The Regents of the University of California

COMMITTEE ON COMPENSATION
March 25, 2010

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

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

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

The meeting convened at 11:20 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 January 21, 2010 were approved.

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

A. ***Recall from Retirement Compensation and Appointment for Susan Kirkpatrick as Provost, Sixth College, San Diego Campus***

<u>Background to Recommendation</u>

Approval was requested for the recall from retirement, at a 100-percent-time appointment for a period of approximately three months, for Susan Kirkpatrick as Provost of Sixth College at the San Diego campus. This request is in response to the campus' need to appoint a provost to serve during Provost Naomi Oreskes' sabbatical leave, effective April 1, 2010 through June 30, 2010. Ms. Kirkpatrick's scholarly accomplishments and her commitment to undergraduate education make her well qualified to provide leadership as Provost of Sixth College during this period. To be compliant with policy, Ms. Kirkpatrick's appointment must stay at or below 43 percent over a rolling 12-month period. Ms. Kirkpatrick's appointment during this three-month period, when annualized, falls below 43 percent.

This position is funded 100 percent from UC general funds provided by the State. The proposed total annualized compensation rate of $177,800 reflects UC San Diego's consistent approach of applying 15 percent to the adjusted faculty salary of the candidate. Ms. Kirkpatrick's adjusted faculty salary rate reflects a career of distinguished accomplishment. The proposed salary is 4.2 percent below the salary of Ms. Oreskes ($185,600). Market data indicate a median base salary, for a comparable position, of $182,923. The proposed salary will be reduced by eight percent to $163,576 during participation in the salary reduction/furlough plan.

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for Susan Kirkpatrick as Provost, Sixth College, San Diego campus:

(1) Appointment of Susan Kirkpatrick as Provost, Sixth College, San Diego campus, at 100 percent time, effective April 1, 2010 through June 20, 2010.

(2) As an exception to policy, appointment salary of $177,800 (SLCG Grade 103: Minimum $110,800, Midpoint $139,000, Maximum $167,100). This is an exception because the appointment salary is above the salary range maximum. This position is subject to the salary reduction/furlough plan with an eight percent salary reduction.

Recommended Compensation
Effective Date: April 1, 2010
Base Salary: $177,800
Grade Level: SLCG Grade 103:
Minimum $110,800, Midpoint $139,000, Maximum $167,100
Median Market Data: $182,923 (base only)
Total Cash Compensation: $177,800
Funding Source: UC General Funds
Percentage Difference from Market: -2.8 percent

Budget &/or Prior Incumbent Data
Base Salary: $185,600
Grade Level: SLCG Grade 103

Funding Source: UC General Funds

Additional items of compensation include:

- Per policy, Ms. Kirkpatrick will sign and accept the Rehired Retiree Waiver Form which will serve to decline participation in the UC Retirement System (UCRS) and allow Ms. Kirkpatrick to continue receiving her retirement annuity while receiving compensation related to this appointment.
- Per policy, medical and dental coverage will be continued as a retiree.
- Per policy, a mandatory employee contribution of 7.5 percent of base salary to the University's Defined Contribution Plan (DCP) as a Safe Harbor Plan participant.
- Per policy, eligibility to voluntarily contribute to the 403(b) and 457(b) plans.

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.

Submitted by: **UCSD Chancellor Fox**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

B. ***Term Appointment of and Compensation for Jay D. Keasling as Acting Deputy Laboratory Director, Lawrence Berkeley National Laboratory***

Background to Recommendation

Jay D. Keasling was selected by former Interim Laboratory Director Paul Alivisatos to serve as the Acting Deputy Director based on his experience and reputation at the Laboratory and his demonstrated excellence in pioneering science and management of large-scale, strategic initiatives, a skill that is widely recognized in the Department of Energy (DOE) Office of Science. Since Mr. Alivisatos was named Laboratory Director in November 2009, the Laboratory has been conducting an active search to fill the Deputy Laboratory Director position. Until the Deputy Laboratory Director vacancy is filled, Mr. Keasling has been asked to continue serving as Acting Deputy Laboratory Director, a role he has held since February 1, 2009. There are no changes in the compensation or other terms of Mr. Keasling's appointment.

The Acting Deputy Laboratory Director is a critical position in the Laboratory's senior leadership organization, working closely with the Laboratory Director in developing the strategic vision of the Lawrence Berkeley National Laboratory. The principal duties of the Acting Deputy Laboratory Director are to be principal partner and counsel to the Laboratory Director in making decisions on new and ongoing major scientific programmatic initiatives and the formulation of policy and the long-term direction of the Laboratory. The Deputy, in partnership with the Laboratory Director, is also responsible for organizing and administering Laboratory Directorate funds such as Laboratory-Directed Research and Development (LDRD), Strategic Planning Support Activities (SPSA), and royalties; for the quality of scientific appointments at the level of Senior Scientist or Senior Faculty and above; and for interacting with senior program officials at the Department of Energy on a wide variety of scientific programs and initiatives. The Deputy acts with full authority in the Laboratory Director's absence. The Deputy is also expected to continue an active research program.

