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Upon motion of Regent Wachter, duly seconded, the recommendations of the Committee on Governance were approved.

12. **REPORT OF THE COMMITTEE ON OVERSIGHT OF THE DEPARTMENT OF ENERGY LABORATORIES**

The Committee presented the following from its meeting of May 16, 2012:

A. ***Appointment of Glenn L. Mara to the Executive Committees of the Boards of Governors of Los Alamos National Security, LLC, and Lawrence Livermore National Security, LLC***

The Committee recommended that:

- (1) The appointment of Glenn L. Mara as a Governor of the Executive Committees of the Boards of Governors of the limited liability companies known as Los Alamos National Security, LLC and Lawrence Livermore National Security, LLC be approved, effective July 1, 2012, upon the resignation of Bruce Darling.
- (2) The President be authorized to implement such appointment.

B. ***Resolutions to Exclude Access to Federal Classified Information***

The Committee recommended that the two resolutions pertaining to the University's Department of Energy and Department of Defense Facility Security Clearances be approved as shown in Attachments 2 and 3.

Upon motion of Regent Pattiz, duly seconded, the recommendations of the Committee on Oversight of the Department of Energy Laboratories were approved.

13. **REPORT OF INTERIM AND CONCURRENCE ACTIONS**

Secretary and Chief of Staff Kelman reported that, in accordance with authority previously delegated by the Regents, interim action was taken on routine or emergency matters as follows:

- A. The Chairman of the Board, the Chair of the Committee on Finance, and the President of the University approved the following concurrence recommendation:

***Amendment of the Budget for Capital Improvements and the Capital Improvement Program and Approval of External Financing, 2010-12 Statewide Energy Partnership Program, Irvine Campus***

**Deletions shown by strikeout; additions by underscore**

- (1) The 2011-12 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

Systemwide: 2010-2012 Statewide Energy Partnership Program – preliminary plans, working drawings, construction, and equipment – ~~\$262,608,879~~ \$274,693,794 to be funded from external financing (~~\$193,714,283~~) (\$201,195,398), campus funds (~~\$7,916,946~~) (\$8,383,946), and energy efficiency incentive payments from investor-owned and publicly-owned utilities (~~\$60,977,650~~) (\$65,114,450).

\* \* \*

- (2) The President be authorized to obtain additional external financing not to exceed \$12,284,200, subject to the following conditions:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
- b. As long as the debt is outstanding, the General Revenues of the Irvine campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.
- c. The general credit of the Regents shall not be pledged.

- (3) The President be authorized to obtain additional standby financing not to exceed \$4,136,800, subject to the following conditions:

- a. Interest only, based on the amount drawn down, shall be paid on the outstanding balance during the construction period.
- b. Repayment of the standby financing shall be from energy efficiency incentive payments from investor-owned utilities; in the event that collection is insufficient, and as long as the debt is outstanding, the General Revenues of the Irvine campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

- c. The general credit of the Regents shall not be pledged.
- (4) The President be authorized to execute all documents necessary in connection with the above.
- B. The Chair of the Committee on Oversight of the Department of Energy Laboratories and the President of the University approved the following recommendation:

***Resolutions to Exclude Access to Federal Classified Information***

Adoption of the following six resolutions pertaining to the University's Department of Energy and Department of Defense Facility Security Clearances.

- (1) Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following Faculty Representative to The Regents of the University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME	TITLE
Robert Anderson	Faculty Representative to The Regents

- (2) Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named officer of the Board of the University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable her to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME	TITLE
Marsha Kelman	Secretary and Chief of Staff to The Regents

- (3) Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of the University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME	TITLE
George Kieffer	Regent

- (4) Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of the University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME	TITLE
Alfredo Miréles, Jr.	Student Regent

- (5) Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of the University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.











Regental approval was needed because the percent change in the guaranteed compensation from year one (\$125,000) to year two (\$325,000) exceeds the 30 percent allowed under the September 2008 *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide*. All other terms negotiated for Coach Yarber are within the parameters of campus authority previously authorized by the Regents.

Action was requested under interim authority because the agreed-upon amended contract terms were not identified until after the deadline for the March Regents meeting. In addition, because of the retention risk, approval needed to be secured before the Regents' next regularly scheduled meeting in May.

#### Recommendation

The following items were approved in connection with the amendment of the contract compensation for Eric Yarber as assistant football coach, Intercollegiate Athletics, Los Angeles campus:

As an exception to the September 2008 *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide*, an increase of the talent fee by \$50,000, increasing the guaranteed compensation of the year two contract from \$275,000 to \$325,000. This constitutes an exception to the parameters because the increase of the guaranteed compensation from year one (\$125,000) to year two (\$325,000) exceeds the 30 percent allowed under the parameters.

### COMPARATIVE ANALYSIS

#### Recommended Compensation

**Effective Date:** Upon approval

**Base Salary (Year 2):** \$250,000

**Talent Fee (Year 2):** \$75,000

**Guaranteed Compensation (Year 2): \$325,000**

**Bonus/Incentives (Year 2):** up to \$100,000

**Summer Camps (Year 2):** up to \$10,000

**Retention Bonus (Year 2):** \$31,000

**Total Cash Compensation (Year 2):** \$356,000 - \$466,000

**Median Market Data:** Not applicable

**Percentage Difference from Market:** Not applicable

**Funding Source:** Non-State-funded position

**Prior Contract Data****Base Salary (Year 2):** \$250,000**Talent Fee (Year 2):** \$25,000**Guaranteed Compensation (Year 2): \$275,000****Bonus/Incentive (Year 2):** up to \$100,000**Summer Camps (Year 2):** up to \$10,000**Total Cash Compensation (Year 2):** \$275,000 - \$385,000**Funding Source:** Non-State-funded position

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  
Committee on Compensation Chair Ruiz  
Office of the President, Human Resources

(3) ***Contract Compensation for Clancy Pendergast as Assistant Football Coach, Berkeley Campus***

**Background to Recommendation**

Action under interim authority was requested to approve the contract compensation for Clancy Pendergast, Assistant Football Coach at UC Berkeley, retroactive to March 1, 2012.

Coach Pendergast's contract will be funded exclusively by athletic department revenues and private fundraising. No State or general funds will be used.

The term of Coach Pendergast's current contract is from February 1, 2011 to January 31, 2014. Coach Pendergast has recently been offered coaching opportunities, most recently at Texas A&M University, with compensation significantly above that of his current contract. The Berkeley campus wishes to retain Coach Pendergast. He is an outstanding defensive coordinator.

In order to retain Coach Pendergast, the campus requested approval for new contract terms, to be retroactive to March 1, 2012, through January 31, 2014. The retroactive effective date constitutes an exception to policy and also required Regental approval.

The campus requested approval for an increase in Coach Pendergast's annual camps and clinics compensation from \$15,000 to \$25,000. This

action required Regental approval because the increase relative to his last contract exceeds the 30 percent maximum increase allowed under the September 2008 *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (September 2008 Delegation Parameters).

The campus also requested approval to increase Coach Pendergast's annual incentive potential from \$59,100 to \$129,600. This action required Regental approval because the increase relative to his last contract exceeds the 15 percent (or \$30,000) maximum increase allowed under the September 2008 Delegation Parameters.

UC Berkeley anticipates receiving additional donations of approximately \$500,000 in 2012 to help support the football staff, which will help fund the requested increase. These donations are coming from a variety of sources.

All other terms of Coach Pendergast's contract compensation are within the September 2008 Delegation Parameters and therefore did not require Regental approval.

Action under interim authority was required because the campus needs to conclude the negotiations before the next scheduled meeting of the Regents in order to retain Coach Pendergast's services through January 2014.

#### Recommendation

The following items were approved in connection with the contract compensation for Clancy Pendergast, Assistant Football Coach, Berkeley campus:

- a. As an exception to the September 2008 *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (September 2008 Delegation Parameters), an increase of the annual camps and clinics compensation amount from \$15,000 to \$25,000 for each of the two years of the contract, retroactive to March 1, 2012. This constitutes an exception to the parameters because the increase relative to his last contract exceeds the 30 percent allowed under the September 2008 Delegation Parameters.
- b. As an exception to the September 2008 Delegation Parameters, an increase of the annual incentive potential from \$59,100 to \$129,600 for each of the two years of the contract. This constitutes an exception to the parameters because the increase relative to his

last contract exceeds the 15 percent (or \$30,000) allowed under the September 2008 Delegation Parameters.

- c. As an exception to policy, the contract compensation is effective retroactively to March 1, 2012 and will continue through January 31, 2014.

