The Regents of the University of California

COMMITTEE ON COMPENSATION
November 19, 2009

The Committee on Compensation met on the above date at Covel Commons, Los Angeles campus.

Members present: Regents Kozberg, Lozano, Pattiz, Stovitz, and Varner; Ex officio members Blum, Gould, and Yudof; Advisory member Powell

In attendance: Regents Bass, Bernal, De La Peña, Island, Kieffer, Makarechian, Marcus, Nunn Gorman, Reiss, Ruiz, and Zettel, Regents-designate Cheng and DeFreece, Faculty Representative Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Chief Compliance and Audit Officer Vacca, Interim Provost Pitts, Executive Vice Presidents Darling and Taylor, Interim Executive Vice President Brostrom, Senior Vice President Dooley, Vice Presidents Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Fox, Kang, Katehi, White, and Yang, Interim Director Alivisatos, and Recording Secretary Johns

The meeting convened at 12:05 p.m. with Committee Chair Varner presiding.

1. **PUBLIC COMMENT**

There were no speakers wishing to address the Committee.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of September 17, 2009 were approved.

3. **REPORT OF THE TASK FORCE ON UC COMPENSATION, ACCOUNTABILITY AND TRANSPARENCY**

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Regent Kozberg presented the report of the Task Force on UC Compensation, Accountability, and Transparency. She recalled that the Task Force was called together three years previously. It was co-chaired by Regent Kozberg and by former Speaker of the Assembly Robert Hertzberg. The Task Force was charged by then Chairman and former Regent Parsky to examine compensation policies at the University. There was concern about transparency and about confusion in the policies. When the Task Force reconvened this year, the other Task Force members were former State Senator Dede

Alpert, former president of the University of Michigan James Duderstadt, B. Kipling Hagopian, former *San Jose Mercury News* publisher Jay Harris, James E. Morley, Jr., Faculty Representative Powell, and Regent Varner, most of whom participated three years previously. Former Faculty Representative Oakley and Regent Lozano also participated on the original Task Force.

The original Task Force examined compensation practices at UC and found that a sea change was needed. It recommended a follow-up review on progress in three years. This follow-up shows that there has been progress in changing policies and creating greater transparency. The Task Force recommended 22 reform measures; most have been enacted. Some measures will soon be presented to the Regents.

Regent Kozberg emphasized the importance of the independent verification of progress provided by the Chief Compliance Officer, a new position at UC. In addition, President Yudof has brought together a new team to handle the issues.

Some recommended actions have not been completed. One is a recommendation for a human resources data system allowing communication among all locations. Although difficult to undertake in the current economic climate, the University needs to implement such a data system.

Regent Kozberg anticipated that a new policy on outside professional activities would soon be presented and expressed the Task Force's serious concern about the lag in UC faculty and staff salaries relative to public and private peer institutions. The University must find a path out of the current financial challenges.

While the Task Force review was positive overall, Regent Kozberg noted that the University finds itself in a difficult situation regarding recruitment. Many qualified individuals are not willing to be considered in the UC applicant pool because the UC pay scale is not adequate. Regent Kozberg concluded by remarking that the work of the Task Force made clear the crucial importance of transparency and best practices. She noted that the Task Force has determined that it does not need to meet again.

Committee Chair Varner noted that certain critical UC positions, including chancellors, are undercompensated. The University may be vulnerable to recruitment by the private sector. While the University is often criticized in the media for its compensation actions, individuals familiar with the relevant fields are concerned that the University does not properly compensate some of its highly qualified employees. This matter needs to be included in the University's advocacy with representatives in the Legislature.

Regent Blum recalled that the University's compensation procedures were extremely inadequate three to four years earlier; there has been significant progress since that time. He expressed concern, however, about the salary level of UC chancellors and referred to a ranking of Association of American Universities institutions by the salary level of campus leaders; UC campuses were low in that ranking. This should be a matter of concern for the University.

4. **APPROVAL OF INDIVIDUAL COMPENSATION ACTIONS AS DISCUSSED IN CLOSED SESSION**

A. ***Appointment Time Reduction under Staff and Academic Reduction in Time (START) Program for Certain Individuals at the Berkeley Campus***

Effective July 1, 2008, the University implemented a two-year Staff and Academic Reduction in Time (START) program to enable non-probationary career staff and academic appointees an opportunity to voluntarily reduce their working time and corresponding pay, thereby reducing the University's expenses; accrual of UC Retirement Plan service credit and vacation and sick leave remains at the employees' pre-START rates. Five individuals at the Berkeley campus, Nathan E. Brostrom, Vice Chancellor – Administration; F. Scott Biddy, Vice Chancellor – University Relations; Shelton Waggener, Associate Vice Chancellor – Information Technology and Chief Information Officer; Christina Maslach, Vice Provost – Teaching and Learning; and Henry E. Brady, Dean – Goldman School of Public Policy have been or are participants in START.

