

The Regents of the University of California

**COMMITTEE ON COMPENSATION**

February 5, 2009

The Committee on Compensation met on the above date at UCSF–Mission Bay Community Center, San Francisco.

Members present: Regents Hopkinson, Johnson, Kozberg, Lozano, Pattiz, and Varner; Ex officio members Blum and Yudof; Advisory members Croughan and Stovitz

In attendance: Regents De La Peña, Gould, Lansing, Makarechian, Marcus, O’Connell, Reiss, Ruiz, Schilling, Scorza, Shewmake, and Wachter, Regent-designate Bernal, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Executive Vice Presidents Darling and Lapp, Vice Presidents Broome, Dooley, Foley, and Lenz, Chancellors Block, Blumenthal, Fox, Kang, Vanderhoef, and White, and Recording Secretary Johns

The meeting convened at 11:15 a.m. with Committee Chair Varner presiding.

1. **PUBLIC COMMENT**

There were no speakers wishing to address the Committee.

2. **APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meeting of November 20, 2008 were approved.

3. **APPROVAL OF INDIVIDUAL COMPENSATION ACTIONS AS DISCUSSED IN CLOSED SESSION**

The President recommended:

A. ***Interim Re-Slotting and Appointment Salary for Jennifer R. Wolch as Dean – College of Environmental Design, Berkeley Campus***

Approval of the following items in connection with the interim re-slotting of the Dean – College of Environmental Design position and the appointment salary for Jennifer R. Wolch as Dean – College of Environmental Design, Berkeley campus:

- (1) Interim re-slotting of Dean – College of Environmental Design position from SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000) to SLCG Grade 108 (Minimum \$192,300, Midpoint

\$244,900, Maximum \$297,400). This interim re-slotting is consistent with the recommendation of Mercer Human Resource Consulting.

- (2) Per policy, an appointment salary of \$273,000 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400). This appointment salary is consistent with new Senior Management Group (SMG) policy that indicates that appointment salaries will be within the salary range. Per policy, ineligible for any further merit or equity increase until October 2010.
- (3) This appointment is at 100 percent time and effective July 1, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured academic appointment.
- Per policy, reimbursement of moving expenses up to 100 percent of allowable expenses.
- Per policy, participation in the University of California Mortgage Origination Program up to the maximum loan amount (currently \$1.33 million). Participation will comply with all University/campus program parameters. Participation eligibility is available to be exercised within a period not to exceed 24 months from date of employment.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral or written commitments. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

**B. *Appointment Time Reduction Under Staff and Academic Reduction in Time (START) Program for Bruce W. Spaulding as Senior Vice Chancellor – University Advancement and Planning, San Francisco Campus***

Approval of the following compensation for Bruce W. Spaulding as Senior Vice Chancellor – University Advancement and Planning, San Francisco campus:

- (1) Per Staff and Academic Reduction in Time (START) Program policy, a voluntary appointment time reduction to 55 percent time with commensurate reduction of annual salary to \$207,130, based on current annual base salary of \$376,600 (SLCG Grade 111: Minimum \$267,700,

Midpoint \$344,000, Maximum \$420,100).

- (2) Per START Program policy, continued eligibility to participate in the Senior Management Supplemental Benefit Program at the rate of 5 percent of the reduced base salary of \$207,130.
- (3) Per START Program policy, continued eligibility to receive standard pension and health and welfare benefits, and standard senior management benefits (including senior management life insurance, business travel accident insurance, and salary continuation for disability).
- (4) Effective February 1, 2009 and ending no later than June 30, 2009.

Additional items of compensation include:

- Per policy, continued eligibility to receive an Executive Automobile Allowance in the amount of \$4,904 per annum, which reflects 55 percent of the maximum allowable rate.
- Per START program policies, continued vacation and sick leave accrual at the employee's pre-START rate.
- Per policy, continued participation in the University of California Home Loan Program. Participation to comply with all University/campus normal program parameters.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral or written commitments. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

**C. *Interim Re-Slotting and Pre-emptive Retention Increase for Paul Staton as Chief Financial Officer – UCLA Hospital System, Los Angeles Campus***

Approval of the following items in connection with the compensation of Paul Staton as Chief Financial Officer – UCLA Hospital System, Los Angeles campus:

- (1) An interim re-slotting of the position, as supported by Mercer Human Resource Consulting, from SLCG Grade 110 to SLCG Grade 112 (Minimum \$298,900, Midpoint \$385,300, Maximum \$471,500).
- (2) Per policy, a retention increase of \$69,200 (22.3 percent) to increase his annual base salary from \$310,800 to \$380,000.
- (3) Per policy, continued participation in the Clinical Enterprise Management Recognition Plan (CEMRP) with a maximum potential bonus of 25 percent (\$95,000).

- (4) Per policy, continued participation in the Senior Management Supplemental Benefit Program.
- (5) Effective February 1, 2009.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits, and standard senior management benefits (including senior management life insurance, business travel accident insurance, and salary continuation for disability).

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral or written commitments. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

**D. *Appointment and Compensation for Marsha Kelman as Associate Vice President – Policy and Analysis, Office of the President***

Approval of the following items in connection with the appointment of and compensation for Marsha Kelman as Associate Vice President – Policy and Analysis, Office of the President:

- (1) Slotting of the new Senior Management Group position of Associate Vice President – Policy and Analysis at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400), as recommended by Mercer Human Resource Consulting.
- (2) Appointment of Marsha Kelman as Associate Vice President – Policy and Analysis, Office of the President, at 100 percent time, effective March 9, 2009.
- (3) Base salary of \$248,000 (SLCG Grade 108: Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- (4) As an exception to current policy, reimbursement of actual and reasonable costs associated with temporary living expenses not to exceed \$15,000 over a period of three months. The proposed policy provides for up to 90 days, whereas the current policy only provides for up to 30 days of temporary housing expenses.
- (5) As an exception to current policy, two house hunting trips, subject to the limitations under policy for the candidate and her spouse/partner. The proposed policy will provide for two trips.

- (6) Per policy, 100 percent reimbursement of actual and reasonable relocation expenses.
- (7) Per policy, a relocation allowance of 25.0 percent (\$62,000) of base salary.
- (8) Per policy, eligibility to participate in the University's Mortgage Origination Program.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for disability).
- Per policy, a 5 percent monthly contribution to the Senior Management Supplemental Benefit Program.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral or written commitments. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

E. ***Stipend for S. Shankar Sastry as Dean – College of Engineering and Faculty Director – Blum Center for Developing Economies, Berkeley Campus***

Approval of the following items in connection with the addition of a stipend for S. Shankar Sastry as Faculty Director – Blum Center for Developing Economies, Berkeley campus:

- (1) Per policy, a stipend of 9.1 percent (\$25,000), for service as Faculty Director of the Blum Center for Developing Economies, in addition to his salary of \$275,000 as Dean – College of Engineering, resulting in a total base salary of \$300,000, SLCG Grade 110 (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500).
- (2) This stipend is effective January 1, 2009, until such time as he steps down from the Faculty Director position.

