

The Regents of the University of California

**GOVERNANCE AND COMPENSATION COMMITTEE**

January 17, 2019

The Governance and Compensation Committee met on the above dates at UCSF–Mission Bay Conference Center, San Francisco.

Members present: Regents Elliott, Lansing, Ortiz Oakley, Pérez, Sherman, and Zettel; Ex officio members Kieffer and Napolitano

In attendance: Regents Anderson, Anguiano, Butler, Cohen, Estolano, Graves, Guber, Kounalakis, Leib, Morimoto, Park, Sures, Tauscher, and Thurmond, Regents-designate Um and Weddle, Faculty Representatives Bhavnani and May, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Investment Officer Bachher, Provost Brown, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Stobo, Vice Presidents Brown and Duckett, Chancellors Block, Blumenthal, Christ, Gillman, Hawgood, Khosla, Leland, May, Wilcox, and Yang, and Recording Secretary Johns

The meeting convened at 9:25 a.m. with Committee Chair Sherman presiding.

**1. APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of November 14-15, 2018 were approved.

**2. APPROVAL OF INCENTIVE COMPENSATION USING NON-STATE FUNDS FOR FISCAL YEAR 2017-18 FOR JAGDEEP SINGH BACHHER AS CHIEF INVESTMENT OFFICER AND VICE PRESIDENT – INVESTMENTS, OFFICE OF THE PRESIDENT AS DISCUSSED IN CLOSED SESSION**

Recommendation

The Committee recommended approval of an incentive award of \$490,985 for Plan Year 2017-18, under the Office of the Chief Investment Officer Annual Incentive Plan (AIP), for Jagdeep Singh Bachher as Chief Investment Officer and Vice President – Investments, Office of the President. The recommended incentive award represents 75.252 percent of Mr. Bachher's annual base salary of \$652,454.

**Recommended Compensation**

**Effective Date:** upon Regents' approval

**Base Salary:** \$652,454

**AIP Award:** \$490,985 (75.252 percent of base salary)

**Base Salary Plus Recommended AIP Award: \$1,143,439**

**Funding:** non-State-funded

**Prior Year Data (2016-17 Plan Year)**

**Effective Date:** upon Regents' approval

**Base Salary:** \$652,454

**AIP Award:** \$1,013,959 (155.407 percent of base salary)

**Base Salary Plus Recommended AIP Award:** \$1,666,412

**Funding:** non-State-funded

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

**Background to Recommendation**

The President of the University requested approval of an incentive award of \$490,985 payable in three annual installments for Jagdeep Singh Bachher, Chief Investment Officer (CIO) and Vice President – Investments for the 2017-18 Plan Year. This award falls under the Office of the Chief Investment Officer Annual Incentive Plan (AIP) and will be funded entirely through investment returns, using no State funds.

Assets under management by the Office of the Chief Investment Officer total \$118.7 billion for the Plan Year ending June 30, 2018. The proposed award of \$490,985 has been reviewed by the President, as well as approved by the Administrative Oversight Committee (AOC) established by the Board of Regents and consisting of the members as stated in the plan document. Per policy, the award for the Chief Investment Officer requires Regental approval in addition to approval by the AOC. The calculations have been reviewed by the Office of Ethics, Compliance and Audit Services as directed by the Chief Compliance and Audit Officer.

The AIP is a performance-based incentive plan that places a certain amount of pay at risk for each participant, and pays out only if certain investment and other performance standards are met or exceeded. Performance-based, at-risk incentives are a typical component of total cash compensation for investment professionals, including those at the California State Teachers' Retirement System (CalSTRS), the California Public Employees' Retirement System (CalPERS), and other large public pension funds and endowment funds. Awards are based on a rolling three-year assessment against performance benchmarks and a portion is deferred for payout in subsequent years to help retain staff and focus efforts on adding longer-term value.

Plan participants are assigned award opportunity levels that serve to motivate individual, group, and total entity performance as part of a competitive total cash compensation package.

[Background material was provided 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 Sherman briefly introduced the item.

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

3. **REVIEW IN CONNECTION WITH THE UNIVERSITY OF CALIFORNIA  
10 CAMPUS STUDY**

[Background material was provided 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 Sherman recalled that Chair Kieffer retained Sjoberg Evashenk Consulting on behalf of the Regents to conduct the University of California 10 Campus Study, which was released on April 27, 2018. President Napolitano, in consultation with Chair Kieffer and the chancellors, convened a working group to review the Study. The working group included Chair Kieffer, President Napolitano, and Chancellors Blumenthal, Christ, and Hawgood.

Chair Kieffer stressed the importance of the matters contained in the Study, matters of concern to the Regents, the Legislature, and others. For many years, there have been questions about the size of the Office of the President (UCOP) and its relationship to the campuses. The January 2018 report by Huron Consulting had concluded that UCOP was properly staffed for its work, but another question could be asked about whether this work is appropriate. The Study addressed this and the question of whether there is duplication of effort. Chair Kieffer observed that in any business, there are tensions in the relationship between a central office and subsidiaries. An outside observer might see these tensions and misunderstand them, interpreting them as something unusual. Chair Kieffer identified three trends he had observed at UC over time: as campuses have grown, the Regents and UCOP have delegated more authority to the campuses; UCOP has taken on an accountability function; and certain dynamics arise at specific moments, such as when there is pressure on the University regarding funding or when a particular President brings about change. In late 2017, Chair Kieffer contracted with Sjoberg Evashenk to survey the campuses about the services, programs, and activities at UCOP. He consulted with State Assembly Member Phil Ting, Chair of the Budget Committee, who encouraged this survey and provided advice on setting the scope of the Study. The University has periodically reviewed these issues of delegation, authority, duplication, performance, and accountability, and this Study would not be the last such review.

President Napolitano explained that in order to respond to the Sjoberg Evashenk Study, she consulted with Chair Kieffer and the chancellors to convene a representative working group. The working group composed the Review of the Sjoberg Evashenk “University of California 10 Campus Study” with responses to comments provided in the Study and primarily focusing on areas where policy or process changes would have the greatest impact. The goal was to foster continuous process improvement, which is always necessary for an organization as large, complex, and diverse as UC.

Chancellor Christ provided a historical perspective. The relationship between the President and the campuses had evolved significantly over time. For the first eight decades of the University’s history, the position of chancellor did not exist; the President led the entire University and was responsible for its administration. During the 1940s, there was a realization that this administrative structure was not suited to the University’s growing size and complexity. The office of chancellor was created in 1952 and chancellors were appointed for the Berkeley and Los Angeles campuses, but it was not until the late 1950s that there was a major governance reorganization under the leadership of former Berkeley Chancellor and President Clark Kerr, with a transfer of much decision-making authority from the Regents and the President to the campuses. In Kerr’s words, the chancellorship became the central focus of administration at UC. As more campuses were added to the system, the organization grew and for the most part, the evolution has been one of continuing delegation. Since the reorganization of the late 1950s, there have been periodic reviews of administration and governance. The current review was taking place at a time of significant changes for higher education. UC was experiencing changes in its funding mix, diversification and multiplication of revenue sources, the growing importance of philanthropy, enormous enrollment growth, revolutionary technological change, and increasing demands for accountability and oversight. The complexity of the UC system and the complexity of these times threw into relief the inherent and usually constructive tensions between the campuses and UCOP. Unlike institutions such as the State University of New York and the University of Massachusetts, which were created as federations of previously existing institutions, UC was founded as one university at a single site. Other campuses were established as research universities whose model was Berkeley. This is the uniqueness of the UC system, one university consisting of ten highly developed campuses. No other state university system comes close to this, and this organizational structure defines UC’s governance system as well as its opportunities and challenges. The present time was an opportune moment to reflect on and deliberately assess the evolving relationship between UCOP and the campuses.

Chancellor Blumenthal recalled that following the report by Huron Consulting, UCOP had begun examining what restructuring it should undertake. Nevertheless, the working group laboriously reviewed every comment contained in the Sjoberg Evashenk Study to determine which comments should be further thought through and developed. The working group found that there was relatively little duplication and redundancy between UCOP and the campuses. The working group’s findings fell into three major categories. First, the working group found that a large number of UCOP programs were appropriate and were working well, such as management of college preparatory programs and the California Digital Library. Second, the working group found that there were a number of programs

and processes that were being addressed through UCOP's restructuring efforts, including the decision memorandum processes, the UC-Mexico initiative, UC Health, the UC Washington Center, UC Center Sacramento, and UC Press. Third, the working group identified programs to which the group felt additional improvements could be made. One example was the Market Reference Zones (MRZs). In the view of the working group, the University's competitive market situation was changing rapidly, MRZs should be updated not every two years but annually, and chancellors should have input in these discussions since chancellors must hire faculty in the context of the labor marketplace. Another example was the policy on Senior Management Group Outside Professional Activities, which would be taken up by the Committee in the action item following this discussion. As another example, the working group found that too many approvals were needed for the receipt of gifts. The working group recommended, and the President accepted, that the University would raise the relevant threshold and delegation of authority so that gifts below \$10 million may be accepted by a campus without prior approval. The gifts could be used for naming of capital projects and endowed chairs and would be reported and subject to later review. A fourth example concerned Presidential initiatives. The working group felt that these should evolve in consultation with chancellors and have clear goals. These were examples of areas in which the working group recommended changes, but the overall sense was that the relationship between UCOP and the campuses had shown significant improvement over the past year.

Chancellor Hawgood remarked on the complex interactions that take place between the campuses and UCOP, involving multiple campus units and multiple UCOP units. This is the case of large capital projects, real estate transactions, and intellectual property transactions. The University was seeking to make these complex interactions work more effectively and efficiently. An immediate next step was to work with the Office of the Chief Financial Officer on case studies, examples of recent complex real estate transactions and capital projects, to see how this process can work better. Work between UCOP and the campuses is a dynamic process that can always be improved, and besides periodic reviews, this process should continuously evolve.

