfers to the LANS Plan as needed, subject to the terms and conditions designed to protect UCRP. Contract discussions with the DOE/NNSA regarding the transfer of UCRP assets and liabilities have begun. The UC team includes Associate Vice President Boyette (Team Leader), Assistant Vice President Plotts, Executive Director Nelson, Deputy to the Associate Vice President Ackerhalt, University Counsel Clark, and the Regents' Consulting Actuary from the Segal Company, Mr. Paul Angelo. The DOE/NNSA team includes Contractor Human Resources Specialist Archuleta (Team Leader), DOE Attorney Stucky, Los Alamos Site Office (LASO) Contracting Officer Lovato, LASO Attorney Hornsby, Budget Analyst Lardner, Contractor Human Resources Specialist Sanchez, and AON actuarial consultants Andrzejewski and Ritchie. An initial meeting was held in Oakland, and teleconferences are being held every other week to continue discussions and track progress. The next full day session is scheduled for October 3, 2006 in Albuquerque.

UC administration will come back to The Regents with progress reports on discussions between UC and the DOE and on consultation with faculty leadership. Consultation with internal and external counsel and UC actuaries is ongoing. Future reports to The Regents will discuss the special actuarial valuation required by the University's contract and ultimately seek authority to transfer the final amount of applicable assets and liabilities from UCRP to the LANS Plan. The University will take appropriate action concerning proposed changes that may trigger notice, consultation, and meeting and conferring obligations under the Higher Education Employer-Employee Relations Act and UC policy.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

10. **REORGANIZATION AND APPROVAL OF JOB DESCRIPTIONS AND INTERIM SLOTTING FOR EXECUTIVE VICE PRESIDENT–CHIEF FINANCIAL OFFICER, EXECUTIVE VICE PRESIDENT–BUSINESS OPERATIONS, SECRETARY OF THE REGENTS, AND INTERIM SLOTTING FOR VICE PRESIDENT–CHIEF COMPLIANCE AND AUDIT OFFICER AND GENERAL COUNSEL**

The President recommended the approval of job descriptions and individual salary grades for the Executive Vice President–Chief Financial Officer, Executive Vice President–Business Operations, Secretary of The Regents, and individual salary grades for the Vice President–Chief Compliance and Audit Officer, and General Counsel. The individual salary grades are within the salary range structure approved by The Regents for all Senior Leadership Compensation Group (SLCG) positions. SLCG positions are those occupied by incumbents whose salaries exceed the Indexed Compensation Level (ICL), which is currently \$200,000 cash compensation per annum, or those specifically designated by The Regents as part of implementing recommendations made by the Task Force on UC Compensation, Accountability, and Transparency.

A. ***Approval of Job Descriptions***

As part of the restructuring of the University of California, Office of the President, the job descriptions for the following positions be approved:

New Positions

Executive Vice President-Chief Financial Officer ([Attachment 4](#))

Executive Vice President-Business Operations ([Attachment 5](#))

Existing but Expanded Position

Secretary of The Regents ([Attachment 6](#))

The Chairman of The Regents retains authority to amend the position title of the Executive Vice President–Business Operations. The job description for the Vice President–Chief Compliance and Audit Officer was approved by The Regents at the July 2006 meeting.

B. ***Approval of Interim Job Slotting for New Positions at the Office of the President***

Approval of individual salary grades for three new positions within the salary range structure approved by The Regents for all Senior Leadership Compensation Group (SLCG) positions:

| <u>Position Title</u>       | <u>Proposed Grade</u> | <u>Ranges (\$000s)<br/>min – mid – max</u> |
|-----------------------------|-----------------------|--|
| • Executive Vice President– |                       |  |

|  |     |                       |
|--|-----|-----------------------|
| Chief Financial Officer                                    | 113 | \$316 - \$409 - \$501 |
| • Executive Vice President–<br>Business Operations         | 113 | \$316 - \$409 - \$501 |
| • Vice President–<br>Chief Compliance and<br>Audit Officer | 109 | \$203 - \$260 - \$316 |

**C. *Approval of Interim Job Slotting for the Following Existing Positions as Officers of The Regents***

Approval of individual salary grades for the following two existing positions — the Secretary of The Regents and the General Counsel — within the salary range structure approved by The Regents for all Senior Leadership Compensation Group (SLCG) positions:

| <u>Position Title</u>      | <u>Proposed<br/>Grade</u> | <u>Ranges (\$000s)<br/>min – mid – max</u> |
|----------------------------|---------------------------|--|
| • General Counsel          | 112                       | \$283 - \$365 - \$447                      |
| • Secretary of The Regents | 106                       | \$146 - \$185 - \$224                      |

Ranges are shown prior to 2006-07 adjustment.