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance, executive business travel insurance, and executive salary continuation for

disability).

- Per policy, accrual of sabbatical credits as a member of faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured academic appointment.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral or written commitments. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present them to the Board.

4. **CONFIRMATION OF APPOINTMENT AND APPROVAL OF TOTAL COMPENSATION FOR LAWRENCE H. PITTS, M.D., AS INTERIM PROVOST AND EXECUTIVE VICE PRESIDENT – ACADEMIC AFFAIRS, OFFICE OF THE PRESIDENT AS DISCUSSED IN REGENTS ONLY SESSION**

The President recommended approval of the following items in connection with the appointment of and compensation for Lawrence H. Pitts, M.D., as Interim Provost and Executive Vice President – Academic Affairs, Office of the President. This appointment coincides with the departure of the current Interim Provost and will provide ongoing leadership during the search for a permanent Provost.

- A. As an exception to policy, appointment as Interim Provost and Executive Vice President – Academic Affairs at 100 percent time. This constitutes an exception to policy, exceeding the normal appointment maximum of 43 percent time for rehired retirees. Appointments in excess of 43 percent time require the endorsement of the President and approval of the Regents.
- B. Base salary of \$350,000 (SLCG Grade 113: Minimum \$333,900, Midpoint \$431,500, Maximum \$529,100).
- C. This appointment and compensation will be effective on or about February 9, 2009, and will continue until a permanent Provost is hired and for a reasonable transition period thereafter or until August 31, 2009, whichever occurs first.
- D. According to the policy for rehired retirees, retirement pension benefits will be suspended when Dr. Pitts assumes this role. Under University policy, this will result in accrual of additional pension service credit during his appointment as Interim Provost.

Additional items of compensation include:

- Per policy, standard sick leave and vacation accrual.
- Per policy, Administrative Fund for official entertainment and other purposes permitted by University policy.
- Per policy, Dr. Pitts be eligible for standard employee medical, dental, and vision coverage.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral or written commitments. All compensation (as defined in the Regents' 1993 Principles for Review of Executive Compensation) in this recommendation will be released to the public immediately following approval by the Regents.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

5. **AUTHORIZATION TO AMEND THE UNIVERSITY OF CALIFORNIA RETIREMENT PLAN TO ACCOMMODATE A MODIFICATION TO THE STAFF AND ACADEMIC REDUCTION IN TIME (START) PROGRAM**

The President recommended that authority be delegated to the Plan Administrator to amend the University of California Retirement Plan (UCRP) to accommodate a modification to the Staff and Academic Reduction in Time (START) Program that lowers the minimum allowable reduction in time from ten percent to five percent, effective March 1, 2009.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board.

6. **APPROVAL OF PROPOSED COMPENSATION AND RELATED POLICIES FOR SENIOR MANAGEMENT GROUP MEMBERS**

The President recommended approval of the following six policies applicable to Senior Management Group (SMG) members:

- Senior Management Group Hiring Bonus (Attachment 1)
- University-Provided Housing (Attachment 2)
- Senior Management Group Automobile Allowance (Attachment 3)

- Senior Management Group Moving Reimbursement (Attachment 4)
- Senior Management Group Relocation Allowance (Attachment 5)
- Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions (Attachment 6)

The Regents will have the authority to approve any policy revisions upon recommendation by the President. As described in the Approval Authority section of each of these policies, the Responsible Officer, e.g., Executive Vice President – Business Operations, may apply appropriate interpretations to clarify policy, provided that the interpretations do not result in substantive changes to the underlying policy. The Department of Human Resources and Benefits, Office of the President, will work with the Responsible Officer of each policy to implement each policy.

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Varner explained that the six policies presented for approval were part of the overall framework of policies related to senior management compensation undergoing review and revision in response to the findings of the April 2006 report of the Task Force on UC Compensation, Accountability and Transparency. The Policy on Reemployment of UC Retired Employees was approved by the Regents in September 2008 with the understanding that the Academic Senate would be providing comments and feedback. The amended policies now being presented were based on input from the Regents and from the Academic Senate.

Regent Hopkinson referred to the policy on moving reimbursement. She noted that the reimbursement for airfare did not stipulate that this was for coach airfare. She also noted that the policy included reimbursement for meals for up to 30 days, without any stated limit. She asked why the University would not set the same reimbursement limit on meals in this case as it sets for out-of-town travel.

Regent Hopkinson then referred to the policy on reemployment of retired employees, noting that retired employees who agree to suspend their retirement income may be reemployed into career appointments. She asked about the meaning of the term “career appointment” in the policy. She noted that retired employees are sometimes rehired into interim positions, and asked if such positions are considered career appointments.

Executive Director Larsen responded that limitations would be added to the moving reimbursement policy to reference coach airfare. Language would also be added to limit reimbursement for meals. Referring to the policy on reemployment of retired employees, Mr. Larsen explained that “career appointment” is a classification which includes eligibility to receive benefits. If a retired employee is rehired at 100 percent time, he or she is eligible to receive the full range of benefits available to regular employees. Interim appointments are considered career appointments.

Regent Lozano referred to the section in the policy on University-provided housing concerning renovation and remodeling of executive officers' residences which requires Regental approval for capital improvement projects greater than \$5 million. She asked if this approval threshold complied with other UC policies concerning capital improvements.

Mr. Larsen responded that there has been no change in the dollar amount of the approval level in this policy compared to the previous policy. There was one change that aligned limitations on the President's residence to that for the chancellors. There was no essential change.

Upon motion duly made and seconded, the Committee approved the President's recommendation with the changes proposed by Regent Hopkinson, and voted to present it to the Board.

**7. BI-MONTHLY TRANSACTION MONITORING REPORT – FEBRUARY 2009**

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Varner recalled that, at their September 2008 meeting, the Regents approved two compensation governance items. One item delegated certain approval authority for non-Senior Management Group staff to the chancellors, Laboratory director, and President. This included a requirement for a bi-monthly transaction monitoring report as a key component of the governance model.

The Bi-Monthly Transaction Monitoring Report was submitted to the Committee. There was no discussion.