Chair Kieffer stated his understanding that this moment was a "reset" for the University as a unified entity, given changes in size, scope, complexity, philanthropy, and other factors. The report by Huron Consulting and the Sjoberg Evashenk Study showed that while there is always room for improvement, the scope of the work done at UCOP and delegation to the campuses had reached an appropriate balance.

Regent Zettel asked how the working group's meetings would proceed and if there would be new members. Chancellor Hawgood responded that with respect to the analysis of complex, large campus projects, the working group would take two examples from the past year, a real estate transaction and a complex capital project, in order to analyze what happens on the campus and determine how to improve work on campus and the flow of work back and forth between the campuses and UCOP. The engagement of multiple different offices on campuses and at UCOP leads to complexities; the question was how the University could improve this workflow. Chancellor Hawgood expected this analysis to take place over the next two to three months, with the goal of applying lessons learned

from these case studies to future complex transactions. Chancellor Christ added that the working group was an ad hoc group and its work was done. The group's Review identified persons at UCOP responsible for following up on recommendations. She anticipated that the Council of Chancellors would track progress being made. President Napolitano explained that UCOP had an implementation plan with designees. The ad hoc group's work was finished but the work would continue at various levels.

Regent Zettel thanked the working group for recognizing the importance of the Systemwide Title IX Office. The University must be consistent and adhere to best practices. She hoped that the progress made by the working group would be shared with the California State Auditor. Chair Kieffer responded that it would be possible to share these results with the State Auditor, and he intended to share them with Assembly Member Ting.

Regent Leib noted that the Review included information on UC's innovation and entrepreneurship programs. The University rents space to and promotes entrepreneurs, and he expressed concern that UC must have systemwide guidelines regarding benefits that might flow to the University from successful inventions and businesses enabled by UC. Chair Kieffer responded that the working group felt that some of these guidelines were not up to date and did not reflect current philanthropy and the expectations of donors. This is an area that needs continued focus. Chancellor Hawgood commented that the working group believed that the role of UCOP and the Regents is to set policy guidelines for intellectual property, the ability to take equity, and determination of which activities are appropriate given the University's public service mission, while the actual operationalization, working with faculty and setting up incubators, is a campus activity. The working group wished to establish greater clarity of the campus and UCOP roles in this area. He stated that it would be appropriate now to undertake a thoughtful and systematic review of UC policies in this area at the systemwide level. Some investors who wish to invest in the University have different ideas about policy parameters. Regent Leib concurred with Chancellor Hawgood's suggestions, noting that this was a growing and exciting area of activity for the University and a possible source of future funding.

4. **AMENDMENT OF REGENTS POLICY 7707 – SENIOR MANAGEMENT GROUP OUTSIDE PROFESSIONAL ACTIVITIES**

The President of the University recommended that the Governance and Compensation Committee recommend that the Regents amend Regents Policy 7707 – Senior Management Group Outside Professional Activities, as shown in Attachment 1.

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

Chair Kieffer began the discussion by sharing his view that the Board of Regents, like governing boards of other organizations, tends to react to the moment. When the Regents reviewed and amended Regents Policy 7707, Senior Management Group Outside Professional Activities, a few years prior, they placed limitations on compensated outside

professional activities and limitations as well as reporting and approval requirements on uncompensated outside professional activities by members of the Senior Management Group (SMG). While the limitation to two compensated outside professional activities did not reflect standard practices at U.S. universities, there was no recommendation to change this. Requiring pre-approval for uncompensated outside professional activities, such as joining a local Chamber of Commerce, had become burdensome to chancellors. The Regents may not have quite understood this at the time of the last policy amendment.

Chancellor Hawgood recalled that the current version of the policy was approved by the Regents in July 2016. The current proposed amendment would not change the intent of the original policy; however, the policy itself had proved difficult to administer on the campuses. It was difficult to interpret the exact intent of the policy, and considerable effort had been expended over the past two years to clarify this intent. The complexities of the policy had led to unintended consequences. For example, UCSF campus administrators suggested that an SMG member would need to secure approval to publish a book in his or her area of academic expertise, which was probably not the intent of the Board when it approved the policy. The proposed amendment endeavored to maintain the intent of the policy but to simplify its functioning. Under the proposed amendment, pre-approval and post-reporting for compensated activity above \$2,500 per calendar year from any single source would be required. SMG members would continue to be limited to a total of two compensated board membership activities annually. Scholarly work, including books, other publications, and speeches would not be considered outside professional activities and would not require approval.

Vice President Duckett recalled that the policy had originally been adopted in 2010 to prevent actual or perceived conflicts of interest or commitment and was amended in 2016. Since then, administrators have provided feedback on complications and lack of clarity in some aspects of the policy. Mr. Duckett outlined the major proposed changes. With regard to the \$2,500 threshold for pre-approval and post-reporting of compensated activity, he noted that reimbursable expenses would not be considered compensation. Pre-approval for an uncompensated activity would not be required, but the annual reporting of all compensated and uncompensated board membership activities would be required. Managing the time commitment associated with outside professional activities would be the responsibility of the individual and his or her direct supervisor.

Regent Sherman referred to the \$2,500 threshold for pre-approval and post-reporting of compensated activity and asked if there was an upper threshold for compensation that could be received. Mr. Duckett responded that there was no upper threshold.

Regent Sherman referred to an apparent contradiction in policy language. Language in Section II, "Policy Definitions," defined exceptions to policy and stated that "Any such action must be treated as an exception and must be reviewed and approved by the Regents." Section III.B.3 set limits on compensated board membership activities for SMG members, in particular, a limit of two concurrent compensated board membership activities. Proposed new language in Section III.B.3.a.iii stated that "The person or office to whom an SMG reports plus the next higher level manager may approve exceptions to this limit."

Regent Elliott expressed discomfort with this language because it would mean that not all exceptions to the limit would be approved by the Regents. In his opinion, this would be a step backward and a serious mistake.

President Napolitano encouraged the Regents to approve the proposed amendment, which honored the intent of the 2016 policy while clarifying and simplifying it. The time and paperwork required for certain reporting requirements were excessive. She reflected that the University wishes its chancellors and SMG members to be out in the world, and these outside professional activities are generally beneficial to UC.

Regent Ortiz Oakley recalled that the 2016 amendment was carried out at a time when the University was experiencing a major public relations crisis related to a chancellor's service on a certain board. The Regents were trying to address conflict of interest and conflict of time. The Regents should be cautious with regard to the approval process for compensated activities.

Regent Pérez recalled that the chancellor in that case was not acting outside of policy, but there were questions about the perception of conflict of interest. The Regents then amended the policy, and the current presentation had made it clear that some elements in the 2016 amendment were an over-correction and had become onerous, especially with respect to scholarly work. He suggested that the proposed language in Section III.B.3.a.iii be amended to state that any request to participate in more than two concurrent compensated board membership activities would require approval by the Regents.

Chancellor Blumenthal stated that this would be a reasonable compromise.

Chair Kieffer asked if this change would cause difficulties for the chancellors. Chancellor Hawgood responded that this would not cause issues if the exceptions that were brought to the Regents concerned service on more than two compensated board membership activities. Exceptions to other points in the policy should continue to be approved by the person or office to whom an SMG member reports plus the next higher level manager, and this would require some clarification in the language of Section II, "Policy Definitions."

Regent Sures emphasized that conflict of time was an important point. Chancellor Hawgood responded that in his view, management of conflict of commitment or conflict of time for uncompensated outside activities was the responsibility of the individual's manager or supervisor.

Regents Estolano and Elliott requested clarification of which individuals are SMG members. Executive Vice President and Chief Operating Officer Nava referred to relevant language in Section II, "Policy Definitions," and added that this group essentially includes vice chancellors who report to a chancellor, positions that report directly to the President, and the chief executive officers of the medical centers. Mr. Duckett noted that there were approximately 290 SMG members. Other SMG titles are campus and medical center cabinet members, such as chief financial officers.



Regent Estolano raised questions about what would be stated as an exception to policy versus the policy itself. Mr. Duckett recalled that in the past, only a small number of SMG members engaged in more than two outside compensated board membership activities.

Chancellor Hawgood presented an example of when he might seek an exception. This might occur when hiring a new vice chancellor from the for-profit sector. Evidence of such an individual's skill set might be service on a large number of for-profit boards. In such a case, Chancellor Hawgood would seek an exception and ask this individual to reduce the number of board membership activities over a two-year period.

Regent Kounalakis asked about transparency requirements and how the public would be informed about SMG members' outside professional activities, for example, in biographies on UC websites. Ms. Nava responded that she was not aware of any requirement that this information be included in biographies, but that the University periodically produces a report for the Regents listing all SMG outside professional activities. This report becomes part of the Regents' records, which are public.

Regent Kounalakis suggested that in the interest of transparency, the policy be further amended to include language stating that, in the event an SMG member publishes a University biography, compensated board membership activities be included in that biography.

Regent Elliott noted that the annual report on SMG outside professional activities had been delayed pending this discussion. Mr. Duckett responded that, when changes to policy were being suggested, it was felt that this might help avoid confusion. Regent Elliott cautioned that it is dangerous to assume that a proposal will be approved by this Committee or the Board. He expressed displeasure at the assumption that policy can be ignored in anticipation of a proposed amendment that may or may not be approved. Chair Kieffer stated that he understood Regent Elliott's point but explained that in this case, he and President Napolitano had endorsed this delay in order to avoid confusion on the campuses about reporting requirements. Regent Pérez emphasized that a decision to waive a reporting obligation should be brought to the Board, and the reporting that was required should be made, even if reporting was delayed. The Regents should not waive the reporting that was required.

In response to Regent Pérez, Chair Kieffer stated that the reporting on outside professional activities had been delayed. This was a situation in which the Regents should use their judgment about how policies are applied.

Faculty Representative Bhavnani requested an amendment to the language in Section II, "Policy Definitions," in the definition of activities not regarded as outside professional activities, changing "scholarly works" to "scholarly and creative works."