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

Recommendation

The President recommended approval of the following items in connection with the appointment of Jay D. Keasling as Acting Deputy Laboratory Director, Lawrence Berkeley National Laboratory:

(1) A term appointment for Jay D. Keasling as Acting Deputy Laboratory Director, Lawrence Berkeley National Laboratory.

(2) Continued annualized base salary of $354,240.

(3) This appointment is at 100 percent time and is effective February 1, 2010 through January 31, 2011, or until the permanent appointment of Deputy Laboratory Director, whichever occurs first.

Recommended Compensation
Effective Date: February 1, 2010
Annualized Base Salary: $354,240
Grade Level: N17, Job Code 198.4
Minimum $268,260, Midpoint $344,646, Maximum $421,032
Funding Source: DOE funds

Budget &/or Prior Incumbent Data
Title: Deputy Laboratory Director
Base Salary: $357,000
Funding Source: DOE Funds

Additional items of compensation include:

- Per policy, continued eligibility for 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.

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.

Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

C. ***Appointment of and Compensation for Mary Croughan as Executive Director – Research Grants and Program Office, Office of the President***

Background to Recommendation

Approval was requested for the appointment of and compensation for Mary Croughan, Ph.D., as Executive Director, Research Grants and Program Office (RGPO) in the Office of Research and Graduate Studies (ORGS) at the Office of the President (UCOP). ORGS concluded a national search for the Executive Director position and Ms. Croughan emerged as the top candidate due to her unique and extensive experience in health sciences programs, academic administration and leadership, and grant program management. RGPO is a newly designed grants program office that houses three statewide research programs as well as four UC grant programs distributing close to $100 million in research grants per year.

Ms. Croughan comes to UCOP from UC San Francisco as a Professor in Residence in the Departments of Obstetrics, Gynecology and Reproductive Sciences, and Epidemiology and Biostatistics. Since joining the faculty at UCSF in 1987, she has been actively involved in conducting research and developing research policy. Ms. Croughan served as Vice Chair and Chair of the Academic Senate from 2007 to 2009, as well as serving as a Faculty Representative to the Board of Regents. During that time, her work included assisting in the RGPO redesign of the grant review process for research funded by Department of Energy Laboratory fees, and consulting on issues associated with the Multicampus Research Programs and Initiatives grant competition.

The funding for this position is split between State funds and special research program funds. The requested base salary of $165,000 is six percent above the midpoint of the SLCG Grade 104 range ($155,600) and three percent above the market median of $160,200, as provided by Mercer Human Resource Consulting using the Council on Foundations' Grantmakers Salary and Benefits Report.

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for Mary Croughan as Executive Director – Research Grants and Program Office, Office of the President:

(1) Appointment of Mary Croughan as Executive Director – Research Grants and Program Office, Office of the President.

(2) Per policy, an annual base salary of $165,000 (SLCG Grade 104: Minimum $123,800, Midpoint $155,600, Maximum $187,500). This position is subject to the salary reduction/furlough plan with an eight percent salary reduction.

(3) This appointment is at 100 percent time and effective February 15, 2010.

Recommended Compensation
Effective Date: February 15, 2010
Base Salary: $165,000
Grade Level: SLCG Grade 104:
Minimum $123,800, Midpoint $155,600, Maximum $187,500
Median Market Data: $160,200
Funding Source: Split between State and special research program funds
Percentage Difference from Market: 3.0 percent

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 UC Home Loan Program, in accordance with all applicable policies.

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.

Reviewed by: **President Yudof**

Compensation Committee Chair Varner
Office of the President, Human Resources

D. ***Appointment of and Compensation for Martha Arvin as Chief Compliance Officer, UCLA Health Sciences, Los Angeles Campus***

Background to Recommendation

Approval was requested for the appointment of and compensation for Martha Arvin as Chief Compliance Officer, UCLA Health Sciences, Los Angeles campus, effective April 5, 2010. This request follows the completion of a national search in which Ms. Arvin was identified as the top candidate to fill this critical position.

Ms. Arvin is uniquely qualified to serve in this capacity based on her comparable experience as the Chief Compliance and Privacy Officer at the University of Louisville and at the University of Pittsburgh. She provided consulting services to UCLA Health Sciences while the search was under way. In her permanent role, she will participate at an executive level on campus compliance committees and serve as a key executive member of the Campus Compliance Research Roundtable. Ms. Arvin will join UCLA at a critically important time, as she will oversee the implementation of all compliance matters at the medical center, including privacy obligations under recently enacted federal and State laws.

The proposed annual base salary is $244,900, which is equal to the SLCG Grade 108 midpoint and 2.7 percent below the previous incumbent's salary. Additionally, Ms. Arvin will be eligible to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) at the same level as other chief level and key senior clinical enterprise leaders, up to 25 percent of base salary.

The proposed compensation is funded 100 percent by medical enterprise revenue. Market data indicate a median base salary of $257,006, 4.7 percent higher than the proposed salary for Ms. Arvin. The proposed salary will be reduced by ten percent to $220,410 during participation in the salary reduction/furlough plan.

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for Martha Arvin as Chief Compliance Officer, UCLA Health Sciences, Los Angeles campus:

(1) Appointment of Martha Arvin as Chief Compliance Officer, UCLA Health Sciences, Los Angeles campus, at 100 percent time, effective April 5, 2010.