Participation in this program has concluded for all but one individual. Mr. Brady will continue his START participation at ten percent in addition to the ten percent reduction under the University's Salary Reduction/Furlough plan implemented on September 1, 2009. All others are also subject to the furlough and salary reductions.

The President recommended approval of the following retroactive START requests for the following individuals at the Berkeley campus:

(1) Nathan E. Brostrom as Vice Chancellor – Administration, Berkeley campus:

a. Per START Program policy, a five percent voluntary appointment time reduction to 95 percent time with commensurate reduction of annual compensation to $268,945, based on current annual base salary of $283,100 (SLCG Grade 110: Minimum $239,700, Midpoint $307,200, Maximum $374,500).

b. Per START Program policy, continued eligibility to participate in the Senior Management Supplemental Benefit Program at the rate of five percent of the reduced compensation rate of $268,945.

c. Effective retroactive to May 1, 2009 and ending August 31, 2009.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.

(2) F. Scott Biddy as Vice Chancellor – University Relations, Berkeley campus:

a. Per START Program policy, a five percent voluntary appointment time reduction to 95 percent time with commensurate reduction of annual compensation to $258,400, based on current annual base salary of $272,000 (SLCG Grade 109: Minimum $214,700, Midpoint $274,300, Maximum $333,700).

b. Per START Program policy, continued eligibility to participate in the Senior Management Supplemental Benefit Program at the rate of five percent of the reduced compensation rate of $258,400.

c. Effective retroactive to May 1, 2009 and ending June 30, 2009.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.

(3) Shelton Waggener as Associate Vice Chancellor – Information Technology and Chief Information Officer, Berkeley campus:

a. Per START Program policy, a five percent voluntary appointment time reduction to 95 percent time with commensurate reduction of annual compensation to $207,575, based on current annual base salary of $218,500 (SLCG Grade 108: Minimum $192,300, Midpoint $244,900, Maximum $297,400).

b. Per START Program policy, continued eligibility to participate in the Senior Management Supplemental Benefit Program at the rate of five percent of the reduced compensation rate of $207,575.

c. Effective retroactive to June 1, 2009 and ending August 31, 2009.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.

(4) Christina Maslach as Vice Provost – Teaching and Learning, Berkeley campus:

a. Per START Program policy, a ten percent voluntary appointment time reduction to 90 percent time with commensurate reduction of annual compensation to $162,270, based on current annual base salary of $180,300 (SLCG Grade 105: Minimum $138,200, Midpoint $174,300, Maximum $210,400).

b. Effective retroactive to June 1, 2009 and ending July 31, 2009.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

(5) Henry Brady as Dean – Goldman School of Public Policy, Berkeley campus:

a. Per START Program policy, a ten percent voluntary appointment time reduction to 90 percent time with commensurate reduction of annual compensation to $254,880, based on current annual base salary of $283,200 (SLCG Grade 108: Minimum $192,300, Midpoint $244,900, Maximum $297,400).

b. Effective retroactive to May 1, 2009 and ending June 30, 2010.

c. Subject to a ten percent salary reduction under the University's Furlough Salary Reduction Program.

Additional items of compensation include:

- Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per START Program policies, continued vacation and sick leave accrual at the employee's pre-START rate.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

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

B. ***Appointment of Mona Sonnenshein as Acting Associate Vice Chancellor and Chief Executive Officer and Chief Operating Officer, UC San Diego Medical Center, San Diego Campus***

Approval of the appointment of Mona Sonnenshein as Acting Associate Vice Chancellor and Chief Executive Officer (CEO), UC San Diego Medical Center, is necessary to replace Richard Liekweg, who submitted his resignation, ending his employment with the University effective August 21, 2009. In order to maintain Medical Center operations after the departure of Mr. Liekweg and until the appointment of his successor, the current Chief Operating Officer, Mona Sonnenshein, has been serving as Acting CEO. Ms. Sonnenshein has served as Chief Operating Officer (COO) at the Medical Center for the last three years and will continue to serve as the COO while in the Acting CEO capacity, including overseeing the UC San Diego Medical Center on the Hillcrest and La Jolla East (Thornton Hospital) campuses.

