

The Regents of the University of California

COMMITTEE ON COMPENSATION

September 17, 2009

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

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

In attendance: Regents Bass, Bernal, De La Peña, Island, Kieffer, Lansing, Makarechian, Marcus, Nunn Gorman, Ruiz, Schilling, Wachter, 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, Interim Executive Vice President Brostrom, Executive Vice President Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Duckett, Lenz, and Sakaki, Chancellors Birgeneau, Block, Blumenthal, Desmond-Hellmann, Drake, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Johns

The meeting convened at 11:15 a.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 July 16, 2009 were approved.

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

The President recommended:

A. ***Appointment and Compensation for Mark S. Aldenderfer as Dean – Social Sciences, Humanities and Arts, Merced Campus***

Following a national search, Professor Mark S. Aldenderfer has been selected to fill the post of Dean of the School of Social Sciences, Humanities and Arts at an annual base salary of \$200,000 effective January 1, 2010. This position has been held on an interim basis since July 2006. Professor Aldenderfer is a 15-year

veteran of the University of California, having served as a Professor of Anthropology as well as the Director of the Office of Information Technology at the Santa Barbara campus. Professor Aldenderfer is a distinguished scholar who is widely published and is an excellent educator. He is the recipient of numerous grants and awards and is held in high esteem by his peers. He also has a strong record of achievement in the administrative posts that he has held.

This position will be funded through State funds. The proposed base salary of \$200,000 is 27 percent below the current market median of \$253,300 and 1.5 percent below the average salary of \$202,900 for other UC Merced deans. Market data are provided by Mercer Human Resource Consulting using the 2008-09 College and Universities Professional Association (CUPA) Compensation survey for All Doctorate Institutions. Furthermore, the proposed base salary is 9.4 percent below the midpoint of \$218,700 for SLCG Grade 107, 2.7 percent below other UC Merced SLCG Grade 107 average salaries, and 8.0 percent above the previous incumbent's salary of \$185,000.

Approval of the following items in connection with the appointment of Professor Mark S. Aldenderfer as Dean of the School of Social Sciences, Humanities and Arts at the Merced campus:

- (1) Appointment of Mark S. Aldenderfer as Dean of the School of Social Sciences, Humanities and Arts at the Merced campus.
- (2) Annual base salary of \$200,000 (SLCG Grade 107: Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000).
- (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.
- Per policy, a relocation allowance of 25 percent (\$50,000) of base salary, subject to a repayment requirement in the event that he resigns within the first four years of his appointment.
- Per policy, reimbursement of 100 percent of actual and reasonable moving expenses.
- Per policy, two round-trip coach class airfare trips, plus reasonable accommodation expenses to assist with house-hunting, subject to the

- limitations under policy for the candidate and his spouse/partner.
- Per policy, eligibility to participate in the University's Mortgage Origination Program. Participation will comply with all University/campus program parameters.

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

<u>25th Percentile</u>	<u>50th Percentile</u> (median)	<u>75th Percentile</u>
\$210,800	\$253,300	\$310,300

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.

B. *Stipend Extension for Sharon A. Duffy as Acting Dean – University Extension, Riverside Campus*

The Riverside campus requests that an exception to policy be approved for the extension of the appointment of Sharon A. Duffy as Acting Dean – University Extension, from October 1, 2009 through September 30, 2010, for a total service period not to exceed three years. Due to ongoing difficulties with the financial crisis, Chancellor White has decided to place all non-mission critical searches on hold, including this one, and has asked Ms. Duffy to continue in this acting role. There are no changes requested to her current compensation package.

This position is paid from non-State general funds. The proposed total annual compensation of \$184,000 is equivalent to the current market median of \$184,700. Market data provided by Mercer Human Resource Consulting include data from the College and University Professional Association (CUPA) Administrative Compensation Survey. The proposed base salary is slightly above the midpoint of the salary range for the position and is slightly above the average base salary of \$175,389 for the Dean – University Extension at the other University of California locations.

Approval of the following items in connection with the stipend extension for Sharon Duffy as Acting Dean – University Extension, Riverside campus:

- (1) As an exception to policy, an extension of the appointment for Sharon A. Duffy as Acting Dean – University Extension at 100 percent time. This action extends the acting appointment beyond the one year allowed by policy for a total duration of three years. This extension allows Ms. Duffy to serve until the search is concluded.

