

The Regents of the University of California

COMMITTEE ON COMPENSATION

July 18, 2013

A special meeting of the Committee on Compensation was held on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Blum, De La Peña, Feingold, Kieffer, Reiss, and Ruiz; Ex officio members Lansing, Varner, and Yudof; Advisory member Powell

In attendance: Regents Flores, Gould, Island, Makarechian, Newsom, Pattiz, Schultz, and Zettel, Regents-designate Engelhorn, Leong Clancy, and Saifuddin, Faculty Representative Jacob, Associate Secretary Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice President Dooley, Vice Presidents Beckwith, Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Dirks, Drake, Katehi, Khosla, and Yang, Acting Chancellor Conoley, and Recording Secretary McCarthy

The meeting convened at 1:20 p.m. with Committee Chair Kieffer presiding.

Chairman Varner said that this was an historic day, when the Regents would have the opportunity to appoint a remarkable candidate as the 20th President of the University. Janet Napolitano possesses unique qualities of leadership, experience, insight, and perseverance of the highest order. Her commitment to public education runs deep and she has the intellectual curiosity and sound judgment necessary to run one of the world's finest universities. Chairman Varner said Ms. Napolitano would be the first female president of UC and would fight hard for the faculty, their research and scholarship, for students, and for Californians.

1. PUBLIC COMMENT

Chairman Varner explained that the Committee had been convened in order to permit members of the public an opportunity to address University-related matters. The following persons addressed the Board concerning the items noted:

- A. Ms. Siti Rahmaputri, incoming undocumented transfer student at UC Berkeley, said that she and her family had been notified of a deportation date the prior year, but her deportation was deferred because of the Deferred Action for Childhood Arrivals. She said that school has been a safe place for her in spite of her immigration concerns and expressed fear that this would no longer be true if Ms. Napolitano were appointed President of UC, because of her current position as Secretary of Homeland Security.
- B. Ms. Andrea Gaspar, UC Irvine student, expressed her opposition to the appointment of Ms. Napolitano because it would engender fear among immigrant

families who have students at UC. She said that the Regents do not know what it is like to be an immigrant family living near a militarized border.

- C. Mr. Ju Hong, an undocumented alumnus of UC Berkeley, expressed opposition to the appointment of Ms. Napolitano because of her involvement with federal immigration programs. Mr. Hong said that many people have been deported unjustly and immigrant families have been separated.
- D. Mr. Bruno Huizar said that in 2009 he and his father were on their way to work at a construction site when they were stopped by police; his father was taken away under immigration policies Mr. Huizar attributed to Ms. Napolitano and that was the last time he saw his father. Subsequently his family lost their home. He expressed opposition to the appointment of Ms. Napolitano.
- E. Ms. Raquel Morales, UC Student Association (UCSA) President, referred to letters from nine former UCSA presidents in which they expressed concern about the nomination of Ms. Napolitano. Ms. Morales urged the Regents to consider these letters. She also expressed students' confidence in student Regent Flores.
- F. Mr. Bob Meister, president of the Council of UC Faculty Associations, said that Ms. Napolitano had not been made available for public discussion. While many faculty are hopeful that a public figure such as Ms. Napolitano would help the University secure federal and State funding, many are also concerned about communications security at the University in light of recent revelations about the national security surveillance system. He said that student responses in online courses might be subject to surveillance. While Ms. Napolitano would be highly qualified to discuss these issues, Mr. Meister asked whether her appointment might be used to suppress such discussion. He questioned whether the Regents might consider increased federal spending on surveillance as a means to increase UC's funding in a way that would compromise the integrity of UC's research and teaching mission.
- G. Mr. Aaron de Grassi expressed dissatisfaction with recent UC presidents. He urged students to work to make the process of appointing the University president more transparent and democratic. He said, given the likely appointment of Ms. Napolitano, students should remain aware of the UC Privacy and Information Security Initiative.
- H. Ms. Maggie Hardy, UC Berkeley undergraduate student, said the leader of UC should be a person with a longstanding commitment to public education in California. While Ms. Napolitano may have outstanding leadership skills, she has not been a leader in California public education. Ms. Hardy said that Ms. Napolitano has a record of supporting charter schools and a long employment history in national security.