(2) Per policy, an appointment salary of $244,900 (SLCG Grade 108: Minimum $192,300, Midpoint $244,900, Maximum $297,400). This position is subject to the salary reduction/furlough plan with a ten percent salary reduction.

(3) Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target of 15 percent and a maximum potential payout of up to 25 percent of salary.

Recommended Compensation
Effective Date: April 5, 2010
Base Salary: $244,900
Grade Level: SLCG Grade 108:
Minimum $192,300, Midpoint $244,900, Maximum $297,400
Median Market Data: $257,006 (base only)
Clinical Incentive Plan: $36,735 (at target)
Total Cash Compensation: $281,635
Funding Source: Medical Enterprise revenue
Percentage Difference from Market: -4.7 percent

Budget &/or Prior Incumbent Data
Base Salary: $251,604
Grade Level: SLCG Grade 108
Clinical Incentive Plan: $37,741 (at target)
Funding Source: Medical Enterprise revenue

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, reimbursement of costs associated with two trips to secure housing in the Los Angeles area up to a total of $4,000 for coach airfare, meals, and temporary lodging.
- Per policy, a 25 percent relocation allowance of $61,225, to offset costs of moving from New Albany, Indiana to a higher cost-of-living area. This allowance will be paid in annual installments over four years: 40 percent ($24,490) in year one, 30 percent ($18,368) in year two, 20 percent ($12,245) in year three, and ten percent ($6,122) in year four. The relocation allowance is subject to repayment on a pro-rated basis, should Ms. Arvin leave the University prior to the completion of two consecutive years of service. Any unpaid relocation allowance amounts will be forfeited at the time of separation.

- As an exception to policy, reimbursement of temporary housing expenses for up to four months at $3,000 per month, not to exceed $12,000 total. The fourth month of temporary housing assistance is sought, in light of coordinating a cross-country relocation and as part of a total package in which Ms. Arvin made significant salary and benefit concessions.
- Per policy, 100 percent reimbursement of reasonable and allowable expenses associated with moving.

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.

Submitted by: **UCLA Chancellor Block**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

E. ***Appointment of and Compensation for J. Duncan Campbell as Medical Group Executive Director, UC San Diego Medical Center, San Diego Campus***

Background to Recommendation

Approval was requested for the appointment of and compensation for J. Duncan Campbell, who has been selected to fill the Medical Group Executive Director position at UC San Diego Medical Center. The position was vacated on June 13, 2009 when Scott Hofferber resigned to accept another position outside the UC system. Following a national search, Mr. Campbell was identified as the top candidate. Mr. Campbell has extensive leadership experience and has worked as the Executive Director of Financial Operations for the faculty practice plan of Texas A&M University College of Medicine and as a Director, Physician Business Services for Catholic Healthcare West. This is an urgent request to allow Mr. Campbell sufficient opportunity to resign from his current position and coordinate the relocation of his household from Texas to San Diego by the projected start date of March 15, 2010.

This position is funded 100 percent from medical center operating revenue. Market data indicate a market median base salary of $263,441, 5.1 percent higher than the salary proposed for Mr. Campbell. The proposed base salary of $250,000 is 17.5 percent higher than that of the previous incumbent, who was paid $212,700, and 14.3 percent higher than the SLCG Grade 107 salary range midpoint of $218,700. Mr. Campbell will be eligible to participate in the Clinical Enterprise Management Recognition Plan at the same level as all other UC chief level and other key senior clinical enterprise leadership members at an amount of up to 25 percent of base salary.

The proposed salary will be reduced by ten percent to $225,000 during participation in the salary reduction/furlough plan.

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for J. Duncan Campbell as Medical Group Executive Director at the UC San Diego Medical Center, San Diego campus:

(1) Appointment of J. Duncan Campbell as Medical Group Executive Director, UC San Diego Medical Center, San Diego campus, at 100 percent time, effective March 15, 2010.

(2) Per policy, an annual base salary of $250,000 (SLCG Grade 107: Minimum $172,300, Midpoint $218,700, Maximum $265,000). This position is subject to the salary reduction/furlough plan with a ten percent salary reduction.

(3) Per policy, eligibility for additional non-base building incentive pay as an eligible participant of the Clinical Enterprise Management Recognition Plan with a target of 15 percent and a maximum potential of 25 percent.

Recommended Compensation
Effective Date: March 15, 2010
Base Salary: $250,000
Clinical Incentive Plan: $37,500 (at target)
Total Cash Compensation: $287,500 (at target)
Grade Level: SLCG Grade 107:
Minimum $172,300, Midpoint $218,700, Maximum $265,000
Median Market Data: $263,441
Funding Source: Medical Center operating revenue
Percentage Difference from Market: -5.1%

Budget &/or Prior Incumbent Data
Base Salary: $212,700
Grade Level: SLCG Grade 107
Funding Source: Medical Center revenue
Clinical Incentive Plan: $31,905 (at target)

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, a relocation allowance totaling 25 percent of base salary ($62,500) to help offset costs associated with moving from Belton, Texas to a higher cost-of-living area. Sperling's Best Places cites the cost of housing in San Diego as 271 percent higher than in Belton. This allowance will be paid out according to policy. The relocation allowance is subject to repayment on a pro-rated basis, should the appointee leave the University prior to the completion of two consecutive years of service. Any unpaid relocation allowance amounts will be forfeited at the time of separation.
- Per policy, up to two coach fare house-hunting trips for Mr. Campbell and his spouse.
- Per policy, 100 percent reimbursement of reasonable and allowable expenses associated with moving.
- Per policy, a temporary housing allowance of $2,000 for three months, not to exceed $6,000 to assist with the relocation.
- Per policy, authorization to participate in the Mortgage Origination Program (MOP) with a loan amount up to the policy limit, currently at $1,330,000.