- (2) Per policy, continued administrative stipend of 39.4 percent (\$52,006) to increase her adjusted faculty salary of \$131,994 to a total annual salary of \$184,000 (SLCG Grade 105: Minimum \$138,200, Midpoint \$174,300, Maximum \$210,400). This stipend percentage is warranted due to the low adjusted faculty salary in relation to the salary range for the Dean position.
- (3) If a change to the academic base salary is made prior to the termination of this acting role, the 39.4 percent stipend will be recalculated against the new adjusted base salary.
- (4) Effective October 1, 2009 through September 30, 2010, or until the appointment of a permanent Dean – University Extension, whichever occurs first.

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.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

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C. ***Extension of Temporary Appointment Compensation for Phyllis A. Guze as Acting Vice Chancellor – Medical Sciences and Dean – School of Medicine, Riverside Campus***

Approval of the extension of temporary appointment compensation is requested for Phyllis A. Guze as Acting Vice Chancellor – Medical Sciences and Dean – School of Medicine, Riverside campus. This request is in response to the need to continue this appointment on a temporary basis while the campus continues its ongoing national recruitment for the permanent position and to continue the planning process for the new School of Medicine. Dr. Guze has been serving in this role since October 1, 2008 and there are no changes requested to her compensation package.

This position is funded from non-State general funds. Market data provided by Mercer Human Resource Consulting include data from the College and University Professional Association (CUPA) Administrative Compensation Survey. The proposed base salary, if annualized, is slightly below the average base salary (\$513,075) for the Vice Chancellor and Dean of medical schools at the other UC locations and above the market median of \$499,400.

Approval of the following items as an exception to policy in connection with the temporary appointment compensation for Phyllis A. Guze as Acting Vice Chancellor – Medical Sciences and Dean – School of Medicine, Riverside campus:

- (1) As an exception to policy, extension of the temporary appointment compensation of \$306,933 for her 60 percent role as Acting Vice Chancellor – Medical Sciences and Dean – School of Medicine. This temporary appointment compensation, in addition to her 40 percent prorated compensation of \$96,000 for her role as Professor of Clinical Medicine, Los Angeles campus, results in total annual compensation of \$402,933. This constitutes an exception to policy which allows for acting appointments of up to 12 months.
- (2) This administrative appointment of 60 percent time is to be effective October 1, 2009 through June 30, 2010 or until the appointment of the permanent Vice Chancellor and Dean, whichever occurs first.
- (3) Per policy, continued participation in the Health Sciences Compensation Plan (HSCP) for a total annual salary, inclusive of base salary and HSCP, of \$402,933.

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.
- 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):

<u>25th Percentile</u>	<u>50th Percentile</u> (median)	<u>75th Percentile</u>
\$355,500	\$499,400	\$560,000

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.

D. *Appointment Salary for Alan Houston as Provost, Eleanor Roosevelt College, San Diego Campus*

UC San Diego has concluded a search for the Provost, Eleanor Roosevelt College and Alan Houston has been selected as the top candidate. The current Provost, Ann Craig, will be stepping down as Provost effective December 31, 2009. Mr. Houston has been a member of the faculty of UCSD since 1989. He is an internationally recognized scholar of early modern British and American political thought. He has been the recipient of fellowships from the American Philosophical Society, the National Endowment for the Humanities, and the UC President's Research Fellowship in the Humanities. Mr. Houston has made significant contributions to undergraduate and graduate education, serving on Academic Senate committees to evaluate college and university programs and curriculum.

This position is funded from UC general funds provided by the State. The proposed base salary of \$141,000 is 1.1 percent above the previous incumbent's base salary of \$139,400, 1.1 percent below the \$142,640 average salary of the other UCSD Provosts, and 1.4 percent above the midpoint of the salary range for the position.

Approval of the following items in connection with the compensation of Alan Houston as Provost, Eleanor Roosevelt College, San Diego campus:

- (1) Per policy, appointment salary of \$141,000 (SLCG Grade 103: Minimum \$110,800, Midpoint \$139,000, Maximum \$167,100) as Provost, Eleanor Roosevelt College, San Diego campus. This represents a 15.1 percent increase (\$18,461) in Mr. Houston's adjusted faculty salary of \$122,539.
- (2) 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.