### COMPARATIVE ANALYSIS

#### **Recommended Compensation**

**Effective Date:** March 1, 2012 through January 31, 2014

**Annual Base Salary:** \$168,000

**Annual Talent Fee:** \$87,000

**Guaranteed Compensation:** \$255,000

**Annual Football Supplement:** \$145,000

**Incentives:** \$0 - \$129,600

**Car Allowance:** \$5,400

**Annual Camps and Clinics:** \$25,000

**Total Cash Compensation:** \$400,000 - \$560,000

**Median Market Data:** not applicable

**Percentage Difference from Market:** not applicable

**Funding Source:** non-State-funded position

#### **Prior Contract Data**

**Effective Date:** February 1, 2011 through January 31, 2014

**Annual Base Salary:** \$168,000

**Annual Talent Fee:** \$62,000

**Guaranteed Compensation:** \$230,000

**Annual Football Supplement:** \$145,000

**Incentives:** \$0 - \$59,100

**Car Allowance:** \$5,400

**Annual Camps and Clinics:** \$15,000

**Total Cash Compensation:** \$375,000 - \$454,500

**Funding Source:** non-State-funded position

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:** UC Berkeley Chancellor Birgeneau

**Reviewed by:** President Yudof

Committee on Compensation Chair Ruiz

**Office of the President, Human Resources**

- (4) ***Term Appointment of and Total Compensation for Douglas Gunderson as Interim Chief Administrative Officer, Santa Monica – UCLA Medical Center and Orthopaedic Hospital, Los Angeles Campus***

**Background to Recommendation**

Action under interim authority was requested to appoint Douglas Gunderson as Interim Chief Administrative Officer, Santa Monica – UCLA Medical Center and Orthopaedic Hospital, retroactive to March 1, 2012 through February 28, 2013, or until a new appointment is made, whichever occurs first. Mr. Gunderson is currently the Director of Peri-Operative Services (Management and Senior Professional Grade 7) for the Hospital System. The current incumbent, Ms. Katharine Carpenter, who holds a Senior Management Group appointment, has been on leave since January 1, 2012 and is not expected to return.

Funding for this position will come exclusively from hospital funds. No State or general funds will be used.

In addition, the campus requested approval of an administrative stipend of 25 percent (\$53,578) of Mr. Gunderson's current base salary of \$214,312 for the duration of the interim appointment, increasing his total annual salary to \$267,890, with continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP).

Mr. Gunderson will oversee the daily delivery of care and operations in a matrixed organization with 1,600 employees. His responsibilities will include overseeing a budget in excess of \$300 million. Over the past two years, the hospital's scope of patient services has increased as medical specialties have migrated into this facility. With the opening of new hospital buildings, the census is expected to grow by four percent annually.

With major initiatives on the calendar following the recent opening of the new facility, it is imperative to install a leadership model to shepherd the organization through the next year. Action under interim authority was requested because the incumbent has been on leave for a considerable period of time and, because of the urgent need for leadership continuity, approval could not wait until the Regents' next regularly scheduled meeting in May.

Recommendation

The following items were approved in connection with the term appointment of and total compensation for Douglas Gunderson as Interim Chief Administrative Officer, Santa Monica – UCLA Medical Center and Orthopaedic Hospital, Los Angeles campus:

- a. Per policy, term appointment of Douglas Gunderson as Interim Chief Administrative Officer, Santa Monica – UCLA Medical Center and Orthopaedic Hospital at 100 percent time.
- b. Per policy, an administrative stipend of 25 percent (\$53,578) for Mr. Gunderson for the duration of the appointment, calculated using his current base salary of \$214,312 for a resulting total annual salary of \$267,890. The position is slotted at SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700).
- c. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 15 percent of his total annual salary (\$40,184) and a maximum potential award of 20 percent of total annual salary (\$57,578). The actual award will be determined based on performance against pre-established objectives.
- d. Per policy, continuation of standard pension and health and welfare benefits.
- e. ● As an exception to policy, this term appointment and stipend would be effective retroactive to March 1, 2012 through February 28, 2013, or until the position is filled, whichever occurs first.

**COMPARATIVE ANALYSIS****Recommended Compensation****Effective Date:** March 1, 2012**Base Salary:** \$214,312**Stipend:** \$53,578 (25 percent of base salary)**Total Annual Salary:\*** \$267,890**CEMRP:** \$40,184 (at target rate of 15 percent of total annual salary)**Target Cash Compensation:\*** \$308,074**Grade Level:** SLCG Grade 109

(Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700)

**Funding Source:** non-State-funded position

**Budget &/or Prior Incumbent Data****Base Salary:** \$325,000**CEMRP:** \$48,750 (at target rate of 15 percent of base salary)**Target Cash Compensation:\*** \$373,750**Grade Level:** SLCG Grade 109

(Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700)

**Funding Source:** non-State-funded position

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS**

Percentiles	*BASE SALARY MARKET PERCENTILES					**TARGET CASH MARKET PERCENTILES				
	<u>25th</u>	<u>50th</u>	<u>Mean</u>	<u>75th</u>	<u>90th</u>	<u>25th</u>	<u>50th</u>	<u>Mean</u>	<u>75th</u>	<u>90th</u>
Market Data	\$204.5	\$260.0	\$267.7	\$347.7	N/A	\$236.0	\$259.7	\$289.2	\$348.0	N/A
% Difference from Market	31.0%	3.0%	0.1%	-23.0%	N/A	27.1%	15.5%	3.7%	-13.8%	N/A

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  
 Committee on Compensation Chair Ruiz  
 Office of the President, Human Resources

- (5) *Term Appointment of and total Compensation for Paul S. Viviano as Associate Vice Chancellor – Health Sciences and Chief Executive Officer, UCSD Health System, San Diego Campus*

**Background to Recommendation**

The San Diego campus requested approval to appoint Paul S. Viviano to the position of Associate Vice Chancellor and Chief Executive Officer (AVC/CEO) for the UC San Diego Health System with an annual salary of \$720,000.

Funding for this position will come exclusively from hospital funds. No State or general funds will be used.



Mr. Viviano was identified as the top candidate after a comprehensive national search.

This request is the result of the resignation of the previous Chief Executive Officer (CEO) at San Diego Health System effective December 2, 2011. The previous CEO accepted a position at the University of Southern California for a significantly higher salary.

Approval was requested under interim authority to enable Mr. Viviano to provide appropriate notice of his resignation and assume the AVC/CEO role at the earliest opportunity. UC San Diego currently has several gaps in its executive leadership team, including the position of Chief Operating Officer and the position of Chief Strategy Officer. It is vital to have a CEO appointed prior to selecting individuals to fill these two positions.

#### Recommendation

The following items were approved in connection with the appointment of and total compensation for Paul S. Viviano as Associate Vice Chancellor – Health Sciences and Chief Executive Officer, UC San Diego Health System, San Diego campus:

- a. Appointment of Paul S. Viviano as Associate Vice Chancellor and Chief Executive Officer, UC San Diego Health System, at 100 percent time.
- b. Per policy, an annual base salary of \$720,000 at SLCG Grade 117 (Minimum \$522,300, Midpoint \$679,000, Maximum \$835,800).
- c. Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 20 percent of annual salary (\$144,000) and a maximum potential award of 30 percent of annual salary (\$216,000), consistent with potential incentive awards for other UC hospital CEOs. The actual award will be determined based on performance against pre-established objectives.
- d. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- e. Per policy, annual automobile allowance of \$8,916.
- f. Per policy, a temporary housing allowance not to exceed a total of \$6,000 for a period of up to 90 days to offset limited housing-related expenses, subject to limitations in policy.

- g. Per policy, eligibility to participate in the UC Home Loan Program in accordance with all applicable policies.
- h. Per policy, 100 percent reimbursement of actual moving expenses related to moving household goods and personal effects from former residence to new residence, subject to limitations under policy.
- i. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- j. This appointment is effective upon approval.

**Recommended Compensation**

**Effective Date:** Upon approval

**Annual Base Salary:** \$720,000

**CEMRP (at 20 percent target rate):** \$144,000

**Target Cash Compensation:\*** \$864,000

**Grade Level:** SLCG Grade 117

(Minimum \$522,300, Midpoint \$679,000, Maximum \$835,800)

**Funding Source:** non-State-funded position

**Budget &/or Prior Incumbent Data**

**Title:** Chief Executive Officer

**Annual Base Salary:** \$600,000

**CEMRP (at 20 percent target rate):** \$120,000

**Target Cash Compensation:\*** \$720,000

**Grade Level:** SLCG Grade 117

(Minimum \$522,300, Midpoint \$679,000, Maximum \$835,800)

**Funding Source:** non-State-funded position

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS**

Percentiles	*BASE SALARY MARKET PERCENTILES					**TARGET CASH MARKET PERCENTILES				
	25th	50th	Mean	75th	90th	25th	50th	Mean	75th	90th
Market Data	\$668.8	\$774.0	\$801.0	\$926.2	\$1,086.4	\$749.6	\$962.4	\$1,032.6	\$1,255.8	\$1,488.6
% Difference from Market	7.7%	-7.0%	-10.1%	-22.3%	-33.7%	15.3%	-10.2%	-16.3%	-31.2%	-42.0%

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:** UC San Diego Chancellor Fox  
**Reviewed by:** President Yudof  
Committee on Compensation Chair Ruiz  
Office of the President, Human Resources

(6) *Term Appointment of and Total Compensation for Lyle Nevels as Interim Associate Vice Chancellor – Information Technology and Chief Information Officer, Berkeley Campus*

Background to Recommendation

The Berkeley campus requested approval for the term appointment of and total compensation for Lyle Nevels as Interim Associate Vice Chancellor – Information Technology and Chief Information Officer (Interim AVC-CIO), effective May 1, 2012 through February 28, 2013, or until the appointment of a new AVC-CIO, whichever occurs first. Mr. Nevels is currently the Information Systems Manager at the Haas School of Business, slotted at Management and Senior Professional Salary Grade 28 (Minimum \$114,600, Midpoint \$170,100, Maximum \$225,700). The position Mr. Nevels will assume is currently in the Senior Management Group program and slotted in SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).