Regent Pérez noted that this action had not been noticed as a retroactive change to policy and asked about procedure in this case. General Counsel Robinson responded that the

question of how the policy would be applied to current-year reporting was sufficiently related to the subject matter that had been noticed for the Regents to act.

President Napolitano observed that policy changes were occurring around the same time that reporting forms would have been due. She asked the Regents for the ability to use the amended policy as a basis for reviewing SMG outside professional activities.

Regent Pérez expressed concern that violations might be uncovered, actions that would have been violations under the 2016 policy but might not be so under the proposed amended policy. He stated that he understood that scholarly work should not be considered as outside professional activities. President Napolitano stated that violations under the 2016 policy would still be prohibited under the proposed amended policy.

Regent Sherman asked what might not be reported under the proposed amendment that would have been reported under the 2016 policy. Chancellor Christ explained why reporting had become burdensome to chancellors and other SMG members. First, SMG members were being called on to report their scholarly activity as outside professional activities; this was surely not the intent of the policy. Second, the 2016 policy calls on SMG members to seek different levels of approval for activities that are typically part of an individual's job. For example, a chancellor would have to submit a form in order to speak at a Rotary Club meeting. The provisions of the existing policy concerning pre-approval and scholarly and creative work were burdensome.

Regent Sherman asked if filling out the reporting forms was burdensome. Mr. Duckett responded in the affirmative. Ms. Nava noted that under the proposed amendment, speeches would not be considered an outside professional activity and would not be reported. For chancellors, listing every speech given was a burdensome part of filling out the reporting form.

Regent Cohen stated that the form SMG members were required to fill out was not created by the Regents. The UC administration needed to take responsibility for its own actions in implementing policy.

Chair Kieffer stressed that the Regents must exercise their oversight duties, but at the same time they should strive to make processes easier rather than more difficult.

With regard to Regent Kounalakis' motion that compensated board membership activities be included in University biographies, Regent Zettel asked if it would be prudent to allow some time for chancellors and others to discuss this. Chancellor Christ stated her view that this requirement would not be an issue of concern. Regent Leib stated that Regent Kounalakis' motion was a sensible suggestion.

Upon motion duly made and seconded, the Committee approved the President's recommendation as amended and shown in Attachment 1A, and voted to present it to the Board.

5. **ESTABLISHMENT OF A NEW POSITION IN THE SENIOR MANAGEMENT GROUP OF CHIEF EXECUTIVE OFFICER, UC RIVERSIDE HEALTH AND THE MARKET REFERENCE ZONE FOR THE POSITION, RIVERSIDE CAMPUS**

The President of the University recommended that the Regents approve:

- A. Establishment of a new Senior Management Group position of Chief Executive Officer, UC Riverside Health, Riverside campus. This will be a Level One position in the Senior Management Group.
- B. Establishment of a Market Reference Zone for the position of Chief Executive Officer, UC Riverside Health, Riverside campus, as follows: 25th percentile – \$384,000, 50th percentile – \$464,500, 60th percentile – \$511,300, 75th percentile – \$525,800, and 90th percentile – \$585,700.
- C. Eligibility to participate in an incentive award plan consistent with Regents Policy 7712, Senior Management Group Incentive Awards, the details of which will be presented to the Regents for approval in connection with the appointment of and compensation for any appointee to this position.
- D. This action will be effective upon approval.

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

Vice President Duckett introduced the proposed establishment of a new Senior Management Group position of Chief Executive Officer, UC Riverside Health.

Chancellor Wilcox explained that this would be an important position for UC Riverside. The School of Medicine was young and had graduated two classes of students at this point. UC Riverside School of Medicine Dean Deborah Deas had been managing both the academic and clinical programs. This new position would be the first step in building an apparatus for managing the clinical enterprise.

Ms. Deas reported that the School of Medicine had made great progress in its academic enterprise and in launching UCR Health. The proposed position would be essential for the strategic expansion of UCR Health, and important for fulfilling the School's mission to train a diverse physician workforce and to expand both clinical and research programs to serve the people of the Inland Empire. It would be important for the School to recruit an individual for this position to assist with these efforts.

Regent Pérez praised the UCR School of Medicine for the work it had accomplished. The School was mission-driven and its focus on serving the medically underserved was much-needed in the region. He was impressed by the number of UCR School of Medicine

graduates who have chosen to remain in California. This item would further the work of the School.

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

6. **ESTABLISHMENT OF A NEW POSITION IN THE SENIOR MANAGEMENT GROUP OF VICE CHANCELLOR FOR COMMUNITY AND GOVERNMENTAL RELATIONS AND THE MARKET REFERENCE ZONE FOR THE POSITION, SAN FRANCISCO CAMPUS**

The President of the University recommended that the Regents:

- A. Establish a new Senior Management Group position of Vice Chancellor for Community and Governmental Relations, San Francisco campus. This will be a Level Two position in the Senior Management Group.
- B. Establish a Market Reference Zone (MRZ) for the position of Vice Chancellor for Community and Governmental Relations, as follows:
  - (1) Campuses with Health Services: 25th percentile – \$227,700, 50th percentile – \$246,700, 60th percentile – \$256,300, 75th percentile – \$276,500, and 90th percentile – \$345,600.
  - (2) Campuses without Health Services: 25th percentile – \$200,400, 50th percentile – \$222,900, 60th percentile – \$235,200, 75th percentile – \$258,200, and 90th percentile – \$309,600.
- C. This action will be effective upon approval.

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

Chancellor Hawgood explained that UCSF currently had an Office of University Relations and a Vice Chancellor of Strategic Communications and University Relations whose scope of work includes communications, marketing, and crisis management, as well as community and governmental relations. In the course of evaluating this Office over the past 18 months, and given the growth of UCSF (with 30,000 employees, it is the single largest employer in San Francisco and has been expanding its activities to Alameda, Marin, and other counties), it became clear that the role of community and governmental relations was becoming increasingly important. Chancellor Hawgood had made the decision to separate these functions into two roles and to create a new role of Vice Chancellor for Community and Governmental Relations, who would be a member of the Chancellor's cabinet and a member of the Senior Management Group (SMG). Because there were no other vice chancellors for community and governmental relations in the UC system, this would be a new SMG role.

Regent Ortiz Oakley asked how, given that this would be a new position, the position would be integrated with the governmental relations functions on other campuses and at the Office of the President (UCOP). The University should ensure that it does not create positions that move in different directions rather than in concert with an overall UC system strategy for working with the Legislature. Chancellor Hawgood responded that the individual in this position would work with community and governmental relations personnel at the other campuses and at UCOP in a way that would not be a departure from previous practice. This position would be a direct report to the Chancellor. With the activities that UCSF had planned for the next four to five years, particularly the requirement to build a new hospital on the Parnassus campus, this activity regarding local community and governmental relations would only become more important, and the Chancellor would need to be directly involved. The relationship to the other campuses and to UCOP would remain unchanged.

Regent Ortiz Oakley stated that the Regents understood the Chancellor's need for an effective community and governmental relations program.

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

**7. EXTENSION OF STUDENT ADVISOR PILOT PROGRAM**

Regents Kieffer and Sherman recommended that the Governance and Compensation Committee recommend that the Regents extend the pilot program for the position of Student Advisor to the Board of Regents for one year to June 30, 2020.

[Background material was provided 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 Sherman noted that a great deal of feedback had been received about this item. He proposed the following amended version:

Regents Kieffer and Sherman recommend that the Governance and Compensation Committee recommend that the Regents ~~extend the pilot program for the position of Student Advisor to the Board of Regents for one year to June 30, 2020.~~ approve a program of Student Committee Observers and Student Advocate to the Regents (StaRs), with a goal of increasing student participation in these programs. The Secretary and Chief of Staff to The Regents is directed to work with representatives of student associations, such as the University of California Student Association (UCSA) and others as appropriate, and with the Office of the President, to amend the existing Guidelines for the Student Observer Program to include guidelines for the StaRs, and with the goal of increased participation in both programs.

Student Advisor Huang recalled that two years prior, the Board had voted to institute the pilot program for the position of Student Advisor to the Board of Regents, an initiative created to ensure that there would always be an undergraduate and graduate student voice on the Board. That decision was the culmination of several years of discussion, organized

by then Student Regent Avi Oved. The Student Advisor position had added a perspective to discussions that otherwise would not have been heard. Mr. Huang stated that he wished to clear up a misconception, namely, that students were divided in their support for this position. Students were unquestionably in support of this position and recognized that its power was in being able to offer a distinct perspective to the Board. A few might disagree. He stated his view that the Student Regent and the UC Student Association (UCSA) did not represent the hearts and spirits of the student body on this issue and that, several weeks earlier, on a conference call with UCSA, the UC Council of Student Body Presidents, and the UC Graduate and Professional Council – all three systemwide organizations representing student interests – all students participating in this call expressed support for continuing the Student Advisor position. A few days prior to this meeting, UCSA held a closed meeting in which it decided to support allowing the expiration of this position in exchange for additional UCSA-controlled positions. Mr. Huang deemed this to be nothing other than a power play by a small handful of student leaders with a vested interest in eliminating the Student Advisor position. The lack of transparency surrounding the UCSA meeting and the refusal to properly consult with student constituents showed that there were elected and appointed student leaders who would prefer to eliminate student leadership positions that competed with their own, rather than acting in the interest of students. No student representative had made any public statement opposed to this position. Many student leaders who supported this position were not given the opportunity to express their support. The creation of the Student Advisor position represented the best efforts of all involved to be collaborative and communicative. There had been no effort to define objective standards by which to evaluate the position's successes and failures; there had been no effort to assess the program at all. Mr. Huang urged the Regents to extend the pilot program for another year.

Regent Graves expressed his support for effective student engagement. He did not take lightly his decision to support expiration of the Student Advisor position. The Board had approved a two-year pilot program. The Student Advisor is selected by a committee which nominates final candidates to the Chair of the Board and the Chair of the Governance and Compensation Committee. This differs greatly from the selection of the Student Regent. Candidates for the Student Regent position are interviewed by representatives of the Council of Student Body Presidents, UCSA, and the Graduate and Professional Council before finalists are forwarded to a committee of the Regents. The Regents' action that created the Student Advisor position allows for the position to expire after two years or for the Regents to vote to extend the program. In September 2018, when the Office of the Secretary and Chief of Staff to The Regents (Regents' Office) engaged representatives of UCSA, the Graduate and Professional Council, and the Council of Student Body Presidents regarding updates to Regents Policy 1202, Policy on Appointment of Student Regent, the Regents' Office used this opportunity to gather student perspectives about the Student Advisor program. Participants in these discussions were invited to present updates from their boards or organizations at a follow-up telephone call that took place in October. In addition to this and other telephone calls, the Regents' Office conducted an analysis of the pilot program, which was shared with the Board on December 27.

Regent Graves outlined three issues examined in the Regents' Office's analysis. The first was application numbers. The addition of the Student Advisor position did not generate more applications. There was an assumption that while many students could not commit to a two-year term as Student Regent, more students would be interested in a one-year term as Student Advisor. Nevertheless, only four students applied last year for the Student Advisor position alone; in 2017, there were 15 applicants for both the Student Regent and Student Advisor positions, and in 2018, there were 22 applicants for both positions. On average, between 40 and 50 students apply for the Student Regent position. More than 100 students apply to be UC Advocacy Network (UCAN) Ambassadors, another student leadership opportunity offered through the Office of State Governmental Relations, and 20 to 30 students apply to be a Student Advocate to the Regents (StaR) at every Regents meeting. Students are turned away from both UCAN and StaRs positions.

The second issue was representation. The Student Advisor position was based on the rationale that there were currently no mechanisms to ensure that the Student Regent and Student Regent-designate represent the diverse viewpoints, programs of study, and backgrounds of the large UC student population. The rationale erroneously places a representative lens on the Student Regent position. The Student Regent, like the other Regents, serves as a trustee of the people of California, in his or her role as a steward of the University, and does not represent a narrow constituency. The Student Regent position is not an extension of student government. The student experience varies greatly, by level, field of study, and other factors. While the last several Student Regents had been graduate or professional students, there had historically been an even division between graduates and undergraduates who held the position.

The third issue in the analysis was diversity of viewpoints. The assertion that there were no mechanisms to ensure that the Student Regent represents diverse viewpoints was mistaken. Article IX, Section 9 of the State Constitution states that "Regents shall be able persons broadly reflective of the economic, cultural, and social diversity of the State, including ethnic minorities and women. However, it is not intended that formulas or specific ratios be applied in the selection of regents." The Constitution explicitly rejects the notion that Regents represent particular constituencies, while encouraging diverse viewpoints.

Based on subsequent telephone conversations and the analysis by the Regents' Office, Regent Graves declared that there was disagreement among students about the Student Advisor program. UCSA, the officially recognized student organization to the Board of Regents, had taken a public position of support for letting the Student Advisor program expire if there were increases to the StaRs and Student Committee Observer positions. Although the Student Advisor position would expire, Regent Graves stated that he was comfortable with this action, knowing that other student leadership and engagement opportunities with the Board would be increased. The StaRs and Student Committee Observer programs are formal ways in which students can participate in Regents meetings. The StaRs positions provide opportunities for students from various campuses to address the Board on topics of interest. This truly ensures that diverse student perspectives are represented at Regents meetings. The Student Advisor position did not garner a significant

level of interest, and UCSA supported the expiration of the position and the opportunity to increase other leadership positions to allow for more diverse student perspectives to the Regents, for which there was a clear demand. For these reasons, Regent Graves encouraged the Committee to approve the item as amended.

Regent Pérez stated that he supported having student voices come before the Regents and that this could take many forms. He requested clarification of two elements: the element of allowing expiration of the program, and the addition of Student Committee Observers. On the basis of the action taken by the Regents two years earlier to implement the program, it appeared that the position would expire by itself. He asked if the only way to continue the Student Advisor program would be to have an affirmative motion to continue a program that was self-expiring. General Counsel Robinson responded in the affirmative.

Chair Kieffer stated that this was not an easy action. He expressed appreciation for the current and previous Student Advisors. The action reflected the unanimous vote of UCSA, the official representative student body recognized by the Regents since 1968. He expressed support for the action as amended.

Regent Thurmond asked if the amended motion before the Committee had been properly noticed. Mr. Robinson responded in the affirmative. This was related to the subject matter that had been noticed, and he confirmed that this action would be appropriate from a procedural standpoint.

Regent Thurmond asked if StaRs serve continuously or are appointed on a meeting-by-meeting basis. Regent Graves explained that the UCSA president always serves as a StaR and that any student can apply for the StaRs position. StaRs are selected by UCSA and may serve at more than one meeting, or not.

Regent Thurmond asked about a possible loss of continuity if StaRs only attend on a meeting-by-meeting basis. Regent Graves responded that the Student Committee Observers remain in these positions throughout their year term, so that there is consistent student representation on those committees. There is a balance between the StaRs and Student Committee Observer programs.

Regent Morimoto stated that he was in favor of student voices being heard by the Board of Regents in many ways. He asked about transparency with regard to the fact that this item had been noticed as an action to extend the Student Advisor program, but the recommendation had been changed. He asked if the Board believed that the appropriate voices had been allowed to address this topic. Regent Graves responded that conversations about this matter had been ongoing since September 2018. The Regents' Office was involved in these discussions. Regent Graves stated that he discussed this matter on multiple occasions with UCSA, the Council of Student Body Presidents, and the Graduate and Professional Council. Everyone has been heard on this topic. UCSA, the official student organization, had taken a position, and it was time to respect that position.



Student Advisor Huang stated that, in a December telephone discussion, student leaders from UCSA, the Council of Student Body Presidents, and the Graduate and Professional Council had communicated that they felt that their opinions and views were misrepresented and that they were not properly consulted about the proposal to let the Student Advisor program expire. He commented on the StaRs and Student Committee Observer programs. The StaRs program allows students the opportunity to speak during the public comment period, more resources to attend meetings, and access to speak with Regents. It would be difficult for StaRs to build up relationships with Regents that might lead to effective advocacy or policy recommendations. Student Committee Observers can make statements to the Board but they cannot have discussions in the way that the Student Advisor or the Student Regent can. This is not a dialogue, and these positions are not always filled. In terms of student representation, there was value in all the positions that had been discussed. Mr. Huang was not opposed to the addition of StaRs and Student Committee Observers, but expressed concern about the view that it was necessary to eliminate the Student Advisor position in order to make room for additional StaRs and Student Committee Observers, when in fact this was not a zero-sum game. He stated that UCSA had not accomplished appropriate due diligence in surveying student opinion on this matter. Relevant stakeholders had not been included in conversations that took place at the Regents' Office and the Office of the President. Neither Mr. Huang nor the previous Student Advisor, Rafael Sands, were consulted. All student leadership organizations stated that their views were misrepresented. With regard to application numbers cited earlier, Mr. Huang noted that the Student Advisor position was only two years old, and many students did not know that it existed, while the Student Regent position was more established, having been in place for 40 years, and better known. Although there had generally been both graduate and undergraduate students in the Student Regent position over time, there were stretches of time when only graduate students or undergraduates served. The Student Advisor position ensured that both an undergraduate and a graduate student would be on the Board at any given time.

President Napolitano expressed support for the amended action, if only because it would encourage increased student participation in normal board governance channels, rather than an isolated student on the Board. She also found persuasive the fact that she had received no communiqué from any student group affirming the position, although she regularly receives many student communiqués. There was also no mention of this matter by the numerous students who had spoken during the public comment period, even though the item was clearly noticed on the agenda.

Regent Lansing stated that she found the reasons presented by Regent Graves to be sound and that she was comfortable supporting the amended action.

Regent Zettel expressed concern about the notice that the Board is legally required to provide about its agenda. The item as noticed clearly stated that the recommendation was to extend the Student Advisor pilot program. She was concerned that the Board might have misled the public. Mr. Robinson commented that, in his view, someone who saw the notice could anticipate or understand that the motion might be rejected or modified. A contrary ruling would mean that a proposed action at a Regents meeting could not be modified in

discussion, and that an amended action could not take place until a subsequent meeting. It was Mr. Robinson's understanding that this is not required under the notice provisions of the law. This outcome was one that could have been anticipated. Regent Zettel stated that she stood by her position that this was misleading and she would abstain from voting.

Regent Lansing remarked that students often communicate with her, students who have no position in student government or on the Board. She affirmed that the Regents are available to students. The Student Regent and Student Advisor positions were not the only way to communicate with the Regents.

Regent Cohen referred to Mr. Robinson's remarks and observed that it would be disturbing if there were an expectation that the Regents must act on every recommendation that appears on their agenda.

Regent Butler commented on one aspect of this discussion that she felt did not quite make sense – the Student Advisor's claim that he had not been engaged at all in these conversations. She found it hard to believe that, if there had been such extensive discussions on this matter, the Student Advisor himself would not have been involved in these conversations. Regent Graves responded that Mr. Huang participated in relevant telephone calls in December and January. Mr. Huang also participated in meetings when UCSA took its position and he had the opportunity to address the UCSA board. The Student Advisor had been consulted on the issue and had had the opportunity to address student government, student representatives, and the Board.

Mr. Huang stated that there were inconsistencies in Regent Graves' account.

Upon motion duly made and seconded, the Committee approved the Chair of the Board's and the Committee Chair's recommendation and voted to present it to the Board, Regents Elliott, Morimoto, and Zettel abstaining.

The meeting adjourned at 11:25 a.m.

Attest:

Secretary and Chief of Staff

# Senior Management Group Outside Professional Activities

Approved ~~July 21, 2016~~ January 16, 2019



**Responsible Officer:** Vice President–Human Resources

**Responsible Office:** Human Resources

**Effective Date:** ~~July 21, 2016~~ January 16, 2019

**Next Review Date:** The Responsible Officer will review the policy annually for update purposes and will conduct a full review at least every three years.

**Who Is Covered:** All employees whose position is designated to be in the Senior Management Group, inclusive of Officers of the University per Regents Standing Order 100.1.a, and non-SMG members appointed to an SMG position on an acting or interim basis.

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## Senior Management Group Outside Professional Activities

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### I. POLICY SUMMARY

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Considerable benefit accrues to the University from Senior Management Group (SMG) members' association with external educational and research institutions, not-for-profit professional associations, federal, state and local government offices and private sector organizations. Such associations foster a greater understanding of the University of California and its value as a preeminent provider of education, research, public service, and health care. Such associations also may provide a stimulus for economic development and enhanced economic competitiveness.

While outside professional activities performed by SMG members are often mutually beneficial to the University and the members themselves, and are therefore encouraged, the primary commitment of University of California SMG members must be to the fulfillment of their regular University responsibilities.

This Policy applies to all University of California SMG members, including those who have underlying faculty appointments. During the period an SMG member possesses a dual academic and SMG appointment, ~~his/her~~ their participation in outside professional activities will be subject to this policy and not that of the Academic Personnel Manual.<sup>†</sup> This Policy is intended to:

- Support and recognize the value of SMG members' outside professional activities to the University, such as contributing to their academic field, sharing their expertise with other institutions, and providing service to the community,
- Provide guidance about the limits of such activities in relation to fulfilling University responsibilities,
- Establish methods for seeking appropriate approval(s), monitoring, and reporting such activities,
- Protect against actual or perceived conflicts of interest and/or commitment when SMG members engage in such activities,
- Protect the University of California by assessing outside affiliations that could diminish the reputation of the institution or system.

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### II. POLICY DEFINITIONS

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<sup>†</sup>~~SMG members with faculty appointments who are participants in the HSCP need to report under **APM – 671, Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants**. SMG members with faculty appointments who are *not* members of the HSCP need to report under **APM – 025, Conflict of Commitment and Outside Activities of Faculty Members**. APM – 670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants and SALARY ADMINISTRATION APM – 671 Conflict of Commitment and ... and APM – 025, Conflict of Commitment and Outside Activities of Faculty Members.~~

## Senior Management Group Outside Professional Activities

**Approving Authorities:** The person or office to whom an individual reports plus the next higher level manager. For SMG members who report to another SMG member who reports to the Chancellor, Laboratory Director or President, the immediate manager and the Chancellor (for campus SMG members), the Laboratory Director, or the President will be the Approving Authorities. For SMG members who report directly to the Chancellor or Laboratory Director, the Chancellor or Laboratory Director and the President will be the Approving Authorities. For SMG members who report directly to the President, the President and the Chair of the Board of Regents will be the Approving Authorities. For SMG members who report directly to the Regents, the Vice Chair and Chair of the Board of Regents will be the Approving Authorities.

**Activities Regarded as Outside Professional Activities:** Outside Professional Activities are those activities that are within the SMG member's area(s) of professional expertise for which they are employed by the University and are either (1) Board memberships, compensated or uncompensated or (2) activities for which an SMG member is compensated in excess of \$2,500 per calendar year from any single source. ~~Such activities include, but are not limited to: service on state or national commissions, government agencies and boards, committees or advisory groups to other universities, organizations established to further the interests of higher education, not-for-profit organizations, and service in an advisory capacity or on corporate boards of directors.~~

**Activities Not Regarded as Outside Professional Activities:** The following are **not** regarded as Outside Professional Activities:

- Activities unrelated to the SMG member's area of professional expertise for which they are employed by the University, such as involvement in religious or cultural organizations.
- Activities that the ~~Approving Authorities~~ the SMG member's direct manager confirms as part of the individual's job expectations. It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.
- For an SMG member with an underlying faculty appointment, activities that the Approving Authorities confirm as essential to remaining current in the SMG member's academic field or activities creating or promoting the SMG member's scholarly works, including books, other publications and speeches. ~~It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.~~ However, for compensated speeches and appearances on panels, SMG members should consult with University counsel to determine whether acceptance of compensation would violate the ban on honoraria in the California Political Reform Act.

**Exception to Policy:** An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

**Executive Officer:** The President of the University, Chancellor, or Laboratory Director.

## Senior Management Group Outside Professional Activities

**Senior Management Group:** Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% and an appointment to a Senior Management Group position will be considered to possess a career appointment in the Senior Management Group.

**Top Business Officer:** Executive Vice President, Chief Operating Officer for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

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### III. POLICY TEXT

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#### A. Responsibility and Accountability

##### 1. Guiding Principles

SMG members are individually responsible for ensuring that the Outside Professional Activities they perform, and compensation received for such activities, do not violate conflict of commitment and/or actual or perceived conflict of interest standards of the University. SMG members have a duty of loyalty to the University, as well as a primary fiduciary responsibility to the University.

Each SMG member's Approving Authorities are personally responsible for monitoring, evaluating, and verifying that the SMG member's Outside Professional Activities comply with University policies and State of California law.

Ultimately, SMG members and their Approving Authorities are accountable to the President and the Regents for ensuring that conflicts do not occur and that any activities or affiliations do not diminish the reputation of the institution or system.

##### 2. Pre-Approval and Assessment of Compensated Activity over \$2,500

Documentation and approval request forms for ~~any~~ Outside Professional Activities, ~~whether compensated or uncompensated, where compensation is over \$2,500~~ must be completed by the SMG member and submitted for review and approval by the Approving Authorities. ~~All activities must be approved before the SMG member announces or engages in the activity.~~

At the discretion of the Approving Authorities, the documentation and request for any new proposed activities where ~~time commitment, compensation or reputational risk~~ raise concerns will be reviewed by an independent advisory committee appointed by Office of the President, Systemwide Human Resources to assess the ~~request activity for conflicts of interest or commitment, or the appearance of conflicts,~~ and to advise the Approving Authorities. The turnaround time for reviewing and approving or denying the request ~~any new activity~~ will be no more than 30 calendar days from the date the committee receives a complete packet of materials.

Each year, SMG members are also required to request approval for ongoing, recurring compensated OPA over \$2,500 prior to the beginning of the next

### **Senior Management Group Outside Professional Activities**

calendar year. The SMG member is responsible for providing sufficient details on any proposed activity that has changed materially from the preceding year. Material changes must be disclosed and may include changes in compensation (form or amount) ~~or time commitment~~, changes in organizational status of the outside entity, e.g., mergers, acquisitions, relationships with the University or its entities, or changes (legal challenges or other) that may impact the entity's reputation in the community.

The Approving Authorities may request review of any recurring activity by the independent advisory committee before considering the SMG member's request.

An SMG member's Approving Authorities are responsible for assessing whether a proposed Outside Professional Activity might create, or appear to create, a conflict of interest or commitment or reputational risk to the campus or system. In general, the proposed activity must be compatible with the SMG member's University duties. Other important factors for consideration include:

- Will the activity compete with the SMG member's regular and/or expected University duties? An assessment of the SMG member's performance is an appropriate factor to be considered.
- Will the SMG member be precluded from making decisions within the scope of his/her their University duties due to a financial conflict associated with the activity (e.g., a fiduciary responsibility to the external entity, payments received from the external entity)?
- ~~Will the time necessary to successfully perform the activity interfere with the SMG member's ability to fulfill his/her University duties?~~

If the answer to any of these questions is "Yes," the Approving Authorities must seek written guidance from the independent advisory committee in order to resolve the matter with the SMG member and, if resolution is not possible, deny the SMG member's request.

- The forms documenting the assessment/approval process for all Outside Professional Activities can be found at:

[http://policy.ucop.edu/\\_files/smg-docs/opa-approval.xls](http://policy.ucop.edu/_files/smg-docs/opa-approval.xls)

[http://policy.ucop.edu/\\_files/smg-docs/opa-detailed-information.doc](http://policy.ucop.edu/_files/smg-docs/opa-detailed-information.doc)

### **B. Outside Professional Activities: Definitions and Limits**

#### **1. Uncompensated Outside Professional Activities**

Uncompensated Outside Professional Activities are Board memberships that are within the SMG member's area(s) of professional expertise for which they are employed by the University. Uncompensated activities are Outside Professional Activities include those for which the SMG member does not receive compensation or donates the full amount of the compensation to the University or a charitable organization. Compensation donated to the University may not be returned to the ~~individual~~ SMG member.

#### **2. Compensated Outside Professional Activities**

Compensated Outside Professional Activities are those activities that are

**Senior Management Group Outside Professional Activities**

within the SMG member's area(s) of professional expertise for which they are employed by the University and are either (1) compensated Board memberships of any amount, or (2) activities for which an SMG member is compensated in excess of \$2,500 per calendar year from any single source. Compensated activities are Outside Professional Activities for which the SMG member receives and retains compensation in excess of \$2,500 per calendar year with any single organization.

Reimbursement for reasonable travel expenses is not considered compensation for the purpose of this policy. But travel expenses from a for-profit entity and compensation of \$500 or more from any entity may trigger Political Reform Act reporting and disqualification. Consult with campus counsel.

3. Limits on Compensated Board Activities

- a. In addition to considering the reporting guidelines set forth below, when assessing proposed activities, Approving Authorities must be mindful of the following limits:
  - i. An SMG member may participate in up to two concurrent compensated board membership activities. SMG members may participate in an unlimited number of compensated consulting or advisory activities. ~~including, but not limited to, any board memberships, consulting or advisory activity.~~
  - ii. ~~An SMG members~~ will be required to use ~~his/her~~ their personal time to engage in compensated Outside Professional Activities, by either performing such activities outside ~~his/her~~ their usual work hours or debiting accrued vacation time consistent with applicable leave policy.
  - iii. The person or office to whom an SMG reports plus the next higher level manager may approve exceptions to this limit.

4. ~~An SMG members~~ who is are appointed at 100 percent time must not receive additional cash compensation above ~~his/her~~ their base salary from an entity managed exclusively by the University for any work or services, regardless of source or type of payment, except in the limited circumstances outlined in Regents Policy 7701, Senior Management Group Appointment and Compensation, which includes an exception for payments for teaching. University Extension courses (UNEX). Additional restrictions pertaining to compensation from University entities, addressed in other SMG policies, are incorporated by reference into this policy. Regents Policy 7701 addresses this restriction.

**C. Reporting Outside Professional Activities**

~~Each~~ SMG members must file a report with ~~his/her~~ their Approving Authorities each year detailing all Outside Professional Activities (whether compensated or uncompensated) that were performed during the previous calendar year. Service or compensation that inadvertently is not reported or is erroneously reported in the calendar year immediately following the activity shall be reported as soon as the omission or error is known to the individual and/or the Approving Authorities.



### **Senior Management Group Outside Professional Activities**

In addition, each SMG member must file a mid-year report of all new activity undertaken in the preceding six months. Templates for collecting details for these reports will be distributed by the Office of the President. The mid-year report will be distributed to the President and the Regents' Committee responsible for oversight of compensation.

- a. Employees who step down from their SMG appointment but remain employed by the University are subject to this reporting requirement for the calendar year in which they served in a career SMG position.
- b. Employees serving in an acting or interim SMG capacity are also subject to this reporting requirement.
- c. Only activities that occur when an employee is an SMG member shall be reported.

#### **1. Uncompensated Outside Professional Activities Reporting**

As detailed in section III.C above, each SMG member must file separate annual reports with ~~his/her~~ their Approving Authorities detailing all uncompensated Outside Professional Activities, ~~including activities compensated as well as uncompensated.~~ Pre-approval of uncompensated activity is not required, unless otherwise required by the person or office to whom an SMG member reports plus the next higher level manager.

A separate uncompensated annual report will be made to each of the Chancellors, the Laboratory Director and the Executive Vice President, Chief Operating Officer of all uncompensated outside professional activities covered by this policy for SMG members at their respective locations that occurred the previous calendar year.

- A sample of the Annual Report by individual SMG members listing all uncompensated Outside Professional Activities can be found at:

[http://policy.ucop.edu/files/smg-docs/opa-sample\\_uncompensated\\_report.pdf](http://policy.ucop.edu/files/smg-docs/opa-sample_uncompensated_report.pdf)

The Chancellor, Laboratory Director or Executive Vice President, Chief Operating Officer will assess and maintain the reports of all uncompensated Outside Professional Activities.

In an annual report to the President, the Chancellors, the Laboratory Director and the Executive Vice President, Chief Operating Officer shall acknowledge receipt of a comprehensive set of reports that includes all employees who meet the criteria detailed in Section III.C. above, and confirm that no instances of actual or perceived conflict of interest or conflict of commitment were apparent within the reports of all uncompensated Outside Professional Activities for their location.

#### **2. Compensated Outside Professional Activities Reporting**

As detailed in section III.C above, ~~each~~ SMG members must file separate annual reports with ~~his/her~~ their Approving Authorities detailing all compensated Outside Professional Activities, including compensated board memberships of any amount and other compensated activity over \$2,500 per calendar year with any single organization. ~~including activities compensated as well as~~

**Senior Management Group Outside Professional Activities**

uncompensated. Pre-approval of compensated activity \$2,500 or under is not required, unless otherwise required by the person or office to whom an SMG member reports plus the next higher level manager.

► A sample of the Annual Report by individual SMG members listing all compensated Outside Professional Activities can be found at:

[http://policy.ucop.edu/files/\\_smg-docs/opa-sample\\_compensated\\_report.pdf](http://policy.ucop.edu/files/_smg-docs/opa-sample_compensated_report.pdf)

Deferred compensation shall be reported in the year in which the compensation was known or granted, not received. If the amount of the deferred compensation is unknown during the year in which the service is performed, such as in the case of royalties, the compensation shall be reported when it is known.

The Chancellors, the Laboratory Director and the Executive Vice President, Chief Operating Officer will make a separate report to the President, who will in turn report to the Regents all compensated Outside Professional Activities covered by this policy for SMG members that occurred the previous calendar year.

***D. Conflict of Interest and/or Commitment***

Regardless of whether an activity is reportable under this Policy, SMG members are responsible for ensuring that the following conflicts are avoided.

1. Conflict of Interest

~~No~~ SMG members may not make, participate in the making, or influence a governmental decision in which ~~he or she~~ they have ~~has a~~ financial interest as defined by the Political Reform Act. <http://www.ucop.edu/general-counsel/legal-resources/conflict-of-interest-code.html>

2. Conflict of Commitment

Conflict of commitment is a subjective judgment made ~~either~~ by the SMG member's direct supervisor in consultation with the SMG member or his/her ~~their Approving Authorities at the time approval is requested to pursue an outside professional activity.~~ This subjective judgment shall determine whether or not a conflict is created -- either by the time required to reasonably fulfill the outside professional activity, and/or by an incompatibility between the outside professional activity and the SMG member's responsibilities to the University.

2. Actual or Perceived Conflict of Interest and/or Commitment

Instances may occur in which there is an appearance of a conflict of interest even though the SMG member does not have a financial interest in the decision as defined by the Political Reform Act. SMG members are expected to conduct themselves with integrity and good judgment and must avoid the appearance of favoritism in all of their dealings on behalf of the University.

The responsibility for determining and disclosing whether an actual or perceived conflict of interest ~~and/or commitment~~ reasonably may occur rests first with the individual SMG member and then with ~~his/her~~ their Approving Authorities.

In the event ~~the~~ SMG members or his/her ~~their~~ Approving Authorities either anticipates a perceived or recognizes an actual conflict of interest ~~and/or~~

**Senior Management Group Outside Professional Activities**

commitment, a full written disclosure must be reviewed by the appropriate administrator.

***E. Use of University Resources***

The University of California has a responsibility for the stewardship of University resources and is committed to compliance with University policies and procedures regarding the use of University resources. See [Business and Finance Bulletin BUS 29, Section XIII](#) and [UC Whistleblower Policies](#).

The use of the name, logo, seal, or letterhead of the University of California or any University laboratory facility or entity in the conduct of any outside activity is prohibited at all times.

Incidental and occasional personal use of University equipment, services and supplies is permitted within the University, so long as such use does not disrupt or distract from University business (due to volume, frequency, or intent).

Approval of any proposed Outside Professional Activity that includes use of University facilities, equipment, services, or supplies will be conditioned upon reimbursement to the University for costs resulting from such use.

Incidental and occasional personal use of electronic resources is subject to local regulations and must comply with existing [University of California Electronic Communications Policy](#)

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**IV. APPROVAL AUTHORITY**

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***A. Implementation of the Policy***

The Vice President Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy.

***B. Revisions to the Policy***

The Board of Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

The Vice President Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of the Regents.

The Executive Vice President, Chief Operating Officer has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Senior Management Group Compensation Policy Principles* and other governance policies.

***C. Approval of Actions***

All actions within this policy must be approved by the Approving Authorities as described in Section II of this policy unless stated otherwise. All actions that are exceptions to this policy including retroactive actions or those not expressly provided for under any policy must be approved by the Regents.

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**Senior Management Group Outside Professional Activities**

**V. COMPLIANCE**

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***A. Compliance with the Policy***

~~SMG members who are actively employed by the University and who have more than two concurrent compensated activities approved before the effective date of this policy may continue those approved compensated activities that exceed the policy limit.~~

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant data and creating specified regular compliance reports for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

The Vice President, Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President, Chief Compliance and Audit Officer will periodically audit and monitor compliance to these policies, and results will be reported to senior management and the Regents.

***B. Noncompliance with the Policy***

Noncompliance with the policy is handled in accordance with the Regents' [Guidelines for Corrective Actions Related to Compensation Practices](#) and ~~violations of the Outside Professional Activities~~ this policy and will be subject to corrective action, consistent with how the University addresses any policy violations. The action taken will depend on the nature and severity of the conduct. Remedies may include, but are not limited to, issuance of a letter in the personnel file, mandatory training, consideration in the performance review and related salary actions including loss of or reduction in a merit or equity increase, reassignment, demotion, removal from the Senior Management Group position where there is an underlying academic appointment, or termination of employment.

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President, Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

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**REVISION HISTORY**

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### **Senior Management Group Outside Professional Activities**

On January 16, 2019 the Policy was revised to reflect changes to reporting requirements for compensated and uncompensated Outside Professional Activities.

As a result of the issuance of this policy, the following documents are rescinded:

- Interim Regental Policy on Outside Professional Activities for University Officers and Designated Staff, dated January 18, 2007
- Presidential Policy on Outside Professional Activities for University Officers and Designated Staff, dated July 1, 1995
- Guidelines for the Policy on Outside Professional Activities for University Officers and Designated Staff, dated June 1, 2000)
- Letter of Clarification Regarding Annual Reporting Requirements Under Both APM-025 and the University's Policy on Outside Professional Activities for University Officers and Designated Staff, dated December 1, 2005
- Regental Policy on Outside Professional Activities of the President, Principal Officers of the Regents, and Officers of the Regents, dated March 17, 1995

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**IMPLEMENTATION PROCEDURES** [to be developed as needed to support implementation]

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### **RELATED DOCUMENTS**

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- [APM - 025, Conflict of Commitment and Outside Professional Activities of Faculty Members](#)
- [APM - 250, Deans](#)
- [APM - 670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants](#)
- [California Political Reform Act of 1974](#)
- [University Conflict of Interest Code](#)
- [Business and Finance Bulletin BUS 29, Section XIII Personal Use of Property](#)
- [Senior Management Group Salary and Appointment \(Regents Policy 7701\)](#)
- [University of California Electronic Communications Policy](#)
- [University Whistleblower Policies](#)

# Senior Management Group Outside Professional Activities

Approved ~~July 21, 2016~~ January 17, 2019



**Responsible Officer:** Vice President–Human Resources

**Responsible Office:** Human Resources

**Effective Date:** ~~July 21, 2016~~ January 17, 2019

**Next Review Date:** The Responsible Officer will review the policy annually for update purposes and will conduct a full review at least every three years.

