COMMITTEE ON COMPENSATION

ACTION ITEM – CONSENT

For Meeting of November 28, 2011

APPROVAL OF INDIVIDUAL NON-STATE-FUNDED COMPENSATION ACTIONS AS DISCUSSED IN CLOSED SESSION

RECOMMENDATION

A. Establishment and Slotting of a New Position in the Senior Management Group – Chief Strategy Officer, UC Davis Health System, Davis Campus

Background to Recommendation

The Davis campus requests approval to establish a new position: Chief Strategy Officer, UC Davis Health System. The position would have responsibility for both the Medical Center and the School of Medicine. The need for a dedicated Chief Strategy Officer is evidenced by the impending changes in the health care environment created with passage of health care reform legislation. In addition, this position will be charged with proactively addressing the myriad of new and unique challenges associated with economic sustainability and patient care initiatives facing the health care industry.

The Chief Strategy Officer will drive innovative thinking to successfully implement the Health System’s strategic plan and will work with and across all departments and divisions to establish specific plans, deliverables and measurable objectives. The Chief Strategy Officer will also explore opportunities for new or improved revenue opportunities and strategic partnerships, and how to position the organization to best serve their regional, national, and global communities.

The campus requires a candidate with proven leadership in the development, communication, and execution of strategic plans and initiatives in a complex, changing environment. This will include expertise in identify emerging trends to support the vision and mission of the UC Davis Health System.

The proposed slotting of the position is SLCG Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700) which aligns with the range of base pay opportunities prevalent in the market.
Committee on Compensation

November 28, 2011

Recommendation

The Committee recommends approval of the following:

1. Establishment and slotting of a new position within the Senior Management Group – Chief Strategy Officer, UC Davis Health System, Davis campus.

2. Slotting of the position at SLCG Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700), to be funded by UC Davis Health System revenue.

3. This appointment is at 100 percent time.

Competitive Analysis

<table>
<thead>
<tr>
<th>BASE SALARY MARKET PERCENTILES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentiles</td>
</tr>
<tr>
<td>Market Data</td>
</tr>
</tbody>
</table>

This recommendation and final action will be released to the public as required in accordance with the standard procedures of the Board of Regents.

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

B. Preemptive Retention Adjustment for Vincent L. Johnson as Chief Operating Officer, UC Davis Health System, Davis Campus

Background to Recommendation

Approval is requested for a preemptive 23 percent ($103,500) retention salary increase for Vincent L. Johnson as Chief Operating Officer the UC Davis Medical Center, Davis campus. This would increase Mr. Johnson’s base salary from $450,000 to $553,500, which is 6.8 percent below the salary range maximum. This position is funded exclusively from UC Davis Medical Center clinical revenue.

This request is in response to a recent recruitment effort by a major competing academic health center where the base salary offer is anticipated to be in excess of $650,000. Mr. Johnson’s position is slotted at SLCG Grade 114 (Minimum $372,900, Midpoint $483,400, Maximum $593,800).

Mr. Johnson reports to the Chief Executive Officer and is a member of the UC Davis Medical Center’s executive leadership team. He has served as Chief Operating Officer,
UC Davis Medical Center, since October 2008 with responsibility for integrating the Health System’s strategic goals into efficient day-to-day operations at the Medical Center and its outpatient offices.

Mr. Johnson successfully guided the transition of several large clinical departments into the Surgery and Emergency Services Pavilion and has recently taken the lead on key supply chain management initiatives to enhance patient experiences while improving efficiencies and reducing supply chain costs. His leadership and vision are critical to the UC Davis Health System’s mission of education, patient care, research, and public service.

Recommendation

The Committee recommends approval of the following items in connection with a preemptive retention adjustment for Vincent L. Johnson as Chief Operating Officer, UC Davis Health System, Davis campus:

(1) Per policy, a retention increase of 23 percent ($103,500), resulting in an increase in base salary from $450,000 to $553,500 annually.

(2) Continued slotting at SLCG Grade 114 (Minimum $372,900, Midpoint $483,400, Maximum $593,800).

(3) Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

(4) Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan, with a target award of 15 percent of base salary ($83,025) and a maximum potential award of 25 percent of base salary ($138,375). Actual award will be determined based on performance against pre-established goals and objectives.

(5) Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).