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.

Submitted by: **UCSD Chancellor Fox**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

F. ***Promotional Appointment of and Compensation for Jeffrey A. Bluestone as Executive Vice Chancellor and Provost, San Francisco Campus***

Background to Recommendation

Approval was requested for the appointment of Jeffrey A. Bluestone as Executive Vice Chancellor and Provost (EVCP) at the San Francisco campus, effective upon approval by the Regents. This appointment fills the EVCP position vacant due to the recent departure of A. Eugene Washington, former EVCP, who accepted the position of Dean of the David Geffen School of Medicine and Vice Chancellor, Health Sciences at UCLA effective February 1, 2010.

Mr. Bluestone will report directly to the Chancellor as EVCP and will act on behalf of the Chancellor during the Chancellor's absences from campus, lead the research enterprise, manage the units reporting to the EVCP, and advance the educational mission in collaboration with the deans.

The base salary for this position is funded 100 percent by UC general funds provided by the State. The requested base salary of $385,300 is equal to the midpoint of the SLCG Grade 112 range and to the previous incumbent's base salary. There are no UC San Francisco SLCG Grade 112 comparators. Market data include data from the 2008-2009 College and University Professional Association (CUPA) Administrative Compensation Survey and indicate a market median base salary of $355,620. The requested base salary is 8.3 percent above that market rate.

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for Jeffrey A. Bluestone as Executive Vice Chancellor and Provost, San Francisco campus:

(1) Appointment of Jeffrey A. Bluestone as Executive Vice Chancellor and Provost, San Francisco campus, at 100 percent time.

(2) Per policy, appointment base salary of $385,300, as Executive Vice Chancellor and Provost, San Francisco campus. This appointment represents a promotion from his current UCSF academic salary and classification.

(3) Per policy, continued participation in the Health Sciences Compensation Plan (HSCP) at an annual rate of $52,300.

(4) Per policy, annual automobile allowance of $8,916.

(5) Per policy, this position is subject to the salary reduction/furlough plan effective September 1, 2009, through August 31, 2010, with a ten percent salary reduction.

(6) This appointment is effective upon approval by the Regents.

Recommended Compensation
Effective Date: upon Regental approval
Base Salary: $385,300
Health Sciences Compensation Plan: $52,300
Total Cash Compensation: $437,600
Grade Level: SLCG Grade 112:
Minimum $298,900, Midpoint $385,300, Maximum $471,500
Median Market Data: $355,620 (base only)
Funding Source: State Funds

Percentage Difference from Market: 8.3 percent

Prior Incumbent Data
Title: Executive Vice Chancellor and Provost
Base Salary: $385,300
Health Sciences Compensation Plan: $52,300
Funding Source: State Funds

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, continued participation in the UC Home Loan 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.

Submitted by: **UCSF Chancellor Desmond-Hellmann**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

G. ***Promotional Appointment of and Compensation for Elazar Harel as Vice Chancellor – Information Technology and Chief Information Officer, San Francisco Campus***

Background to Recommendation

Approval was requested for the promotional appointment of and compensation for Elazar Harel as Vice Chancellor – Information Technology and Chief Information Officer (VC-IT/CIO), San Francisco campus, effective upon approval of the Regents and pending suitable transition notice. This request is in response to a need to fill a vacancy that is critical in meeting the campus' strategic initiatives. The VC-IT/CIO position replaces the previous "Co-CIO" arrangements in which two individuals jointly filled the academic and administrative CIO roles. The VC-IT/CIO position now oversees both the academic and administrative information technology activities for the campus, a uniquely broad and challenging range of activities among UC campuses. In addition, the UCSF Medical Center's CIO will also have a dotted line relationship to the VC-IT/CIO, reflecting the coordination leadership the VC-IT/CIO has for UCSF's information technology policies and infrastructure. It is anticipated that $30 million to $40 million in savings will be realized by efficiencies related to the overall restructuring of this area.

After an extensive national search, Mr. Harel was selected as the top candidate. In the role of VC-IT/CIO he will report jointly to the Executive Vice Chancellor and Provost and the Senior Vice Chancellor – Finance and Administration and will serve as the department head for the Office of Academic and Administrative Information Systems (OAAIS).

Mr. Harel is currently the Assistant Vice Chancellor for Administrative Computing and Telecommunications at UC San Diego. He has previously served in information technology leadership positions at UCLA. He has a track record at UCSD of cost-effective innovation, dramatically improving customer and staff satisfaction, with improved information technology infrastructure and services that are recognized as among the best in higher education. While at UCSD, Mr. Harel implemented a sustainable funding model for the information technology infrastructure, a graphical digital dashboard for decision support, an integrated set of Web-based administrative systems, and portals for the UCSD community, including students. These successes have led to his recognition and participation in key higher education technology activities, including EDUCAUSE, the Microsoft Higher Education Advisory Council, the Sun Microsystems Academic Advisory Council, and the Corporation for Education Network Initiatives in California (CENIC) Board of Directors.

