

**Compensation Policies and Practices:
STATUS OF IMPLEMENTATION of Task Force Recommendations**

Action Item #	Task Force Recommendation # and Report Page #	Task Force Recommendation, and Action Adopted by The Regents in May 2006	Implementation Actions Completed, Actions, Underway, and Future Actions	Original Estimated Timing	Status
RE-74a	All recommendations relating to policies and procedures	<p>GENERAL</p> <p>The recommended actions (see next column) pertain to all Task Force recommendations relating to policies and procedures.</p> <p><u><i>Regents' Action in May:</i></u> CONCUR</p>	<p><i>ACTIONS UNDERWAY AND FUTURE ACTIONS:</i></p> <p><u>74a(1). CREATE POLICY FRAMEWORK & TIMETABLE.</u> All compensation policies and procedures will be examined, a new comprehensive framework created, and new policies and procedures developed. A timetable for these will be established as part of the framework, and individual items will come forward for approval in accordance with this framework and timetable. (Note: The framework would include an outline, or “table of contents,” of the subject matter of all policies.)</p> <p><u>74a(2). CREATE ADVISORY COMMITTEE.</u> The development of these items will be accomplished with an Advisory Committee that is composed of representatives from the administration, faculty, and staff at the campuses and the Office of the President.</p> <p><u>74a(3). RETAIN CONSULTANT.</u> An external consultant will be required to assist in preparing the overall framework and individual policies and procedures.</p> <p><u>74a(4). ONGOING TRAINING.</u> An evaluation will be made to determine if an external consultant is required to provide ongoing training for leaders and managers once a new comprehensive policy compendium is in place.</p>	<p>Policy framework & timetable: Sept 2006</p> <p>Advisory Committee: June 2006</p> <p>Consultant recommendation: July 2006</p> <p>Consultant recommendation: July 2006</p>	<p>With the help of selected consultant, (see RE-74a(3) below) expect policy framework and timetable to be ready January 2007. Overall effort to revise all policies will take <u>at least</u> one year.</p> <p>The Advisory Committee will be established concurrent with engaging an outside consultant.</p> <p>RFP will be issued to engage outside consultant in development of new comprehensive policy framework. Sept 1, 2006: RFP responses due. Nov 2006: Recommendation to Regents.</p> <p>UCOP is issuing an RFP for a new system to facilitate the delivery of this and other training. Evaluation called for will be done once the policy framework is developed.</p>

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			<p><u>74a(5). PRESIDENT’S IMPLEMENTATION COMMITTEE.</u> To assist The Regents in implementing the Task Force recommendations, the President has appointed an Implementation Committee, composed of a steering committee and workgroups, focused on the major areas of the recommendations. The Implementation Committee and workgroups have begun organizing their work and are poised to effect any changes in policy and practice adopted by The Regents.</p>	<p>President’s Implementation Committee and workgroups appointed: May 2006. Work is underway and ongoing.</p>	<p>President’s Implementation Committee and workgroups continue to meet and their work is ongoing. They are also poised to take on implementation of reforms related to audit recommendations, once The Regents act to adopt them.</p>
<p>RE-74b</p>	<p>#1 Disclosure and Transparency Page 10</p>	<p>The University should develop and broadly communicate a systemwide policy governing the disclosure of compensation information to the public. Such a disclosure policy must balance public access, personal privacy, and institutional competitiveness by defining what UC considers public versus private/protected information. UC must also provide ongoing training for its leaders and managers about its compensation disclosure policies and practices.</p> <p><u>Regents’ Action in May:</u> CONCUR</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74b(1). ESTABLISH NEW DISCLOSURE POLICY.</u></p> <p><u>74b(2). TRAINING ON POLICY.</u> Provide on-going training for leaders and managers. An evaluation will be made to determine if an external consultant is required to provide ongoing training once a new disclosure policy is in place.</p>	<p>Disclosure policy: July 2006</p> <p>Training recommendations: July 2006</p>	<p>Draft policy completed by workgroup and submitted to the Implementation Steering Committee. Pending steering committee’s approval.</p> <p>Sept 2006: Bring draft policy to Regents for approval.</p> <p>Draft training recommendation completed by workgroup and submitted to the Implementation Steering Committee. Pending steering committee’s approval.</p> <p>Sept 2006: Inform Regents of training plan.</p>
<p>RE-74c</p>	<p>#2 Disclosure and Transparency Page 11</p>	<p>UC must ensure that all relevant information about compensation packages is provided to The Regents in advance of approval. Following Regents’ approval, compensation information should</p>	<p><i>ACTIONS COMPLETED:</i></p> <p><u>74c(1). NEW COMPENSATION DISCLOSURE TEMPLATE.</u> A new template consistent with the sample template developed by the Task Force that includes <u>all</u> elements of total compensation for those</p>	<p>New template: Completed and in use since March 2006</p>	<p>n/a</p>

