

GOVERNANCE COMMITTEE

March 16, 2023

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. APPROVAL OF MARKET-BASED SALARY ADJUSTMENTS FOR CERTAIN LEVEL ONE SENIOR MANAGEMENT GROUP MEMBERS, OFFICE OF THE PRESIDENT AS DISCUSSED IN CLOSED SESSION

Recommendation

The Committee recommends approval of the following items in connection with market-based salary adjustments for Nathan Brostrom as Executive Vice President – Chief Financial Officer, Office of the President and Rachael Nava as Executive Vice President – Chief Operating Officer, Office of the President:

- A. Per policy, a 13.5 percent (\$65,424) market-based salary adjustment increasing Mr. Brostrom’s base salary from \$484,596 to \$550,020 as Executive Vice President – Chief Financial Officer, Office of the President, at 100 percent time.
- B. Per policy, an eight (8.0) percent (\$33,804) market-based salary adjustment increasing Ms. Nava’s base salary from \$422,520 to \$456,324 as Executive Vice President – Chief Operating Officer, Office of the President, at 100 percent time.
- C. Per policy, for both Mr. Brostrom and Ms. Nava, continuation of standard pension and health and welfare benefits and standard senior management benefits including eligibility for senior manager life insurance and executive salary continuation for disability (eligible and vested as a result of five or more consecutive years of Senior Management Group service).
- D. Per policy, for both Mr. Brostrom and Ms. Nava, continuation of the monthly contribution to the Senior Management Supplemental Benefit Program, subject to all applicable program requirements.
- E. Per policy, for both Mr. Brostrom and Ms. Nava, continuation of eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- F. Per policy, for both Mr. Brostrom and Ms. Nava, continuation of an annual automobile allowance of \$8,916.
- G. Mr. Brostrom and Ms. Nava will continue to comply with the Senior Management Group Outside Professional Activities (OPA) policy and reporting requirements.
- H. These actions will be effective April 1, 2023.

**COMPARATIVE ANALYSIS
EXECUTIVE VICE PRESIDENT – CHIEF FINANCIAL OFFICER**

Recommended Compensation

Effective Date: April 1, 2023

Annual Base Salary: \$550,020

Incentive Compensation: N/A

Target Cash Compensation:* \$550,020

Current Compensation

Title: Executive Vice President – Chief Financial Officer

Annual Base Salary: \$484,596

Incentive Compensation: N/A

Target Cash Compensation:* \$484,596

*Target Cash Compensation consists of base salary and, if applicable, short term incentive and/or stipend.

**COMPETITIVE ANALYSIS FOR EXECUTIVE VICE PRESIDENT –
CHIEF FINANCIAL OFFICER
(MRZ TITLE: EXECUTIVE VICE PRESIDENT – CHIEF FINANCIAL OFFICER)**

	MARKET REFERENCE ZONE FOR BASE SALARY						MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
Percentiles	25 th	50 th	60 th	75 th	90 th	Percentiles	25 th	50 th	60 th	75 th	90 th
Market Data	\$362.3k	\$531.4k	\$566.5k	\$627.4k	\$731.1k	Market Data	\$392.3k	\$705.1k	\$788.5k	\$922.0k	\$1149.3k
% Difference	51.8%	3.5%	-2.9%	-12.3%	-24.8%	% Difference	40.2%	-22.0%	-30.2%	-40.3%	-52.1%

Survey Source: Mercer Benchmark Database Salary Survey, Towers Watson General Industry Salary Survey, College and University Professional Association (CUPA) Administrators in Higher Education Survey, State of California, and California State University Data

**COMPARATIVE ANALYSIS
EXECUTIVE VICE PRESIDENT – CHIEF OPERATING OFFICER**

Recommended Compensation

Effective Date: April 1, 2023

Annual Base Salary: \$456,234

Incentive Compensation: N/A

Target Cash Compensation:* \$456,234

Current Compensation

Title: Executive Vice President – Chief Operating Officer

Annual Base Salary: \$422,520

Incentive Compensation: N/A

Target Cash Compensation:* \$422,520

*Target Cash Compensation consists of base salary and, if applicable, short term incentive and/or stipend.