This position is funded 100 percent by non-State funds. The position is currently slotted at SLCG Grade 109; however, given the expansion of the role and scope of the position, slotting at SLCG Grade 110 is being recommended. The requested base salary of $310,800 is 1.2 percent above the midpoint of the SLCG Grade 110 range ($307,200); approximately 14.5 percent lower than the average annual salary of other SLCG Grade 110 positions at UCSF; 10.6 percent above the market median of $281,000, as taken from the College and University Professional Association (CUPA) Administrative Compensation Survey (top 26 competitor institutions); and four percent lower than the medical school market median of $324,000 as taken from the CUPA Administrative Compensation Survey (comprised of 14 of the 26 competitor institutions with a school of medicine).

Recommendation

The President recommended approval of the following items in connection with the promotional appointment of and compensation for Elazar Harel as Vice Chancellor – Information Technology and Chief Information Officer, San Francisco campus:

(1) Appointment of Elazar Harel as Vice Chancellor – Information Technology and Chief Information Officer, San Francisco campus, at 100 percent time.

(2) Per policy, appointment salary of $310,800.

(3) Interim re-slotting at SLCG Grade 110 (Minimum $239,700, Midpoint $307,200, Maximum $374,500).

(4) Per policy, a 25 percent ($77,700) relocation allowance with installment payments spread over a period of four years. Payments to be issued monthly on a declining balance totaling 40 percent ($31,080) in year one, 30 percent ($23,310) in year two, 20 percent ($15,540) in year three, and 10 percent ($7,770) in year four. This relocation allowance is warranted based on the 43 percent higher housing cost in San Francisco and 20 percent overall higher cost of living.

(5) Per policy, eligibility to participate in the Finance and Administrative Services Incentive Plan (FAS) with a maximum potential payout of up to ten percent of base salary ($31,080). The FAS Incentive Plan is suspended for fiscal year 2009-2010, pending further budgetary considerations.

(6) Per policy, this position is subject to the salary reduction/furlough plan effective September 1, 2009 through August 31, 2010, with a ten percent salary reduction.

(7) This appointment is effective upon Regental approval, pending suitable transition notice to Mr. Harel's current manager.

Recommended Compensation
Effective Date: upon Regental approval
Base Salary: $310,800
FAS Incentive: $31,080
Total Cash Compensation: $341,880
Grade Level: SLCG Grade 110:
Minimum $239,700, Midpoint $307,200, Maximum $374,500
Median Market Data: $281,000
Funding Source: Non-State Funds
Percentage Difference from Market: 10.6

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, 90-day temporary living assistance including cost of furnished temporary lodging and reasonable residential parking fees, reimbursed within normal policy limits, not to exceed $4,000 per month. Additionally, meals for the first 30 days of residence in temporary quarters that do not have cooking facilities, reimbursed within normal policy limits.
- Per policy, two house-hunting trips each, subject to the limitations under policy for the candidate and his spouse/partner.
- Per policy, 100 percent reimbursement of all reasonable moving expenses for the purpose of relocation of the primary residence subject to the current policy guidelines.
- Per policy, eligibility to participate in the UC Home Loan Program, available to be exercised within a period not to exceed 24 months from date of employment. Participation will comply with all University/campus normal program parameters.

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.

Submitted by: **UCSF Chancellor Desmond-Hellmann**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

[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 seven individual compensation items which included two exceptions to policy the previous day in closed session. One exception was for a salary above the maximum of the assigned salary grade. This exception was related to a three-month temporary appointment while the permanent incumbent was on sabbatical. The other exception was for the reimbursement of one additional month of temporary living expenses associated with relocation.

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

4. GOVERNANCE OF UNIVERSITY OF CALIFORNIA INCENTIVE PLANS

[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 introduced the item. He recalled that, beginning in January 2009, the Regents set forth a series of restrictions on Senior Management Group (SMG) salaries as well as restrictions on certain bonus and incentive plans, culminating with the adoption of recommendations that, among other actions, deferred consideration of non-clinical incentive payments for the 2007-08 and 2008-09 performance years until the end of fiscal year 2009-10 as an important additional measure to respond to the ongoing State financial crisis. He noted that, in further response to these actions, President Yudof has directed the Department of Human Resources at the Office of the President to undertake a review of all incentive and bonus plans for staff members at the campuses, Office of the President, and the medical centers.

Executive Vice President Brostrom informed the Committee that the review by the Department of Human Resources has led to an initiative to create a consistent and rigorous process to review and amend the University's incentive award programs. This initiative proposes to establish appropriate standards, consistency, and oversight to the design, goal-setting, and administration of all incentive and performance-based variable pay plans for staff members, regardless of funding source or level of staff participation, within a recommended, clear, and consistent governance policy framework.

Mr. Brostrom focused on two plans – the Office of the Treasurer's Annual Incentive Plan (AIP) and the Clinical Enterprise Management Recognition Plan (CEMRP). Both of these plans include SMG participation and are overseen by the Regents. He enumerated significant features of the proposed framework.