Regent Johnson believed the slotting process should continue to be assessed with a view to providing the Regents with updates on its effectiveness. Committee Chair Hopkinson indicated her intention to appoint a committee to undertake that review.

Chairman Parsky commented that most of these positions are part of the reorganization of the Office of the President and Regents offices. He reported that search committees have been appointed for the EVP–Business Operations, EVP Chief Financial Officer, the General Counsel, the Vice President–Chief Compliance and Audit Officer, and the Secretary. The Regents have taken a lead role in coordination with the President on the EVP for business and the CFO, there is a joint chairmanship for recruiting the General Counsel, and the Regents, in consultation with the President, will recruit for those positions reporting directly to The Regents. It is hoped to bring forward recommendations to fill all the positions by the end of the year.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

**11. AMENDMENT OF STANDING ORDER 103.5, EMERITUS STATUS**

The President recommended that:

- A. Service of notice be waived.
- B. Standing Order 103.5, Emeritus Status, be amended as shown in [Attachment 7](#).

The Committee was informed that the proposed action to amend Standing Order 103.5 would allow the University to recognize contributions of Principal Officers of The Regents and Officers of the University who do not retire from the University but who step down from their position as a Principal Officer of The Regents or an Officer of the University to continue to serve the University in another position.

A request has recently been received to confer Emeritus status on Professor Albert Carnesale, who served as UCLA's eighth Chancellor from July 1, 1997 through June 30, 2006. Following a sabbatical leave, he will return to UCLA to his teaching, scholarship, and engagement in public policy issues.

Standing Order 103.5 currently allows for the conferral of Emeritus status on Officers of the Corporation and Officers of the University on the basis of their contributions to the University, but only upon retirement. It is in the best interest of the University also to confer Emeritus status to individuals in the positions listed below who step down from their position but continue to serve the University prior to retirement. Conferral of Emeritus status acknowledges their contributions and service in these titles and allows the individual to use the title in representing the University, such as participating in community and donor events.

The proposed change would apply to the "Principal Officers of The Regents" who are defined as Secretary, Chief Investment Officer and Vice President for Investments (who also serves as an Officer of the University), General Counsel and Vice President for Legal Affairs (who also serves as an Officer of the University), Vice President–Chief Compliance and Audit Officer, and such associates and assistants of the foregoing Principal Officers as they may from time to time designate in their respective areas of responsibility as Officers of the Corporation.

The proposed change would apply to the “Officers of the University” who are defined as the President of the University, Executive Vice Presidents, Senior Vice Presidents, other Vice Presidents, Associate Vice Presidents, Assistant Vice Presidents, University Auditor, Chancellors, Vice Chancellors, Directors and Deputy Directors of the Ernest Orlando Lawrence Berkeley National Laboratory, the Ernest Orlando Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory, and Directors of University hospitals.

Upon motion duly made and seconded, the Committee approved the President’s recommendation and voted to present it to the Board.

12. **APPROVAL OF AMOUNT OF FUNDS AVAILABLE FOR COMPENSATION INCREASES AND PRIORITIES FOR USE AND DISTRIBUTION OF FUNDS BY CAMPUSES**

The President recommended that:

- A. A total compensation increase package of 4 percent be approved for 2006-07. For staff not covered by collective bargaining agreements and who are not part of the Senior Management Group, the merit salary increase funds will include two components for 2006-07: 3.5 percent for merit salary increases and 0.5 percent for equity increases. For staff in the Senior Management Group, the merit salary increase funds will include two components for 2006-07: 2.5 percent for merit salary increases and 1.5 percent for equity increases. Actual salary increases for represented employees are subject to collective bargaining.
- B. For employees funded from State and UC General Funds and student fee income, funds sufficient to cover the compensation increase package will be allocated to campuses and the Office of the President proportionally based on the appropriate total of eligible base salaries for each location.
- C. For employees supported from fund sources other than State and UC General Funds and student fee income, including teaching hospital income, auxiliary enterprises, federal funds, and other sources, a compensation increase package of 4 percent must be funded from within those fund sources and must conform to the University’s established systemwide salary programs for State-funded employees.