E. ***Promotion Compensation and Interim Re-Slotting for Certain Individuals at the San Diego Campus***

Approval is requested for promotion compensation for one individual at the San Diego campus and interim re-slotting for three individuals at the San Diego campus. This request is in response to an immediate need to announce a reorganization following the sudden resignation of Debra Neuman as Vice Chancellor – External Relations (VCER) effective August 1, 2009. In light of the current budgetary environment and campus efforts to reduce administrative costs, Chancellor Fox has decided to reassign Vice Chancellor Steven Relyea into the vacant Vice Chancellor – External Relations position and have him retain the majority of his existing functions as Vice Chancellor – Business Affairs on an interim basis for three to five years. The merger of External Relations and Business Affairs will allow UC San Diego to gain cost savings to help address some of the budget reductions facing the campus. Elimination of one vice chancellor and supporting office staff positions will initially save at least \$800,000. Following the merger, additional efficiencies are anticipated as redundant Human Resources, Information Technology, Financial Administration and Space Management functions are assessed for reorganization.

Vice Chancellor – External Affairs and Interim Vice Chancellor – Business Affairs

Steven W. Relyea will assume all of the Vice Chancellor – External Relations functions, with the exception of University Communications and Public Affairs. On an interim basis for three to five years, he will retain the Vice Chancellor – Business Affairs responsibilities, with the exception of three of his current departments, which will move to Vice Chancellor Gary Matthews. Vice Chancellor Relyea was identified as the individual with the experience and ability to serve as both the senior advancement executive and chief business officer for the campus. He successfully served as the Interim Vice Chancellor – External Relations in 2008 during recruitment for that position. He has served as the chief business officer of UC San Diego for many years and in 2004 was honored as the nation's Distinguished Business Officer of the Year by the National Association of College and University Business Officers.

This position is funded from UC general funds provided by the State. The proposed base salary of \$295,000 is equal to the previous Vice Chancellor – External Relations' base salary and below the salary range midpoint of \$307,200. According to Mercer Human Resource Consulting, data from the College and University Professional Association (CUPA) Administrative Compensation Survey show a market median of \$312,300 for chief development officers. The proposed base salary is 12.8 percent above the average base salary (\$261,438) of

the Vice Chancellors – External Relations at the other campuses, which recognizes the dual role of overseeing both External and Business Affairs, which is unique in the UC system. It is also below the salary of recent appointments for Vice Chancellors – External Relations at other campuses.

Vice Chancellor – Resource Management and Planning

In addition to his current scope of responsibility, Vice Chancellor Gary C. Matthews will now oversee Auxiliary and Plant Services, Environment, Health and Safety, and campus police. He also will assume the leadership for Strategic Energy Initiatives, the environmental sustainability activities ranging from employing alternative energy to meet the campus needs to UC San Diego's campus-wide recycling efforts. These areas were previously assigned to Vice Chancellor Relyea. Vice Chancellor Matthews was identified as the best candidate to assume these new responsibilities given his track record as Acting Vice Chancellor and Vice Chancellor for the San Diego campus for the past two-and-a-half years, the six years prior when he successfully managed the Auxiliary and Plant Services departments as Assistant Vice Chancellor, as well as his extensive higher education leadership experience in managing campus police and environmental health and safety prior to joining the University of California.

This position is funded from UC general funds provided by the State. The proposed slotting at SLCG Grade 109 is supported by Mercer Human Resource Consulting which reported a market median of \$238,900. There will be no associated salary action at this time.

Chief Administrative Officer – University Strategic Communications and Public Affairs

In addition to her current scope of responsibility, Associate Chancellor and Chief of Staff Clare Kristofco will now oversee University Communications and Public Affairs and assume the new title of Chief Administrative Officer – University Strategic Communications and Public Affairs. In this role, she assumes oversight for all campus communications, including development of communications strategies, marketing, advocacy and State and local government affairs. She will oversee the campus publications and creative production units, as well as campus-wide special events and protocol. She will coordinate with University Development and Health Sciences Development regarding the Chancellor's central role in donor cultivation and fundraising.

Associate Chancellor and Chief of Staff Clare Kristofco was identified as the best candidate to assume these new responsibilities because of her leadership and expertise over the past five years in the development with the Chancellor's senior leadership team of communications strategies, her close working relationship with these units, and proven track record in successfully carrying out the Chancellor's initiatives.