In connection with this appointment, the campus requested an annual stipend of \$30,900 (15 percent of base salary) while Mr. Nevels serves as Interim AVC-CIO and for up to two months following the appointment of a new AVC-CIO. This stipend will increase Mr. Nevels' current cash compensation from \$206,000 to \$236,900. The proposed 15 percent stipend is to recognize the increased campus-wide scope of Mr. Nevels' temporary responsibilities.

Funding for this position will come exclusively from UC general funds provided by the State.

The request is the result of Associate Vice Chancellor – Information Technology and Chief Information Officer Shelton Waggener's acceptance of another position. The current AVC-CIO will leave his position at UC Berkeley at the end of the 2012 spring semester. The campus will conduct a nationwide search for Mr. Waggener's replacement.

As Interim AVC-CIO, Mr. Nevels will serve as UC Berkeley's Chief Information Officer. In addition to the CIO role, Mr. Nevels will serve as

Associate Vice Chancellor and head of Information Systems and Technology (IST), which provides campus-wide computing, application, technical infrastructure and communications services. Mr. Nevels will also head the Information Technology Leadership Group, which includes members of IST, Education Technology Services (ETS), and student technology organizations.

Action under interim action was necessary due to timing of the action. Given the incumbent's departure date at the end of the spring semester, May 11, the campus established a May 1, 2012 effective date for the action to ensure an adequate transition period.

#### Recommendation

The following items were approved in connection with the term appointment of and total compensation for Lyle Nevels as Interim Associate Vice Chancellor – Information Technology and Chief Information Officer, Berkeley campus:

- a. Term appointment of Lyle Nevels as Interim Associate Vice Chancellor – Information Technology and Chief Information Officer.
- b. Per policy, while serving as Interim AVC-CIO and for up to two months following the appointment of a new AVC-CIO, an administrative stipend of 15 percent of his current base salary of \$206,000 (\$30,900), bringing his annual cash compensation to \$236,900. The AVC-CIO position is currently slotted in SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- c. The term appointment is at 100 percent time and effective May 1, 2012 through February 28, 2013, or until the appointment of a new AVC-CIO, whichever occurs first.
- d. Per policy, standard pension and health and welfare benefits.

#### COMPARATIVE ANALYSIS

##### Recommended Compensation

**Effective Date:** May 1, 2012

**Base Salary:** \$206,000

**Stipend:** \$30,900

**Total Annual Salary:** \$236,900

**Target Cash Compensation:\*** \$236,900

**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

**Funding Source:** partially or fully State-funded position

**Budget &/or Prior Incumbent Data**

**Base Salary:** \$218,500

**Target Cash Compensation:\*** \$218,500

**Grade Level:** SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

**Funding Source:** partially or fully State-funded position

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS**

Percentiles	*BASE SALARY MARKET PERCENTILES					**TARGET CASH MARKET PERCENTILES				
	25th	50th	Mean	75th	90th	25th	50th	Mean	75th	90th
Market Data	\$211	\$255	\$261	\$297	\$309	\$222	\$277	\$297	\$346	\$412
% Difference from Market	12.3%	-7.1%	-9.2%	-20.2%	-23.3%	6.7%	-14.5%	-20.2%	-31.5%	-42.5%

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all other 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**  
**Committee on Compensation Chair Ruiz**  
**Office of the President, Human Resources**

(7) *Appointment of and Total Compensation for Mackenzie Smith as University Librarian, Davis Campus*

**Background to Recommendation**

Action under interim authority was requested for the appointment of and total compensation for MacKenzie Smith as University Librarian, Davis campus, effective June 1, 2012. The proposed base salary of \$225,000 is 17.6 percent higher than the previous incumbent's base salary (\$191,300) and is 7.7 percent lower than the average base salary (\$243,833) of the UC University Librarians at campuses with medical centers.

The campus has been without a University Librarian since January 2009. A national search initiated in 2010 resulted in a failed search. The search was re-scoped and launched again in 2011. Ms. Smith was identified as the top candidate after the second nationwide recruitment. It is critical that the University Library have a leader to bring stability to the organization and to bring about much-needed changes to the Library itself.

Action under interim authority is necessary because Ms. Smith is being pursued by other institutions and one of the other finalists resulting from a national search has already accepted another position.

Ms. Smith is an innovative leader who will be an ideal chief strategist and visionary in developing a next-generation library for UC Davis. UC Davis' Library consists of the Blaisdell Medical Library (Sacramento); Carlson Health Sciences Library; Peter J. Shields Library and the Physical Sciences and Engineering Library. Ms. Smith will be tasked with transforming the General Library into an Academic Hub that will promote the effective and innovative use of digital information resources in discovery and learning for the future. She will be responsible for strategic planning and leadership in development of information resources and related programs and services, both print and digital, in collaboration with other organizations at Davis, across the UC system, and with relevant national and international organizations.

Funding for this action is partially or fully State-funded.

#### Recommendation

The following items were approved in connection with the appointment of and total compensation for MacKenzie Smith as University Librarian, Davis campus:

- a. Appointment of MacKenzie Smith as University Librarian, Davis campus.
- b. Per policy, an appointment base salary of \$225,000 at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).
- c. Per policy, a temporary cash/housing allowance to offset limited housing-related expenses in the Davis area for up to three months in an amount not to exceed \$12,000, subject to the limitations under policy.
- d. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

- e. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- f. This appointment is at 100 percent time, and effective upon approval with a starting date no later than June 1, 2012.

### COMPARATIVE ANALYSIS

#### **Recommended Compensation**

**Effective Date:** Upon approval but no later than June 1, 2012

**Title:** University Librarian

**Base Salary:** \$225,000

**Target Cash Compensation:\*** \$225,000

**Grade Level:** SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

**Funding Source:** partially or fully State-funded position

#### **Budget &/or Prior Incumbent Data**

**Title:** University Librarian

**Base Salary:** \$191,300

**Grade Level:** SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

**Funding Source:** partially or fully State-funded position

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

### COMPETITIVE ANALYSIS

Percentiles	<b>*BASE SALARY MARKET PERCENTILES</b>				
	<u>25th</u>	<u>50th</u>	<u>Mean</u>	<u>75th</u>	<u>90th</u>
Market Data	\$188.6	\$215.8	\$231.1	\$263.1	\$334.5
% Difference from Market	19.3%	4.3%	-2.6%	-14.5%	-32.7%

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: UC Davis Chancellor Katehi**  
**Reviewed by: President Yudof**  
**Committee on Compensation Chair Ruiz**  
**Office of the President, Human Resources**

14. **REPORT OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Kelman reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in a report dated April 11, 2012.

15. **REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

Secretary and Chief of Staff Kelman reported that, on the dates indicated, the following were sent to the Regents or to Committees:

**To Members of the Committee on Educational Policy**

- A. From the President, Statistical Summary of Students and Staff for Fall 2011. (March 27, 2012)

**To Members of the Committee on Finance**

- B. From the Vice President and General Counsel, Bi-monthly Report of New Litigation for Reporting Period 11/28/11 – 2/13/12. (February 24, 2012)
- C. From the President, University of California Technology Transfer Annual Report for 2011. (April 12, 2012)
- D. From the Vice President and General Counsel, Bi-monthly Report of New Litigation for Reporting Period 2/13/12 – 4/2/12. (April 26, 2012)

**To the Regents of the University of California**

- E. From the President, letter announcing the decision to step down by the Chancellor of the Berkeley campus. (March 13, 2012)
- F. From the Secretary and Chief of Staff, appointments to the Committee to Advise the President on the Selection of a Chancellor for the Berkeley campus. (April 5, 2012)
- G. From the Secretary and Chief of Staff, summaries of communications received in March 2012. (April 11, 2012)
- H. From the President, statement regarding the task force report on the Davis campus pepper spraying incident. (April 11, 2012)



- I. From the President, advance copy of the fall 2012 freshman admissions data. (April 16, 2012)
  - J. From the President, Annual Report on Student Financial Support for 2010-11. (April 18, 2012)
  - K. From the President, letter and copy of the Davis Chancellor's message to the Davis campus community regarding the task force report. (April 18, 2012)
  - L. From the President, copy of a paper by the Berkeley Chancellor and campus colleagues entitled *Modernizing Governance at the University of California: A Proposal that the Regents Create and Delegate Some Responsibilities to Campus Boards*, as well as the President's statement regarding the proposal. (April 23, 2012)
  - M. From the President, informational summary of External Relations activities. (April 26, 2012)
16. **AMENDMENT OF THE HEALTH SCIENCES COMPENSATION PLAN, SECTION 670 OF THE ACADEMIC PERSONNEL MANUAL**

The Committee presented the following from its meeting of March 29, 2012:

The Committee recommended that the Health Sciences Compensation Plan, Section 670 of the Academic Personnel Manual (APM-670), be amended as shown in Attachment 4.