- I. Mr. Jonathan Abboud, fourth-year UC Santa Barbara student and president of Associated Students of the University of California, Santa Barbara, urged the Regents to oversee Ms. Napolitano and her treatment of undocumented students. He expressed concern about her proposed salary in the current fiscal climate.
- J. Mr. Ryan Ahari, UCLA student and former student trustee of the Rancho Santiago Community College District, said that as student trustee he fought to protect the rights of undocumented and nonresident students who had attended high school in California. He expressed disapproval of the nomination of Ms. Napolitano because of her record of deporting undocumented workers and her lack of experience with education in California. He urged the Regents to vote against her appointment.
- K. Mr. Alex Aldana, who said he was an undocumented future UC student, expressed his opposition to the nomination of Ms. Napolitano because he said her immigration policies have separated families.
- M. Mr. Giuliani Alvarenga, UC Berkeley alumnus, spoke against the appointment of Ms. Napolitano and said there would be campus protests.
- N. Ms. Gloria Campos, undocumented student at UC Santa Barbara, said that a press release had been issued on behalf of UC undocumented student organizations opposing the appointment of Ms. Napolitano. She expressed undocumented students' concern for their safety given Ms. Napolitano's position as Secretary of Homeland Security.
- O. Ms. Norma Orozco, UC Santa Barbara graduate, expressed opposition to the appointment of Ms. Napolitano because she would try to silence student activists and would not create a safe environment for UC students.

2. **READING OF NOTICE OF MEETING**

For the record, it was confirmed that notice had been given in compliance with the Bylaws and Standing Orders for a special meeting of the Committee on Compensation, for this date and time, for the purpose of considering approval of compensation for Janet Napolitano as President of the University of California.

3. **APPROVAL OF COMPENSATION FOR JANET NAPOLITANO AS PRESIDENT OF THE UNIVERSITY OF CALIFORNIA AS DISCUSSED IN REGENTS ONLY SESSION**

Background to Recommendation

Following a nationwide search, Janet Napolitano has been nominated to become the 20th President of the University of California.

Ms. Napolitano is a distinguished public servant with a record of leading large, complex organizations at the federal and State levels. She has served as Secretary of Homeland Security since January 2009. She served as Governor of Arizona from 2003 to 2009, as Attorney General of Arizona from 1998 to 2003, and as U.S. Attorney for the District of Arizona from 1993 to 1997. Before that, Ms. Napolitano practiced at the law firm of Lewis & Roca in Phoenix, where she became a partner in 1989. She began her career in 1983 as a clerk for Judge Mary M. Schroeder of the U.S. Court of Appeals for the Ninth Circuit.

As the nation's third Secretary of Homeland Security, Ms. Napolitano heads a department comprised of 22 agencies and directorates whose missions include counterterrorism, border security, immigration, cybersecurity, and disaster response and recovery. The Department supports 12 Centers of Excellence, generating ideas for new security technologies through a consortium of hundreds of universities.

As Governor of Arizona, Ms. Napolitano focused on education, from pre-kindergarten through public higher education, and was the first woman to chair the National Governors Association. She was named one of the nation's top five governors by *Time* magazine, and *Forbes* magazine recently named her as one of the ten most powerful women in the world.

Ms. Napolitano has received numerous awards and honors, including the Woodrow Wilson Award for Public Service, given by the Woodrow Wilson International Center for Scholars at the Smithsonian Institution in 2006. In 2012, she received the Anti-Defamation League's William and Naomi Gorowitz Institute Service Award, given for outstanding achievements in combating terrorism, extremism, and injustice.