**8. REPORT OF ACTIONS TAKEN UNDER THE DELEGATION OF AUTHORITY FOR RECRUITING AND NEGOTIATION PARAMETERS FOR CERTAIN ATHLETIC POSITIONS AND COACHES**

[Background material was mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Varner recalled that, at their September 2008 meeting, the Regents approved amendments to the Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches. The original delegation was approved by the Regents in July 2007 and allows campuses to take immediate action to secure the services of individuals for certain athletic and coach positions when the pre-established parameters contained in the delegation are met. The delegation calls for actions taken by the chancellors under this delegation to be reported publicly at the Regents meeting.

The Report of Actions Taken under the Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches was submitted to the Committee. There was no discussion.

Regent Ruiz asked that the Committee examine the severance policy for the Senior Management Group to ensure its consistency and effectiveness.

Committee Chair Varner acknowledged this concern that policies on severance be consistent. He stated that the Committee would follow up on this topic.

The meeting adjourned at 11:25 a.m.

Attest:

Secretary and Chief of Staff

# Senior Management Group Hiring Bonus



**Responsible Officer:** [Vice President – Human Resources](#).

**Responsible Office:** Human Resources

**Effective Date:** To be determined [by the Responsible Officer](#).

**Next Review Date:** [\[The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.\]To be determined.](#)

**Who Is Covered:** External candidates for Senior Management Group positions. The Hiring Bonus policy and procedures do not apply to external candidates for SMG positions at the Lawrence Berkeley National Laboratory (LBNL). See [LBNL Hiring Bonus Program](#) [link].

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## I. POLICY SUMMARY

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This policy provides the direction and authority for granting hiring bonuses to external candidates as part of the University's hiring offer. Hiring bonuses support the University's objective to attract talented external candidates for Senior Management Group positions. ~~The hiring bonus --by including a non-base building cash payment -- as part of the hiring offer. The hiring bonus~~ is intended to make the hiring offer market-competitive and to assist in ~~securing the candidate's acceptance of the offer~~the new appointee's transition.

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## II. POLICY DEFINITIONS

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Difficult-to-Fill Positions: Positions that may remain open despite extensive recruiting efforts due to high competitive demand, as evidenced by factors such as labor market shortages and aggressive growth in compensation levels.

Exception to Policy: An 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 the~~ Regents.

Executive Officer: The University President ~~for the Office of the President, or the Chancellor, or Laboratory Director.~~

Hiring Bonus: A monetary payment intended to provide an external candidate an additional inducement to the offer of employment.

Mission Critical Positions: Positions that directly and significantly influence and impact the University's ability to fulfill its mission.

Top Business Officer: Executive Vice President – Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

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## III. POLICY TEXT

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### A. Eligibility

To be eligible for a hiring bonus, a candidate for a Senior Management Group position must meet all the following eligibility conditions. Eligibility is restricted to:

1. Qualified external candidates who are offered employment for the benefit of the University.
2. Candidates who are not currently employed by the University, and who have not been employed by the University during the 12 month period preceding the proposed rehire date.
3. Candidates for positions regarded by Department Heads as being ~~mission critical, as defined above, and that have proven to be extremely~~ difficult to fill

despite extensive recruiting efforts (e.g., labor market shortages, aggressive growth in compensation levels for particular positions).

4. Candidates ~~for whom where there is~~ a documented reason ~~exists indicating to believe~~ the University's offer will not be accepted without a hiring bonus. For example, it may be necessary to offer a hiring bonus in situations where the candidate is forfeiting base salary, annual bonus or any other type of compensation, from their current employer, in accepting the University's employment offer.

~~Contract employees, with the exception of staff physicians and dentists, are not eligible for hiring bonuses.~~

A hiring bonus is intended to make a hiring offer market-competitive and to assist in the new appointee's ~~acceptance of the offer transition~~. A relocation allowance, when offered, is intended to offset a portion of the candidate's costs associated with accepting the University's employment offer and relocating, in accordance with the SMG Relocation Allowance Policy [link].

Before offering a hiring bonus, the hiring manager ~~shall~~~~should~~ document the business justification for the bonus and confirm that the justification and the bonus amount are consistent with local practice.

## **B. Bonus Amounts**

~~4. If the candidate meets the eligibility criteria, the hiring~~ Hiring bonus amounts ~~should be determined will vary~~ based on ~~specific circumstances including~~ the following ~~assessment~~:

1. ~~determination by the hiring authority that the appointee to the open position is critical to the University's mission;~~
  - a. difficulty in filling the position after prolonged and extensive recruitment efforts to attract market-competitive candidates;
  - b. competing offers under consideration by the prospective candidate;
  - c. market prevalence for these types of bonuses within specific occupations; and
  - d. compensation (e.g., deferred compensation, annual incentive) the candidate may be forfeiting in leaving his or her current position.
2. The total hiring bonus amount cannot exceed a maximum of ~~up to~~ 20% of the proposed starting base salary. If both a hiring bonus and relocation allowance are offered to a potential candidate, the combined ~~total amounts~~ cannot exceed 30% of the proposed starting base salary. Direct moving and relocation expenses are to be reimbursed in accordance with the SMG Moving Reimbursement Policy [link].

## **C. Payment Provisions**

Granting of a hiring bonus is at the sole discretion of the University. Before offering a hiring bonus, the employing department must confirm the availability of funds and

the specific determinative criteria cited in Section III.A of this policy. Any hiring bonus amount granted along with payment and repayment provisions shall be detailed in the candidate's offer letter. By signing such agreement, the candidate agrees to all payment and repayment provisions of this policy.

The hiring bonus payments are payable in either a lump sum payment (e.g., within 30 days of hire date) or as installment payments spread over a period of two, three or four years. ~~Installment payments are generally advisable.~~ If a recipient separates from UC, all future installment payments will be forfeited. If a lump sum payment is provided, then repayment provisions are required, as described in Section III.D of this policy.

#### **D. Repayment Provisions**

1. The candidate's offer letter ~~shall~~should contain the specific details of the repayment provisions, including the number of years of service that must be completed and the ~~amount~~ (percentage or actual amount) of repayment required if separation occurs prior to the completion of each year of service.
2. If the employee receives a lump sum hiring bonus and separates from UC prior to completing the agreed upon period of service (at least two years is required), the employee will be required to pay back a pro-rata portion of the hiring bonus payment.
3. Any unpaid hiring bonus amounts are forfeited at the time of separation ~~from~~of employment.

#### **E. Funding Sources**

Hiring bonus payments, if approved, are funded by the hiring department.

#### **F. Treatment for Benefit Purposes**

Hiring Bonus amounts under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, Retirement Savings Program, or employee life insurance programs. [A Description of Service \(DOS\) code of "HBO" has been established for paying hiring bonuses approved in accordance with this policy.](#)

#### **G. Tax Treatment and Reporting**

Under Internal Revenue Service Regulations, payment of a hiring bonus must be included in the employee's income as wages subject to withholding in the year paid for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee's Form W-2 in the year paid.