Upon motion of Regent Ruiz, duly seconded, the recommendation of the Committee on Compensation was approved.

The meeting adjourned at 2:30 p.m.

Attest:

Secretary and Chief of Staff

**Table A: Approval of FY2012-13 CapEquip Authorization**

UC Location	FY 2012-13	Description of Expected Equipment Purchases
Berkeley	\$ 20,000,000	Research equipment, telecommunications equipment, other equipment, software and refinancing of certain existing capital equipment leases
Davis	5,000,000	Science and laboratory equipment, animal caging, facilities maintenance equipment and computer software
Irvine	6,000,000	Research equipment, medical equipment, IT equipment, Student housing furnishings and equipment
Los Angeles	4,000,000	Medical and diagnostic equipment, research equipment, shop equipment, communications and networking equipment, software licenses, and refinancing of certain existing capital equipment leases
Merced	2,267,000	Student housing project equipment, academic trailers and fleet services vehicles
San Diego	7,000,000	Research, medical and diagnostic equipment, budget software and refinancing of certain existing capital equipment leases
San Francisco	15,000,000	Scientific equipment, transportation vehicles and information technology/network
Santa Cruz	740,000	Shuttle and emergency vehicles
Office of the President	70,000,000	PPS replacement system (i.e., a single payroll system and a single human resources system that will be deployed across all ten campuses and five medical centers) and Procurement \$200mm program
<b>Total Authorization:</b>	<b>\$ 130,007,000</b>	

\* The University's Medical Centers may participate in FY2012-13 CapEquip through an authorization at a later Regents meeting, likely July 2012

**RESOLUTION**

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of The University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

<b>NAME</b>	<b>TITLE</b>
Alan Mendelson	Regent

Pending Approval

**RESOLUTION**

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012 and this Resolution, the following named member of the Board of The University of California shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

<b>NAME</b>	<b>TITLE</b>
Jonathan Stein	Regent

Pending Approval

**Additions shown by underscoring; deletions shown by strikethrough**SALARY ADMINISTRATION

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Health Sciences Compensation Plan and  
~~Guidelines on Occasional Outside Professional Activities by~~  
~~Health Sciences Compensation Plan Participants~~

July 1999

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

**~~I. Introduction~~****~~A. Philosophy~~**

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

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

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

~~The Health Sciences Compensation Plan is approved, amended and repealed by and under the authority of The Regents of the University of California. Through the Plan, compensation is set as a part of the employment relationship, and as a consequence, the level of compensation and the terms and conditions of the Plan~~

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~~may be amended or repealed at any time by The Regents, following consultation with the Health Sciences Chancellors, Deans and appropriate Academic Senate Committee(s).~~

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

#### 670-0 Policy

The Health Sciences Compensation Plan (HSCP) provides a policy framework within which Implementing Procedures will be developed by each health sciences school that participates in the Plan. School Implementing Procedures must be consistent with the Plan and its philosophy (see Appendix A), reviewed by the appropriate faculty committee(s), approved by the Chancellor, and reviewed prior to implementation by the President or the President's designee.

In developing Procedures consistent with this policy, the participating health sciences schools, after discussion and comment by the participants, and consultation with the school Advisory Committee, may include provisions that are more, but not less, restrictive than those outlined herein.

#### 670 – 2 Purpose and Goals of the Plan

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

- a.1. To provide sufficient non-State resources to recruit and retain outstanding health sciences faculty;
- b.2. To encourage a balance among teaching, research/scholarship, clinical care, and University and public service activities ~~(including clinical practice)~~ of the quality required in the University of California;
- c.3. To provide teaching, patient care and research incentives that encourage and recognize academic merit as well as generation of income;
- d.4. To offer consistent benefits and privileges to participating health sciences

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faculty; and schools at all University of California campuses.

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~~e.5. To benefit the health sciences schools by providing academic and research support funds in addition to State-appropriated funds.~~

~~**II. — Review and Approval Responsibility**~~

~~**A. — Overview**~~

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

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



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670-6 Responsibility

~~a.~~ **B. Roles of The Regents and the President**

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

The President or the President's designee shall review Implementing Procedures for those schools electing participation in the Plan. have the authority to:

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

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

**b. Role of the Chancellor**

The Chancellor shall have operational authority over the development and – subsequent to review and approval by the President or the President's designee – implementation and monitoring of the school Implementing Procedures for administration of this Plan.

The Chancellor shall be responsible for assuring that affected Plan participants and the appropriate division Academic Senate committees shall be afforded the opportunity to review and comment on the proposed school Implementing Procedures.

~~c.~~ **C. Role of the Academic Senate**

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

The appropriate division of the Academic Senate and other committee(s) ~~campus  
faculty committee~~ shall be provided the opportunity to review and comment on any proposed exceptions to ~~campus~~ School Implementing Procedures which the Chancellor intends to submit to the President ~~or the President's  
designee for review.~~ approval.

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

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

### **d. Role of the Advisory Committee**

A school-specific Advisory Committee which includes Senate and non-Senate  
faculty members representative of the disciplines participating in the Plan shall be  
established to assist the Dean in resolving the issues that may arise from  
implementing the Plan.

The Committee assists in assuring compliance with and resolving issues on  
outside professional activities, conflict of interest, and conflict of  
commitment. The Committee also reviews the submissions of individual  
department or unit Implementing Procedures.

The composition of the Committee, method for selecting members, terms of  
service defined to ensure rotation of service, Committee responsibilities, and  
procedures (including those for receiving and hearing faculty complaints) shall be  
specified in school Implementing Procedures. No more than fifty percent of the  
voting members will be appointed by the Dean and the remaining members of the  
Advisory Committee are elected by Plan members. All voting members of the  
Committee must have a faculty appointment. The Committee's functions shall  
include advising the Dean on:

- 1) Development of the school Implementing Procedures, including the

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establishment of Good Standing Criteria, Academic Programmatic Unit (APU) assignments, and APU Scales. (See APM – 670-18-b for more information on APUs.)

- 2) Departmental Implementing Procedures including methods for obtaining faculty input and for determining consistency with school Implementing Procedures.
- 3) Review of potential conflicts between a Plan participant's commitment to generating revenue within the Plan and his or her outside professional activities.(See APM - 670-19-c)
- 4) Review of faculty appeals regarding implementing and administering the Plan that are not resolved at the department or school levels or are submitted to the Advisory Committee as a result of a determination of loss of Good Standing. Senate faculty members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Non-Senate faculty may request a hearing under the terms of APM - 140.

The Advisory Committee will provide an annual summary report on its activities to Plan participants, the Dean, and the Chancellor.

670-10 Standards/Criteria/Qualifications

Good Standing Criteria

- a. Written Good Standing Criteria shall be established at the School or Department level and shall be included in the school Implementing Procedures. Good Standing Criteria must include: 1) a definition of Good Standing, 2) a description of the administrative review process that occurs when a member is determined to be out of Good Standing, 3) consequences for not being in Good Standing, and 4) the process by which a faculty member may return to Good Standing. (See role of the Advisory Committee in APM - 670-6-d-1.)
- b. Health sciences research and clinical practice are characterized by considerable diversity in sources of funding and are dependent on revenue streams that can be interrupted due to external circumstances, sometimes beyond the control of faculty. In support of the health sciences school's central function, a major responsibility of the Administration is to provide the faculty with conditions hospitable to the pursuits of teaching, research/scholarship, clinical care, and University and public service. The faculty member is responsible for performing the duties assigned at the time of hire, as well as reasonable new duties assigned by the department.

Good Standing Criteria for health sciences faculty will include expectations related to their academic series, departmental expectations related to service, and expectations related to generation of salary support and to shared expenses.

Plan participants must satisfy the Good Standing Criteria in order to be allowed to earn and/or retain income from professional, non-clinical activities. Good Standing Criteria might include, for example, keeping appropriate licensure and clinical privileges current, or meeting requirements for clinical coverage, teaching obligations, participation in departmental activities, or revenue generation. A pathway to return to Good Standing, should it be lost, must be defined. Prior to implementing or revising Good Standing Criteria, affected Plan participants and the Advisory Committee representatives shall be provided the opportunity to review and comment on the proposed criteria.

All members of the Health Sciences Compensation Plan should be deemed to be in Good Standing until they encounter some circumstance in which their capacity to earn income is impaired. A faculty member may fail to be in Good Standing only for conduct which significantly and negatively impacts the health sciences school's central functions of teaching, research/scholarship, clinical care, and University and public service. Reasons for loss of Good Standing might include,

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for example, a negative five-year review, instances of misconduct, inability to participate in the generation of salary, refusal to participate in assigned duties, failure to participate in mandatory training, loss of clinical privileges, or loss of licensure and/or credentials.

A determination that a faculty member is not in Good Standing may affect the amount of negotiated additional compensation [Y; see APM - 670-18-c(1)] and/or Incentive/Bonus compensation [Z; see APM - 670-18-c(2)] that the faculty member may earn. If a faculty member is unable to practice at a specific site due to revocation of clinical privileges, for example, that faculty member must be willing to undertake new duties as assigned, or otherwise must forfeit the compensation from that assignment. Faculty who are not in Good Standing must obtain advance approval from the Department Chair to engage in any unassigned professional activities. If approved, the income from all such approved activities shall accrue to the Plan and not to the faculty member.

Exceptions may be approved in writing in accordance with school Implementing Procedures. A determination that a faculty member is not in Good Standing must be approved by the Dean, and any faculty member who is found not in Good Standing shall be notified in writing by the Department Chair of the reasons for that determination and what steps must be taken in order to return to Good Standing. A faculty member who believes that Good Standing Criteria have been applied unfairly may appeal to the Advisory Committee (described in APM - 670-6-d) in accordance with school Implementing Procedures.

#### 670-14 Eligibility

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

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

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

- 1)- Professor
- 2)- Professor In Residence
- 3)- Professor of Clinical \_\_\_\_\_(e.g., Medicine)

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- 4) Adjunct Professor
- 5) Acting Professor
- 6) Clinical Professor
- 6)7) Visiting Professor
- 7) Health Sciences Clinical Professor
- 8) Health Sciences School Dean titles-
- 9) Any other title series approved for membership in this Plan by the President or the President's designee-

A member of the faculty who was appointed in a health sciences school at the time of their retirement may be recalled to participate in the Health Sciences Compensation Plan yet may not exceed a maximum total per each month of 43 percent of full time. Please refer to APM – 205, Recall for Academic Appointees for terms and conditions for Plan membership for recall appointees. All other faculty participating in the Plan must hold appointments greater than 50 percent of full time.

Deans and other faculty administrators in Plan schools shall be members of the Plan if they hold an underlying Health Sciences Compensation Plan faculty title; however, salary and reporting requirements are defined by the personnel policies governing the administrative appointments.

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

Membership in the Plan shall continue while the Plan continues to be in effect. Separation from an eligible appointment will terminate membership in the Plan.

Faculty holding any of the titles 1 through 9 above with an appointment in more than one department will participate in the Plan if their appointment is more than 50 percent in a department participating in the Plan and funded by one or more of

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the participating health sciences units. If included in the Plan, they will be subject to continued membership and to all requirements of the Plan. Determination of and responsibility for the faculty member's salary must be jointly agreed to in writing by the Chairs of the affected Departments and approved annually by the Dean(s). The Departments participating in the Plan are responsible for administering compensation including health and welfare benefits.

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

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

The President Chancellor shall review and has authority is authorized to approve specific provisions in campus procedures, and requests by Chancellors Deans in specific cases, for inclusion in the Plan of individuals in a health sciences school whose appointments are in the series listed in Section III.A, APM – 670-14-a, regardless of percentage of time appointment.

#### 670-18 Salary

#### **IV. Compensation**

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

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

Faculty members participating in this Plan shall:

- 1) receive base salary as described in Section bB, below;
- 2) be eligible for optional additional compensation as described in Section cC, below;
- 3) be permitted to retain the other miscellaneous income as described in Section D, below. APM – 670-19;

Payment under the Health Sciences Compensation Plan will be made directly to

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the Plan participant in his/her individual capacity and will not, absent prior approval from the President or the President's designee, be made to any professional corporation or other legal entity maintained by the Plan participant.

Generally, off-scale salaries are not awarded. No State funds shall be used for the portion of base salary that exceeds the Fiscal Year Salary Scales for the Plan member's rank and step or for optional University additional compensation as described at Section c, below. This portion of compensation shall be funded using Compensation Plan funds and other non-State funds in compliance with any related fund source restrictions.

**b.B. Base Salary (X and X') and Academic Programmatic Unit (APU)**

Base salary for an individual is the approved rate on one of the Health Sciences Compensation Plan Salary Scales, associated with that a faculty member's academic rank, step and assigned APU academic programmatic unit. Base salary shall equal at least the approved rate on the Fiscal Year Salary Scale (HSCP Scale 0) for the faculty member's rank and step (X). The bBase salary is covered under the University of California Retirement Plan (UCRP) up to the amount permissible under Internal Revenue Code provisions law and in accordance with UCRP policy and provisions and regulations. Salary scales shall be assigned to academic programmatic units Plan participants' APU scale assignments shall be approved by the Dean and assignments may be changed in accordance with guidelines issued by the Chancellor-President. The differential between X (Scale 0) and the faculty member's APU is designated X-prime (X').

- 1) For the purpose of determining the Health Sciences Base Salary Rate, each Department shall establish at least one APU to which the faculty shall be assigned. An APU shall comprise faculty with similar clinical, teaching and research responsibilities. The Department Chair shall recommend an appropriate APU assignment for each member of the Plan, based on clinical, teaching and research responsibilities. Each APU shall be assigned to an HSCP Salary Scale, according to school Implementing Procedures.
- 2) In keeping with the responsibility of the University to ensure consistency of compensation by creation of APUs or assignment of faculty to APUs:
  - a) Deans are authorized to approve the faculty composition of each APU and assignment of a salary scale to that unit, subsequent to the Department Chair's recommendation.



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- b) Deans must receive advance approval from the Chancellor or the Chancellor's designee for an APU comprising fewer than four members. The request for approval shall include the criteria for composition of the APU, and the name, series, rank, and step of each member.
- c) An APU must remain at its assigned HSCP Salary Scale for at least one year before being assigned to a higher or lower scale.
- d) An APU may move to a higher HSCP Salary Scale by a maximum of one scale per year. An APU typically moves down no more than one scale at a time.

No individual faculty member may be moved from one APU to another without a significant change in duties or a change in department. Department chairs shall report annually to the Dean the name of any faculty member who has moved from one APU to another and the reason for the transition.

**C. Optional Additional Compensation**

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

- 1)- Negotiated additional compensation ("Y")

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

- 2)- Incentive/Bonus compensation ("Z")

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Plan members may receive incentive/bonus compensation. This incentive/bonus compensation is not covered compensation for UCRP, the University of California Retirement Plan, but may be eligible for the Health Sciences Severance Pay Plan, as described at Section V.B.

Departmental Implementing Procedures will describe the manner in which faculty members within a department, division, or APU may earn incentive compensation beyond base and negotiated compensation, upon approval by the Dean.

3) Administrative Stipends

Plan members may receive administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal responsibilities.

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

- a. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities.
- b. Certain categories of income accruing from occasional service, as described below, may be retained by Plan members. Department Implementing Procedures shall address whether members can deposit remuneration from miscellaneous outside activities into an academic enrichment account, and the terms and conditions for those accounts. The Department Chair and/or Dean shall monitor the frequency of individual activity in these areas:
- 1) Income from occasional outside professional activity (other than patient care) in accordance with the Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants issued by the President or the President's designee, School and campus Implementing Procedures, and APM – 025 (see also Appendix B);-
  - 2) Prizes, defined as gifts in recognition of personal achievements and not for services rendered;-
  - 3) Royalties, defined as shares of proceeds for contributions as authors or

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inventors, as allowed under the University's copyright and patent policies:-

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- 4) Honoraria, defined as payments by agencies outside the University for occasional lectures and similar public appearances beyond normal academic responsibilities to the University of California and which are not in return for other services, whether given directly or indirectly;
- 5) University honoraria, defined as payment for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy;
- 6) Administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal academic responsibilities.
- 6)7) Income from a profession or activity unrelated to the training and experience which is the individual's qualification for University appointment as determined by the Department Chairperson in consultation with the Dean.

#### c. Complaints and Appeals

A faculty member who has a complaint about an issue related to outside professional activities should first try to resolve the issue at the departmental level. If the complaint cannot be resolved through discussions, the faculty member's complaint and the Department Chair's response should be documented. If the faculty member disagrees with the departmental decision, s/he should file a formal complaint with the Dean. The Dean will charge the Advisory Committee with fact-finding. Both the Chair or the Chair's designee and the faculty member will have the right to be heard by the Committee. The Committee will issue a formal recommendation for resolution to the Dean. The Dean makes the decision based on this recommendation. Senate faculty may pursue their grievance rights under the terms of Senate Bylaw 335. Non-Senate faculty may request a hearing under the terms of APM - 140.

#### 670-20 Use/Terms of Employment/Conditions of Employment

##### **V. Benefits**

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

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Plan, and this mechanism shall be included in the school Implementing campus  
Procedures established for administration of the Plan.

All such benefits as described below and in related policies shall be provided  
uniformly within departments or divisions, as reviewed by their participants and as  
approved by the Dean.

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

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

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

The Regents have authorized disability and life insurance ~~some~~ benefit programs related to health sciences additional compensation beyond the base salary.:

~~1. Disability and life insurance programs~~

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

~~2. Health Sciences Severance Pay Plan (HSSPP)~~

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

**c.C. Paid Leave**

Plan members who are eligible for sabbatical leave, leave with salary, or extended illness leave vacation leave, or who are granted sick leave (including parental leave) may be granted such leave paid at least at the Health Sciences Scales Base Salary rate (X, X') or total negotiated salary rate as set forth in local Implementing Procedures. A Plan member who leaves University service or transfers from a vacation-accruing title to a non-accruing title shall be paid for accrued vacation at the Plan member's total negotiated salary rate at the time of separation.

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With the exception of the two provisions below, or where explicitly stated in policy, members of the Plan are eligible for leaves as defined in APM - 710 - 760. Schools or departments that include provisions in Implementing Procedures for leaves shall clearly define the rate of pay, i.e. whether any additional leave will be paid more than the minimum base salary rate. In the absence of specific Implementing Procedures, the leave provisions as described in APM - 710 - 760 will be used.

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

### 1) Extended Illness

Members of the Plan who are appointed full-time to at least a twelve-month term who are unable to work for reasons of extended personal illness, injury, or disability shall be granted paid medical leave of a minimum of six (6) weeks of consecutive or intermittent paid medical leave at the approved base salary. Any additional compensation under the HSCP shall be paid in accordance with campus policies.

- a) Extended illness leave may not exceed the maximum time period allowable under APM - 710-11-a and b.
- b) Authority to review and approve requests for extended illness leave rests with the Chancellor. This authority may be redelegated.

### 2) Childbearing and Childrearing

Childbearing and childrearing leaves shall be approved consistent with APM - 760-25. In no case shall childbearing and childrearing leave be less than the minimum time period or base salary rate of pay as allotted under APM - 760-25b.

### 670-22 Funds

The management and reporting of professional services income and expenses under this Plan must be consistent with campus accounting and budgeting methods as outlined in Appendix C of this policy.

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

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

**1. University Management**

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

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

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

**2. Reports**

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

**B. Fund Accounts and Sources**

Each campus shall establish one or more school Compensation Plan fund account(s) (or, with the approval of the Chancellor on recommendation of the

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Dean, a department, division, or academic programmatic unit fund account for each such unit participating in this Plan).—All fund accounts shall be separate University accounts and shall receive Plan income from the following sources:

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

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

- 1.— Funds made available for salaries from University administered grants and contracts.
- 2.— Funds made available from unrestricted, non State fund accounts within the school.
- 3.— Gifts and other funds available for such purposes, as allocated by the Dean or Chancellor.

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

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

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

Campus procedures shall require the establishment of one or more reserve fund(s) and shall specify whether such reserve funds will be established at the school, department, division or academic programmatic unit level. The purpose of the reserve(s) is to provide the funds necessary to pay Plan expenses, including the agreed upon compensation to each Plan participant, in the event



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~~that the current year income of the Plan is insufficient to do so. If the funds in the appropriate reserve account are insufficient for the purpose, the Chancellor may seek support from another non State fund account (or other non State fund accounts) within the school. If such support is not forthcoming, then the campus will reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, department, division, or academic programmatic unit as determined by the Chancellor.~~

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

#### **E. Budgeting**

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

- ~~1. Clinical practice operating expenses, defined as costs incurred by the University for billing and collection of fees for clinical services; for faculty use of University owned and/or leased practice facilities; and for related professional operating activities.~~
- ~~2. To the extent that funds remain after expenditures for clinical practice costs indicated in 1., above, compensation may be paid to eligible participants in the Plan. Base salary and related benefits, including any required contribution on behalf of University of California Retirement Plan covered compensation, shall be funded before additional compensation.~~
- ~~3. To the extent that funds remain after the foregoing expenditures, benefits approved in accordance with Sections V.B. and V.C. may be paid.~~
- ~~4. To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.~~
- ~~5. When a health sciences fund account has accumulated a surplus beyond that required for expenditures and reserves as provided in all the above categories, the surplus shall be used as follows:~~

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- a) ~~At least one half for academic purposes in the department or division of origin (including but not limited to salaries for support personnel) as recommended by the Chair and approved by the Dean;~~
- b) ~~The remainder may be used for other purposes in the school or campus as recommended by the Department Chair and the Dean and approved by the Chancellor.~~

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

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

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

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

### **670-24 Authority**

#### **a. The President**

- 1) The President or the President's designee shall have the authority to issue administrative guidelines and procedures further refining this Plan.
- 2) The President or the President's designee shall approve the inclusion or exclusion of a health sciences school, discipline, or specialty in the Plan, subsequent to the Chancellor's recommendation.

#### **b. The Chancellor**

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- 1) The Chancellor shall submit school Implementing Procedures to the President or the President's designee for approval. Such authority may not be redelegated.
- 2) The Chancellor shall submit revisions to school Implementing Procedures within the limitations of the Plan to the President or the President's designee for approval. Such authority may not be redelegated.
- 3) The Chancellor shall approve exceptions to the provisions of the Plan to meet special teaching, research, or clinical service requirement.

670-80 Procedures/Review Procedures

a. Annual Notification

Once per fiscal year, the Department Chair or Unit Head shall provide each member of the Plan a written notification of the member's total annual compensation. This notification shall include:

- 1) The amount of UCRP-covered salary (X, and if applicable, X');
- 2) Which HSCP Salary Scale has been assigned to the Plan member's APU (X, X');
- 3) The amount of negotiated additional compensation (Y); and
- 4) The payment schedule for Incentive/Bonus compensation (Z) payments and the departmental and/or school assessment policy for Z payments.

b. Implementation

- 1) Revisions to school Implementing Procedures that are necessitated by revisions to the Plan shall be submitted for the President's or the President's designee's review within one year of approval of said Plan revisions. School Implementing Procedures may be made effective as of the effective date of such revisions to the Plan, or at any time thereafter, as authorized by the President or the President's designee.
- 2) The Dean is responsible for implementing and administering the school Plan, including the resolution of complaints and appeals.

**APPENDIX A**

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

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

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**Philosophy**

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

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

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

Health sciences compensation plans must be clear and justify calculation of compensation and contain a mechanism for impartial review to protect the rights of individual faculty.

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

The implementation, administration and continued operation of this Plan shall be

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contingent on the understanding and assurance that it will not require the expenditure of more State-appropriated funds in the University budget than operation without the Plan would require.

Pending Approval

**UC Office of the President  
Appendix B**

**a. Introduction**

**1)A. Overview of Office of the President Guidelines**

These Guidelines may be amended or repealed by the President following consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate Committee(s). Questions about these guidelines should be directed to the Provost and Executive Senior Vice President–Academic Affairs.

These Guidelines are intended to provide a framework within which Implementing Procedures will be developed by each health sciences school that participates in the Plan. Additional Implementing Procedures may be developed for individual departments or organized research units. These additional Procedures must be consistent with the school Implementing Procedures and approved by the Dean. ~~Throughout these guidelines, the term “campus implementing procedures” is a generic term used to refer to school, department and organized research unit implementing procedures.~~

Compensation Plan participants may engage in occasional outside professional activities (other than patient care) and retain the related income only in accordance with these Guidelines and campus school Implementing Procedures. In addition to these Guidelines, Plan participants must comply with other pertinent policies including:

- Regents’ Standing Order 103.1(b) Service Obligations
- Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University.
- University Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974.
- APM – 020, Special Services to Individuals and Organizations

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- ~~University Regulation No. 4 (Special Services to Individuals and Organizations).~~

#### **2)B. School Implementing Procedures and Faculty Consultation**

~~School Implementing Procedures~~ must be consistent with these ~~Guidelines~~, reviewed by the appropriate ~~division~~ Academic Senate committee(s), and ~~approved~~ reviewed by the Chancellor and ~~approved prior to implementation~~ by the President or the President's designee. Affected Plan participants shall be provided with the opportunity to review and comment on proposed ~~campus school Implementing Procedures~~. In addition, as described at ~~Section H.C.5., in APM – 670-6-d of the Plan, an Advisory Committee~~ which includes faculty representatives shall advise the Dean on ~~campus school Implementing Procedures~~ developed in accordance with ~~Section H.C. these Guidelines~~.

#### **b.H. Requirements on Outside Professional Activities by Compensation Plan Participants**

##### **1)A. General**

~~School Campus Implementing Procedures~~ shall include ~~Guidelines requirements~~ on outside professional activities by ~~Compensation Plan Participants~~. The University-wide ~~Standard Requirement~~ described at ~~H.B. in section b-2 below~~ shall apply to Plan participants unless an ~~Alternative Option~~ is approved in accordance with ~~Section H.C. b-3 below~~, for implementation in the Plan participant's school, department or organized research unit. The mechanisms for addressing potential conflicts of commitment, described at ~~in Section H.C.4, b-3(d) below~~ are applicable in schools, departments or organized research units which operate under an ~~Alternative Option~~, but are not required in schools, departments or units which operate under the University-wide ~~Standard Requirement~~.