The campus has submitted a separate action at this meeting to appoint the new CEO. The appointment of Ms. Sonnenshein as the Acting CEO will be without additional compensation, and will terminate upon the appointment of the new CEO. This position is funded from medical center operating revenue.

The President recommended approval of the following items in connection with the appointment of Mona Sonnenshein as Acting Associate Vice Chancellor and Chief Executive Officer, UC San Diego Medical Center, San Diego campus:

(1) Appointment of Mona Sonnenshein as Acting Associate Vice Chancellor and Chief Executive Officer, UC San Diego Medical Center, effective August 22, 2009 and continuing until the effective date of the appointment of the new CEO.

(2) Continuation of current base salary of $514,700 and eligibility to participate in the Clinical Enterprise Management Recognition Program (CEMRP) with a maximum potential incentive of up to 25 percent of base salary.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Mortgage Origination Program loan, previously approved by the Regents.

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

C. ***Appointment of and Promotion Compensation for Thomas Jackiewicz as Associate Vice Chancellor and Chief Executive Officer, UC San Diego Medical Center, San Diego Campus***

Approval of the appointment of and promotion compensation for Thomas Jackiewicz to fill the Associate Vice Chancellor and Chief Executive Officer position at UC San Diego Medical Center is necessary to replace Richard Liekweg, who resigned to accept another position outside the UC system. Following an internal search, Mr. Jackiewicz was identified as the top candidate, having served as an Associate Vice Chancellor in Health Sciences over a period of eight years with another 11 years of executive-level experience in academic medicine before joining the San Diego campus in 2001.

Vice Chancellor Brenner will take this opportunity to reorganize the Health Sciences leadership and eliminate a position, saving the University approximately $625,000 annually, when incentive award potential is considered. Under the reorganization, Mr. Jackiewicz will assume all of the responsibilities previously held by Mr. Liekweg, and in addition will retain responsibility for two areas that currently report to him: Resource Strategy and Planning, and Marketing and Communications for all of Health Sciences, inclusive of the Medical Center, and the Schools of Medicine and Pharmacy. The position Mr. Jackiewicz is vacating will be filled at a lower level. Mr. Jackiewicz's proposed salary is less than the previous incumbent, the salary range midpoint, the market median and the average of the other UC CEOs.

This position is funded from medical center operating revenue. The proposed base salary of $600,000 is 9.2 percent less than the previous incumbent, who was paid $660,500 and 11.6 percent less than the SLCG Grade 117 salary range midpoint of $679,000. According to Mercer Human Resource Consulting, data from the Clark Consulting Health Care Executive Compensation Survey indicate that the 50th percentile of base salaries for CEOs of comparable medical centers is $663,000, 9.5 percent higher than the salary proposed for Mr. Jackiewicz. The proposed base salary is 8.4 percent below the average base salary ($654,675) of the CEOs at the other UC medical centers.

The President recommended approval of the following items in connection with the appointment and promotion compensation for Thomas Jackiewicz, UC San Diego Medical Center, San Diego campus:

(1) Appointment of Thomas Jackiewicz as Associate Vice Chancellor and Chief Executive Officer, UC San Diego Medical Center, SLCG Grade 117 (Minimum $522,300, Midpoint $679,200, Maximum $835,800).

(2) Per policy, a promotional salary of $600,000, before the 2009-10 salary reduction is applied. This represents a 22.4 percent increase over Mr. Jackiewicz's current base salary of $490,000.

(3) Continued eligibility to participate in the Clinical Enterprise Management Recognition Plan with maximum incentive potential of 30 percent of base salary.

(4) This appointment is at 100 percent time and will become effective immediately upon approval by the Regents.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, annual automobile allowance of $8,916.
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

Base salary market data (as provided by Mercer Human Resource Consulting):

25th Percentile	50th Percentile (median)	75th Percentile
$581,000	$663,000	$729,600

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

D. ***Appointment of and Total Compensation for Amy Binder as Provost, Thurgood Marshall College, San Diego Campus***

Approval of the appointment of Amy Binder as Provost of Thurgood Marshall College at the San Diego campus is necessary to respond to the campus' need to appoint a Provost to serve during Provost Alan Havis' sabbatical leave, effective April 1, 2010 through June 30, 2010. In addition to filling this role, she will also assist with the transition back to the returning Provost, during the month of July, in her capacity as a faculty member. Ms. Binder's scholarly accomplishments and her commitment to undergraduate education make her well qualified to provide leadership as provost of Thurgood Marshall College during this period.