Any payments to SMG members under this policy will be reported to the President and The Regents in the *Annual Report on Executive Compensation*.

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### **IV. APPROVAL AUTHORITY**

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#### **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. The Office of the President Human Resources, will work with the Responsible Officer of each policy to implement each policy.](#)

### **B. Revisions to the Policy**

The 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](#) [link] and [Standing Orders](#) [link] of The Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the [Senior Management Group Compensation Policy Principles](#) [link] and other governance policies.

### **C. Approval of Actions**

All actions within this policy, that exceed this policy, or that are not expressly provided for under any policy must be approved by The Regents.

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## **V. COMPLIANCE**

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### **A. Compliance with the Policy**

~~The Associate Vice President–Human Resources and Benefits is accountable for monitoring compliance with this policy.~~

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 compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report), 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* [link] and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews* [link].

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.  
~~each Regents' meeting.~~

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## **REVISION HISTORY**

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## **IMPLEMENTATION PROCEDURES**

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## **RELATED POLICIES**

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- [LBNL Hiring Bonus Program](#)
- [SMG Moving Reimbursement](#)
- [SMG Relocation Allowance](#)
- [Senior Management Group Compensation Policy Principles](#)
- [Guidelines for Corrective Actions Related to Compensation Practices](#)
- [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#)

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## **FREQUENTLY ASKED QUESTIONS**

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# University-Provided Housing



**Responsible Officer:** Executive Vice President—Business Operations

**Responsible Office:** Business Operations

**Effective Date:** To be determined [by the Responsible Officer.](#)

**Next Review Date:** [\[The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.\]](#)~~To be determined~~

**Who Is Covered:** The President and Chancellors

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## I. POLICY SUMMARY

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The objective of this policy is to describe the requirements for the President and the Chancellor of each campus to live in University-provided housing as a condition of employment. It outlines the criteria, procedures and approval authority for requesting alternative housing arrangements when University-provided housing is unsuitable or uninhabitable, and describes the requirements for moving arrangements, both in and out of the residence.

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## II. POLICY DEFINITIONS

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Capital Improvement Project: [Land or real property, construction, or capital equipment for construction included as a project in the University of California Capital Improvement Program. A project includes the erection, construction, alteration, repair, or improvement of any University of California structure, building, road, or other improvements.](#)

Exception to Policy: An 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 Regents.

Executive Officer: The President [for the Office of the President](#), or the Chancellor.

Members of the Household: The Internal Revenue Service (IRS) Regulations Section 1.217-2(b)(10) defines "members of the household" as other individuals who are members of the taxpayer's household, and who had the taxpayer's former residence and the [taxpayer's](#) new residence as their principal place of abode. A member of the taxpayer's household includes any individual residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer.

Primary Residence: The dwelling where the Executive Officer actually lives and is considered as his/her legal residence for income tax purposes.

Temporary Housing Allowance: Funds approved by The Regents for an Executive Officer to use in covering temporary housing-related expenses (e.g., furnished temporary lodging, residential parking fees) when University-provided housing is unsuitable or uninhabitable. The terms and conditions for using the allowance will be determined and approved by The Regents.

Top Business Officer: [Executive Vice President – Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.](#)

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## III. POLICY TEXT

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In recognition of the unique roles of the President and Chancellors (Executive Officers) in representing the University, The Regents of the University of California require Executive Officers, as a condition of their employment, to live in residences suitable for

carrying out their roles and required official duties. As part of their official duties, Executive Officers are responsible for extending official hospitality to important visitors and guests in conjunction with official functions (i.e., campus activities, alumni and development events, etc.).

The University, therefore, provides Executive Officers and members of their households with suitable housing [as their primary residence](#) to perform the administrative, ceremonial and social duties required of their respective positions. [This policy does not apply to Executive Officers serving in an approved acting or interim capacity.](#)

### **A. Taxability of Housing Benefit and Reporting Requirements**

In accordance with IRS regulations issued under Internal Revenue Code section 119, the value of University-provided housing is not taxable to the Executive Officer because Executive Officers are required to occupy University-provided housing for the convenience of the University. Although housing is not taxable, some housing-related expenses, including those associated with support staff and equipment may be taxable.

Detailed IRS rules determine whether the University must report certain expenses as taxable income. For additional information regarding tax treatment and reporting requirements, as well as information on housing-related expenses that are taxable, refer to [Business and Finance Bulletin G-45, Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors](#) [link]. Executive Officers should consult a personal tax advisor with questions about these requirements.

### **B. Renovation and Remodeling of Executive Officers' Residences**

All capital improvements to the President's residence in excess of \$25,000 require the prior approval of The Regents. Capital improvements under \$25,000 require the prior approval of the Senior Vice President-Chief Compliance and Audit Officer.

Capital [improvement](#) projects [of a Chancellor's residence costing over \\$5,000,000 involving Chancellorial residences under \\$25,000](#) require the prior approval of ~~The Regents~~ [the Executive Vice President – Business Operations](#). [Capital improvement projects between All capital improvements involving Chancellorial residences that cost \\$25,000 to \\$5,000,000 inclusively](#) require the prior approval of the [University President](#). [Capital improvement projects greater than \\$5,000,000 require the prior approval of The Regents](#). In approving projects, [the approving authority must consider the University President will consider](#) the need and extent of the improvements and their benefit to the University. A list of such capital projects will be reported [annually](#) to The Regents ~~annually~~. [Capital improvements under \\$25,000 require the prior approval of the Executive Vice President – Business Operations.](#)

### **C. Alternative Housing Arrangements**

If the President determines that the University-provided housing is [not unsuitable or uninhabitable](#) for supporting the Executive Officer's required range of duties [or is not habitable as a personal residence as a result of disrepair or other like reason](#), the President may ~~make a recommendation~~ [to The Regents](#) that the Executive Officer be ~~granted provided~~ other housing until [the University-provided housing is repaired](#)

~~or otherwise improved to suitable standards. the situation is remedied.~~ The President may make a request to The Regents for an alternative housing arrangement on his/her own behalf if he/she deems the University-provided housing is unsuitable ~~or uninhabitable~~ for the performance of presidential duties or is not habitable.

In evaluating such ~~a request~~s, The Regents will consider, among other factors, decide whether to approve the terms and conditions of the proposed alternate housing, the appropriateness for another housing arrangement, including the approval of a temporary housing allowance and the fund-source of funds used to pay for the requested alternate housing, as appropriate.

#### **D. Reimbursement of Expenses Associated with Moving In and Moving Out of University Housing**

Upon commencement or termination of an Executive Officer's appointment or, if necessary, due to the nature of renovations to the Executive Officer's University-provided housing, the University will reimburse actual and reasonable expenses, as allowable under the SMG Moving Reimbursement Policy [link], related to removing the household goods and personal effects of the Executive Officer and members of his/her household to or from University-provided housing.