##### **2)B. University-wide Standard Requirement**

The University-wide ~~Standard Requirement~~ is that Plan participants shall be allowed to retain payments from 21 days of service (other than patient care) per fiscal year to governmental agencies, to non-profit health- or education-related organizations, to continuing health education programs administered by the University, or to University Extension, if such service has been approved by the Dean and the Chancellor.



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3)C.— Alternative Options

a)1. General Overview

Chancellors, after consultation with the appropriate division Academic Senate Committee(s), may submit to the President or the President's designee for approval provisions in school Implementing Procedures which would modify the University-wide Standard Requirement (as described above in Section H.B. Appendix B-b-2) to allow Plan participants in all or selected departments or units to retain additional types of income and/or income from more than 21 days of compensated outside professional activities. If an Alternative Option is proposed, the school Implementing Procedures must meet minimum criteria, as described below, with regard to:

- a limit on the number of days devoted to compensated outside professional activity;
- a description of types of professional income that may be retained; and
- mechanisms for addressing potential conflicts of commitment; and
- ~~an advisory committee.~~

b)2. Limit on the Number of Days Devoted to Compensated Outside Professional Activity

School Implementing Procedures or Guidelines must specify the maximum number of days which Plan participants may devote to compensated outside professional activity. The maximum number of days allowed must not exceed the time limits established for compensated outside professional activities in APM - Academic Personnel Policy-025. The school Procedures may allow departments or organized research units to set more restrictive limits, but such limits shall not be less than 21 days of compensated outside professional activity. Prior to implementing or revising a limit on the number of days devoted to compensated outside professional activities, affected Plan participants shall be provided an opportunity to review and comment on the proposed limit.

c)3- Description of Types of Professional Income that May be Retained

School ~~I~~implementing ~~P~~rocedures must clearly describe the types of professional income that Plan members may be allowed to retain. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities. In addition to the types of income specified in the University-wide ~~S~~standard ~~R~~requirement, school ~~I~~implementing ~~P~~rocedures may allow Plan participants in all or selected departments or organized research units to retain additional types of professional income, such as:

~~1)a-~~ Consulting income from non-profit and for-profit entities, and/or

~~2)b-~~ Income from consulting or testifying as an expert or professional witness.

School ~~C~~ampus ~~I~~implementing ~~P~~rocedures must also reference: 1) the University's Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974, which requires designated University employees to disqualify themselves from participating in University decisions in which they have a personal financial interest; and 2) the Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University. Since a faculty member's compensated outside activities may create an obligation for the faculty member to disclose a financial interest before making or participating in certain University decisions, ~~campus school I~~implementing ~~P~~rocedures should also specify where ~~on-campus faculty can~~ to obtain information on the disclosure and disqualification requirements of the Political Reform Act of 1974, including the Academic Decision Regulation.

d)4- Mechanisms for Addressing Potential Conflicts of Commitment

School ~~I~~implementing ~~P~~rocedures shall include mechanisms to identify and resolve potential conflicts between a Plan participant's commitment to generating revenues within the Plan and his or her outside professional activities. These mechanisms shall apply to all departments or units in which the University-wide ~~S~~standard ~~R~~requirement on occasional

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professional activity (as described in ~~Section H.B~~ Appendix B-b-2) has been modified to allow Plan participants to retain additional types of income and/or income from more than 21 days of service. Responsibilities of the Department Chair that are discussed below shall be assumed by the Dean with respect to oversight of the outside professional activities of Department Chairs.

1) ~~a.~~ Reporting of Outside Professional Activities

Each Plan participant shall be required to submit to his or her Department Chair an annual report describing the previous year's outside professional activities from which the Plan participant retained income and an attestation of adherence to procedures implementing these ~~G~~ guidelines. It is the responsibility of the Plan participant to bring to the attention of his or her Department Chair those activities which require advance approval pursuant to ~~Sections H.C.4.b. and c., below~~ APM – 670-10.

~~b. Good Standing Criteria~~

~~Written good standing criteria shall be established at the school, department or organized research unit level. Plan participants must satisfy the good standing criteria in order to be allowed to earn and/or retain income from professional activities. Good standing criteria might include, for example, requirements for clinical coverage, teaching obligations, participation in departmental activities and revenue generation. Prior to the implementation or revision of good standing criteria, affected Plan participants shall be provided the opportunity to review and comment on the proposed criteria.~~

~~Faculty who are not in good standing must obtain advance approval from the Department Chair to engage in any unassigned professional activities, and the income from all such approved activities shall accrue to the Compensation Plan, not to the Plan participant. Exceptions may be approved in writing in accordance with campus procedures. Any faculty member who is not in good standing shall be notified in writing by the Department Chair of the reasons for that determination. Faculty who believe the good standing criteria have been applied unfairly may appeal to the Advisory Committee (described at section H.C.5. below) in accordance with campus procedures.~~

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2)e. Annual Outside Professional Earnings Approval Threshold

An annual outside professional earnings approval threshold shall be established at the school, department or organized research unit level. A Plan participant who has satisfied the Good Standing Criteria established in accordance with Section II.C.4.b., APM – 670-10, who has not exceeded the limit on the number of days devoted to compensated outside professional activities established in accordance with Appendix B-b-3(b) Section II.C.2, and whose annual earnings from all outside professional activities will be less than the approval threshold is allowed to engage in outside professional activities (other than patient care) in accordance with all applicable University policies without having to request prior approval from his or her Department Chair, ~~to engage in the activities.~~ The approval threshold must not exceed the maximum approval threshold set by the Provost President. Effective with the issuance of these guidelines, the maximum annual outside professional earnings approval threshold set by the President shall be \$~~420,000~~ or 20 percent of the Health Sciences Compensation Plan salary scale for an individual faculty member's rank, step, and APU academic-programmatic unit, whichever is greater.<sup>1</sup> This approval threshold may be adjusted for inflation on a periodic basis by the Provost Office of the President, in accordance with the California Consumer Price Index (CPI). ~~and campuses may adjust their local thresholds accordingly.~~ The adjusted threshold will be published in the Academic Salary Scales and campuses may adjust their local thresholds accordingly. The maximum approval threshold may also be re-evaluated periodically by the Provost Office of the President in consultation with campus management. ~~and the Academic Senate.~~ ~~The first re-evaluation will be three to five years after these guidelines are issued.~~ Prior to the implementation implementing or revision of revising a school, department or unit approval threshold, affected Plan participants shall be provided an opportunity to review and comment on the proposed threshold.

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<sup>1</sup>For example, under this provision, using the salary scales effective on 10/1/99~~2011~~, a Professor Step IX on the Health Sciences Compensation Plan salary scale 9 (the highest salary scale) could be permitted to earn and retain up to \$~~76,320~~~~64,840~~ (20 percent of \$~~381,600~~~~324,200~~) before having to request approval to engage in outside professional activities.

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Each Plan participant shall be responsible for maintaining a running total of his or her annual earnings from all outside professional activities. If the Plan participant wishes to engage in an activity that might reasonably be expected to cause his or her total annual earnings from all outside professional activities to exceed the approval threshold established for his or her school, department or organized research unit, then the Plan participant must request approval to engage in the activity. To request approval, the Plan participant is required to provide to his or her Department Chair, in writing, relevant details about the engagement including: the nature of the services to be provided; the person or entity who will receive and/or pay for the service;<sup>2</sup> the anticipated period of service and/or days to be devoted to the activity; the total expected income from the activity; and the amount by which the participant's total annual earnings from outside activities are expected to exceed the threshold. Department Chairs shall forward to the Dean any request which requires review by the Dean and/or Chancellor in accordance with school campus Implementing Procedures and Guidelines. ~~If a Plan participant's request is approved, the Plan participant may retain the entire amount of income from that activity, including the portion which exceeds the approval threshold.~~ If a request is not approved, the Department Chair will advise the Plan participant whether: 1) the activity may be undertaken, but with all related income accruing to the Compensation Plan; or 2) the activity may not be undertaken at all. After a Plan participant has received approval to engage in an activity which may cause his or her total annual earnings from outside professional activities to exceed the established approved threshold, he or she must request the Chair's approval for any subsequent engagement(s). If such engagements are allowed, they shall be undertaken with all related income accruing to the Compensation Plan unless an exception is approved in writing in accordance with school campus Implementing Procedures or Guidelines. ~~procedures.~~

Department Chairs and/or Deans may approve Plan participants' requests to engage in outside professional activities in accordance with school campus Implementing Procedures or Guidelines. ~~procedures.~~ However, school campus Implementing Procedures or

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<sup>2</sup>When required to ensure appropriate patient confidentiality, the person or entity to be reported as recipient/payer for professional witness activities is the attorney or law firm requesting the services.