COMPARATIVE ANALYSIS

Recommended Compensation
Effective Date: Upon approval
Annual Base Salary*: $553,500
Clinical Enterprise Management Recognition Plan (CEMRP): $83,025 (at 15 percent target rate)
Base Salary Plus Target Cash Incentive Compensation**: $636,525
Grade Level: SLCG Grade 114 (Minimum $372,900, Midpoint $483,400, Maximum $593,800)
Budget &/or Prior Incumbent Data
Title: Chief Operating Officer – UC Davis Health System
Annual Base Salary: $450,000
Clinical Enterprise Management Recognition Plan (CEMRP): $67,500 (at 15 percent target rate)
Base Salary Plus Total Cash Incentive Compensation: $517,500
Grade Level: SLCG Grade 114 (Minimum $372,900, Midpoint $483,400, Maximum $593,800)

COMPETITIVE ANALYSIS

<table>
<thead>
<tr>
<th>Percentiles</th>
<th>*BASE SALARY MARKET PERCENTILES</th>
<th>**BASE SALARY PLUS TARGET INCENTIVES/BONUSES MARKET PERCENTILES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>25th</td>
<td>50th</td>
</tr>
<tr>
<td>Market Data</td>
<td>$495.6</td>
<td>$596.2</td>
</tr>
<tr>
<td>% Difference from Market</td>
<td>+11.7%</td>
<td>-7.2%</td>
</tr>
</tbody>
</table>

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

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

C. Appointment of and Compensation for Lynda Rogers as Dean – University Extension, Santa Cruz Campus

Background to Recommendation

The Santa Cruz campus is requesting approval for the appointment of and compensation for Lynda Rogers as Dean – University Extension, effective January 1, 2012.

This is the outcome of a comprehensive national search by a campus committee of faculty, staff, and administrators from the UC Santa Cruz general campus and University Extension. Additional members of the Santa Cruz campus, UC Santa Cruz Extension, and the wider continuing education community were also consulted.
The campus requests a 13.8 percent increase which will adjust Ms. Rogers’ base salary for her current term appointment from $145,000 to $165,000. The proposed base salary is 18.7 percent below the market median of $203,012. This position is funded from University Extension revenues.

Recommendation

The Committee recommends approval of the following items in connection with the appointment of and compensation for Lynda Rogers as Dean – University Extension, Santa Cruz campus:

1. Appointment of Lynda Rogers as Dean – University Extension, Santa Cruz campus.
2. Per policy, annual base salary of $165,000 at SLCG Grade 104 (Minimum $123,800, Midpoint $155,600, Maximum $187,500).
3. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
4. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
5. Per policy, eligibility to participate in the UC Home Loan Program.
6. This appointment is at 100 percent time and, upon approval, will be effective January 1, 2012.

COMPARATIVE ANALYSIS

Recommended Compensation
Effective Date: January 1, 2012
Annual Base Salary: $165,000
Total Cash Compensation: $165,000
Grade Level: SLCG Grade 104
(Minimum $123,800, Midpoint $155,600, Maximum $187,500)

Budget &/or Prior Incumbent Data
Title: Dean – University Extension (Term Appointment)
Base Salary: $145,000
Total Cash Compensation: $145,000
Grade Level: SLCG Grade 104
(Minimum $123,800, Midpoint $155,600, Maximum $187,500)
COMPETITIVE ANALYSIS

<table>
<thead>
<tr>
<th>Percentiles</th>
<th>BASE SALARY MARKET PERCENTILES</th>
<th>25&lt;sup&gt;th&lt;/sup&gt;</th>
<th>50&lt;sup&gt;th&lt;/sup&gt;</th>
<th>Mean</th>
<th>75&lt;sup&gt;th&lt;/sup&gt;</th>
<th>90&lt;sup&gt;th&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Data</td>
<td></td>
<td>$167,605</td>
<td>$203,012</td>
<td>$201,754</td>
<td>$240,814</td>
<td>$268,458</td>
</tr>
<tr>
<td>% Difference from Market</td>
<td></td>
<td>-1.6%</td>
<td>-18.7%</td>
<td>-18.2%</td>
<td>-31.5%</td>
<td>-38.5%</td>
</tr>
</tbody>
</table>

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

Submitted by: UC Santa Cruz Chancellor Blumenthal
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources