

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

January 14, 2009

A Special Meeting of the Regents of the University of California was held by teleconference on the above date at the following locations: UCSF–Mission Bay Community Center, San Francisco; 5123 Cheadle Hall, Santa Barbara Campus; 501 Administration Building, Irvine Campus; South Bay Room, Covel Commons, Los Angeles Campus; 4127 Hinderaker Hall, Riverside Campus; 201 Needham Street, Modesto; 501 S. Alta Avenue, Dinuba; 3110 Main Street, Santa Monica; 1875 Century Plaza East, Suite 1025, Los Angeles; 2121 Avenue of the Stars, Room 106, Los Angeles; 700 So. Flower Street, Suite 3000, Los Angeles; 931 Southwood Boulevard, Incline Village, Nevada; Rancho La Puerta, Tecate, Mexico.

Members present: Regents Blum, Cole, De La Peña, Garamendi, Gould, Hopkinson, Hotchkis, Island, Johnson, Kozberg, Lansing, Lozano, Makarechian, Pattiz, Reiss, Ruiz, Schilling, Scorza, Shewmake, Varner, and Yudof

In attendance: Regents-designate Bernal, Nunn Gorman, and Stovitz, Faculty Representatives Croughan and Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Executive Vice President Lapp, Vice President Sakaki, and Recording Secretary Johns

The meeting convened at 3:40 p.m. with Chairman Blum presiding.

1. **READING OF NOTICE OF MEETING**

For the record, notice was given in compliance with the Bylaws and Standing Orders for a special meeting of the Board, for this date and time, for the purpose of considering the recommendations to curtail enrollments and to freeze Senior Management Group salaries.

2. **REPORT OF THE COMMITTEE ON FINANCE AND COMMITTEE ON EDUCATIONAL POLICY**

Amendment to 2009-10 Budget Plan to Direct the President to Curtail Enrollments

The Committee on Finance recommended that the 2009-10 budget plan be amended to direct the President to take action to curtail undergraduate enrollment growth for the 2009-10 academic year, consistent with the targets described in the January 14 *Amendment to 2009-10 Budget Plan to Direct the President to Curtail Enrollments*.

Upon motion of Chairman Blum, duly seconded, the recommendation was approved, with Regents Blum, Cole, De La Peña, Garamendi, Gould, Hopkinson, Hotchkis, Johnson, Kozberg, Lansing, Lozano, Makarechian, Pattiz, Reiss, Ruiz, Schilling,

Shewmake, Varner, and Yudof (19) voting “aye,” and Regents Island and Scorza (2) voting “no.”¹

The Board recessed at 3:45 p.m.

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The Board reconvened at 3:50 p.m. with Chairman Blum presiding.

Members present: Regents Blum, Cole, De La Peña, Garamendi, Gould, Hopkinson, Hotchkis, Island, Johnson, Kozberg, Lansing, Lozano, Makarechian, Pattiz, Reiss, Ruiz, Schilling, Scorza, Shewmake, Varner, and Yudof (21)

In attendance: Regents-designate Bernal, Nunn Gorman, and Stovitz, Faculty Representatives Croughan and Powell, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Executive Vice President Lapp, Vice President Sakaki, and Recording Secretary Johns

3. **REPORT OF THE COMMITTEE ON COMPENSATION**

Approval of Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans

The Committee recommended that a salary freeze be imposed on members of the Senior Management Group (SMG) for fiscal year 2008-09 and fiscal year 2009-10 as outlined below, and that certain additional restrictions be imposed on participation in bonus and variable pay programs for that same time period.

As part of an overall budget reduction strategy to address these problems, the President is proposing the following plan to freeze SMG member salaries and to curtail participation in bonus and variable pay plans for fiscal year 2008-09 and fiscal year 2009-10:

- A. Freeze salaries for the following SMG members, disallowing any consideration for merit, equity or retention increases:
- (1) The President
 - (2) Chancellors
 - (3) All Vice Chancellors and above at the campuses
 - (4) Medical Center Chief Executive Officers
 - (5) All Vice Presidents and above at the Office of the President

¹ Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code §11123(b)(1)(D)] for all meetings held by teleconference.