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		<p>be disclosed to the public in a timely manner.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p>employees whose compensation requires Regental approval will be used to present compensation information to The Regents prior to approval, as well as to disclose this information to the public following Regents' action.</p>		
RE-74d	#3 Disclosure and Transparency Page 12	<p>The University should invest in a modern, comprehensive, integrated human resources information system that enables compensation data to be quickly examined and analyzed—at the campuses, medical centers, national laboratories, and systemwide—so that UC can meet its obligation of public accountability.</p> <p>Because the new systems will require a major investment of time, money, and staffing, the University should phase in implementation, beginning first with systems that track senior management compensation.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74d(1). CONDUCT NEEDS ASSESSMENT AND PLAN.</u> Undertake a needs assessment and develop a plan and timeline for implementing a systemwide, comprehensive, integrated human resources information system (HRIS). Significant additional resources will be required to develop a new comprehensive system.</p> <p><u>74d(2). PHASE IN IMPLEMENTATION OF NEW INFORMATION SYSTEM</u></p> <p><i>ACTIONS COMPLETED:</i></p> <p><u>74d(3). PHASE ONE.</u> President Dynes has committed funding for the first phase of the new system (capturing and tracking senior management compensation data).</p>	<p>Needs assessment, implementation plan and timeline: Sept 2006</p> <p>Phase One: Operational by Dec 2006</p>	<p>Sept 2006: A status update on efforts to assess the current University environment with respect to a comprehensive HRIS, system capabilities, and an evaluation of options with respect to those needs will be provided for The Regents.</p> <p>By Oct 2006, the Senior Management Information System (SMIS), a data warehouse that will contain total compensation data for those included in the Senior Leadership Compensation Group, will be implemented. Elements include: collection of payroll personnel system data; web-based entry of compensation-related and other critical information; standard reports, such as the Annual Report of Executive Compensation, and a “snapshot” report for each individual; and compensation offer data for prospective employees.</p>

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					<p>Additional enhancements will be made to the system following implementation. These include: collection of additional electronic data from systems beyond the payroll personnel system which record only some – but not all – compensation items; processing and tracking of campus requests for approval; automation to replace other manual processes; and online certification statements for Senior Management Group members to submit their annual certification statements.</p>
RE-74e	#4 Disclosure and Transparency Pages 13-14	<p>The University should establish clear protocols, procedures, and forms that allow for full and timely compensation reporting. These reports should include:</p> <ul style="list-style-type: none"> • Annual reports on total compensation for UC executives. • Annual reports on outside compensated professional activities. • Annual reports on base salaries for all UC employees. • Compliance with annual compensation reporting requirements to The Regents and the Legislature. • Regular reviews of compensation policies and practices. 	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74e(1). REVISE ANNUAL REPORTS.</u> The annual report on total compensation for UC executives will be revised to capture all elements of total compensation, once The Regents define “total compensation” (<i>see RE-74g, #6 Disclosure and Transparency</i>).</p> <p><u>74e(2). DETERMINE GROUP UNDER REGENTS’ DIRECT OVERSIGHT.</u> For both this report and the annual report on outside compensated professional activities, The Regents also need to define the group of University employees (<i>see RE-74n, #6 Governance and Accountability</i>) and the time period (i.e., fiscal, calendar, or academic year) that the report will cover.</p>	<p>Timeline for new, clear protocols, procedures, and forms for reporting: July 2006</p> <p>Defined as part of overall policy review. Framework and timetable: July 2006 (<i>See RE-74a, General</i>).</p>	<p>Draft recommendations completed by workgroup and submitted to the Implementation Steering Committee, including recommended definition of “total compensation” for disclosure purposes. Pending steering committee’s approval. Compensation reporting language has also been developed with the Legislature as part of 2006-07 budget process.</p> <p>Sept 2006: Proposed definition of “total compensation” to The Regents.</p>