**COMPETITIVE ANALYSIS FOR EXECUTIVE VICE PRESIDENT –
CHIEF OPERATING OFFICER
(MRZ TITLE: EXECUTIVE VICE PRESIDENT – CHIEF OPERATING OFFICER)**

	MARKET REFERENCE ZONE FOR BASE SALARY						MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
Percentiles	25 th	50 th	60 th	75 th	90 th	Percentiles	25 th	50 th	60 th	75 th	90 th
Market Data	\$360.0k	\$455.8k	\$484.5k	\$554.2k	\$682.7k	Market Data	\$409.6k	\$556.0k	\$601.6k	\$696.7k	\$908.1k
% Difference	26.8%	0.1%	-5.8%	-17.7%	-33.2%	% Difference	11.4%	-17.9%	-24.1%	-34.5%	-49.7%

Survey Source: Mercer Benchmark Database Salary Survey, Towers Watson General Industry Salary Survey, College and University Professional Association (CUPA) Administrators in Higher Education Survey, State of California, and California State University Data

The compensation described above shall constitute the University’s total commitment until modified by the Regents or 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 recommends approval for market-based salary adjustments for two Senior Management Group (SMG) Members at the Office of the President:

- 13.5 percent (\$65,424) for Nathan Brostrom, Executive Vice President – Chief Financial Officer, Office of the President, bringing his base salary from \$484,596 to \$550,020. The proposed base salary for Mr. Brostrom will be 3.5 percent above the 50th percentile (\$531,400) and 2.9 percent below the 60th percentile (\$566,500) of the position’s Market Reference Zone.
- Eight (8.0) percent (\$33,804) for Rachael Nava, Executive Vice President – Chief Operating Officer, Office of the President, bringing her base salary from \$422,520 to \$456,324. The proposed base salary for Ms. Nava is 0.1 percent above the 50th percentile (\$455,800) and 5.8 percent below the 60th percentile (\$484,500) of the position’s Market Reference Zone.

The proposed effective date for both increases is April 1, 2023. The increases are being proposed in order to better align their salaries with the guidelines in Regents Policy 7701, Senior Management Group Appointment and Compensation, as compensation for Mr. Brostrom and Ms. Nava has fallen below the comparative market for their difficult and consequential leadership positions.

Mr. Brostrom and Ms. Nava are appointed to Level One SMG positions; therefore, Regents' approval is required.

Committee vote: Regents Cohen, Drake, Elliott, Leib, Sherman, and Sures voting "aye."

Board vote: Regents Anguiano, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, and Timmons voting "aye" and Regent Blas Pedral voting "no."

2. **AMENDMENT OF THE CHARTER OF THE SPECIAL COMMITTEE ON INNOVATION TRANSFER AND ENTREPRENEURSHIP**

The Committee recommends that the Regents amend the Charter of the Special Committee on Innovation Transfer and Entrepreneurship, as shown in Attachment 1.

Committee vote: Regents Cohen, Drake, Elliott, Leib, Pérez, Sherman, and Sures voting "aye."

Board vote: Regents Anguiano, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, and Timmons voting "aye" and Regent Blas Pedral voting "no."

3. **AMENDMENT OF THE SCHEDULE OF REPORTS TO THE REGENTS**

The Committee recommends that the Schedule of Reports be amended as shown in Attachment 2.

Committee vote: Regents Cohen, Drake, Elliott, Leib, Pérez, Sherman, and Sures voting "aye."

Board vote: Regents Anguiano, Chu, Cohen, Drake, Elliott, Hernandez, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sherman, and Timmons voting "aye" and Regent Blas Pedral voting "no."

Additions shown by underscoring; deletions shown by strikethrough

**Appendix I - Charter of the Special Committee on Innovation Transfer and
Entrepreneurship**

B. Duration. The Special Committee on Innovation Transfer and Entrepreneurship shall be established ~~for two years, effective upon approval by the Regents~~ for a period extending through September 2023.