This position is funded from UC general funds provided by the State. The proposed total annualized compensation rate of $130,961 is 5.8 percent below the salary range midpoint of $139,000 and 9.2 percent below the salary of Mr. Havis ($144,300).

The President recommended approval of the following items in connection with the appointment of and compensation for Amy Binder as Provost, Thurgood Marshall College, San Diego campus:

(1) Appointment of Amy Binder as Provost, Thurgood Marshall College, San Diego campus, SLCG Grade 103 (Minimum $110,800, Midpoint $139,000, Maximum $167,100).

(2) Per policy, a total annualized compensation rate of $130,961 (inclusive of one additional summer ninth to be provided at the conclusion of the term appointment when Ms. Binder returns to her faculty position and assists Mr. Havis with the transition).

(3) If an adjustment to the academic year professorial base salary is made prior to the termination of this acting role, the additional compensation will be recalculated against the new professorial base salary.

(4) This appointment is at 100 percent time and will be effective April 1, 2010 through June 30, 2010.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.

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

E. ***Promotional Compensation and Administrative Stipend Extension for Certain Individuals in the Medical Center, San Francisco Campus***

Chief Operating Officer Tomi Ryba resigned from the UC San Francisco Medical Center effective January 23, 2009. At that time, Chief Executive Officer Laret consulted with senior campus, faculty, and staff leadership regarding an effective organizational structure with the goals of maintaining organizational momentum, increasing capacity to execute the strategic plan, streamlining the efficiency of Medical Center operations, and providing development opportunities in relation to succession management. An interim structure was approved and implemented effective February 1, 2009. Subsequently, CEO Laret evaluated the interim structure, obtained input from key stakeholders, and reviewed plans with Chancellor Desmond-Hellmann to make the interim organizational structure permanent.

Approval of the following items, effective November 1, 2009, is necessary to make the organizational structure permanent: promotion and compensation for Kenneth M. Jones as Chief Operating Officer; promotion and a stipend extension, through no later than December 31, 2010, for Sheila Antrum as Chief Nursing and Patient Care Services Officer for assuming additional responsibilities of Pharmacy and Perioperative Services; and a stipend extension, through no later than June 30, 2010, for Susan Moore as Acting Chief Financial Officer, until the appointment of a permanent Chief Financial Officer is determined.

All positions in this recommendation are funded 100 percent by medical center operating revenue. No State General Funds are used for these positions.

The President recommended approval of the following items in connection with the formal reorganization of the Medical Center, San Francisco campus:

(1) Kenneth M. Jones as Chief Operating Officer

a. Promotion to Chief Operating Officer classified at SLCG Grade 115 (Minimum $416,300, Midpoint $541,200, Maximum $666,100).

b. Per policy, a base salary increase of $77,400 (16.5 percent) to increase his current base salary of $470,200 to an annual salary of $547,600. This position is subject to a ten percent base salary decrease during participation in the University's approved furlough plan.

c. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Program (CEMRP) at the Tier II level with a target of 15 percent and a maximum potential incentive of up to 25 percent of base salary.

d. This appointment is at 100 percent time and will be effective November 1, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

This position is funded 100 percent by medical center operating revenue. No State General Funds are used for this position.

Base salary market data (as provided by Mercer Human Resource Consulting):

25th Percentile	50th Percentile (median)	75th Percentile
$414,170	$493,866	$555,084

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

(2) Sheila Antrum as Chief Nursing and Patient Care Services Officer

a. Promotion and interim re-slotting to SLCG Grade 110 (Minimum $239,700, Midpoint $307,200, Maximum $374,500), with continued title of Chief Nursing and Patient Care Services Officer.

b. As an exception to policy, continued administrative stipend of $37,500 (15 percent) to increase her current base salary of $250,000 to an annual salary of $287,500. This position is subject to a ten percent base salary decrease during participation in the University's approved furlough plan.

c. The stipend amount will be increased as the base salary is increased, so the stipend will equal 15 percent of the base salary, at a 100-percent-time appointment.

d. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Program (CEMRP) at the Tier II level with a target of 15 percent and a maximum potential incentive of up to 25 percent of base salary.

e. This appointment is at 100 percent time and will be effective January 1, 2010, through no later than December 31, 2010. The original acting appointment is scheduled to end on December 31, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

This position is funded 100 percent by medical center operating revenue. No State General Funds are used for this position.