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		<p>• Regular reports on compensation actions taken by The Regents at Board meetings as well as compensation actions taken between Board meetings.</p> <p><u>Regents’ Action in May:</u> CONCUR with the following note: The Regents unequivocally support full disclosure and public accountability. Nonetheless, in balancing disclosure with institutional competitiveness, additional analysis may be warranted on the proposed annual report on base salaries for all UC employees.</p>	<p><u>74e(3). COMPLIANCE.</u> Compliance with annual compensation reporting requirements to The Regents, the Legislature, and the California Postsecondary Education Commission and annual reviews of compensation policies and practices will be the responsibility of the newly proposed Regents’ Compliance Office.</p>	<p>Regents’ approval of Compliance Office: May 2006</p>	<p>Item 7C for the July 2006 Regents meeting deals with Regental review and approval of compensation for 2006-07, including thresholds and group of employees under Regental oversight. Annual report on total compensation would cover these employees and other employees as specified in 2006-07 budget language. Draft policy on outside activities (under consultation) designates group to be covered and reported on.</p> <p>July 2006: Regents to review and approve job description for the Chief Compliance Officer (CCO). Search process is expected to be completed in Fall 2006.</p>
RE-74f	#5 Disclosure and Transparency Page 14	<p>The University should improve public information and ensure that this information is readily available, including creating a new, easily accessible Web site for posting UC compensation information consistent with the other recommendations in this report.</p> <p><u>Regents’ Action in May:</u> CONCUR</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74f(1). COMPENSATION WEBSITE.</u> The President’s Office is designing a new website dedicated to providing compensation information, reports, and studies. Once the overall policy review and reform is completed, the website will also make available all University compensation policies, in an easily accessible and searchable format.</p>	<p>Preliminary website design: Presented at May 2006 Regents meeting.</p>	<p>Further website development is underway, pending content development which depends on overall policy review and revisions.</p>

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RE-74g	#6 Disclosure and Transparency Page 15	The Regents should reaffirm the definition of “total compensation” in the Regents’ 1992/93 Principles for Review of Executive Compensation and further clarify some missing elements to ensure consistency with accepted standards and practices. <u><i>Regents’ Action in May:</i></u> CONCUR	<i>ACTIONS UNDERWAY AND FUTURE ACTIONS:</i> <u>74g(1). REAFFIRM 1992/93 PRINCIPLES.</u> <u>74g(2). DEFINE “TOTAL COMPENSATION.”</u> Further analysis and discussion of the definition of “total compensation” is required. Issues to consider include: What elements are missing? How to value in dollar terms “retirement and other benefits”? What elements are included in “any forms of compensation”? <u>74g(3). REVISE REPORTS, FORMS, POLICIES, AND PROCEDURES.</u> Once The Regents have defined the elements of “total compensation,” all annual reports, disclosure forms and templates, and policies and practices will be made consistent with this definition and the Principles.	Reaffirm Principles: July 2006 Define “Total Compensation”: July 2006 Revised as part of overall policy review. Framework and timetable: July 2006 (See RE-74a, General.)	Draft recommendations for RE-74g(1), (2), and (3) completed by workgroup and submitted to the Implementation Steering Committee, including recommended definition of “total compensation” for disclosure purposes and other updates to the Principles. Pending steering committee’s approval. Sept 2006: Relevant recommendations to be brought forward to The Regents.
RE-74h	#7 Disclosure and Transparency Page 15	The UC Office of the President should immediately assign to one person the Public Information Practices Coordinator role. This staff member should coordinate all Public Records Act (PRA) requests and develop clear protocols and timelines for processing these requests. <u><i>Regents’ Action in May:</i></u> CONCUR	<i>ACTIONS UNDERWAY:</i> <u>74h(1). PUBLIC INFORMATION PRACTICES COORDINATION.</u> President Dynes has appointed Gail Riley as the Public Information Practices Coordinator, on an interim basis. Mr. Riley has already begun to develop protocols and timelines for processing PRAs and other information requests. The President’s Office will report periodically on progress in this area, and a permanent appointment will be made in the near future.	Interim appointment made: April 2006	Oct/Nov 2006: Hire a permanent Public Information Practices Coordinator. Under development: Draft PRA protocols and timelines.
RE-74i	#1 Governance and Accountability Pages 16-17	The Regents should examine specific aspects of the University’s compliance mechanisms, and if necessary, make changes or introduce new	<i>ACTIONS UNDERWAY:</i> <u>74i(1). COMMITTEE ON COMPENSATION:</u> Review charge of the Special Committee on Compensation to be sure it is consistent with this	Special Committee on Compensation established: Jan	July 2006: Committee on Compensation will be established as a Standing