All incentive plans will be overseen by independent Administrative Oversight Committees (AOCs). For the AIP, this AOC will include the Chief Financial Officer, the Executive Vice President – Business Operations, the Vice President – Human Resources, and the Executive Director – Compensation Programs and Strategy, working in consultation with the Chief Investment Officer. The AOC for the CEMRP will include the Executive Vice President – Business Operations, the Chief Financial Officer, the chancellor of every campus with a medical center, the Vice President – Human Resources, and the Executive Director – Compensation Programs and Strategy, working in consultation with the Senior Vice President – Health Sciences and Services. In addition, this AOC will include one chief human resource officer, one chief medical officer, and one chief nursing officer selected from a UC medical center.

Incentive plans will be reviewed every spring and amended as necessary to reflect plan revisions and industry standards for the upcoming fiscal year. The appropriate AOC will review each incentive plan, which will define key elements of participation, goal-setting, award formulas, and administrative details. All incentive and bonus plans will be presented by the AOCs to the President for approval. Upon the President's approval, those plans with SMG participants will be reviewed and approved by the applicable Regental Committee. The CEMRP will be reviewed and approved by the Committee on Compensation in consultation with the Committee on Health Services. The AIP will be reviewed and approved by the Committee on Compensation in consultation with the Committee on Investments. Upon Committee approval, these plans will be forwarded for approval by the full Board. Other staff incentive or bonus plans that include SMG participants will be approved by the President and then brought forward to the appropriate Committee as well. Any plans that do not include SMG participants will require the President's approval.

Once plan documentation is approved, plan administration will be performed by the Executive Director – Compensation Programs and Strategy, who may receive quantitative input from consulting firms, as warranted. Awards for those reporting directly to the Regents will require approval by the Board. Review and approval of all other awards under these plans will be the responsibility of the AOCs regardless of the participants' total compensation levels.

For plan participants who do not report directly to the Regents, the AOCs will review and approve awards within 60 days of the fiscal or plan year-end, as applicable, and award payouts to the individuals will be processed within 90 days of the fiscal or plan year-end. The Office of the President will provide a listing of award recommendations, prior to payout, to the Chair of the Committee on Compensation. Awards under both plans will be reported annually to the Regents, with appropriate levels of detail, such as the range of potential awards and the percentage of the award granted for each plan participant.

With respect to other University incentive and variable pay programs besides the AIP and CEMRP, Mr. Brostrom indicated that Vice President Duckett is overseeing a process to inventory, review, and revise these plans for both SMG and non-SMG participants. Mr. Brostrom anticipated that findings and recommendations would be presented to the Regents for discussion at the May meeting.

5. **APPROVAL OF COMPENSATION FOR SENIOR MANAGEMENT GROUP PARTICIPANTS OF THE ANNUAL INCENTIVE PLAN FOR THE OFFICE OF THE TREASURER FOR FISCAL YEAR 2008-09 AS DISCUSSED IN REGENTS ONLY SESSION**

<u>Background to Recommendation</u>

In accordance with the Annual Incentive Plan (AIP) for the Office of the Treasurer approved by the Regents in March 2002, the Senior Management Compensation Group of the Office of the President, as Plan Administrator, is submitting proposed incentive compensation (non-base building) awards for 2008-09. The Regents' action of January 2009, which restricted administration of incentive programs, specified the AIP as a program allowed to continue in fiscal years 2008-09 and 2009-10.

Under the AIP, awards are based largely on the investment results of the portfolios relative to predetermined investment objectives (benchmarks) established by the Regents. Results were tabulated by Mercer Human Resource Consulting. Investment returns were calculated by State Street and Cambridge Associates, and reviewed by UC Office of the President Internal Audit.

It is standard practice for organizations that employ investment personnel – from universities to charitable organizations to investment firms – to use incentive pay to motivate and reward investment personnel for their performance as measured against specific investment objectives.

The basic premise of incentive pay plans is simple: the better an employee's performance, the higher the investment returns and the higher the incentive pay. Conversely, if an employee does not meet performance objectives, she/he does not receive incentive pay.

Modeled after industry practices, for years UC has used incentive pay for its investment managers to help ensure individual and organizational performance. This incentive pay is based on specific criteria set by the Regents, and employees must meet or exceed performance benchmarks in order to receive incentive pay.

Good investment management usually is associated with positive investment returns (gains). However, it takes equal skill to minimize losses in a bad market as it does to maximize gains in a good one. It is also important to remember that benchmarks fluctuate as markets fluctuate and that incentive pay is based on performance relative to identified benchmarks, not absolute gains or losses. Thus, under current practices, investment personnel may still be eligible for incentive pay if they meet or exceed the benchmark, even though the market may be in decline.

In light of the recent turmoil in the global financial markets, and the related scrutiny of compensation for investment managers, institutions nationwide are reassessing and revising incentive pay practices. President Yudof has requested that UC's incentive pay plan for the Treasurer's Office be reviewed and modified as needed to ensure that it aligns with evolving industry practices.