The reimbursement of actual and reasonable expenses associated with an Executive Officer's arrival into or removal from University-provided housing requires the approval of The Regents. In recommending reimbursement, the President will provide The Regents an estimate of moving expenses.

Procedures for reimbursement of expenses under this subsection are in accordance with the Implementation Procedures set forth in the SMG Moving Reimbursement Policy [link].

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## **IV. APPROVAL AUTHORITY**

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### **A. Implementation of the Policy**

Executive Vice President—Business Operations 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. The Office of the President Human Resources, will work with the Responsible Officer of each policy to implement each policy.

### **B. Revisions to the Policy**

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

Executive Vice President—Business Operations has the authority to initiate revisions to the policy, consistent with approval authorities and applicable [Bylaws](#) [link] and [Standing Orders](#) [link] of The Regents.

The Executive Vice President—Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the [Senior Management Group Compensation Policy Principles](#) [link] and other governance policies.

### **C. Approval of Actions**

Approval of proposed actions covered by this policy is provided by the President and The Regents in accordance with Sections III – B, C, and D above.

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## **V. COMPLIANCE**

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### **A. Compliance with the Policy**

~~Executive Vice President—Business Operations is accountable for monitoring compliance with this policy.~~

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 compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

The Executive Vice President—Business Operations establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and local resources.

The Executive Vice President—Business Operations 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* [link] and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews* [link].

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.  
at each Regents' meeting.

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## REVISION HISTORY

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As a result of the issuance of this policy, the following documents are rescinded as of the effective date of this policy and are no longer applicable:

- Regents Policy on University-Provided Housing, approved in December 10, 1992 and amended September 22, 2005
- Renovation and Remodeling of Chancellors' Residences and Offices, letter to the chancellors from President Dynes, dated March 22, 2006
- Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors, letter and attachment to the chancellors from former Senior Vice President Mullinix, dated December 15, 2005

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## IMPLEMENTATION PROCEDURES

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## RELATED POLICIES

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- *SMG Moving Reimbursement Policy*
- *Business and Finance Bulletin G-45 Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors*
- *Senior Management Group Compensation Policy Principles*
- *The Regents' Guidelines for Corrective Actions Related to Compensation Policies*
- *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*
- *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*

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## FREQUENTLY ASKED QUESTIONS

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**Q:** *Is the Executive Officer's spouse/domestic partner considered a member of the household for tax purposes? (Described in the **Definitions** section.)*

**A:** Members of the household for University-provided housing are defined by the Internal Revenue Service (IRS) Regulations Section 1.217-2(b)(10) as other individuals who are members of the taxpayer's household, and who had the taxpayer's former residence and have the new residence as their principal place of abode. A member of the taxpayer's household includes any individual residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer.

**Q:** *Is the value of University-provided housing taxable to the Executive Officer?  
(Described in paragraph A. of the **Policy Text** section.)*

**A:** Because Executive Officers are required to occupy University-provided housing for the convenience of the University, the value of such housing is not taxable to the Executive Officer.



# Senior Management Group Automobile Allowance

**Responsible Officer:** Vice President–Finance

**Responsible Office:** Financial Management

**Effective Date:** To be determined [by the Responsible Officer.](#)

**Next Review Date:** [\[The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.\]](#) ~~To be determined~~

**Who Is Covered:** The following designated Senior Management Group (SMG) members:

- President
- Executive Vice Presidents
- [Senior Vice Presidents](#)
- Principal Officers of The Regents
- Chancellors
- Laboratory Director
- Council of Vice Chancellors–Academic Affairs
- Vice Chancellors for Development (or equivalent Vice Chancellor position)
- Medical Center Directors
- Individuals in an Acting Role ~~for one of~~ the [President, Chancellors, or Laboratory Director covered positions](#)

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## I. POLICY SUMMARY

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This policy provides direction and authority for granting automobile benefits to designated Senior Management Group (SMG) members.

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## II. POLICY DEFINITIONS

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Acting Role: An individual assuming 100% of the role and responsibilities of one of the covered positions under this policy.

Exception to Policy: An action that exceeds what is allowable under current policy or that is not expressly provided for under any policy. Any such action must be treated as an exception and must be reviewed and approved by The Regents

Executive Officer: The [University](#) President ~~for the Office of the President~~, Chancellor, or Laboratory Director.

Top Business Officer: Executive Vice President Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

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## III. POLICY TEXT

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### A. *Approval of Automobile Allowance by The Regents*

Any SMG position that is recommended ~~to receive~~~~for designation for~~ an automobile allowance must be submitted by the President to The Regents for approval.

### B. *Automobile Allowance*

Designated SMG members<sup>1</sup> receive a monthly cash allowance from the University, the amount of which will be announced annually by the Vice President–Finance in accordance with changes in the Consumer Price Index. For the current maximum cash allowance, see [Maximum Amounts for University-Leased Vehicles and Monthly Cash Allowances](#). [link] The cash allowance is paid to the SMG member as additional taxable wages in accordance with the procedures contained in [Accounting Manual E-821: Senior Manager Automobile Policy and Procedures Section III](#). [link]

### C. *Reimbursement for Use of Privately-Owned Vehicle*

Designated SMG members who receive an automobile allowance will not receive additional reimbursement for the first 12,000 business miles traveled in a calendar year. Only business miles in excess of 12,000 miles a year will be reimbursed. The SMG member must provide mileage log documentation that the maximum yearly mileage has been exceeded.

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<sup>1</sup> Includes all incumbent employees who currently receive an automobile allowance but ~~whose title is~~~~who are~~ not ~~designated-eligible~~ for an allowance under this policy.

Bridge and road tolls, parking fees, and other expenses set forth in *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel* [link] may be reimbursed.

Procedures for reimbursement of University business travel and mileage reimbursement rates, as well as procedures required for insurance coverage and the reimbursement of collision damage costs related to the use of a privately-owned vehicle for official University business, are set forth in *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel, Section VII.C.* [link] and *Appendix A.* [link]

#### **D. Funding**

Each location is responsible for funding its SMG automobile program. Laboratory SMG automobile allowances are provided by the Laboratory Administration Office. General Funds [\(19900\)](#) may not be used to support the SMG automobile program.

#### **E. Treatment for Benefit Purposes**

Amounts that are treated as wages under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, Retirement Savings Program, or employee life insurance programs. [A Description of Service \(DOS\) code of “EAA” has been established for paying automobile allowances approved in accordance with this policy.](#)

#### **F. Tax Treatment and Reporting**

Under Internal Revenue Service (IRS) Regulations, payment of an automobile allowance must be included in the employee's income as wages subject to withholding for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee's Form W-2 in the year paid.

Any payments to SMG members under this policy will be reported to the President and The Regents in the *Annual Report on Executive Compensation*.

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### **IV. APPROVAL AUTHORITY**

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#### **A. Implementation of the Policy**

The Vice President–Finance 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. The Office of the President Human Resources, will work with the Responsible Officer of each policy to implement each policy.](#)

#### **B. Revisions to the Policy**

The 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–Finance has the authority to initiate revisions to the policy, consistent with approval authorities and applicable [Bylaws](#) [link] and [Standing Orders](#) [link] of The Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the [Senior Management Group Compensation Policy Principles](#) [link] and other governance policies.

### **C. Approval of Actions**

All actions within this policy, that exceed this policy, or that are not expressly provided for under any policy must be approved by The Regents.

## **V. COMPLIANCE**

### **A. Compliance with the Policy**

~~The Vice President–Finance is accountable for monitoring compliance with this policy.~~

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 compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and local resources.

The Vice President–Finance 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 this policy, 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](#) [link] and [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#). [link]

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.](#)  
~~each Regents' meeting.~~

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## REVISION HISTORY

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As a result of the issuance of this policy, the following document is rescinded as of the effective date of this policy and is no longer applicable:

- Revised University Policy Concerning Senior Management Automobiles, issued by President Dynes on January 29, 2007

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## IMPLEMENTATION PROCEDURES

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## RELATED POLICIES

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- *Maximum Amounts for University-Leased Vehicles and Monthly Cash Allowances*
- *Accounting Manual E-821: Senior Manager Automobile Policy and Procedures Section III*
- *Business and Finance Bulletin G-28: Policy and Regulations Governing Travel, and Appendix A*
- *Senior Management Group Compensation Policy Principles*
- *Guidelines for Corrective Actions Related to Compensation Practices*
- *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*

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## FREQUENTLY ASKED QUESTIONS

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[Q: Is the Associate of the Chancellor/President covered by the policy?](#)

[A: The Associates are not covered under the policy, nor are they eligible to receive an automobile benefit under any other policy, but they are eligible to be reimbursed for their mileage when traveling on behalf of the University.](#)

Q: Under what circumstances can an SMG member covered under this policy be reimbursed for the use of a privately-owned vehicle for University business purposes?

A: Once an SMG member has exceeded 12,000 University business miles in a year, he/she may be reimbursed for the use of his/her own vehicle [in accordance with rates published in Business and Finance Bulletin G-28](#). No reimbursement will be granted if University business mileage is less than 12,000 miles per year. See Section III.C. of the policy.

# Senior Management Group Moving Reimbursement



**Responsible Officer:** Vice President– Finance

**Responsible Office:** Financial Management

**Effective Date:** To be determined by the Responsible Officer.

**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.] To be determined

**Who Is Covered:** Members of the Senior Management Group, including those with underlying academic appointments [Note: an effort is underway by Academic Advancement to review compensation and related policies and to develop appropriate monitoring and reporting processes for Deans. Until those policies and processes are developed and approved by The Regents, Deans remain in the Senior Management Group and are covered by the applicable SMG policies and procedures.]

The SMG Moving Reimbursement policy and procedures do not apply to Senior Management Group employees at the Lawrence Berkeley National Laboratory (LBNL). See *LBNL Regulations and Procedures Manual §4.01- Relocation Policy* [link].

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## I. POLICY SUMMARY

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This policy describes requirements and process for the reimbursement of moving and relocation expenses for Senior Management Group employees. It clarifies who is eligible to receive reimbursement of moving and relocation expenses, defines what types of expenses are reimbursable, and outlines the process for obtaining reimbursement. The policy supports the University's objective to attract and retain talented individuals by offering competitive and fair benefits to help offset the costs associated with moving a Senior Management Group appointee to a new location.

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## II. POLICY DEFINITIONS

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Common Carrier: An organization that offers its services to the public to transport goods from one place to another.

Domestic Partner: A domestic partner ~~means the is an~~ individual designated as an employee's domestic partner under one of the following methods:

- 1) Registration of the partnership with the State of California;
- 2) Establishment of a same-sex legal union, other than marriage, formed in another jurisdiction that is substantially equivalent to a State of California-registered domestic partnership; or
- 3) Filing of a Declaration of Domestic Partnership form with the University.

If an individual has not been designated as an employee's domestic partner by any of the foregoing methods, the following criteria are applicable in defining domestic partner:

- each individual is the other's sole domestic partner in a long-term, committed relationship with the intention to remain so indefinitely;
- neither individual is legally married, a partner in another domestic partnership, or related by blood to a degree of closeness that would prohibit legal marriage in the State of California;
- each individual is 18 years of age or older and capable of consenting to the relationship;
- the individuals share a common residence; and
- the individuals are financially interdependent.

Exception to Policy: An 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 Regents.

Executive Officer: The University President ~~for the Office of the President, or the Chancellor, or Laboratory Director.~~

~~Members of the household: Any person residing at the appointee's former primary residence, other than a tenant or appointee of the tenant, who moves to the new primary residence, including an appointee's domestic partner.~~

Members of the Household: The Internal Revenue Service (IRS) Regulations Section 1.217-2(b)(10) defines "members of the household" as other individuals who are members of the taxpayer's household, and who had the taxpayer's former residence and the taxpayer's new residence as their principal place of abode. A member of the taxpayer's household includes any individual residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer.

Moving Expenses: Reasonable expenditures for transporting the appointee, members of his or her household, household goods and personal effects from his or her former primary residence to his or her new primary residence.

Primary Residence: The dwelling where the employee actually lives and is considered as the legal residence for income tax purposes.

Relocation: A change in the location of a current employee or new appointee's primary residence due to a new appointment with the University. To be considered a qualified moving expense and not reportable as additional taxable income, the distance between an appointee's new primary place of work and his or her former primary residence must be at least 50 miles or more than the distance between the appointee's previous primary place of work and his or her former primary residence,

Relocation Expenses: Reasonable expenditures other than moving expenses incurred in the process of relocating the appointee and members of his or her household to the location of the appointee's new appointment (e.g. house hunting trips, return trips to the employee's former residence, etc.)

Top Business Officer: Executive Vice President – Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

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### III. POLICY TEXT

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#### ***A. Eligibility for Reimbursement of Moving and Relocation Expenses***

Reimbursement of moving and/or relocation expenses is at the sole discretion of the University. Reimbursement of moving and/or relocation expenses should be offered when necessary to attract a potential appointee to the University or to encourage a current employee to accept an appointment at a new location. Before offering reimbursement of moving expenses, the employing department must confirm the availability of funds and the presence of the specific determinative criteria cited in this policy. The appropriate approval authority should be consulted before the hiring unit offers such benefits.