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		<p>oversight mechanisms to ensure compliance. Specifically, the Regents' Compensation Committee should have primary responsibility for setting compensation policies and providing necessary oversight to ensure compliance.</p> <p>In order for the Committee to exercise proper oversight, the President should designate a senior official from the Office of the President to serve as the administration's liaison to the Regents' Compensation Committee to implement the Committee's mandate.</p> <p>The University should also establish a compensation oversight committee to work with the administrative liaison to the Regents to ensure that recommendations reflect the needs of the campuses and the accountability requirements of the UC system.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p>recommendation that the Committee have primary responsibility for compensation policies, oversight, and compliance. This Committee should be made permanent, and its charge clearly articulated.</p> <p><u>74i(2). OVERSIGHT MECHANISMS.</u> Further analysis is required to determine the most effective oversight mechanisms to ensure compliance with policies, some of which will occur as part of the overarching policy review.</p> <p><u>74i(3). LIAISON.</u> President Dynes has designated, on an interim basis until a new senior administrative officer is named, Senior Vice President Bruce Darling as the administration's liaison to the Special Committee on Compensation.</p> <p><u>74i(4). PRESIDENT'S IMPLEMENTATION COMMITTEE.</u> To assist The Regents in implementing the Task Force recommendations, the President has appointed an Implementation Committee, composed of a steering committee and workgroups, focused on the major areas of the recommendations. The Implementation Committee and workgroups have begun organizing their work and are poised to effect any changes in policy and practice adopted by The Regents.</p> <p><i>FUTURE ACTIONS:</i></p> <p><u>74i(5). ADVISORY COMMITTEE.</u> An Advisory Committee to provide guidance and direction for policy and procedure recommendations with representatives from UCOP, Campus Administration, Faculty and Staff shall be created by the Chair of the Regents, the Chair of the Special Committee on Compensation, and the President.</p>	<p>2006. Committee on Compensation to be established permanently: July 2006</p> <p>Interim appointment made: April 2006 Permanent liaison: Upon filling position vacated by former SVP – Business & Finance.</p> <p>President's Implementation Committee and workgroups appointed: May 2006. Work is underway and ongoing.</p> <p>Advisory Committee: June 2006</p>	<p>Committee.</p> <p>Work is ongoing.</p> <p>Sept 2006: Recommendation for permanent liaison will be brought to The Regents.</p> <p>President's Implementation Committee and workgroups continue to meet and their work is ongoing. They are also poised to take on implementation of reforms related to audit recommendations, once The Regents act to adopt them.</p> <p>The Advisory Committee will be established concurrent with engaging an outside consultant.</p>