- (6) Treasurer, Chief Investment Officer and Vice President Investments at the Office of the President
- (7) Senior Vice President, Chief Compliance and Audit Officer at the Office of the President
- (8) General Counsel and Vice President for Legal Affairs at the Office of the President

If an individual is offered a new position (in any of those listed above) resulting in a higher grade with different or expanded responsibilities, a promotional increase may be considered on a case-by-case basis. If an individual temporarily assumes one of the positions listed above, a stipend, in addition to the base salary, may be considered on a case-by-case basis. Promotional increases and stipends will be subject to the President's review and Regental approval.

- B. The salaries for all other SMG positions not set forth above will also be frozen, disallowing any consideration for merit or equity increases. Consistent with the standards and guidance provided in Section One above, stipends or promotional increases may be considered on a case-by-case basis. If an individual in this group receives a bona fide offer of employment, a retention increase may be considered on a case-by-case basis. The recommendation must be accompanied by supporting justification including documentation of the competing offer. Any recommendations for stipends, or promotion or retention increases will be subject to President's review and Regental approval.

Compensation offers for all newly recruited SMG members will be governed by market and internal comparisons and will be subject to Presidential review and Regental approval.

If an SMG member holds an academic appointment in addition to his/her staff role, and receives an academic merit increase which results in the faculty salary exceeding his/her staff salary, the staff salary may be adjusted to match the faculty salary subject to President's review and Regental approval.

- C. The Staff Development and Recognition Program (SRDP) is amended, along with locally-funded bonus and other similar programs, for fiscal year 2008-09 and fiscal year 2009-10, to limit participation in SRDP and the locally funded programs to only those non-SMG staff with annual base salary of less than \$100,000. Total bonus payments for any recipient will be limited to no more than \$1,000 per year.
- D. Maintain the current Clinical Enterprise Management Recognition Plan (CEMRP) for fiscal year 2008-09 and fiscal year 2009-10, including other substantially similar locally-funded clinical incentive programs, as follows:

- (1) The Plans will continue for fiscal year 2008-09 for SMG and non-SMG participants.
- (2) For fiscal year 2009-10, the plans will limit individual award payouts for SMG and non-SMG participants so that each participant's total cash compensation (base and CEMRP) will not exceed the compensation received in 2008-09.

Note: This program is funded through clinical revenue and does not use State Funds.

In addition, the Regentally-approved Treasurer's Annual Incentive Plan will continue unchanged since this program directly links reward levels to investment management results and other performance criteria. These incentives represent key elements of total cash compensation for the participants and represent competitive remuneration. The Regents' Committee on Investments will continue to monitor this plan.

- E. Payouts that are currently pending from fiscal year 2007-08 for staff participants in other bonus or incentive plans are subject to the following actions:
- (1) All pending payouts are cancelled for SMG members in any bonus or incentive plan.
 - (2) All pending bonus payments will be cancelled for non-SMG members whose total cash compensation is above \$205,000.
 - (3) Any pending incentive payments will be processed for non-SMG participants.

If legal or contractual obligations are identified thereby requiring processing of a payout, the Regents' approval will be required for any SMG awards.

Upon motion of Chairman Blum, duly seconded, the recommendation was approved, with Regents Blum, Cole, De La Peña, Garamendi, Gould, Hopkinson, Hotchkis, Island, Johnson, Kozberg, Lansing, Lozano, Makarechian, Pattiz, Reiss, Ruiz, Schilling, Scorza, Shewmake, Varner, and Yudof (21) voting "aye."

The meeting adjourned at 3:55 p.m.

Attest:

Secretary and Chief of Staff