

Office of the President

TO MEMBERS OF THE COMMITTEE ON COMPENSATION:

ACTION ITEM

For Meeting of September 18, 2014

AUTHORIZATION FOR THE PRESIDENT OF THE UNIVERSITY TO APPROVE APPOINTMENT AND COMPENSATION ACTIONS FOR EMPLOYEES IN COACH AND OTHER ATHLETIC POSITIONS

EXECUTIVE SUMMARY

This proposed action assigns accountability to the President of the University to oversee the appointment of and compensation for employees hired into coach and other athletic positions when the proposed total cash compensation exceeds the Indexed Compensation Level (ICL). In July 2007, the Regents delegated authority to the President to negotiate and finalize compensation contracts for appointees to such positions if the contract terms were within specific parameters and authorized the President to further delegate such authority to the chancellors, as appropriate. The July 2007 parameters were amended by the Board in September 2008.

This action would grant the President authority to approve appointment and compensation actions for employees hired into coach and other athletic positions when the proposed total cash compensation exceeds the ICL. It would also authorize the President to delegate this approval authority to the chancellors consistent with standards set forth in a policy to be developed by the President, provided that the chancellors may not re-delegate that authority. The President intends to issue the policy governing the chancellors' approval authority in the coming weeks. The Regents would continue to receive the *Annual Compensation Monitoring Report: Actions for Certain Athletic Positions and Coaches Systemwide*, which is delivered to the Board each July. This report provides details of all compensation actions for employees in coach and other athletic positions whose total cash compensation is above the ICL.

In conjunction with this authority, contract templates have been created for coaches and athletic directors to standardize terms and conditions, including setting expectations for achievement of certain academic performance standards.

The action would permit the Regents to maintain oversight while granting the President and the chancellors the responsibility and accountability for the compensation of employees in coach and other athletic positions.

RECOMMENDATION

The President of the University recommends that the Committee on Compensation recommend to the Regents that they:

- A. Rescind the September 2008 *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide*.
- B. Authorize the President of the University to approve actions involving the appointment of and compensation for employees hired into coach and other athletic positions when the proposed total cash compensation exceeds the Indexed Compensation Level (ICL).
- C. Authorize the President to delegate this authority to the chancellors consistent with standards set forth in a policy to be developed by the President, provided that the authority so delegated to the Chancellors may not be re-delegated.

BACKGROUND

The proposed action would grant authority to the President of the University to set the compensation for employees in coach and other athletic positions whose total cash compensation exceeds the Indexed Compensation Level (ICL) and, in doing so, would improve the governance and accountability of intercollegiate athletics and better serve both the campuses and University of California student athletes.

While a governing board's oversight of athletic programs is a critical ingredient of effective governance, direct responsibility for the appointment and compensation of coaches and athletic directors should reside with the President and the chancellors. The President and the chancellors are better positioned and better equipped to address the complexity of issues surrounding the appointment and compensation of coaches and athletic directors. They are also better able to respond quickly when time-sensitive negotiations are taking place to hire or retain a coach or athletic director who is in high demand in the market. With this action, the President and chancellors would be granted the authority to make the appointment and compensation decisions, and the Board of Regents would hold them accountable for those decisions.

In its seminal 1991 report, "Keeping Faith with the Student-Athlete," the Knight Commission on Intercollegiate Athletics, founded in October 1989 in response to more than a decade of scandals in college sports, identified presidential control of intercollegiate athletics as key to effective governance. The Commission recommended that university presidents control the NCAA and athletics conferences and that trustees affirm presidential authority over institutional athletics governance.

"Presidents are accountable for the major elements in the university's life. The burden of leadership falls on them for the conduct of the institution, whether in the classroom or on the playing field. The president cannot be a figurehead

whose leadership applies elsewhere in the university but not in the athletics department.”

The Association of Governing Boards (AGB) issued a model policy on Intercollegiate Athletics for Board and Presidents in 2007 recommending that Boards delegate direct responsibility for the conduct and control of the athletics department to the institution’s chief executive.

The NCAA holds the same position: Presidents must have institutional control over intercollegiate athletics. Article 2.1 of the Division I Manual establishes the principle of institutional control and responsibility at the presidential level:

“It is the responsibility of each member institution to control its intercollegiate athletics program in compliance with the rules and regulations of the Association. The institution’s president or chancellor is responsible for the administration of all aspects of the athletics program, including approval of the budget and audit of all expenditures.”

The proposed transfer of authority would not relieve the Regents of responsibility for oversight of compensation, nor would the proposed transfer reduce the transparency of the decisions made by the President and chancellors. The Board of Regents would continue to receive the *Annual Compensation Monitoring Report: Actions for Certain Athletic Positions and Coaches Systemwide*, and the report would continue to be posted and publicly available on the Office of the President website. The transfer of authority would enable the Regents to engage in oversight more effectively by holding the President and the chancellors accountable for appointment and compensation decisions for those employees in coach and other athletic positions who are highly compensated.