Mercer Human Resource Consulting reported that there were no external market data available for this unique position, but proposed interim re-slotting from SLCG Grade 105 to SLCG Grade 107 based on internal comparators across the UC system. The proposed slotting recognizes the significant increase in the scope and responsibility of the position and appropriately aligns this leadership position within the overall UC San Diego structure across the administrative units. The interim re-slotting addresses internal campus equity issues, places the position two grade levels above the position's new direct report, and creates an appropriate differentiation between this position and Associate and Assistant Chancellors at other locations with much narrower scopes of responsibility and supervision. This position is funded from UC general funds provided by the State. There will be no associated salary action at this time.

Approval of the following items in connection with the interim re-slotting, title changes, and promotion compensation for the following individuals at the San Diego campus:

- (1) Approval of the following in relation to the promotion compensation for Steven W. Relyea as Vice Chancellor – External Affairs and Interim Vice Chancellor – Business Affairs.
 - a. Approval of interim re-slotting of the Vice Chancellor – External Affairs position to SLCG Grade 110 (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500), as supported by Mercer Human Resource Consulting.
 - b. Per policy, a promotional salary of \$295,000, before the 2009-10 salary reduction is applied. This represents a 22.9 percent increase over Mr. Relyea's current base salary of \$240,000.
 - c. This appointment is at 100 percent time and will become effective August 1, 2009, following 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, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, annual automobile allowance of \$8,916.

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

<u>25th Percentile</u>	<u>50th Percentile</u> (median)	<u>75th Percentile</u>
\$249,200	\$312,300	\$ 345,900

- (2) Approval of interim re-slotting of the position held by Gary C. Matthews as Vice Chancellor – Resource Management and Planning.

Approval of interim re-slotting of the position from SLCG Grade 107 to SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700), as supported by Mercer Human Resource Consulting effective August 1, 2009 following 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, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

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

<u>25th Percentile</u>	<u>50th Percentile</u> (median)	<u>75th Percentile</u>
\$190,400	\$238,900	\$269,700

- (3) Approval of interim re-slotting of the Chief Administrative Officer – University Strategic Communications and Public Affairs position held by Clare M. Kristofco.

Approval of interim re-slotting of the position from SLCG Grade 105 to SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000), as supported by Mercer Human Resource Consulting, effective August 1, 2009, following approval 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.

F. *Stipend Extension for Mary J. Nisbet as Acting Dean – Undergraduate Education, College of Letters and Science, Santa Barbara Campus*

Mary J. Nisbet was appointed as Acting Dean – Undergraduate Education by the Regents effective September 1, 2008. The appointment was for one year or until the appointment of a new dean, whichever occurred first. A search advisory committee was formed in June 2008 to begin a national search for a new Dean – Undergraduate Education that included a broad representation of faculty across disciplines. The committee devoted considerable time and energy to the search and interviewed several candidates; however, the search was unsuccessful. The campus is in the process of constituting a new search for the Dean – Undergraduate Education. In the interim, Ms. Nisbet has agreed to serve as Acting Dean for another year. Accordingly, the Santa Barbara campus is requesting an extension of the existing stipend of \$38,778 for Ms. Nisbet as Acting Dean – Undergraduate Education to be effective September 1, 2009.

This position is funded from UC general funds provided by the State. Market data provided by Mercer Human Resource Consulting include data from the 2008-09 College and University Professional Association (CUPA) Administrative Compensation Survey which indicate that the proposed total annual salary of \$168,038 (adjusted faculty salary of \$129,260 and 30 percent stipend of \$38,778) is below the market median of \$235,000. In addition, the proposed total annual salary is 21 percent above the midpoint of \$139,000 for SLCG Grade 103 and 2.3 percent above the former incumbent's total annual salary of \$164,300.

Approval of the following items in connection with the appointment of Mary J. Nisbet as Acting Dean – Undergraduate Education, College of Letters and Science, Santa Barbara campus:

- (1) As an exception to policy, continuation of the administrative stipend of 30 percent (\$38,778) to increase her base salary for a total annual salary of \$168,038, which exceeds the maximum for SLCG Grade 103 (Minimum \$110,800, Midpoint \$139,000, Maximum \$167,100).
- (2) The stipend amount will be increased as the base salary is increased, so the stipend will equal 30 percent of the base salary.
- (3) As an exception to policy, effective September 1, 2009 through August 31, 2010. This constitutes an exception to policy which allows for administrative stipends to be paid for up to 12 months. Ms. Nisbet has been serving in this acting appointment since September 1, 2008.