Moving and relocation expenses that are not specifically addressed in this policy may be reimbursed or paid by the University only if approved by The Regents.

To be eligible for reimbursement of moving and/or relocation expenses, an appointee must meet all of the following criteria:

- The appointee must be a new hire or a current employee being assigned to a new location; ~~in either case, the appointment must be for the benefit of the University;~~
- The appointee must be qualified for and have accepted and intend to fulfill his or her new appointment for at least one year from the date the appointment commences;
- The appointee must be in active status in the payroll system prior to reimbursement of moving or relocation expenses, unless the appointee has been approved for an advance to cover anticipated expenditures pursuant to Section III.G – Advances; and
- The appointee must be relocating his/her primary residence in order to accept the new appointment.

### ***B. Reimbursable Moving Expenses***

All or part of the following moving expenses may be reimbursed, subject to the required approvals and availability of funds:

#### **1. Moving of Household Goods and Personal Effects**

Household goods and personal effects are limited to one household move per appointee. However, if the University appoints both an individual and his or her spouse or domestic partner, both appointees may be eligible for reimbursement of moving expenses from a former primary residence to the new primary residence. All moves of the employee and members of his or her household should be completed within one year of the date an appointee first reports to the new job, even if his or her appointment date was effective prior to the report date.

The University will reimburse actual and reasonable expenses for common carrier transportation related to moving household goods and personal effects from the former primary residence to the new primary residence for the appointee and members of his or her household, including packing, crating, transporting, unpacking, and uncrating household goods and personal effects. The appointee must use a common carrier from the University's preferred vendors list. Assembly and disassembly of unusual items such as swing sets, swimming pools, satellite dishes, etc. may also be reimbursed if authorized by the hiring authority.

Expenses related to moving professional/scholarly books, records and equipment, including laboratory supplies, should be documented separately. Prior to incurring these expenses, the appointee should discuss with the appropriate hiring authority whether these expenses are reimbursable and what documentation is required for reimbursement.

If the appointee elects to move ~~his or her~~ household goods and personal effects on his or her own, costs of renting a moving van, truck, or trailer and moving equipment (e.g., hand truck) are reimbursable, as are moving supplies (e.g., packing materials and boxes).

Costs associated with moving the following items are not reimbursable:

- Animals (except for household pets consisting of domesticated animals normally and ordinarily kept or permitted in the appointee's personal residence),

- Plants,
- Motorized recreational vehicles, including boats, kayaks, canoes, airplanes, camping vehicles, trailers, snow machines, jet skis,
- Canned, frozen, and bulk foodstuffs,
- Building supplies,
- Storage sheds,
- Farm equipment, and
- Firewood.

## 2. Transportation of Motor Vehicles

The University will reimburse actual and reasonable expenses related to moving two personal motor vehicles per household (which may include motorcycles but excludes vehicles listed in the preceding section). The vehicles may be shipped or driven. If the vehicle is driven by the appointee or a member of the appointee's household, the appointee will be reimbursed in accordance with *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel* [link].

## 3. Storage and Insurance

The University will reimburse actual and reasonable expenses related to insurance for the household goods and personal effects while in transit, if incurred within any 30-day period after removal of the household goods and effects from the former primary residence. The University will also reimburse actual and reasonable storage costs for household goods and personal effects for up to 90 ~~60~~ days immediately after their removal from the primary residence.

## 4. En Route Travel Expenses for the Appointee and Members of Household

The University will reimburse actual and reasonable expenses (such as coach airfare) related to traveling to the new primary residence by the appointee and members of his or her household. Meals and lodging while en route to the new primary residence are reimbursable, including one day's lodging in the area of the former primary residence if the residence is not suitable for occupancy due to the move, and one day's lodging on the date of arrival ~~from the former primary residence~~ to the new primary residence. Reimbursement of these costs is made in accordance with *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel* [link].

## 5. Household Pets

The University will reimburse reasonable expenses related to transportation of household pets (consisting of domesticated animals normally and ordinarily kept or permitted in the appointee's personal residence) but not those associated with kenneling such pets.

## 6. Utilities

The University will reimburse expenses for connecting and disconnecting utilities but not for associated refundable deposits.

## 7. Appointee's Passport Processing Expenses

The University will reimburse the filing fee and cost of photos for a non-U.S. Citizen appointee when passport expenses are incurred in connection with the commencement of his or her work in the United States.

## C. ***Reimbursable Relocation Expenses***

The University may reimburse limited relocation expenses actually and reasonably incurred by the appointee and his or her spouse or domestic partner. The following relocation expenses may be reimbursable:

### 1. House-Hunting Trips

The University may reimburse actual and reasonable expenses associated with looking for new living accommodations for the appointee and his or her spouse or domestic partner, ~~in accordance with the reimbursement limits outlined with Section III.C,~~ for:

- Cost of transportation (e.g., coach airfare, car rental, parking fees, tolls, gas),
- Meals, and
- Lodging.

The appointee and his or her spouse or domestic partner are limited to two house hunting trips each. Travel must be in accordance with *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel* [link]. The maximum number of nights of reimbursable lodging is (10) ten.

### 2. Limited Housing-Related Expenses

The University may reimburse the following limited housing-related expenses, if actually and reasonably incurred while the appointee and/or members of his or her household seek permanent housing, ~~in accordance with the reimbursement limits outlined with Section III.C:~~

- Penalty paid to terminate the contract (e.g. lease or mortgage) on the appointee's former primary residence if the termination was a result of relocation,
- Cost of furnished temporary lodging (e.g., hotel, apartment, short-term rentals), up to 90 days,
- Reasonable residential parking fees, up to 90 days, and
- Meals for the first 30 days of residence in temporary quarters that do not have cooking facilities.

Temporary lodging and meal expenses will be reimbursed in accordance with *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel* [link].

At the discretion of the University, the University may provide a temporary cash allowance to the relocating employee to offset limited housing-related expenses in lieu of reimbursement. This allowance would be paid through the University payroll system and would be subject to withholding for income and FICA taxes.

### 3. Return Trips to Former Residence

The University may reimburse actual and reasonable costs of transportation, ~~in accordance with the reimbursement limits outlined with Section III.C,~~ if an appointee needs to return to his or her former primary residence to help with a move or because the appointee has been separated from household members for more than one month. The appointee is limited to two return trips. Reimbursable expenses related to transportation costs may include coach airfare or other actual costs of transportation (e.g. car rental, parking fees, tolls, gas). Return trips made in an appointee's personal vehicle will be reimbursed in accordance with *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel* [link].