Base salary market data (as provided by Mercer Human Resource Consulting):

25th Percentile	50th Percentile (median)	75th Percentile
$212,200	$245,000	$300,000

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

(3) Susan Moore as Acting Chief Financial Officer

a. As an exception to policy, extension of appointment as Acting Chief Financial Officer. This represents an exception to policy which allows for acting Senior Management Group appointments to be up to 12 months in length.

b. As an exception to policy, continued administrative stipend of $58,625 (25 percent) to increase her current base salary of $234,500 to an annual salary of $293,125. Continued classification at SLCG Grade 107 (Minimum $172,300, Midpoint $218,700, Maximum $265,000) as well as Management and Senior Professional (MSP) Grade 7. Slotting for Acting Chief Financial Officer is SLCG Grade 114 (Minimum $372,900, Midpoint $483,400, Maximum $593,800).

c. The stipend amount will be increased as the base salary is increased, so the stipend will equal 25 percent of the base salary, at a 100-percent-time appointment.

d. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Program (CEMRP) at the increased Tier II level with a target of 15 percent and a maximum potential incentive of up to 25 percent of base salary.

e. This appointment is at 100 percent time and will be effective January 1, 2010, through no later than June 30, 2010, or until the permanent Chief Financial Officer is appointed, whichever comes first, inclusive of a 60-day transition period. The original acting appointment is scheduled to end on December 31, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.

This position is funded 100 percent by medical center operating revenue. No State General Funds are used for this position.

Base salary market data (as provided by Mercer Human Resource Consulting):

25th Percentile	50th Percentile (median)	75th Percentile
$322,100	$369,900	$415,000

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

F. ***Appointment of and Total Compensation for Steven Gaines as Dean – Donald Bren School of Environmental Science and Management, Santa Barbara Campus***

Following a national search and extensive consultation with the Academic Senate, the Bren Foundation, the Bren School Advisory Board, faculty and administrators, Steven Gaines has been selected to fill the Dean of Donald Bren School of Environmental Science and Management post effective January 1, 2010. In this position, Mr. Gaines will be responsible for all management aspects of the Bren School. The School's mission is to lead research in environmental issues, train research scientists and professionals, identify and solve environmental problems as well as foster multidisciplinary approaches to the study of the environment and humankind's impact on natural resources. The School features both a Ph.D. program, which embodies the broad research efforts of the School, as well as a master's program, which provides a professional degree and trains students to work in the private and public employment sectors.

This position is funded 100 percent by UC general funds provided by the State. The campus proposed a total annual compensation of $234,000, which is an increase of 6.8 percent above Mr. Gaines' current annualized total cash compensation. In addition, the proposed total compensation is 3.8 percent above other UC Santa Barbara deans in SLCG Grade 106 with an average compensation of $225,362. Market data are not available for this position.

The President recommended approval of the following items in connection with the appointment salary for Steven Gaines as Dean – Donald Bren School of Environmental Science and Management, Santa Barbara campus:

(1) Appointment of Steven Gaines as Dean – Donald Bren School of Environmental Science and Management, SLCG Grade 106 (Minimum $154,200, Midpoint $195,200, Maximum $236,100).

(2) Total annual compensation of $234,000. This represents a 17 percent increase over Mr. Gaines' adjusted faculty salary of $194,092 and a 6.8 percent increase over his total annual compensation of $219,092.

(3) This appointment is at 100 percent time and will become effective January 1, 2010.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

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

G. ***Salary Adjustment for Vijay Dhir as Dean – Henry Samueli School of Engineering and Applied Science, Los Angeles Campus***

At the January 2009 special meeting, the Regents approved the *Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans* (Item C1), an action to freeze salary for members of the Senior Management Group (SMG) for fiscal year 2008-09 and fiscal year 2009-10 and to impose certain additional restrictions on participation in bonus, incentive and variable pay programs for that same time period as well as fiscal year 2007-08. The salary freeze included a provision allowing for SMG members who hold an academic appointment in addition to their staff role, and who receive an academic merit increase resulting in the faculty salary exceeding the staff salary, to receive an adjustment to the staff salary so that the staff salary matches the faculty salary.