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RE-74j	#2 Governance and Accountability Page 17	<p>The Regents should clearly delineate the respective authority of the Regents, the President, and the chancellors in approving compensation decisions. They should also specify which decisions can be delegated, the conditions under which decisions can be delegated, and the review and approval process for delegated decisions.</p> <p>Compensation decisions should be regularly audited to ensure that they are being made and approved at the appropriate levels.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74j(1). DELINEATION OF AUTHORITY.</u> The clear delineation of authority on approving compensation decisions will occur as part of the overarching policy review.</p> <p><u>74j(2). REGULAR AUDITS.</u> The specific scope of the audits will be developed in consultation with The Regents Committee on Audit. The Special Committee on Compensation and the Committee on Audit will work with the Chief Compliance Officer and the University Auditor to perform annual audits of compensation decisions and approvals.</p>	<p>Delineation of authority to occur as part of the overarching policy review. Framework and timeline: July 2006 (<i>See RE-74a, General.</i>)</p> <p>Audits: Annual, beginning with FY 2006-07</p> <p>Audit content: Jan 2007</p>	<p>Workgroup is reviewing Standing Orders, Presidential delegations, and the 1993 Principles for Review of Executive Compensation to assure consistency and clarity. Sept 2006: Recommendations brought to The Regents.</p> <p>Work is ongoing. Resource needs outlined in 2006-07 audit plan approved by The Regents in May 2006.</p>
RE-74k	#3 Governance and Accountability Page 18	<p>Compensation policies should include specific guidance about when exceptions to policy are appropriate, who may grant them, and through which mechanisms. Exceptions should be subject to rigorous review and advance approval by the appropriate higher authority. To monitor compliance, all exceptions should be reported to a central office or individual.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p><i>ACTIONS COMPLETED:</i></p> <p><u>74k(1). TEMPLATE.</u> As an immediate first step, the new compensation disclosure template (<i>see #2 Disclosure and Transparency above</i>) shows clearly any exceptions to policy for all new senior-level appointments that require Regental approval. Use of the template will be extended to other compensation actions for UC executives, including promotions, stipends, and other adjustments.</p> <p><i>ACTIONS UNDERWAY:</i></p> <p><u>74k(2). INFO SYSTEMS.</u> The proposed new human resources information systems (<i>see RE-74d above</i>) should include mechanisms to capture, track, and monitor exceptions to policy.</p>	<p>New template: Completed and in use since March 2006</p> <p>HR info systems: <i>See RE-74d above.</i></p>	<p>n/a</p> <p><i>See status of RE-74d above.</i></p>

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			<p><u>74k(3). POLICY REVISIONS.</u> Relevant policies will be reviewed for possible revisions with respect to defining what constitutes an exception; making clear the manner in which exceptions may be considered and approved; and establishing clear authority and guidelines for granting exceptions. In addition, a clear centralized process for review, oversight, and reporting of exceptions on a regular basis will be developed.</p> <p><u>74k(4). ANNUAL AUDITS.</u> Annual audits of compensation decisions will include an examination of exceptions and the rationale for them. Monitoring for compliance will be the responsibility of the Chief Compliance Officer.</p>	<p>Policy revisions: Part of the overall policy review. Framework and timeline: July 2006. (See RE-74a, General.)</p> <p>Annual audits: See RE-74j(2) above.</p>	<p>Sept 2006: Proposed policy on how exceptions may be considered and related issues to be presented to The Regents.</p> <p>See status of See RE-74j(2) above.</p>
RE-74l	#4 Governance and Accountability Page 18	<p>Policies must include specific consequences for violations of compensation policy. Violations should be reported annually to the Regents' Compensation Committee and, where appropriate, sanctions should be issued.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p>ACTIONS COMPLETED:</p> <p><u>74l(1). SPECIFIC POLICY ON VIOLATIONS.</u> An initial policy on violation of University policy or law by individuals with negotiated separation agreements is required.</p> <p>ACTIONS UNDERWAY AND FUTURE ACTIONS:</p> <p><u>74l(2). REVIEW AND CLARIFY POLICIES.</u> Review policies regarding consequences for violations to determine changes or clarifications needed.</p>	<p>New policy: May 2006</p> <p>To occur as part of overall policy review. Framework and timeline: July 2006. (See RE-74a, General.)</p>	<p>Completed.</p> <p>In addition to reviewing all policies to determine if consequences should be incorporated, as part of overall policy review and revisions (see RE-74a), a recommendation for a general statement on consequences for violations will be made to The Regents in Sept 2006.</p>
RE-74m	#5 Governance and Accountability Page 19	<p>UC should immediately eliminate any conflicts in its compensation and related governance policies and clarify precisely which policies apply to different groups</p>	<p>ACTIONS UNDERWAY AND FUTURE ACTIONS:</p> <p><u>74m(1). CLARIFY POLICIES, ELIMINATE</u></p>	<p>To occur as part of overall policy review. Framework and</p>	<p>Work is ongoing. Expect to bring new policy framework and timetable to the Regents in</p>

