GOVERNANCE AND COMPENSATION COMMITTEE
January 17, 2019

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. 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

Recommendation

The Committee recommends 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 requests 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.

Committee vote: Regents Elliott, Kieffer, Lansing, Napolitano, Ortiz Oakley, Pérez, Sherman, and Zettel voting “aye.”


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

The Committee recommends that the Regents amend Regents Policy 7707-Senior Management Group Outside Professional Activities, as shown in Attachment 1.

Committee vote: Regents Elliott, Kieffer, Lansing, Napolitano, Ortiz Oakley, Pérez, Sherman, and Zettel voting “aye.”

Board vote: Anderson, Anguiano, Butler, Cohen, Estolano, Graves, Guber, Kieffer, Kounalakis, Lansing, Leib, Morimoto, Napolitano, Ortiz Oakley, Park, Pérez, Sherman, Sures, Tauscher, Thurmond, and Zettel voting “aye.”
3. **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**

**Recommendation**

The Committee recommends 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 to Recommendation**

The President of the University recommends that the Governance and Compensation Committee recommend that the Regents approve the creation of a new position and Market Reference Zone (MRZ) within the Senior Management Group of Chief Executive Officer, UC Riverside Health, Riverside campus, effective upon approval. This position will be in Level One of the Senior Management Group (SMG).

UC Riverside completed a Health Administrative Review in April 2018, through Veralon, a health enterprise consulting firm. As part of the findings, one of the key recommendations was for UC Riverside Health to develop a senior leadership structure that would be able to rapidly grow the patient care delivery system from its current nascent stage.

The key position to drive this growth is the Chief Executive Officer (CEO), who will have primary responsibility for completing the strategic plan and executing on those objectives. UC Riverside does not currently have a Vice Chancellor – Health Sciences, therefore the CEO will report to the Dean – School of Medicine and work closely with the Dean and Chancellor to develop clinical partnerships and build financial stability for
the Health System as well as support the education and research mission of the School of Medicine.

The ability to build a sustainable Health System in the Inland Southern California region surrounding the Riverside campus will help to provide expanded services to an underserved population.

Due to the “start-up” nature of the initial set of responsibilities for the UC Riverside Health CEO, the role blends traditional medical center CEO and Chief Strategy Officer responsibilities, requiring a unique set of skills and experience.

When the Health Enterprise MRZs were refreshed in January 2018, each position was evaluated based on the market data from peer organizations based on size of operating revenue. Therefore, each SMG role at each location now has its own MRZ. Currently, there are five CEO MRZs, for UCSF, UCLA, UC Davis, UC Irvine, and UC San Diego.

With regard to the development of the MRZ, the underlying data of the proposed MRZ for the UC Riverside Health CEO is comprised of public and not-for-profit academic medical centers, utilizing the same methodology and peer comparators for market data that were used to create the Health Enterprise MRZs approved by the Regents in January 2018 derived from the Sullivan Cotter Survey of Manager and Executive Compensation, Academic Medical Centers and National Health Systems.

The proposed MRZ percentiles for the position of Chief Executive Officer, UC Riverside Health, are as follows: 25th percentile – $384,000, 50th percentile – $464,500, 60th percentile – $511,300, 75th percentile – $525,800, and 90th percentile – $585,700.

Additionally, this position will be eligible to participate in an incentive award plan consistent with Regents Policy 7712 – Senior Management Group Incentive Awards. The details of this participation will be presented to the Regents for approval in connection with the appointment of and compensation for any appointee to this position.

This position will be funded through Health System revenues and will not use State funds.

Committee vote: Regents Elliott, Kieffer, Lansing, Napolitano, Ortiz Oakley, Pérez, Sherman, and Zettel voting “aye.”


4. 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
Recommendation

The Committee recommends 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:


C. This action will be effective upon approval.

Background to Recommendation

The President of the University recommends that the Governance and Compensation Committee recommend that the Regents approve the creation of a new position and Market Reference Zone (MRZ) within the Senior Management Group (SMG) of Vice Chancellor for Community and Governmental Relations, San Francisco campus, effective upon approval. This position will be in Level Two of the Senior Management Group.

UCSF is preparing for a national recruitment to fill this position.

The proposed addition of the new SMG position is due to a request by the San Francisco campus following a reorganization of responsibilities in preparation for the retirement of Barbara French, Vice Chancellor for Strategic Communications and University Relations.

In 2014, UCSF moved the Vice Chancellor for Strategic Communications and University Relations position out of the Senior Management Group and into the Managers and Senior Professionals Personnel Program. Barbara French is retiring in 2019, and the campus will be splitting the role into two positions, Vice Chancellor for Community and Governmental Relations (VC-CGR) and Vice Chancellor for Strategic Communications (VC-SC). The VC-CGR role is a new SMG position, and the VC-SC role is an existing SMG position.

With regard to the development of the new MRZ for the Vice Chancellor for Community and Governmental Relations, the underlying data of the proposed MRZ utilizes the same
methodology for market data that was used for the update of the MRZs approved by the Regents in March 2018. The proposed MRZ percentiles for the position of VC-CGR are as follows:


This position will be funded with non-State funds.

Committee vote: Regents Elliott, Kieffer, Lansing, Napolitano, Ortiz Oakley, Pérez, Sherman, and Zettel voting “aye.”


5. EXTENSION OF STUDENT ADVISOR PILOT PROGRAM

The Committee recommends that the Regents 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.


6. APPOINTMENT OF REGENTS TO THE HEALTH SERVICES COMMITTEE

The Committee recommends that, contingent upon the adoption of amendment of the Bylaws as described in the November 2018 action Amendment of Bylaws and Committee Charters, Establishment of an Investments Committee and Adoption of Investments Committee Charter, and Establishment of a Special Committee on Nominations, Regents Guber and Park be appointed as members of the Health Services Committee, effective immediately through June 30, 2021.
Committee vote: Regents Elliott, Kieffer, Lansing, Makarechian, Napolitano, Ortiz Oakley, Pérez, Sherman, and Zettel voting “aye.”


7. **APPOINTMENT OF REGENTS TO THE INVESTMENTS COMMITTEE**

   The Committee recommends that, contingent upon the adoption of amendment of the Bylaws as described in the November 2018 action *Amendment of Bylaws and Committee Charters, Establishment of an Investments Committee and Adoption of Investments Committee Charter, and Establishment of a Special Committee on Nominations*, effective immediately through June 30, 2019:

   A. Regents Anderson, Anguiano, Cohen, Leib, Makarechian, Morimoto, Park, Sherman, and Zettel be appointed as members of the Investments Committee, effective immediately through June 30, 2019.

   B. Regents-designate Simmons and Um, Faculty Representative Bhavnani, Chancellors Hawgood, Khosla, and Yang, Staff Advisor Main, and Student Advisor Huang be appointed as advisory members of the Investments Committee, effective immediately through June 30, 2019.

   C. Regent Sherman be appointed Chair and Regent Anguiano be appointed Vice Chair of the Investments Committee, effective immediately through June 30, 2019.

Committee vote: Regents Elliott, Kieffer, Lansing, Makarechian, Napolitano, Ortiz Oakley, Pérez, Sherman, and Zettel voting “aye.”

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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I. POLICY SUMMARY

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 members possesses a dual academic and SMG appointment, his/her participation in outside professional activities will be subject to this policy and not that of the Academic Personnel Manual. 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.

II. POLICY DEFINITIONS

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 HSPC 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 Outside Activities of University Employees and APM – 025, Conflict of Commitment and Outside Activities of Faculty Members.
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.
III. POLICY TEXT

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...
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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 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-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 within the SMG member’s area(s) of professional expertise for which they are
**Senior Management Group Outside Professional Activities**

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 member will be required to use his/her personal time to engage in compensated Outside Professional Activities, by either performing such activities outside his/her 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 member who is appointed at 100 percent time must not receive additional cash compensation above his/her 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 member must file a report with his/her 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
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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 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/opasample_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 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
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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

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.

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
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Authorities.

In the event the SMG members or their Approving Authorities either anticipate 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.

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 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
V. COMPLIANCE

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 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.
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

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

**RELATED DOCUMENTS**

- 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