Approval is requested for this type of salary adjustment for Vijay Dhir, Dean – Henry Samueli School of Engineering and Applied Science, effective November 1, 2009. Mr. Dhir's administrative salary has fallen behind his underlying adjusted faculty appointment salary ($300,300, inclusive of 2.5 summer ninths) thus disadvantaging him in serving as Dean. In addition, his salary reflects a significant market lag and has fallen behind more recent hires of deans of engineering at other UC campuses whose salaries more appropriately reflect market rates. The proposed action will bring Mr. Dhir's administrative salary equal to his adjusted faculty salary and, as a result, better align him with his cohorts both within UC and in the marketplace.

UC deans' salaries are funded by State funds; hence this salary increase will also be obtained from that source. UCLA's School of Engineering is one of the largest of the UC programs with a total annual enrollment of more than 4,000 students. This position is subject to the University's salary reduction/furlough plan as approved by the Regents. Market data provided by Mercer Human Resource Consulting reveal a market median salary of $300,000.

The President recommended approval of the following items in connection with a salary adjustment for Vijay Dhir, Dean – Henry Samueli School of Engineering and Applied Science, Los Angeles campus:

(1) A salary adjustment of $30,000 (11.1 percent) from $270,300 to $300,300, at SLCG Grade 110 (Minimum $239,700, Midpoint $307,200, Maximum $374,500).

(2) Per policy, ineligible for any further merit or equity increase until October 2010.

(3) Effective November 1, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

Base salary market data (as provided by Mercer Human Resource Consulting):

25th Percentile	50th Percentile (median)	75th Percentile
$286,900	$300,000	$325,900

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

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Varner noted that the Committee had reviewed these seven compensation items the previous day in closed session. Only one item includes exceptions to policy. The exceptions are related to the extension of temporary duties beyond a 12-month period with no increases or changes to the recipient's existing compensation.

President Yudof emphasized that no individual was receiving a raise. These actions are promotions to higher positions or hires from outside the University. When individuals move to positions of higher responsibility, the University must be sensitive to market conditions, or the positions may not be filled.

Committee Chair Varner stated that the Committee carefully reviews these matters to ensure that the compensation actions are appropriate.

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

5. **APPROVAL OF APPOINTMENT OF AND TOTAL COMPENSATION FOR A. PAUL ALIVISATOS AS LABORATORY DIRECTOR, LAWRENCE BERKELEY NATIONAL LABORATORY AS DISCUSSED IN REGENTS ONLY SESSION**

A national search for the next permanent Lawrence Berkeley National Laboratory (LBNL) Director was initiated in the summer of 2009, in accordance with the Regents' Policy on Appointment of Laboratory Directors. President Yudof appointed a search committee that included six Regents and several prominent members of the University, Laboratory, and scientific community. The search committee was advised by a screening task force, composed of 16 eminent University and Laboratory researchers and administrators, and chaired by Vice President Beckwith.

Over 140 potential candidates were assessed for the position. Ultimately, the President, with advice from the search committee, selected A. Paul Alivisatos as the best candidate to be named as the LBNL Director. Officials at the Department of Energy have also welcomed the appointment of Mr. Alivisatos.

As provided under the University's contract with the Department of Energy (DOE), any compensation amount approved by the Regents that is over the compensation amount approved by DOE will be paid from the fee earned under the contract.

The President recommended the appointment of and total compensation for A. Paul Alivisatos as Laboratory Director, Lawrence Berkeley National Laboratory:

A. Appointment of A. Paul Alivisatos as Laboratory Director, Lawrence Berkeley National Laboratory, at 100 percent time.

B. Appointment salary of $417,155 (SLCG Grade 113: Minimum $333,900, Midpoint $431,500, Maximum $529,100), reflecting a 2.5 percent ($10,175) increase over the current annual salary and 16.9 percent ($60,155) increase over the current base salary.

C. As provided under the University's contract with the Department of Energy (DOE), any compensation amount approved by the Regents that is over the compensation amount approved by DOE will be paid from the fee earned under the contract.

D. Per policy, annual automobile allowance of $8,916.

E. Per policy, an Administrative Fund for official entertainment and other purposes that comply with University policy.

F. Per policy, eligibility for participation in the University of California Mortgage Origination Program up to the maximum loan amount (currently $1,330,000). The loan will comply with all normal Mortgage Origination Program parameters.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

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

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Regent Pattiz congratulated Mr. Alivisatos on his nomination, noted his tremendous scientific and management background, and expressed pleasure that he will be taking the helm of LBNL as the United States works to address many challenging energy and environmental issues. With Mr. Alivisatos' appointment, an eminent scientist and a visionary will be leading LBNL. The Laboratory is pursuing extraordinary research which will, hopefully, provide solutions to the energy and environmental challenges facing the country. It is already actively engaged in the pursuit of cost-saving energy efficiency efforts, and with Mr. Alivisatos' leadership, the University can expect more outstanding developments.

President Yudof also congratulated Mr. Alivisatos. He recalled that he was named Interim Director when the former Director Steven Chu was appointed as the Secretary of

Energy. He noted that LBNL has thrived under what he called the "Chu-Alivisatos plan." Mr. Alivisatos is an outstanding scientist with an outstanding publication record, and a member of the National Academy of Sciences. As the search committee considered candidates nationally and worldwide, there was universal enthusiasm for Mr. Alivisatos. He has a proven track record and enjoys the extraordinary respect of the Laboratory community, including faculty, researchers, and staff. The growth in federal support for the Laboratory has been impressive. LBNL conducts research on alternative energy, medicine, and physics. President Yudof expressed confidence in Mr. Alivisatos as the new Director of LBNL.

Executive Director Larsen outlined the specific items of compensation listed above.

Faculty Representative Powell expressed admiration for Mr. Alivisatos' handling of his transition from his appointment as Interim Director to this permanent appointment. He pointed out that it is very difficult to serve as an interim director. It requires that one maintain existing activities and take on new responsibilities. Dr. Powell saluted Mr. Alivisatos for his dedication to students during this period. Mr. Alivisatos continued to meet with his students daily and to mentor and guide them while handling a significant array of problems, many of which did not concern science, but local politics. Dr. Powell echoed the congratulations expressed earlier.

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

Mr. Alivisatos thanked the President and the Regents for this great honor. Lawrence Berkeley National Laboratory has an outstanding history and is probably one of the single greatest scientific institutions anywhere in the world. At this time, the nation is calling on LBNL to redouble its efforts to help solve some of the most difficult scientific and technical challenges. Mr. Alivisatos expressed his excitement at this opportunity to lead LBNL and to try to meet these challenges. He invited the Regents to visit LBNL.

6. **AUTHORIZATION TO AMEND THE UNIVERSITY OF CALIFORNIA RETIREMENT PLAN TO ACCOMMODATE MODIFICATIONS TO THE STAFF AND ACADEMIC REDUCTION IN TIME (START) PROGRAM**

The President recommended that authority be delegated to the Plan Administrator to amend the University of California Retirement Plan (UCRP) to accommodate modifications to the Staff and Academic Reduction in Time (START) Program to extend the end date of the START Program from June 30, 2010 to December 31, 2010 and to adjust the minimum reduction in time requirement when necessary to coordinate the START Program and the Furlough/Salary Reduction Plan.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Vice President Duckett explained that the Staff and Academic Reduction in Time (START) Program is a temporary program that allows employees to voluntarily reduce their time, from a minimum of five percent to a maximum of 50 percent, in order for the University to achieve salary savings during budget crisis situations. The START Program was originally implemented in 2003 and continued until June 2006. A second program was implemented effective July 1, 2008 through June 30, 2010. Employees participating in the START Program accrue University of California Retirement Plan (UCRP) service credit at their pre-START rate. As such, amendments to UCRP were necessary in implementing START so that participation in the program would not reduce an employee's UCRP service credit accrual rate or the amount of pay used to determine certain UCRP benefits. With the START Program, the University is utilizing voluntary means to reduce salaries, in contrast to mandatory salary reductions. In July 2009, the Regents approved the Furlough/Salary Reduction Plan, which reduces employee salaries and provides furlough time, and is effective September 1, 2009 through August 31, 2010. Employees who have adequately reduced their time and corresponding pay under START are exempt from the Furlough/Salary Reduction Plan. The University would now like to modify START to extend the June 30, 2010 end date of the program to December 31, 2010, in response to requests by campuses and to provide a means to address budget shortfalls and to reduce the need for layoffs. In addition, the University would also like to modify START to adjust the five percent minimum reduction in time requirement when necessary to coordinate START and the Furlough/Salary Reduction Plan. The adjustment to the five percent minimum reduction is necessary in limited instances when an employee's time reduction under START is greater than the time reduction under the Furlough/Salary Reduction Plan. For example, if an employee's time reduction under START is ten percent, while under the Furlough/Salary Reduction Plan the employee's time reduction is eight percent, the salary savings from the eight percent reduction are allocated to the campus' general fund and the remaining two percent salary savings from the START balance are allocated to the employee's department. As a result of this coordination between START and the Furlough/Salary Reduction Plan, there is the potential that time reductions for some employees on START would drop below the five percent minimum. Although the START reduction will be allocated between the Furlough/Salary Reduction Plan and START, the total reduction amount will remain the same. According to START Program data for July 1, 2008 through August 31, 2009, there were $15.8 million in salary savings and about 2,700 participants, approximately one-half of whom had a reduction in time of 20 percent or more on a voluntary basis.