Ms. Napolitano earned a B.A. degree (summa cum laude in political science) in 1979 from Santa Clara University, where she was Phi Beta Kappa, a Truman Scholar and the university's first female valedictorian. She received her J.D. degree in 1983 from the University of Virginia School of Law. Ms. Napolitano holds honorary degrees from several universities and colleges, including Santa Clara University, Emory University, and Pomona College. In 2010, she was awarded the prestigious Thomas Jefferson Foundation Medal (Law), the University of Virginia's highest external honor.

Recommendation

The Committee recommended that, contingent upon and effective with Ms. Napolitano's appointment by the Regents as President of University of California, the following items be approved in connection with that appointment:

- A. Per policy, an annual base salary of \$570,000, which will be fully State-funded.
- B. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

- C. Per policy, an annual automobile allowance of \$8,916.
- D. Per policy, as a condition of employment and for the convenience of the University, Ms. Napolitano will be required to live in a University-leased house and later, if available, a University-owned home. If the leased house is not available when Ms. Napolitano moves to the San Francisco Bay Area, the University will provide Ms. Napolitano with suitable temporary accommodations until the leased home is ready.
- E. Per policy, the University will provide Ms. Napolitano with two round trips (coach class airfare) including transportation, meals, and lodging for the purpose of organizing the move into the University-provided house or to secure suitable temporary housing, subject to the limitations under policy.
- F. Per policy, a relocation allowance of \$142,500 (25 percent of annual base salary), which is intended to offset any additional personal, unreimbursed expenses associated with accepting the University's offer and relocating at the request of the University. It will be paid as a single lump sum, subject to a repayment schedule if Ms. Napolitano separates from the University in the first four years of her employment. The following repayment schedule will apply: 100 percent if separation occurs within the first year of employment, 60 percent if separation occurs within the second year of employment, 30 percent if separation occurs within the third year of employment, and ten percent if separation occurs within the fourth year of employment.
- G. Per policy, the University will arrange for the packing and relocation of household goods and personal effects associated with the initial relocation to the San Francisco Bay Area and, if necessary, the move from the temporary accommodations to her University-leased home. The University will also arrange to pack and move Ms. Napolitano's personal library and other related materials, subject to the limitations under University policy.
- H. Per policy, when Ms. Napolitano steps down as President, the University will arrange for the packing and relocation of her personal belongings, including her library and any other related materials, to a location of her choice in California.
- I. Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- J. Reimbursement of reasonable travel expenses, as defined by policy, for all business-related visits to the University prior to Ms. Napolitano's official start date.
- K. 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 after five years of Senior Management Group service).

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: on or about September 30, 2013

Base Salary: \$570,000

Target Cash Compensation:* \$570,000

Funding: partially or fully State-funded

Budget &/or Current Incumbent Data

Title: President

Base Salary: \$591,084

Target Cash Compensation:* \$591,084

Funding: partially or fully State-funded

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

COMPETITIVE ANALYSIS FOR SYSTEMWIDE PRESIDENT

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY				
	25 th	50 th	60 th	75 th	90 th
Market Data	\$619K	\$717K	\$787K	\$891K	\$951K
% Difference from Market	-7.9%	-20.5%	-27.6%	-36%	-40.1%

Survey Source: College and University Professional Association (CUPA) survey. CUPA reports base salary only.

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: Chairman of the Board of Regents Varner
Reviewed by: Committee on Compensation Chair Kieffer
 Office of the President, Human Resources

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

Committee Chair Kieffer stated that the proposed compensation for Janet Napolitano as President of the University was less than the compensation of the current President. He pointed out that there is no university system in the nation as large and complex as UC.

Ms. Napolitano's proposed compensation was in the lowest 25 percent of salaries of presidents of the nation's large university systems.

Executive Director Dennis Larsen outlined the elements of compensation for Ms. Napolitano.

Upon motion duly made and seconded, the Committee approved the Chair of the Regents' Special Committee to Consider the Selection of a President's recommendation and voted to present it to the Board.

The meeting adjourned at 1:50 p.m.

Attest:

Associate Secretary