There were 34 eligible participants for the 2008-09 fiscal year with award recommendations totaling $1,634,440. In accordance with the approval authority guidelines approved by the Regents at their September 2008 meeting, and with the Senior Management Group (SMG) Salary and Appointment Policy, also approved by the Regents at their September 2008 meeting, only those Plan participants with SMG status are presented for Regental approval.

Recommendation

The President recommended that awards under the Annual Incentive Plan (Plan) for the Office of the Treasurer for three of the five eligible Senior Management Group participants, totaling $372,500, be approved. Two SMG participants in the Plan did not receive award recommendations based on the calculations defined in the Plan. In accordance with the terms and conditions of the Plan, approved award amounts will be paid out incrementally over a three-year period.

The payments for the three SMG members who earned awards under the Plan for the 2008-09 fiscal year are represented below.

Participant	Position	Base Salary	Target Award	Proposed Award*	Total Cash Comp
Melvin Stanton	Assoc. CIO	$306,825	$184,095	$55,228	$362,053
Randall Wedding	Sr. MD, Fixed Income	$306,800	$184,080	$108,814	$415,614
William Coaker	Sr. MD, Public Equity	$275,000	$165,000	$208,458	$483,458
				$372,500	

*Proposed Awards will be paid incrementally over a three-year period

Reviewed by: President Yudof
Compensation Committee Chair Varner
Office of the President, Human Resources

[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 introduced the item. He noted that, in accordance with the Annual Incentive Plan (AIP) for the Office of the Treasurer approved by the Regents in March 2002, the Executive Compensation Group of the Office of the President, as Plan Administrator, was submitting proposed incentive compensation awards for 2008-09. He recalled that the Regents' action of January 2009 which restricted administration of incentive programs specified the AIP as a program allowed to continue in fiscal years 2008-09 and 2009-10.

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

6. **APPROVAL OF WAIVER OF POLICY REQUIRING HOUSING ON CAMPUS AND HOUSING ALLOWANCE FOR THE CHANCELLOR, SAN DIEGO CAMPUS AS DISCUSSED IN REGENTS ONLY SESSION**

Background to Recommendation

In order for chancellors to best perform the many after-hours duties required of them, the University provides housing for chancellors on or near each of its ten campuses, and normally requires chancellors to live in that housing. Policy 2.725, University Provided Housing policy (2.725), section III, states in part:

"The University, therefore, provides Executive Officers [the President and chancellors] **and members of their households with suitable housing as their primary residence to perform the administrative, ceremonial and social duties required of their respective positions** [bolded for emphasis]."

As further stated in this policy, section III, C, Alternative Housing Arrangements:

"If the President determines that the University-provided housing is not suitable for supporting the Executive Officer's required range of duties or is not habitable as a personal residence as a result of disrepair or other like reason, the President may recommend to the Regents that the Executive Officer be provided other housing until the University-provided housing is repaired or otherwise improved to suitable standards. The President may make a request to the Regents for an alternative housing arrangement on his/her own behalf if he/she deems the University-provided housing is unsuitable for the performance of presidential duties or is not habitable."

Since 2004, the year Chancellor Fox was appointed, the Office of the President and the San Diego campus have sought to address the deficiencies of the Chancellor's residence, University House (UH). To date, these deficiencies include an engineering expert determination that UH is uninhabitable because of structural instabilities, extensive mold and major cliff erosion exposing the slab. Efforts to remedy these deficiencies have been complicated because of issues regarding the historical significance of the structure and the determination by local Native Americans that the UH site is a sacred burial ground.

For nearly six years, Chancellor Fox has been assigned housing in a rental property in La Jolla. Currently the lease on that property is approximately $83,000 per year, which is paid by UCSD. In addition, the campus pays for certain utilities, security, and cable/internet services, totaling approximately $15,000 per year in fiscal year 2008-09, for a total cost of approximately $98,000 per year. That property is located slightly less than four miles from the main campus. This rental property has been problematic because it is poorly configured for entertaining even small groups of donors or guests for cultivation or solicitation. Further, it has no capacity for catering, and no on-street parking; nor does it have a sidewalk, so guests cannot park nearby and easily walk to the residence.

At the time the rental property was assigned by President Dynes in 2004, Chancellor Fox had been advised that the necessary UH repairs and remodeling could be completed within three to six months, a goal that has proved impossible. The campus architect has advised that at this stage (i.e., after nearly six years from the first diagnosis of problems), the necessary repairs, remodeling, and renovations will require, at a minimum, two years.

The current rental agreement for the housing assigned to the Chancellor expires in April 2010. The campus anticipates an increase in the rent if the Chancellor remains in the housing. Recently, Chancellor Fox purchased a three-bedroom home close to the San Diego campus. The financing for the purchase was made without the benefit of a University Mortgage Origination Program (MOP) loan, and no University assets were used for the purchase. The property has ample street parking, is well-configured for catering and has a large deck that could accommodate small dinner parties or other gatherings. It is located approximately 1.5 miles from the nearest UC San Diego property (the Scripps Institution of Oceanography property) and is slightly less than four miles from the main campus.