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Guidelines procedures shall state that only the Chancellor has authority to approve any request which involves a Plan participant retaining earnings that exceed the maximum annual outside professional earnings approval threshold set by the Provost President (~~[see above in Appendix B-b-3(d)(2)] . Section II.C.4.c.~~). ~~Requests approved by the Chancellor shall be in writing with a copy to the President.~~

Plan participants shall notify Department heads immediately if they inadvertently exceed the dollar threshold or if any of the information they provided in an approval request changes or is found to be inaccurate; ~~becomes inaccurate~~; for example, a participant should immediately notify his or her Department Chair if the initial estimate of earnings from an outside professional activity turns out to be understated. Plan participants are subject to corrective action and disciplinary measures as outlined above in Appendix B-d Section IV for violation, neglect or manipulation of Compensation Plan requirements.

5. ~~Advisory Committee~~

~~An advisory committee which includes faculty representatives shall be established to assist the Dean in resolving issues on outside professional activities which arise from implementation of these guidelines. The composition of the committee, method for selecting members, term of service, and procedures (including those for receiving and hearing faculty complaints) shall be specified in the school implementing procedures. At least half of the committee's voting members shall be elected by members of the Compensation Plan. The committee's functions shall include advising the Dean on:~~

- ~~a. School implementing procedures, including the establishment of good standing criteria and approval thresholds.—~~
- ~~b. Processes for developing departmental and organized research unit implementing procedures including methods for obtaining faculty input and for determining consistency with school implementing procedures.~~
- ~~c. Faculty grievances with regard to the implementation and administration of these guidelines.~~

**c.III. Limitations on Use of University Resources in Connection with Outside Professional Activities**

The use of University staff, laboratories, facilities, or other University resources in connection with outside professional activities is subject to limitations. The Faculty Code of Conduct, Part II, C. lists the unauthorized use of University resources or facilities on a significant scale for personal, commercial, political, or religious purposes as a type of unacceptable conduct (see Academic Personnel Policy APM - 015, Section II). In general, when faculty retain income from professional consulting or expert witness activities, particularly when the activities are conducted for third party for-profit entities or private individuals, the costs associated with the consulting or witness activities should be borne by the third party or the faculty member, not by the University. In addition, the University's liability coverage does not extend to certain faculty consulting and expert witness activities. For example, University malpractice/professional liability coverage does not generally extend to expert witness activities when the faculty member retains the related income. Questions about the appropriate use of University resources and coverage under University liability programs should be discussed with the faculty member's department or unit head, who may consult with the Dean. The Dean will, if necessary, refer the questions to other appropriate University officers.

**d.IV. Monitoring and Enforcement**

The primary means of monitoring compliance will be review by Department Chairs of information provided by the faculty member in annual reports on outside professional activities. If a Department Chair has any concerns about whether a Compensation Plan member is meeting the established standards, the matter may be referred to the Dean of the appropriate School. The responsibility for oversight of the outside professional activities of Department Chairs shall reside with the Dean.

School Campus Implementing Procedures or Guidelines shall clearly state that the University reserves the right to take corrective action and disciplinary measures toward ~~against~~ any Compensation Plan member who fails to comply with Compensation Plan Implementing Procedures on outside professional activities. Situations where Compensation Plan members will be considered out of compliance include, but are not limited to:

- Failure to turn over income due to the Plan as required by school campus Implementing Procedures or Guidelines.

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- Failure to accurately disclose and describe the nature and scope of outside professional activities as required by school campus Implementing Procedures or Guidelines.

If the Department Chair or the Dean has reason to believe that a Plan member has not complied with the school campus Implementing Procedures or Guidelines on outside professional activities, the Dean may take appropriate corrective action. A procedure for hearing and resolving disputes about corrective action shall be provided in school implementing Procedures. Corrective action refers to the discontinuation of certain privileges available only to Plan members, in particular the opportunity to earn and receive compensation above the fiscal year salary scale through the Compensation Plan, because of noncompliance. For example, corrective actions may include:

- Incentive or bonus compensation (commonly referred to as “Z” compensation) may be discontinued until such time as the Plan member complies with the Compensation Plan provisions, or—
- Additional negotiated compensation (commonly referred to as “Y”-compensation) may be set with consideration of the Plan member’s prior performance, including compliance with guidelines on outside professional activities.

Compensation established in accordance with the specialized Health Sciences Salary Scales (commonly referred to as “X” compensation) shall not be reduced as a corrective action unless the Plan member is placed, by Chancellorial Presidential-exception, on the fiscal year salary scale.

Reductions in compensation are not always the result of corrective action and may also occur for other reasons such as insufficiency of current year income and contingency reserves (see Appendix C Health Sciences Compensation Plan, Section VI.D.). Whenever reductions in compensation are the result of corrective action, faculty shall be so notified in writing.

In addition, corrective action will not preclude sanctions or disciplinary measures in accordance with the Faculty Code of Conduct and Academic Senate Bylaws. Violations by Plan members of either the time limits or approval thresholds on outside professional activities represent an unauthorized use of University resources and/or retention of funds belonging to the University. Such violations are subject to discipline in accordance with the Faculty Code of Conduct.

An Academic Senate member who is subject to corrective action has available to



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him or her a grievance process through the Privilege and Tenure Committee as described in Academic Senate Bylaw 335. Other faculty may grieve through the provisions of Academic Personnel Policy 140.

Pending Approval

Appendix C

Campus Accounting and Budgeting Methods

a. Management and Reporting of Professional Services Income and Expenses

1) University Management

All professional services income generated by Compensation Plan members shall be considered revenue of the University; the only exception to this requirement shall be income which the Plan participant is allowed to retain in accordance with APM - 670-19. All compensation paid by the University to Plan members will be subject to Federal and State withholding and reported on a W-2 form as wages in accordance with Internal Revenue Service (IRS) Regulations and University policies and procedures. All compensation must be included in the employee's income as wages subject to withholding for applicable Federal, State and FICA taxes. Eligibility and withholding for benefits (such as the University of California Retirement Plan, Retirement Savings Programs and employee life insurance programs) will be determined based upon the University's policies and procedures. School Implementing Procedures shall include billing and accounting procedures necessary to assure accountability for all funds. All financial transactions shall be approved, documented, and otherwise processed or executed in accordance with University policies, procedures and delegations of authority.

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

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

2) Reports

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

#### **b) Accounts and Sources**

Each campus shall establish one or more school Compensation Plan account(s) in the financial accounting records for the campus or, with the approval of the Chancellor on recommendation of the Dean, an account for each such unit participating in this Plan; may also be established at the department and divisional level. Plan income from the following sources should be recorded in these accounts:

- 1) Income from professional services.
- 2) Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan, excluding stipends in APM - 670-18-c(3).
- 3) Such other funds as are required by the Chancellor or President or the President's designee to be included in fund accounts.

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

- 1) Funds made available for salaries from University-administered grants and contracts.
- 2) Funds made available from unrestricted, non-State fund accounts within the school.
- 3) Gifts and other funds available for such purposes, as allocated by the Dean or Chancellor.

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

To aid in the administration, budgeting, and allocation of professional services income, gross Plan income shall be assessed using a rate(s) annually recommended by the Dean and approved by the Chancellor for each school or department. The income categories specified in APM - 670-19 are not subject to assessment.

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

School Implementing Procedures shall require the establishment of one or more reserve account(s) and shall specify whether such reserve account(s) will be established at the school, department, or division. The purpose of the reserve(s) is to

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provide the funds necessary to pay Plan expenses, including the agreed-upon compensation to each Plan participant, in the event that the current year income of the Plan is insufficient to do so. If the funds in the appropriate reserve account are insufficient for the purpose, the Chancellor may seek support from another non-State account(s) within the school. If such support is not forthcoming, then the campus will reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, department, or division, as determined by the Chancellor.

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

#### e. **Budgeting**

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

- 1) Clinical practice operating expenses, defined as costs incurred by the University for billing and collection of fees for clinical services; for faculty use of University-owned and/or -leased practice facilities; and for related professional operating activities.
- 2) To the extent that funds remain after expenditures for clinical practice costs indicated in 1), above, compensation may be paid to eligible participants in the Plan. Base salary and related benefits, including any required contribution on behalf of University of California Retirement Plan covered compensation, shall be funded before additional compensation.
- 3) To the extent that funds remain after the foregoing expenditures, benefits costs approved in accordance with APM - 670-20 may be paid.
- 4) To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.
- 5) When a health sciences account has accumulated a surplus beyond that required for expenditures and reserves as provided in all the above categories, the surplus shall be used as follows:

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- a) At least one-half may be used for academic purposes in the department or division of origin (including but not limited to salaries for support personnel) as recommended by the Chair and approved by the Dean; and
- b) The remainder may be used for other purposes in the school or campus as recommended by the Department Chair and the Dean and approved by the Chancellor.

Pending Approval