**Who Is Covered:** All employees whose position is designated to be in the Senior Management Group, inclusive of Officers of the University per Regents Standing Order 100.1.a, and non-SMG members appointed to an SMG position on an acting or interim basis.

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### II. Policy Definitions

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### IV. Approval Authority

### V. Compliance

### Revision History

### Implementation Procedures

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## **I. POLICY SUMMARY**

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Considerable benefit accrues to the University from Senior Management Group (SMG) members' association with external educational and research institutions, not-for-profit professional associations, federal, state and local government offices and private sector organizations. Such associations foster a greater understanding of the University of California and its value as a preeminent provider of education, research, public service, and health care. Such associations also may provide a stimulus for economic development and enhanced economic competitiveness.

While outside professional activities performed by SMG members are often mutually beneficial to the University and the members themselves, and are therefore encouraged, the primary commitment of University of California SMG members must be to the fulfillment of their regular University responsibilities.

This Policy applies to all University of California SMG members, including those who have underlying faculty appointments. During the period an SMG member possesses a dual academic and SMG appointment, ~~his/her~~ their participation in outside professional activities will be subject to this policy and not that of the Academic Personnel Manual.<sup>1</sup> This Policy is intended to:

- Support and recognize the value of SMG members' outside professional activities to the University, such as contributing to their academic field, sharing their expertise with other institutions, and providing service to the community,
- Provide guidance about the limits of such activities in relation to fulfilling University responsibilities,
- Establish methods for seeking appropriate approval(s), monitoring, and reporting such activities,
- Protect against actual or perceived conflicts of interest and/or commitment when SMG members engage in such activities,
- Protect the University of California by assessing outside affiliations that could diminish the reputation of the institution or system.

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## **II. POLICY DEFINITIONS**

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<sup>1</sup>~~SMG members with faculty appointments who are participants in the HSCP need to report under **APM – 671, Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants**. SMG members with faculty appointments who are *not* members of the HSCP need to report under **APM – 025, Conflict of Commitment and Outside Activities of Faculty Members**. APM – 670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants and SALARY ADMINISTRATION APM – 671 Conflict of Commitment and ... and APM – 025, Conflict of Commitment and Outside Activities of Faculty Members.~~

## Senior Management Group Outside Professional Activities

**Approving Authorities:** The person or office to whom an individual reports plus the next higher level manager. For SMG members who report to another SMG member who reports to the Chancellor, Laboratory Director or President, the immediate manager and the Chancellor (for campus SMG members), the Laboratory Director, or the President will be the Approving Authorities. For SMG members who report directly to the Chancellor or Laboratory Director, the Chancellor or Laboratory Director and the President will be the Approving Authorities. For SMG members who report directly to the President, the President and the Chair of the Board of Regents will be the Approving Authorities. For SMG members who report directly to the Regents, the Vice Chair and Chair of the Board of Regents will be the Approving Authorities.

**Activities Regarded as Outside Professional Activities:** Outside Professional Activities are those activities that are within the SMG member's area(s) of professional expertise for which they are employed by the University and are either (1) Board memberships, compensated or uncompensated or (2) activities for which an SMG member is compensated in excess of \$2,500 per calendar year from any single source. ~~Such activities include, but are not limited to: service on state or national commissions, government agencies and boards, committees or advisory groups to other universities, organizations established to further the interests of higher education, not-for-profit organizations, and service in an advisory capacity or on corporate boards of directors.~~

**Activities Not Regarded as Outside Professional Activities:** The following are **not** regarded as Outside Professional Activities:

- Activities unrelated to the SMG member's area of professional expertise for which they are employed by the University, such as involvement in religious or cultural organizations.
- Activities that the Approving Authorities ~~the SMG member's direct manager~~ confirms as part of the individual's job expectations. It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.
- For an SMG member with an underlying faculty appointment, activities that the Approving Authorities confirm as essential to remaining current in the SMG member's academic field or activities creating or promoting the SMG member's scholarly and creative works, including books, other publications and speeches. ~~It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.~~ However, for compensated speeches and appearances on panels, SMG members should consult with University counsel to determine whether acceptance of compensation would violate the ban on honoraria in the California Political Reform Act.

**Exception to Policy:** Any request to participate in more than two concurrent compensated board membership activities, requires approval by the Regents. Any other action that exceeds what is allowable under current policy or that is not expressly provided for under policy. ~~Any such action must be treated as an exception and must be reviewed and approved by the person or office to whom an SMG reports plus the next higher level manager. the Regents.~~



## Senior Management Group Outside Professional Activities

**Executive Officer:** The President of the University, Chancellor, or Laboratory Director.

**Senior Management Group:** Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% and an appointment to a Senior Management Group position will be considered to possess a career appointment in the Senior Management Group.

**Top Business Officer:** Executive Vice President, Chief Operating Officer for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

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### III. POLICY TEXT

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#### A. *Responsibility and Accountability*

##### 1. Guiding Principles

SMG members are individually responsible for ensuring that the Outside Professional Activities they perform, and compensation received for such activities, do not violate conflict of commitment and/or actual or perceived conflict of interest standards of the University. SMG members have a duty of loyalty to the University, as well as a primary fiduciary responsibility to the University.

Each SMG member's Approving Authorities are personally responsible for monitoring, evaluating, and verifying that the SMG member's Outside Professional Activities comply with University policies and State of California law.

Ultimately, SMG members and their Approving Authorities are accountable to the President and the Regents for ensuring that conflicts do not occur and that any activities or affiliations do not diminish the reputation of the institution or system.

##### 2. Pre-Approval and Assessment of Compensated Activity over \$2,500

Documentation and approval request forms for ~~any~~ Outside Professional Activities, ~~whether compensated or uncompensated, where compensation is~~ over \$2,500 must be completed by the SMG member and submitted for review and approval by the Approving Authorities. ~~All activities must be approved before the SMG member announces or engages in the activity.~~

At the discretion of the Approving Authorities, the documentation and request for any new proposed activities where ~~time commitment, compensation or reputational risk raise concerns~~ will be reviewed by an independent advisory committee appointed by Office of the President, Systemwide Human Resources to assess the request ~~activity for conflicts of interest or commitment, or the appearance of conflicts,~~ and to advise the Approving Authorities. The turnaround time for reviewing and approving or denying the request ~~any new activity~~ will be no more than 30 calendar days from the date the committee receives a complete packet of materials.

## Senior Management Group Outside Professional Activities

Each year, SMG members are also required to request approval for ongoing, recurring compensated OPA over \$2,500 prior to the beginning of the next calendar year. The SMG member is responsible for providing sufficient details on any proposed activity that has changed materially from the preceding year. Material changes must be disclosed and may include changes in compensation (form or amount) ~~or time commitment~~, changes in organizational status of the outside entity, e.g., mergers, acquisitions, relationships with the University or its entities, or changes (legal challenges or other) that may impact the entity's reputation in the community.

The Approving Authorities may request review of any recurring activity by the independent advisory committee before considering the SMG member's request.

An SMG member's Approving Authorities are responsible for assessing whether a proposed Outside Professional Activity might create, or appear to create, a conflict of interest or commitment or reputational risk to the campus or system. In general, the proposed activity must be compatible with the SMG member's University duties. Other important factors for consideration include:

- Will the activity compete with the SMG member's regular and/or expected University duties? An assessment of the SMG member's performance is an appropriate factor to be considered.
- Will the SMG member be precluded from making decisions within the scope of ~~his/her~~ their University duties due to a financial conflict associated with the activity (e.g., a fiduciary responsibility to the external entity, payments received from the external entity)?
- ~~Will the time necessary to successfully perform the activity interfere with the SMG member's ability to fulfill his/her University duties?~~

If the answer to any of these questions is "Yes," the Approving Authorities must seek written guidance from the independent advisory committee in order to resolve the matter with the SMG member and, if resolution is not possible, deny the SMG member's request.

- The forms documenting the assessment/approval process for all Outside Professional Activities can be found at:

[http://policy.ucop.edu/\\_files/smg-docs/opa-approval.xls](http://policy.ucop.edu/_files/smg-docs/opa-approval.xls)

[http://policy.ucop.edu/\\_files/smg-docs/opa-detailed-information.doc](http://policy.ucop.edu/_files/smg-docs/opa-detailed-information.doc)

### ***B. Outside Professional Activities: Definitions and Limits***

#### ***1. Uncompensated Outside Professional Activities***

Uncompensated Outside Professional Activities are Board memberships that are within the SMG member's area(s) of professional expertise for which they are employed by the University. Uncompensated activities are Outside Professional Activities include those for which the SMG member ~~does not receive compensation or~~ donates the full amount of the compensation to the University or a charitable organization. Compensation donated to the University may not be returned to the individual SMG member.

## Senior Management Group Outside Professional Activities

### 2. Compensated Outside Professional Activities

Compensated Outside Professional Activities are those activities that are within the SMG member's area(s) of professional expertise for which they are employed by the University and are either (1) compensated Board memberships of any amount, or (2) activities for which an SMG member is compensated in excess of \$2,500 per calendar year from any single source. ~~Compensated activities are Outside Professional Activities for which the SMG member receives and retains compensation in excess of \$2,500 per calendar year with any single organization.~~

Reimbursement for reasonable travel expenses is not considered compensation for the purpose of this policy. But travel expenses from a for-profit entity and compensation of \$500 or more from any entity may trigger Political Reform Act reporting and disqualification. Consult with campus counsel.