It was recalled that the Board approved a final budget plan for the University for 2006-07 at the July, 2006, meeting. That plan provided for a 4 percent compensation increase package (including a 4 percent increase for health benefits) from all fund sources from which the following are to be funded: continuation costs to cover the July 1 – September 30, 2006, increases of the 2005-06 salary and health benefit increases effective October 1, 2005 (salaries) and January 1, 2005 (health benefits); cost-of-living adjustments; merit salary increases; and health benefit cost increases. For employees funded from State and UC General Funds and student fee income, including professional

school fee income, \$131 million is available for this purpose, as specified in the Regents' approved budget plan for 2006-07. Compensation increases for represented employees are subject to existing collective bargaining agreements or the collective bargaining process. For staff not covered by collective bargaining agreements and who are not part of the Senior Management Group, the merit salary increase funds will include two components for 2006-07: 3.5 percent for merit salary increases and 0.5 percent for equity increases. For staff in the Senior Management Group, the merit salary increase funds will include the same two components with a different split: 2.5 percent for merit salary increases and 1.5 percent for equity increases. Consistent with past practice, compensation increases for employees funded from other fund sources, including teaching hospital income, auxiliary enterprises, federal funds, and other sources, must be accommodated from within those fund sources and must conform to the University's established systemwide salary programs for State-funded employees.

Funds for compensation increases are to be allocated to the campuses and the Office of the President proportionally using the appropriate total of eligible base salaries at each location as the basis.

Committee Chair Hopkinson commented that *Policies on Universitywide and Senior Leadership Compensation, and Procedures for Senior Leadership Compensation* was adopted with the requirement that The Regents set the priorities for salary increases for campuses. During discussion of that item, the Regents indicated a desire to understand the campus situations regarding the gap between the University's salaries and those of its peer institutions and whether salary increases distributed at the level of 4 percent across the board were appropriate. She did not find the information presented in this item to be helpful in that regard. In addition, she noted that the campuses had already been allocated the 4 percent. Citing the focus of The Regents' policy to bring salaries to market levels, she stated that the Regents need more information about how far faculty salaries lag behind the market and how that money gets distributed to faculty. Regarding staff salaries, the Regents need to understand how the University's union contracts affect how money is allocated to campuses and how staff salaries also are being brought up to market.

Executive Vice President Darling indicated that he would relay her observations to Vice President Hershman.

The Committee took no action on the recommendation.



13. **APPROVAL OF ADJUSTMENTS TO THE SENIOR LEADERSHIP COMPENSATION GROUP SALARY RANGES FOR 2006-07**

The President recommended that the Senior Leadership Compensation Group salary range structure be adjusted by 2.7 percent to maintain competitiveness with the external higher education labor market. This adjustment would be effective upon Regental approval for 2006-07.

It was recalled that in November 2005, The Regents approved a policy that a salary structure be established, subject to the approval of The Regents, within which salaries for all Senior Leadership Compensation Group (SLCG) positions will be administered. The structure is to be based on the recommendation of an external consultant and consists of salary ranges that provide salary opportunities competitive with those offered by other employers with which UC competes for SLCG employees. At the time, it was stated that the ranges of the salary structure would be reviewed and adjusted annually in order to maintain market competitiveness.

According to market data published by WorldatWork (a large professional association that focuses on compensation and benefits issues) in its 2006-07 Salary Budget Survey, companies in the educational services industry (30 participants) were expected to move their executive salary structures by 2.8 percent for 2007, and for all companies included in the survey (1,271 participants), executive salary structures were expected to move 2.7 percent for 2007.

In Mercer's 2006/2007 US Compensation Planning Survey, data for executive salary structure adjustments in education are not available; however, management salary structures in education (18 participants) are expected to be adjusted by 2.5 percent. Overall for 2007, executive salary structures (399 participants) are expected to move 2.9 percent and 2.8 percent for management salary structures (577 participants).

It is recommended, therefore, to update the SLCG salary range structure by 2.7 percent to maintain competitive positioning with the majority of academic market data. Following are the current SLCG salary range structure and a proposed SLCG salary range structure updated by 2.7 percent.