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		<p>of employees.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p><u>CONFLICTS.</u> Undertake an overarching policy review to address conflicts in policy and to clarify which policies apply to whom.</p>	<p>timeline: July 2006. <i>(See RE-74a, General.)</i></p>	<p>January 2007. Overall effort to revise all policies take <u>at least</u> one year.</p>
RE-74n	<p>#6 Governance and Accountability</p> <p>Page 19</p>	<p>The Task Force recommends that the Regents retain direct authority to approve compensation for the President, senior vice presidents, vice presidents, associate/assistant vice presidents, the university auditor, the university controller, principal officers of the Regents, chancellors and vice chancellors, national laboratory directors and deputy directors, medical center CEOs, professional school deans, and the top five most highly compensated positions at each UC location. This currently yields 264 individuals.</p> <p><u>Regents' Action in May:</u> CONCUR, with the exception that the top five most highly compensated positions at each UC location be excluded at this time pending further study.</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74n(1). MODIFY POLICIES.</u> Modify all policies, procedures, and reports to include the recommended positions (excluding the “top five”).</p> <p><u>74n(2). FURTHER ANALYSIS.</u> Further study issues associated with including top five most highly compensated.</p>	<p>Further analysis of “top five” and revised policies, procedures, and reports as part of overall policy review. Framework and timeline: July 2006. <i>(See RE-74a, General.)</i></p>	<p>Work is ongoing. Expect to bring new policy framework and timetable to the Regents in January 2007. Overall effort to revise all policies take <u>at least</u> one year. Once it is determined for which positions The Regents will retain direct authority over compensation, the Standing Orders, other relevant policies, procedures, and reports will be modified accordingly.</p> <p>Sept 2006: Anticipate bringing to The Regents a recommendation on whether the “top five” should be included.</p>
RE-74o	<p>#7 Governance and Accountability</p> <p>Page 20</p>	<p>UC leaders should vigorously promote standards of ethical conduct and UC should continue to broadly communicate its whistleblower and anti-retaliation policies.</p>	<p><i>ACTIONS COMPLETED:</i></p> <p><u>74o(1). ETHICS PROGRAM.</u> In September 2005, the Regents adopted the University’s <i>Statement of Ethical Values and Standards of Ethical Conduct</i>, and a program of implementation, including training for all UC employees. President Dynes committed funding in</p>	<p>Program adopted Sept 2005. Broad communication and education of whistleblower and anti-retaliation</p>	<p>n/a</p>

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		<u>Regents' Action in May:</u> CONCUR	April 2006 to implement an online training program. ACTIONS UNDERWAY: <u>74o(2). PROGRAM ROLLOUT.</u> Full implementation of the Ethics Program rollout. Training content under development by Ethics Rollout Team. <u>74o(3) ETHICS TRAINING REPORTING.</u> Regular reporting of ongoing efforts regarding ethics training. (Whistleblower report is currently part of University Auditor's annual report every November Regents Meeting and quarterly reports to the Committee on Audit.)	policies ongoing. Rollout of online training in Fall 2006 Fall 2006	Training content under development by Ethics Rollout Team. Work is ongoing. A regular reporting schedule will be determined after program rollout.
RE-74p	#1 Specific Policies and Practices Page 21	The University should adopt specific limits on externally compensated activities to preclude conflicts of commitment on the part of senior executives. Based on leading best practices in governance from the public and private sectors, UC senior executives should be limited to serving on no more than three externally compensated boards. <u>Regents' Action in May:</u> CONCUR in principle that there should be a limit, but issue requires additional analysis.	ACTIONS UNDERWAY: <u>74p(1). EXTERNAL BOARD SERVICE.</u> Develop a policy on UC service on all external boards, including externally compensated boards. The policy should be limited based on "a standard of reasonableness" and avoid a conflict of commitment and a conflict of interest. <u>74p(2). ADDRESS DEFINITIONAL ISSUES.</u> Such issues include: Does "board" refer only to boards of directors, or also to board committees, scientific advisory committees, and the like? How will uncompensated board service that requires a significant time investment and may represent a "conflict of commitment" be considered in policy?	Analysis and recommendation: Sept 2006. Analysis and recommendation: Sept 2006.	Draft policy and definitional recommendations for RE-74p(1) and (2) completed by workgroup and undergoing UC policy consultation process. Expect to have policy in effect by end of calendar 2006. Sept 2006: Draft policy to be discussed with The Regents.
RE-74q	#2 Specific Policies and Practices Page 22	Policies governing outside professional activities and board service for senior managers who also hold faculty appointments	ACTIONS UNDERWAY: <u>74q(1). NEW POLICY.</u> A new policy governing	New policy as part of overall policy review.	Draft new policy completed by workgroup and undergoing