### 3. Limits on Compensated Board Activities

- a. In addition to considering the reporting guidelines set forth below, when assessing proposed activities, Approving Authorities must be mindful of the following limits:
  - i. An SMG member may participate in up to two concurrent compensated board membership activities. SMG members may participate in an unlimited number of compensated consulting or advisory activities. ~~including, but not limited to, any board memberships, consulting or advisory activity.~~
  - ii. ~~An~~ SMG members will be required to use ~~his/her~~ their personal time to engage in compensated Outside Professional Activities, by either performing such activities outside ~~his/her~~ their usual work hours or debiting accrued vacation time consistent with applicable leave policy.
  - iii. Any request to participate in more than two concurrent compensated board membership activities, requires approval by the Regents. ~~The person or office to whom an SMG reports plus the next higher level manager may approve exceptions to this limit.~~

4. ~~An~~ SMG members who ~~is~~ are appointed at 100 percent time must not receive additional cash compensation above ~~his/her~~ their base salary from an entity managed exclusively by the University for any work or services, regardless of source or type of payment, except in the limited circumstances outlined in Regents Policy 7701, Senior Management Group Appointment and Compensation, which includes an exception for payments for teaching. University Extension courses (UNEX). Additional restrictions pertaining to compensation from University entities, addressed in other SMG policies, are incorporated by reference into this policy. Regents Policy 7701 addresses this restriction.

## C. *Reporting Outside Professional Activities*

## Senior Management Group Outside Professional Activities

Each SMG members must file a report with his/her their Approving Authorities each year detailing all Outside Professional Activities (whether compensated or uncompensated) that were performed during the previous calendar year. Service or compensation that inadvertently is not reported or is erroneously reported in the calendar year immediately following the activity shall be reported as soon as the omission or error is known to the individual and/or the Approving Authorities. In addition, each SMG member must file a mid-year report of all new activity undertaken in the preceding six months. Templates for collecting details for these reports will be distributed by the Office of the President. The mid-year report will be distributed to the President and the Regents' Committee responsible for oversight of compensation.

- a. Employees who step down from their SMG appointment but remain employed by the University are subject to this reporting requirement for the calendar year in which they served in a career SMG position.
- b. Employees serving in an acting or interim SMG capacity are also subject to this reporting requirement.
- c. Only activities that occur when an employee is an SMG member shall be reported.

### 1. Uncompensated Outside Professional Activities Reporting

As detailed in section III.C above, each SMG member must file separate annual reports with his/her their Approving Authorities detailing all uncompensated Outside Professional Activities, ~~including activities compensated as well as uncompensated.~~ Pre-approval of uncompensated activity is not required, unless otherwise required by the person or office to whom an SMG member reports plus the next higher level manager.

A separate uncompensated annual report will be made to each of the Chancellors, the Laboratory Director and the Executive Vice President, Chief Operating Officer of all uncompensated outside professional activities covered by this policy for SMG members at their respective locations that occurred the previous calendar year.

- A sample of the Annual Report by individual SMG members listing all uncompensated Outside Professional Activities can be found at:

[http://policy.ucop.edu/files/smg-docs/opa-sample\\_uncompensated\\_report.pdf](http://policy.ucop.edu/files/smg-docs/opa-sample_uncompensated_report.pdf)

The Chancellor, Laboratory Director or Executive Vice President, Chief Operating Officer will assess and maintain the reports of all uncompensated Outside Professional Activities.

In an annual report to the President, the Chancellors, the Laboratory Director and the Executive Vice President, Chief Operating Officer shall acknowledge receipt of a comprehensive set of reports that includes all employees who meet the criteria detailed in Section III.C. above, and confirm that no instances of actual or perceived conflict of interest or conflict of commitment were apparent within the reports of all uncompensated Outside Professional Activities for their location.

## Senior Management Group Outside Professional Activities

### 2. Compensated Outside Professional Activities Reporting

As detailed in section III.C above, ~~each~~ SMG members must file separate annual reports with ~~his/her~~ their Approving Authorities detailing all compensated Outside Professional Activities, including compensated board memberships of any amount and other compensated activity over \$2,500 per calendar year with any single organization. ~~including activities compensated as well as uncompensated.~~ Pre-approval of compensated activity \$2,500 or under is not required, unless otherwise required by the person or office to whom an SMG member reports plus the next higher level manager.

- A sample of the Annual Report by individual SMG members listing all compensated Outside Professional Activities can be found at:

[http://policy.ucop.edu/files/\\_smg-docs/opa-sample\\_compensated\\_report.pdf](http://policy.ucop.edu/files/_smg-docs/opa-sample_compensated_report.pdf)

Deferred compensation shall be reported in the year in which the compensation was known or granted, not received. If the amount of the deferred compensation is unknown during the year in which the service is performed, such as in the case of royalties, the compensation shall be reported when it is known.

The Chancellors, the Laboratory Director and the Executive Vice President, Chief Operating Officer will make a separate report to the President, who will in turn report to the Regents all compensated Outside Professional Activities covered by this policy for SMG members that occurred the previous calendar year.

In the event an SMG member publishes a University biography, compensated board membership activities must be included.

### **D. Conflict of Interest and/or Commitment**

Regardless of whether an activity is reportable under this Policy, SMG members are responsible for ensuring that the following conflicts are avoided.

#### 1. Conflict of Interest

~~No~~ SMG members may not make, participate in the making, or influence a governmental decision in which ~~he or she~~ they have ~~has~~ a financial interest as defined by the Political Reform Act. <http://www.ucop.edu/general-counsel/legal-resources/conflict-of-interest-code.html>

#### 2. Conflict of Commitment

Conflict of commitment is a subjective judgment made ~~either~~ by the SMG member's direct supervisor in consultation with the SMG member ~~or his/her their Approving Authorities at the time approval is requested to pursue an outside professional activity.~~ This subjective judgment shall determine whether or not a conflict is created -- either by the time required to reasonably fulfill the outside professional activity, and/or by an incompatibility between the outside professional activity and the SMG member's responsibilities to the University.

#### 3. Actual or Perceived Conflict of Interest and/or Commitment

Instances may occur in which there is an appearance of a conflict of interest

## **Senior Management Group Outside Professional Activities**

even though the SMG member does not have a financial interest in the decision as defined by the Political Reform Act. SMG members are expected to conduct themselves with integrity and good judgment and must avoid the appearance of favoritism in all of their dealings on behalf of the University.

The responsibility for determining and disclosing whether an actual or perceived conflict of interest ~~and/or commitment~~ reasonably may occur rests first with the individual SMG member and then with ~~his/her~~ their Approving Authorities.

In the event ~~the~~ SMG members or ~~his/her~~ their Approving Authorities either anticipates a perceived or recognizes an actual conflict of interest ~~and/or commitment~~, a full written disclosure must be reviewed by the appropriate administrator.

### ***E. Use of University Resources***

The University of California has a responsibility for the stewardship of University resources and is committed to compliance with University policies and procedures regarding the use of University resources. See [Business and Finance Bulletin BUS 29, Section XIII](#) and [UC Whistleblower Policies](#).

The use of the name, logo, seal, or letterhead of the University of California or any University laboratory facility or entity in the conduct of any outside activity is prohibited at all times.

Incidental and occasional personal use of University equipment, services and supplies is permitted within the University, so long as such use does not disrupt or distract from University business (due to volume, frequency, or intent).

Approval of any proposed Outside Professional Activity that includes use of University facilities, equipment, services, or supplies will be conditioned upon reimbursement to the University for costs resulting from such use.

Incidental and occasional personal use of electronic resources is subject to local regulations and must comply with existing [University of California Electronic Communications Policy](#)

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## **IV. APPROVAL AUTHORITY**

### ***A. Implementation of the Policy***

The Vice President Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy.

### ***B. Revisions to the Policy***

The Board of Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

The Vice President Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and

## Senior Management Group Outside Professional Activities

*Standing Orders of the Regents.*

The Executive Vice President, Chief Operating Officer has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Senior Management Group Compensation Policy Principles* and other governance policies.

### **C. Approval of Actions**

All actions within this policy must be approved by the Approving Authorities as described in Section II of this policy unless stated otherwise. All actions that are exceptions to this policy including retroactive actions or those not expressly provided for under any policy must be approved by the Regents.

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## **V. COMPLIANCE**

### **A. Compliance with the Policy**

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The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant data and creating specified regular compliance reports for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

The Vice President, Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President, Chief Compliance and Audit Officer will periodically audit and monitor compliance to these policies, and results will be reported to senior management and the Regents.

### **B. Noncompliance with the Policy**

Noncompliance with the policy is handled in accordance with the Regents' [Guidelines for Corrective Actions Related to Compensation Practices](#) and ~~violations of the Outside Professional Activities~~ this policy and will be subject to corrective action, consistent with how the University addresses any policy



### **Senior Management Group Outside Professional Activities**

violations. The action taken will depend on the nature and severity of the conduct. Remedies may include, but are not limited to, issuance of a letter in the personnel file, mandatory training, consideration in the performance review and related salary actions including loss of or reduction in a merit or equity increase, reassignment, demotion, removal from the Senior Management Group position where there is an underlying academic appointment, or termination of employment.

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President, Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

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## **REVISION HISTORY**

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On January 17, 2019 the Policy was revised to reflect changes to reporting requirements for compensated and uncompensated Outside Professional Activities.

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- ❑ Regental Policy on Outside Professional Activities of the President, Principal Officers of the Regents, and Officers of the Regents, dated March 17, 1995

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## **IMPLEMENTATION PROCEDURES** [to be developed as needed to support implementation]

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## **RELATED DOCUMENTS**

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- ❑ [APM - 025, Conflict of Commitment and Outside Professional Activities of Faculty Members](#)
- ❑ [APM - 250, Deans](#)
- ❑ [APM - 670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants](#)



**Senior Management Group Outside Professional Activities**

- ☐ [California Political Reform Act of 1974](#)
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- ☐ [\*Business and Finance Bulletin BUS 29, Section XIII Personal Use of Property\*](#)
- ☐ [\*Senior Management Group Salary and Appointment \(Regents Policy 7701\)\*](#)
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