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

7. **DEANS' SALARY STRUCTURE PROPOSAL: TRANSFER OF DEANS FROM THE SENIOR MANAGEMENT GROUP PROGRAM TO ACADEMIC TITLES**

The President recommended:

A. That full-time academic Deans be removed from the Senior Management Group, effective January 1, 2010.

B. That the Provost report bi-monthly and annually on the total compensation of newly appointed Deans and any subsequent change in their total compensation.

C. Approval of a proposed salary structure for Deans, to be effective January 1, 2010 upon issuance of proposed academic personnel policy, APM – 240 (Deans), returning Deans to governance under the Academic Personnel Program.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Varner briefly introduced the item. Regent Kozberg recalled that the Task Force on UC Compensation, Accountability, and Transparency, upon reviewing this matter, recommended that compensation for full-time academic deans, who provide faculty leadership, should be within the purview of chancellors.

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

8. **PROPOSED OUTSIDE PROFESSIONAL ACTIVITIES POLICY FOR SENIOR MANAGEMENT GROUP MEMBERS**

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Varner explained that, as part of the ongoing review of the University's senior management compensation and related policies and practices, this item provides, for discussion, a proposed policy applicable to Senior Management Group (SMG) members on outside professional activities. It is intended that the proposed Outside Professional Activities policy will be submitted to the Regents for action in January 2010. The proposed Outside Professional Activities policy is part of the overall framework of policies related to senior management compensation at the University. In response to the findings of the Task Force on UC Compensation, Accountability and Transparency, the Regents requested in May 2006 that all compensation policies and procedures be examined, a new comprehensive framework be created, and new policies and procedures be developed. To date, the Regents have approved eight new and revised Senior Management Group compensation and related policies in response to the Task Force findings.

Considerable benefit accrues to the University from SMG members' association with external educational and research institutions, not-for-profit professional associations, federal, State, and local government offices, and private sector organizations. Such associations foster a greater understanding of the University of California and its value as a preeminent provider of education, research, public service, and health care. Such associations also may provide a stimulus for economic development and enhanced economic competitiveness. While outside professional activities performed by SMG members are often mutually beneficial to the University and the members themselves, and are therefore encouraged, the primary commitment of University of California SMG members must be to the fulfillment of their regular University responsibilities.

Executive Director Larsen informed the Committee that the proposed policy is essentially a consolidation of existing policies and a clarification, including the Interim Policy on Outside Professional Activities for University Officers and Designated Staff. The Academic Senate will provide comments shortly after the present meeting, and the item will be brought to the Regents in January 2010 for formal approval. At that time, if there are any changes to the policy as presented in the present item, they will be highlighted in the final document.

Regent Stovitz noted that the proposed policy recognizes that service as a fiduciary in an outside capacity calls for a heightened sense of scrutiny. He expressed concern that the policy might not adequately acknowledge the fact that service on a corporate board of directors inherently carries with it a fiduciary obligation. He requested time to communicate some of his concerns to the presenters and to examine this issue more closely with them and the Committee Chair before the next meeting.

9. **BI-MONTHLY TRANSACTION MONITORING REPORT – NOVEMBER 2009**

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Varner explained that this item was a regular report to the Regents. He recalled that, at the September 2008 meeting, the Regents approved two governance items, including the establishment of a bi-monthly transaction monitoring report as a key component of the governance model. This item presents the required information for the covered population, representing actions taken by the chancellors and President since the last meeting.

10. **REPORT OF ACTIONS TAKEN UNDER THE DELEGATION OF AUTHORITY FOR RECRUITING AND NEGOTIATION PARAMETERS FOR CERTAIN ATHLETIC POSITIONS AND COACHES, SYSTEMWIDE**

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Varner indicated that this was an information item, a report to the Regents of actions taken under the Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches.

The meeting adjourned at 12:25 p.m.

Attest:

Secretary and Chief of Staff