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):

<u>25th Percentile</u>	<u>50th Percentile</u> (median)	<u>75th Percentile</u>
\$191,400	\$235,000	\$262,000

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.

G. ***Interim Re-Slotting and Promotion for Kay Harrison Taber as Associate Vice President – Business Operations, Agriculture and Natural Resources, Office of the President***

The President requests approval of a promotion for Kay Harrison Taber from Assistant Vice President – Administrative Services, Agriculture and Natural Resources to Associate Vice President – Business Operations, Agriculture and Natural Resources, effective October 1, 2009 due to a restructuring of the Division. The President requests a re-slotting of the position from SLCG Grade 104 to SLCG Grade 106 due to the responsibilities and complexities of the new job, which is supported by an assessment performed by Mercer Human Resource Consulting. In addition, the President requests that her compensation be increased to \$180,000, which represents a 20 percent increase in base salary. Restructuring of the senior leadership of the Division has resulted in savings of \$181,500 (UC general funds provided by the State) in Senior Management Group salaries and \$150,000 in Management and Senior Professional (MSP) salaries (UC general funds provided by the State). This restructuring is in addition to many other actions realigning programs that are also under way to focus Agriculture and Natural Resources' resources on high-priority activities while addressing budget reductions as well.

This position will be funded primarily with non-State funds, though a portion of the funding is from the UC general funds provided by the State. This portion of the funding will remain unchanged and the position change will result in no new State expenditures. The proposed promotional base salary of \$180,000 is significantly below the current market median of \$212,200. The recommended grade and salary are based on market data as well as internal UC comparators. Market data are provided by Mercer Human Resource Consulting and include

data from the College and University Professional Association (CUPA) Administrative Compensation Survey for the Full Comparison Group cut of UC comparators.

Approval of the following items in connection with a promotion for Kay Harrison Taber to Associate Vice President – Business Operations, Agriculture and Natural Resources:

- (1) Promotion from Assistant Vice President – Administrative Services to Associate Vice President – Business Operations, Agriculture and Natural Resources, Office of the President.
- (2) Interim re-slotting of the position as recommended by Mercer Human Resource Consulting from SLCG Grade 104 (Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500) to SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).
- (3) Per policy, promotional increase in compensation in the amount of \$30,000 (20 percent) for a total annual salary of \$180,000 due to the assumption of additional duties in the Division.

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.
- Per policy, eligibility to participate in the Mortgage Origination Program.

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

<u>25th Percentile</u>	<u>50th Percentile</u> (median)	<u>75th Percentile</u>
\$160,100	\$212,200	\$220,000

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.

H. ***Interim Re-Slotting and Promotion for Barbara Allen-Diaz as Associate Vice President – Academic Programs and Strategic Initiatives, Agriculture and Natural Resources, Office of the President***

The President requests approval of a promotion for Barbara Allen-Diaz from Assistant Vice President – Programs, Agriculture and Natural Resources to Associate Vice President – Academic Programs and Strategic Initiatives, Agriculture and Natural Resources, effective October 1, 2009 due to a restructuring of the Division. The Office of the President requests a re-slotting of the position from SLCG Grade 105 to SLCG Grade 107 due to the responsibilities and complexities of the new job, which is supported by an assessment performed by Mercer Human Resource Consulting. In addition, the President requests that compensation be increased to \$225,000. Restructuring of the senior leadership of the Division has resulted in savings of \$181,500 (UC general funds provided by the State) in Senior Management Group salaries and \$150,000 in Management and Senior Professional (MSP) salaries (UC general funds provided by the State). This restructuring is in addition to many other actions realigning programs that are also under way to focus Agriculture and Natural Resources' resources on high-priority activities while addressing budget reductions as well.

This position will be funded 100 percent by non-State general funds. No external market comparisons were found for this position; therefore internal UC comparators were used.

Approval of the following items in connection with a promotion for Barbara Allen-Diaz to Associate Vice President – Academic Programs and Strategic Initiatives, Agriculture and Natural Resources:

- (1) Promotion from Assistant Vice President – Programs to Associate Vice President – Academic Programs and Strategic Initiatives, Agriculture and Natural Resources, Office of the President.
- (2) Interim re-slotting of the position as recommended by Mercer Human Resource Consulting from SLCG Grade 105 (Minimum \$134,000, Midpoint \$169,600, Maximum \$204,700) to SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000).
- (3) Per policy, promotional increase in compensation in the amount of \$45,000 (25 percent) for a total annual salary of \$225,000 due to the assumption of additional duties in the Division.

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.
- Per policy, eligibility to participate in the Mortgage Origination Program.

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 the Committee 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 compensation items the previous day in closed session. The eight consent items included three exceptions to policy. All three exceptions were related to the extension of temporary duties beyond a 12-month period.

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present them to the Board, with Regent Stovitz abstaining on item 3. B. above.

4. **AMENDMENTS TO FREEZE OF SENIOR MANAGEMENT GROUP SALARIES AND SUSPENSION OF BONUS AND CERTAIN OTHER VARIABLE PAY PLANS**

The President recommended that the *Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans* (Item C1), approved at the January 2009 special meeting of the Regents, be amended as shown in Attachment 1.

[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 recalled that, 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 at that meeting). This action froze the salaries for members of the Senior Management Group (SMG) for fiscal year 2008-09 and fiscal year 2009-10 and applied certain restrictions on bonus, incentive, and variable pay programs for that same time period as well as fiscal year 2007-08. Subparagraph 5 of item C1 was subsequently amended at the March 2009 meeting, further limiting incentive payouts by deferring certain incentive payments until the end of fiscal year 2009-10. The current item presents additional limitations and clarifications to Subparagraph 4 of item

C1. In addition, a new Subparagraph 6 is being added and, to avoid redundancy, the last paragraph of Subparagraph 5 is being deleted.

Executive Director Larsen explained that amendments were being made in order to clarify the restriction imposed on clinical incentive plans in fiscal year 2009-10, and to defer the Treasurer's Annual Incentive plan for fiscal year 2008-09. The clarification relative to the clinical incentive plans was as follows: for all Clinical Enterprise Management Recognition Plan (CEMRP) participants and for SMG participants in substantially similar locally-funded clinical programs, the dollar amount of any award received by a participant will not exceed the dollar amount of any award received by that participant in 2008-09. Effectively, this limits the incentive award and not the total cash compensation of the participant.

This language represents two changes to the original freeze. First, the restriction will apply only to CEMRP specifically and to SMG participants in other clinical plans, instead of applying to all participants in all clinical incentive plans as previously required. As the restrictions were being implemented, it was determined that the original language was more restrictive than intended and could significantly limit or even foreclose the award of any such incentive payment in fiscal year 2009-10 to an employee who has received an increase in base compensation. This is important because there are a number of participants in these plans, such as nurse anesthetists, who are receiving step increases. The original language would essentially have eliminated any step increases they would receive.

The second change is related to the nature of the restriction, changing it from affecting total cash compensation (base plus award amount) to affecting only the dollar amount of the award. This change is also meant to address potential increases in base pay. The recommended language would eliminate unintended consequences but will still contain fiscal year 2009-10 expenditures under these incentive plans by limiting award amounts.

President Yudof added that an effort was made to ensure that employees were not paid more in 2009-10 than they were paid in 2008-09. However, for unionized employees, there are step increases which the University wished to guarantee. He noted that this kind of incentive program is a widespread practice in hospitals, and 80 percent to 90 percent of those receiving this compensation are represented employees. The program is not limited to top administrators, but reaches deep into the ranks of hospital employees.

Committee Chair Varner observed that this item reflected the efforts by the Committee and the Office of the President to update UC's compensation policies and eliminate inconsistencies.

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

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

[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.]

Interim Provost Pitts explained that this proposal would return academic deans from the Senior Management Group (SMG) to the Academic Personnel category. Deans were moved into SMG several years previously in conjunction with the Regents' review of deans' salaries. The proposal includes changes to the salary structure which provide more flexibility in negotiating salaries. Three salary bands reflect three different groups of deans, based on discipline. There would be no changes to or implications for existing salaries. The concept was reviewed by the Regents' Task Force on Compensation, Accountability, and Transparency, chaired by Regent Kozberg. The proposal would return to the campuses the capability for recruitment and retention of deans. Dr. Pitts emphasized that there would be no change in reporting. Salary actions for deans would be reported every two months, as well as in an annual report to the Regents.