In light of these facts, the Chancellor has proposed that she move to her own, recently-purchased home, until such time as the UH is habitable. The Chancellor is also prepared to use her private home as a venue for some of her administrative, ceremonial and social duties. In recognition of the wear and tear upon her home, as well as increased utilities and other expenses associated with University-related business and entertainment being conducted in her home, it is proposed that Chancellor Fox receive a taxable housing allowance of $20,000 per year paid in monthly installments. The University will also reimburse the Chancellor for reasonable and actual expenses associated with University-related business and entertainment events held at her home consistent with budget allocations for that purpose. This would save the campus approximately $78,000 per year. This proposed allowance would remain in effect until Chancellor Fox steps down as the UCSD Chancellor or UH becomes habitable, whichever occurs first.

Recommendation

The President recommended approval of the following items in connection with the San Diego Chancellor's relocation from her official, leased residence, to her personal residence in La Jolla, California:

A. As a waiver to policy, Chancellor Fox be permitted to reside full-time in her personal residence in La Jolla, California, until the University-provided housing becomes habitable.

B. Chancellor Fox be provided with a taxable, temporary housing allowance of $20,000 per annum, paid in monthly installments, to address the wear and tear on her private home and increased utility usage and other expenses associated with using her home for University administrative, ceremonial, and social events. This housing allowance would be discontinued when University-provided housing becomes habitable or Chancellor Fox steps down from her position as the Chancellor of UC San Diego, whichever occurs first.

Additional items of compensation related to housing:

- Upon approval of the above exception to policy permitting the Chancellor to reside full-time in her personal residence, Chancellor Fox will receive reimbursement for reasonable moving costs of her household goods from her current residence to her private residence.
- Chancellor Fox will not be eligible to receive moving reimbursement for household goods when she ceases to serve as Chancellor of UC San Diego.

The compensation described above shall constitute the University's total commitment with respect to the Chancellor's housing, unless 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.

Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources
Office of the President, Budget and Capital Resources

[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 introduced and summarized the item. He noted that the current rental agreement for the housing assigned to Chancellor Fox expires in April 2010.

Executive Director Larsen briefly discussed the Chancellor's use of her private home for University-related duties, the proposed housing allowance, and reimbursement.

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

7. **APPROVAL OF APPOINTMENT OF AND COMPENSATION FOR LAWRENCE H. PITTS, M.D., AS PROVOST AND EXECUTIVE VICE PRESIDENT, ACADEMIC AFFAIRS, OFFICE OF THE PRESIDENT AS DISCUSSED IN REGENTS ONLY SESSION**

<u>Background to Recommendation</u>

Lawrence H. Pitts has been serving as Interim Provost and Executive Vice President, Academic Affairs for the last year as a national search was undertaken to identify a permanent replacement. During this process, Dr. Pitts has provided strong leadership and guidance as the University continues restructuring to address fiscal and other challenges. As a result of the search, and Dr. Pitts' demonstrated skills and extensive institutional knowledge, he has emerged as the leading candidate for this important role.

This appointment will constitute an exception to the policy governing Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions which states that retired employees be rehired at no more than a 43 percent appointment. Given the critical nature and importance of the responsibilities, and the need to have a dedicated full-time incumbent to fulfill the obligations of this role, Dr. Pitts has agreed to this appointment at 100 percent time.

The proposed base salary of $350,000 is below the market median of $415,800 by 18.8 percent. Market data are compiled from a number of sources, including the College and University Professional Association (CUPA) Compensation Survey. This position is funded by UC general funds provided by the State.

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for Lawrence H. Pitts, M.D., as Provost and Executive Vice President, Academic Affairs, Office of the President:

A. As an exception to policy, appointment of Lawrence H. Pitts, M.D., as Provost and Executive Vice President, Academic Affairs, Office of the President, at 100 percent time. This constitutes an exception to policy exceeding the normal appointment maximum of 43 percent time. Appointments in excess of 43 percent time require the endorsement of the President and approval of the Regents.

B. Per policy, annual base salary of $350,000 (SLCG Grade 113: Minimum $333,900, Midpoint $431,500, Maximum $529,100). This base salary is equal to the salary received by Dr. Pitts for the Interim Executive Vice President and Provost appointment. This position is subject to the salary reduction/furlough plan with a ten percent salary reduction.

C. This appointment and compensation will be effective April 1, 2010.

D. Per the policy for rehired retirees, Dr. Pitts' retirement pension benefits will continue to be suspended. Under University policy, this will result in accrual of additional pension service credit during his appointment as Interim Provost.

Recommended Compensation
Effective Date: April 1, 2010
Base Salary: $350,000
Grade Level: SLCG Grade 113:
Minimum $333,900, Midpoint $431,500, Maximum $529,100
Median Market Data: $415,800
Funding Source: UC General Funds
Percentage Difference from Market: -15.8%

Budget &/or Prior Incumbent Data
Base Salary: $425,000 (last permanent incumbent)
Grade Level: SLCG Grade 113
Funding Source: UC General Funds

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. Dr. Pitts no longer holds a tenured academic appointment.

- Per policy, Administrative Fund for official entertainment and other purposes permitted by University policy.
- Dr. Pitts has declined the automobile allowance of $8,916 which is normally provided to this position.

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.

Submitted by: **President Yudof**
Reviewed by: **Compensation Committee Chair Varner**
Office of the President, Human Resources

[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 reviewed the item.

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

The meeting adjourned at 11:35 a.m.

Attest:

Secretary and Chief of Staff