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		<p>should be revised so that the senior manager policy prevails.</p> <p><u>Regents’ Action in May:</u> CONCUR that policy needs revision for clarity and consistency, but issue requires additional analysis.</p>	<p>outside professional activities and board service for senior managers with academic appointments should be developed in consultation with the Academic Senate, and brought back to The Regents.</p>	<p>Framework and timeline: July 2006. (See RE-74a, General.)</p>	<p>UC policy consultation process. Expect to have policy in effect by end of calendar 2006.</p> <p>Sept 2006: Draft policy to be discussed with The Regents.</p>
RE-74r	<p>#3 Specific Policies and Practices</p> <p>Page 22-23</p>	<p>The University should carefully review its policies on “administrative leaves in lieu of sabbaticals” for senior managers who also hold academic appointments, especially chancellors, and revisit the provision that these leaves be paid at the higher administrative salary rate rather than the faculty salary rate.</p> <p>The University must also revisit the questionable practice of honoring sabbatical credits earned at other institutions to ensure it is in accordance with both the letter and the spirit of sabbatical policies. Furthermore, the Regents should eliminate the practice of making payments, at the commencement of employment, to compensate for forfeited sabbatical credits accrued at other institutions.</p> <p><u>Regents’ Action in May:</u> CONCUR, and as part of overall policy review, explicitly include a policy provision that prohibits</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74r(1). POLICY REVIEW/REVISION.</u> Both the salary rate of pay for “administrative leaves in lieu of sabbatical” and the recruitment practice of honoring sabbatical credits earned at prior institutions require further evaluation. Recommendations should be developed in consultation with the Academic Senate and brought back to The Regents.</p> <p>Some issues to consider: How do UC’s policies and practices compare with those at comparable institutions? How any policy changes will affect those individuals who are about to take such a leave or those who have already received a transfer of sabbatical credits from prior institutions?</p>	<p>Policy analysis and recommended changes as part of overall policy review. Framework and timeline: July 2006. (See RE-74a, General.)</p>	<p>Draft new policy completed by workgroup and undergoing UC policy consultation process. Expect to have policy in effect by end of calendar 2006.</p> <p>Sept 2006: Draft policy to be discussed with The Regents.</p>

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		<p>payments, at the commencement of employment, to compensate for forgone sabbatical credits accrued at other institutions; further analysis on other parts of recommendation is required.</p>			
<p>RE-74s</p>	<p>#1 and #2 Competitive Compensation Pages 24-25</p>	<p>The Regents should implement, in a vigorous and sustained manner, their compensation philosophy emphasizing the importance of competitive compensation as a means to maintain the quality of academic, management, and staff personnel.</p> <p><u><i>Regents' Action in May:</i></u> CONCUR</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74s(1). COMPENSATION PHILOSOPHY.</u> Beginning November 2005, The Regents have begun to implement their compensation philosophy (as originally stated in RE-61), which states a goal of bringing employee compensation to competitive levels in 10 years. The Regents began to implement this goal in 2005-06 with a supplemental 1% funding availability for salaries.</p> <p><i>FUTURE ACTIONS:</i></p> <p><u>74s(2). ADDITIONAL RESOURCES.</u> The Regents must continue to find additional resources to bring compensation to comparable levels, from all sources – including state, federal, and private funds – The Regents will continue to do so in consultation with faculty, staff, and administrators.</p> <p><u>74s(3). EXTERNAL BENCHMARKING.</u> External benchmarking should be ongoing once compensation elements for review are agreed upon. Need to determine frequency of benchmarking.</p>	<p>Has begun but is ongoing.</p> <p>n/a</p> <p>Benchmarking policy as part of overall policy review. Framework and timeline: July 2006. (See RE-74a, General.)</p>	<p>n/a</p> <p>n/a</p> <p>Workgroup has developed benchmarking principles and recommendations; still under discussion.</p>
<p>RE-74t</p>	<p>#3 Competitive Compensation Page 26</p>	<p>The Regents should examine the composition of UC compensation to determine if the balance between cash compensation versus</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74t(1). ANALYSIS OF TOTAL COMPENSATION.</u> A workgroup appointed by the President is assisting The</p>	<p>Ongoing.</p>	<p>Workgroup has developed</p>