Regent Kozberg noted that the Task Force, co-chaired by former Speaker of the Assembly Robert Hertzberg, expressed strong support for this recommendation and felt that this function properly resides on the campuses.

6. **BI-MONTHLY TRANSACTION MONITORING REPORT – SEPTEMBER 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 report to the Regents and that no action was necessary. He recalled that, at the September 2008 meeting, the Regents approved two governance items. One was specific to the Senior Management Group (SMG) population and required the Regents' review and approval of certain actions. The other item addressed approval authority for non-SMG staff which included a requirement for a bi-monthly transaction monitoring report as a key component of the governance model. This item presented the required information and was part of the efforts for transparency. Even critics of the University acknowledge that it has achieved transparency.

7. **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 a report to the Regents and that no action was necessary. At the September 2008 meeting the Regents approved amendments to the

Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches. The original delegation was passed by the Regents in July 2007 and allows campuses to take immediate action to secure the services of individuals for certain athletic and coach positions when the pre-established parameters contained in the delegation are met. The delegation calls for actions taken under the delegation by the chancellors to be reported publicly at the next Regents meeting.

Regent Kieffer asked if the University has the same flexibility to act preemptively to retain campus leaders as it does coaches. Committee Chair Varner responded that there is a procedure in place to address these needs on an interim basis between Regents meetings. President Yudof added that chancellors have the ability to make counteroffers to retain personnel. Such actions can be approved on an interim basis by the President and the Chair of the Committee on Compensation. He anticipated that the return of deans to the Academic Personnel category would improve this flexibility.

Committee Chair Varner noted that the Committee is working to delegate more authority to the campuses and chancellors, while assuring that such delegations are in accordance with parameters and requirements established by the Board and that actions are reported appropriately with complete transparency.

The meeting adjourned at 11:35 a.m.

Attest:

Secretary and Chief of Staff

Attachment 1

This document shows the original text as approved on January 14, 2009. Deletions approved in March 2009 are shown by double strikeout. Additions approved in March 2009 are shown by double underscore. Deletions proposed for September 2009 are shown by single strikeout. Additions proposed for September 2009 are shown by single underscore.

RECOMMENDATION

The President recommends that the Committee on Compensation recommend to the Regents that a salary freeze be imposed on members of the Senior Management Group (SMG) for fiscal year 2008-09 and fiscal year 2009-10 as outlined below, and that certain additional restrictions be imposed on participation in bonus and variable pay programs for that same time period.

As part of an overall budget reduction strategy to address these problems, the President is proposing the following plan to freeze SMG member salaries and to curtail participation in bonus and variable pay plans for fiscal year 2008-09 and fiscal year 2009-10:

1. Freeze salaries for the following SMG members, disallowing any consideration for merit, equity or retention increases:
 - a. The President
 - b. Chancellors
 - c. All Vice Chancellors and above at the campuses
 - d. Medical Center Chief Executive Officers
 - e. All Vice Presidents and above at the Office of the President
 - f. Treasurer, Chief Investment Officer & Vice President Investments at the Office of the President
 - g. Senior Vice President, Chief Compliance and Audit Officer at the Office of the President
 - h. General Counsel and Vice President for Legal Affairs at the Office of the President

If an individual is offered a new position (in any of those listed above) resulting in a higher grade with different or expanded responsibilities, a promotional increase may be considered on a case-by-case basis. If an individual temporarily assumes one of the positions listed above, a stipend, in addition to the base salary, may be considered on a case-by-case basis. Promotional increases and stipends will be subject to the President's review and Regental approval.

2. The salaries for all other SMG positions not set forth above will also be frozen, disallowing any consideration for merit or equity increases. Consistent with the standards and guidance provided in Section One above, stipends or promotional increases may be considered on a case-by-case basis. If an individual in this group receives a bona fide offer of employment, a retention increase may be considered on a case-by-case basis. The recommendation must be accompanied by supporting justification including documentation of the competing offer. Any recommendations for stipends, or promotion or retention increases will be subject to President's review and Regental approval.

Compensation offers for all newly recruited SMG members will be governed by market and internal comparisons and will be subject to Presidential review and Regental approval.

If an SMG member holds an academic appointment in addition to his/her staff role, and receives an academic merit increase which results in the faculty salary exceeding his/her staff salary, the staff salary may be adjusted to match the faculty salary subject to President's review and Regental approval.

3. The Staff Development and Recognition Program (SRDP) is amended, along with locally-funded bonus and other similar programs, for fiscal year 2008-09 and fiscal year 2009-10, to limit participation in SRDP and the locally funded programs to only those non-SMG staff with annual base salary of less than \$100,000. Total bonus payments for any recipient will be limited to no more than \$1,000 per year.
4. Maintain the current Clinical Enterprise Management Recognition Plan (CEMRP), any substantially similar locally-funded clinical incentive programs, for fiscal year 2008-09 and fiscal year 2009-10, and defer the Treasurer's Annual Incentive Plan for fiscal year 2008-09 including other substantially similar locally funded clinical incentive programs, as follows:
 - a. The CEMRP and substantially similar locally-funded clinical incentive programs ~~Plans~~ will continue for fiscal year 2008-09 for SMG and non-SMG participants.
 - b. For fiscal year 2009-10, such programs ~~the plans~~ will limit individual award payouts as follows:
 - i. For all CEMRP participants and SMG participants in substantially similar locally funded clinical programs, and non-SMG participants so that each participant's total cash compensation (base and CEMRP) and will not exceed the compensation the dollar amount of any award received by a participant will not exceed the dollar amount of any award received by that participant in 2008-09.
 - ii. For all non-SMG participants in substantially similar locally-funded clinical incentive programs in fiscal year 2009-10, the awards will be determined in accordance with the terms of the respective programs without the above limitation.

Note: ~~This~~ CEMRP and the substantially similar locally-funded programs ~~is~~ are funded through clinical revenue and do not use State Funds.

- ~~c.~~ In addition, the Payment of any awards recommended under the Regentally-approved Treasurer's Annual Incentive Plan for fiscal year 2008-09 will continue unchanged since this program directly links reward levels to investment management results and other performance criteria. These incentives represent key elements of total cash compensation for the participants and represent competitive remuneration. The Regents' Committee on Investments will continue to monitor this plan. be considered for approval by the Regents in November 2009, but payments will be

recommended for deferral to the end of fiscal year 2009-10. Annual incentive awards for members of the Treasurer's Office for fiscal years 2006-07 and 2007-08, previously approved by the Regents, will continue to be paid.

5. Payments for staff participants Payouts that are currently pending from fiscal year 2007-08 and any payments attributable to fiscal year 2008-09 in all bonus, incentive or variable pay plans other than the plans addressed in paragraph 4 of Item C1 approved at the January 2009 Special Meeting of the Regents, for staff participants in other bonus or incentive plans are subject to the following actions:
 - a. For SMG members, all pending bonus payments for fiscal year 2007-08 and any such payments attributable to fiscal year 2008-09 and 2009-10 are cancelled. ~~All pending payouts are cancelled for SMG members in any bonus or incentive plan.~~
 - b. For non-SMG members whose total cash compensation is above \$205,000, all pending bonus payments for fiscal year 2007-08 are cancelled. ~~All pending bonus payments will be cancelled for non-SMG members whose total cash compensation is above \$205,000.~~
 - c. For all staff members, consideration of any incentive or variable pay plan payments for fiscal year 2007-08 will be deferred until the end of fiscal year 2009-10, at which time this suspension will be reviewed. ~~Any pending incentive payments will be processed for non-SMG participants.~~
 - d. For all staff members, consideration of any incentive or variable pay plan payments attributable to fiscal years 2008-09 and 2009-10 will be deferred until the end of fiscal year 2009-10, at which time this suspension will be reviewed.

~~If legal or contractual obligations are identified thereby requiring processing of a payout, the Regents' approval will be required for any SMG awards. If legal or contractual obligations are identified thereby requiring processing of a payout, the Regents' approval will be required.~~

6. Notwithstanding the provisions of Subparagraphs 3-5 of Item C1, as originally approved at the January 2009 Special Meeting of the Regents and as subsequently amended in March, payouts may be made, subject to Regental approval, if legal or contractual obligations are identified that require processing of a payout. Actions taken pursuant to any of the provisions of Item C1, as originally approved at the January 2009 Special Meeting of the Regents and as subsequently amended in March, will be taken in compliance with the Higher Education Employer-Employee Relations Act (HEERA).