**Current SLCG Salary Range Structure  
2005-2006**

| Grade | Spread | Increment | Min       | Mid       | Max       |
|-------|--------|-----------|-----------|-----------|-----------|
| 102   | 50.0%  |           | \$94,000  | \$117,500 | \$141,000 |
| 103   | 50.7%  | 12.0%     | \$105,000 | \$131,600 | \$158,200 |
| 104   | 51.5%  | 12.0%     | \$117,200 | \$147,400 | \$177,600 |
| 105   | 52.3%  | 12.0%     | \$130,900 | \$165,100 | \$199,300 |
| 106   | 53.1%  | 12.0%     | \$146,100 | \$184,900 | \$223,700 |
| 107   | 53.8%  | 12.0%     | \$163,200 | \$207,100 | \$251,000 |
| 108   | 54.6%  | 12.0%     | \$182,200 | \$231,900 | \$281,700 |
| 109   | 55.4%  | 12.0%     | \$203,400 | \$259,800 | \$316,100 |
| 110   | 56.2%  | 12.0%     | \$227,100 | \$290,900 | \$354,700 |
| 111   | 56.9%  | 12.0%     | \$253,600 | \$325,800 | \$398,000 |
| 112   | 57.7%  | 12.0%     | \$283,200 | \$364,900 | \$446,600 |
| 113   | 58.5%  | 12.0%     | \$316,300 | \$408,700 | \$501,200 |
| 114   | 59.2%  | 12.0%     | \$353,200 | \$457,800 | \$562,400 |
| 115   | 60.0%  | 12.0%     | \$394,400 | \$512,700 | \$631,000 |
| 116   | 60.0%  | 12.0%     | \$441,700 | \$574,200 | \$706,700 |
| 117   | 60.0%  | 12.0%     | \$494,700 | \$643,100 | \$791,600 |
| 118   | 60.0%  | 12.0%     | \$554,100 | \$720,300 | \$886,500 |

**Updated SLCG Salary Range Structure  
2006-2007**

| Grade | Spread | Increment | Min       | Mid       | Max       |
|-------|--------|-----------|-----------|-----------|-----------|
| 102   | 50.1%  |           | \$96,500  | \$120,700 | \$144,800 |
| 103   | 50.7%  | 12.0%     | \$107,800 | \$135,200 | \$162,500 |
| 104   | 51.5%  | 12.0%     | \$120,400 | \$151,400 | \$182,400 |
| 105   | 52.3%  | 12.0%     | \$134,400 | \$169,600 | \$204,700 |
| 106   | 53.1%  | 12.0%     | \$150,000 | \$189,900 | \$229,700 |
| 107   | 53.8%  | 12.0%     | \$167,600 | \$212,700 | \$257,800 |
| 108   | 54.6%  | 12.0%     | \$187,100 | \$238,200 | \$289,300 |
| 109   | 55.4%  | 12.0%     | \$208,900 | \$266,800 | \$324,600 |
| 110   | 56.2%  | 12.0%     | \$233,200 | \$298,800 | \$364,300 |
| 111   | 57.0%  | 12.0%     | \$260,400 | \$334,600 | \$408,700 |
| 112   | 57.7%  | 12.0%     | \$290,800 | \$374,800 | \$458,700 |
| 113   | 58.5%  | 12.0%     | \$324,800 | \$419,700 | \$514,700 |
| 114   | 59.3%  | 12.0%     | \$362,700 | \$470,200 | \$577,600 |
| 115   | 60.0%  | 12.0%     | \$405,000 | \$526,500 | \$648,000 |
| 116   | 60.0%  | 12.0%     | \$453,600 | \$589,700 | \$725,800 |
| 117   | 60.0%  | 12.0%     | \$508,100 | \$660,500 | \$813,000 |
| 118   | 60.0%  | 12.0%     | \$569,100 | \$739,700 | \$910,400 |

Associate Vice President Boyette stated that the recommendation that the salary range structure be adjusted by 2.7 percent will not result in any change in any individual's salary. Chairman Parsky emphasized that fact and commented that approval of the

recommendation will not delegate any authority to the President to increase salaries. It is an attempt to bring the ranges for the positions to the appropriate level.

Committee Chair Hopkinson noted that the survey adjustment for the comparable period 2006-07 is consistent with adjustments happening in the marketplace and that there will be an annual reevaluation of all grade classifications.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

The meeting adjourned at 10:50 a.m.

Attest:

Acting Secretary