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		<p>health and retirement benefits is optimal for recruitment and retention purposes. The Regents should approach this examination with the understanding that the underlying issues may differ among employee groups and that some issues are subject to the collective bargaining process.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p>Regents in analyzing the composition of UC compensation, mindful of underlying differences among employee groups. This work has begun and is ongoing.</p> <p><i>FUTURE ACTIONS:</i></p> <p><u>74t(2). ADVISORY COMMITTEE.</u> Ongoing evaluation and consultation with systemwide faculty, staff, and administrators are necessary, culminating in changes to compensation and benefits that optimize retention and recruitment.</p>	<p>Advisory Committee: Oct 2006</p>	<p>benchmarking principles and recommendations; still under discussion.</p> <p>The Advisory Committee will be established concurrent with engaging an outside consultant.</p>
RE-74u	<p>#4 Competitive Compensation Pages 26-27</p>	<p>The Regents should regularly benchmark the University's compensation against peer institutions to ensure that UC compensation remains competitive.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74u(1). BENCHMARKING.</u> UC currently benchmarks through participation in CPEC surveys on executive compensation and in national, third-party surveys.</p> <p><u>74u(2). COMPENSATION PHILOSOPHY (RE-61).</u> Recently, with the adoption of the compensation philosophy stated in RE-61, a total remuneration study was completed by UC that comprehensively benchmarked UC against peer institutions.</p> <p><i>FUTURE ACTIONS:</i></p> <p><u>74u(3). BENCHMARKING.</u> The Oversight Committee should recommend to The Regents the frequency of benchmarking. Additionally, the University should make efforts to coordinate the CPEC requirements with UC's so that a combined effort could be undertaken.</p>	<p>Ongoing.</p> <p>Initial total remuneration study for campuses and OP completed: Sept 2005</p> <p>Benchmarking policy as part of overall policy review. Framework and timeline: July 2006. (See RE-74a, General.)</p>	<p>Workgroup has developed benchmarking principles and recommendations; still under discussion.</p> <p>Total remuneration information to be updated periodically.</p> <p>Workgroup has developed benchmarking principles and recommendations; still under discussion.</p>
RE-74v	<p>#5 Competitive Compensation Page 27</p>	<p>The Regents' Compensation Committee should identify and address as quickly as possible the key compensation challenges</p>	<p><i>ACTIONS UNDERWAY:</i></p> <p><u>74v(1). COMPENSATION PHILOSOPHY (RE-61).</u> Based on the comprehensive comparability study</p>	<p>Ongoing</p>	<p>n/a</p>

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		<p>facing the University today, including the difficulties of competing for employees with better-funded institutions and the sometimes competing demands of market, merit, and equity.</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p>undertaken by UC, The Regents approved RE-61 in November 2005, setting the goal of reaching comparability within 10 years. An additional 1% of base compensation was provided in 2005-06 as a first step in closing the compensation gap.</p> <p><u>74v(2). ANNUAL REPORT.</u> An annual report on progress needs to be made to The Regents.</p> <p><u>74v(3). LEGISLATIVE REPORT.</u> As part of annual report to the Legislature, progress on overcoming the gap should be made.</p> <p><u>74v(4). COMPARABILITY STUDIES</u> on compensation benchmarking should be regularly conducted.</p> <p><u>74v(5). ADDITIONAL FUNDING SOURCES.</u> The Regents should consider other ways to focus on identifying and obtaining additional funding sources.</p>	<p>Progress reports: annual</p> <p>Progress reports: annual</p> <p><i>See RE-74u.</i></p> <p>Ongoing</p>	<p>To be discussed and reported as part of the annual budget process.</p> <p>To be discussed and reported as part of the annual budget process.</p> <p>Workgroup has developed benchmarking principles and recommendations; still under discussion.</p> <p>n/a</p>
RE-74w	<p>Conclusion Page 28</p>	<p>Additionally, as a final step in this accountability process, <i>the Task Force urges the Regents to authorize, in three years, a similarly constituted, independent body to review and report back on the University's progress in these areas.</i> [bold emphasis included in report]</p> <p><u>Regents' Action in May:</u> CONCUR</p>	<p><i>FUTURE ACTIONS:</i></p> <p>74w(1). The Regents pledge to commission, in three years' time, a similarly constituted Task Force for this purpose.</p>	<p>Regents' pledge: May 2006</p> <p>Commission report: 2009</p>	<p>No further action at this time.</p>