Additions shown by underscoring; deletions shown by strikethrough**SCHEDULE OF REPORTS TO THE REGENTS
[Pursuant to the Policy on Reports to Regents]**

Amended March 2022 <u>2023</u>	Month(s) Provided to Regents
BOARD	
Annual University of California Accountability Report	July
UC Health Strategic Plan and Budget	May
Health Systems Transactions Approved by Health Services Committee (mbm) ¹	July
Report on Innovation Transfer and Entrepreneurship	May
<u>Annual Report on Title IX (mbm)</u>	<u>June</u>
GOVERNANCE COMMITTEE	
Annual Reports on Executive Compensation for Calendar Year ____: (a) Incumbents in Senior Management Positions and (b) Deans and Certain Faculty Administrators (mbm)	July
Annual Report on Compensated Outside Professional Activities for Calendar Year ____: Incumbents in Senior Management Positions (mbm)	July
Mid-Year Report on Outside Professional Activities Undertaken in the Preceding Six Month Period: Incumbents in Senior Management Positions (mbm)	January July
Annual Report on Compensated Outside Professional Activities for Calendar Year ____: Deans and Faculty Administrators (mbm)	January
Annual Compensation Monitoring Report for Calendar Year ____: Actions for Certain Athletic Positions and Coaches Systemwide (mbm)	July
Annual Report on Diversity in Campus and Systemwide Executive Searches	September
<u>UC Senior Management Group Recruitments – Biennial Diversity Report</u>	<u>July</u>
COMPLIANCE AND AUDIT COMMITTEE	
Biennial Report on Risk Management (mbm)	November

¹ mbm: Report is sent to all Regents as a mailing between meetings (mbm)

Annual Report on Use of Outside Counsel (mbm)	January
Annual Report on Settlements and Separation Agreements (mbm)	January
Bi-Monthly Report on New Litigation (mbm)	January March May July September November
Internal Audit Plan	July
Annual Review of External Audit of Hastings College of the Law (mbm)	March
Report on Financial Statements and Expenditures of Federal Awards in Accordance with Uniform Guidance (mbm)	March
Annual Ethics and Compliance Plan	July
Ethics, Compliance and Audit Services Annual Report	November
Annual Report of External Auditors for the Year Ended June 30, ____	November
ACADEMIC AND STUDENT AFFAIRS COMMITTEE	
Annual Report on Student Financial Support (mbm)	March
Annual Report on Undergraduate Admissions Requirements and Comprehensive Review (mbm)	May
Annual Report on Self-Supporting Professional Degree Programs (mbm)	August
Annual Accountability Sub-Report on Diversity at the University of California	September
University of California Technology Commercialization Report (mbm)	May
Annual Report on Implementation of Regents Policy on Student-Athletes and the Guiding Principles to Enhance Student-Athlete Welfare (mbm)	September
Annual Report on Basic Needs	November
Student Academic Preparation and Educational Partnerships Annual Outcomes Report (mbm)	October

FINANCE AND CAPITAL STRATEGIES COMMITTEE

Annual Report on University Housing Assistance Programs (mbm)	January
University of California Financial Reports	November
Annual University of California Retirement Plan-Actuarial Valuation Report	November
Annual Actuarial Valuation of the University of California Retiree Health Benefit Program	November
Annual Report on Debt Capital and External Finance Approvals (mbm)	February
Annual Report on Major Capital Projects Implementation (mbm)	October
Capital Financial Plan	November
Significant Information Technology Projects	March July (mbm) November (mbm)
Annual Report on Sustainable Practices	January

HEALTH SERVICES COMMITTEE

University of California Medical Centers Reports (mbm)	March June December
Annual Report on Health Sciences Compensation Plan Participants' Compensation that Exceeds the Reporting Threshold (mbm)	November
Annual Report on Student Health and Counseling Centers and UC Student Health Insurance Plan (mbm)	March
<u>UC Health Strategic Plan and Budget</u>	<u>May</u>
Annual Report on Affiliations with Healthcare Organizations that Have Adopted Policy-Based Restrictions on Care	August <u>September</u>

INVESTMENTS COMMITTEE

Annual Endowment Investment Report (mbm)	December
Annual Report of the Chief Investment Officer	September

PUBLIC ENGAGEMENT AND DEVELOPMENT COMMITTEE