### 4. Professional Relocation Services

The University may reimburse actual and reasonable expenses related to professional relocation services, ~~in accordance with the reimbursement limits outlined with Section III.C,~~ which may include providing local destination information, home sale assistance, home search at destination, and location of rental or temporary housing.

## **D. Supporting Documentation**

In order to be eligible for reimbursement, all expenses must be supported by original receipts.

## **E. Tax Treatment and Reporting of Moving and Relocation Expenses**

IRS rules determine whether payment of moving and relocation expenses by an employer is includable as taxable income that must be reported. Some reimbursements and advances of "qualified moving expenses" are not reportable as additional income. To be considered a qualified moving expense and not reportable as additional taxable income, an expense must meet the following criteria:

- The move must be made in connection with the commencement of work at a new job location and the moving expenses must be incurred within one year from the time the appointee first reports to the new job,
- During the 12-month period immediately following the move, the individual must be employed full time for at least 39 weeks,
- The distance between an appointee's new primary place of work and his or her former primary residence must be at least 50 miles or more than the distance between the appointee's previous primary place of work and his or her former primary residence,
- The expenses must be for transportation of household goods and personal effects, including packing, insurance and in-transit storage for periods of up to 30 days from the former primary residence to the new primary residence, and
- The expenses must be for travel and lodging costs (but excluding meals) incurred in traveling from the former primary residence to the new primary residence.

~~Detailed rules affect whether specific amounts are taxable or eligible for a deduction; appointees should consult their tax advisors. Detailed IRS rules determine whether the University must report certain expenses as taxable income.~~ Taxable

reimbursements made by the University are subject to withholding for payroll taxes, which will be deducted from the employee's regular wages. -For additional information regarding tax treatment and reporting requirements, please refer to the Accounting Manual, Chapter D-371-12.1 [link]. Appointees should consult a personal tax advisor with questions about these requirements.

Any payments to SMG members under this policy will be reported subject to reporting to the President and The Regents in the *Annual Report on Executive Compensation*.

#### **F. Repayment Provisions**

An appointee who voluntarily separates from the position prior to completing one year of service, or accepts an appointment at another University location within 12 months from his or her initial date of appointment, will be required to pay back 100 percent of the moving and relocation expenses.

This provision will be included in the offer letter of the appointee.

#### **G. Advances**

The University, in its sole discretion, may elect to advance an amount to cover anticipated expenditures. Advances may only be used to cover reimbursable expenses and must be approved by the Chancellor/Executive Officer. An appointee receiving such an advance must sign an agreement for repayment as described below under Implementation Procedures. The hiring unit is responsible for ensuring that advances are accounted for within a reasonable period of time after the move is completed. See Business and Finance Bulletin G-28, Policy and Regulations Governing Travel [link] for procedures applicable to recording uncleared advances.

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### **IV. APPROVAL AUTHORITY**

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#### **A. Implementation of the Policy**

The Vice President – Financial Management is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply ~~has the authority to make~~ appropriate interpretations amendments to clarify policy provisions provided that the interpretations changes do not result in substantive changes to the underlying policy. ~~The Office of the President Human Resources, will work with the Responsible Officer of each policy to implement each policy.~~

#### **B. Revisions to the Policy**

The 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 – Financial Management has the authority to initiate revisions to the policy, consistent with approval authorities and applicable Bylaws [link] and Standing Orders [link] of The Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the Senior

Management Group Compensation Policy Principles [link] and other governance policies.

### **C. Approval of Actions**

All actions within this policy, that exceed this policy, or that are not expressly provided for under any policy must be approved by The Regents.

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## **V. COMPLIANCE**

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### **A. Compliance with the Policy**

~~The Vice President – Financial Management is accountable for monitoring compliance with this policy.~~

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 compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

The Vice President – Finance 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 [link] and Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews [link].

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.  
~~each Regents' meeting.~~

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## REVISION HISTORY

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## IMPLEMENTATION PROCEDURES

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### Required Documentation and Disclosure

When an offer is made to pay moving and relocation expenses, a letter of authorization ~~should~~shall be given to the appointee ~~being relocated~~. The letter ~~should~~shall specify the reimbursable expenses and the maximum actual expenses that will be paid by the University, including any amount exceeding the amount authorized by this policy. The offer ~~should~~shall also specify any advances authorized and confirm repayment provisions and any expenses subject to tax reporting and withholding.

An appointee seeking reimbursement must submit a completed [form name] to the [approving authority or department head] no later than one year after beginning employment. Original receipts and price quotations, when applicable, must be submitted in support of an appointee's claims.

Once the approving authority or department head has verified that claims submitted are supported by appropriate documentation and comply with the requirements of this policy, the approving authority or department head will forward the claims to the accounting department.

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## RELATED POLICIES

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- *LBNL Regulations and Procedures Manual §4.01- Relocation Policy*
- *Accounting Manual, Chapter D-371-12.1, Disbursements: Accounting for and Tax Reporting of Payments Made Through the Vendor System*
- *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel*
- *Senior Management Group Compensation Policy Principles*
- *Guidelines for Corrective Actions Related to Compensation Practices*
- *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*

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## FREQUENTLY ASKED QUESTIONS

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# Senior Management Group Relocation Allowance



**Responsible Officer:** [Vice President – Human Resources](#)

**Responsible Office:** Human Resources [and Benefits Policy and Program Design](#)

**Effective Date:** To be determined [by the Responsible Officer](#)

**Next Review Date:** [\[The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.\] To be determined](#)

**Who Is Covered:** Members of the Senior Management Group and external candidates for Senior Management Group positions. [Note: an effort is underway by Academic Advancement to review compensation and related policies and to develop appropriate monitoring and reporting processes for Deans. Until those policies and processes are developed and approved by The Regents, Deans remain in the Senior Management Group and are covered by the applicable SMG policies and procedures.]

The SMG Relocation Allowance policy and procedures do not apply to Senior Management Group employees at the Lawrence Berkeley National Laboratory (LBNL) or candidates for SMG positions at LBNL. See [LBNL Regulations and Procedures Manual §4.01 – Relocation Policy](#) [link].

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## I. POLICY SUMMARY

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This policy provides the direction and authority for granting a relocation allowance to offset a portion of an external or internal Senior Management Group candidate's costs associated with accepting the University's employment offer or with relocating at the request of the University. A relocation allowance supports the University's objective to attract and retain talented candidates who might otherwise decline the University's employment or relocation offer.

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## II. POLICY DEFINITIONS

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Executive Officer: The University President ~~for the Office of the President, or the Chancellor, or Laboratory Director.~~

Exception to Policy: An 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 Regents.

Primary Residence: The dwelling where the employee actually lives and is considered as the legal residence for income tax purposes.

Relocation: A change in the location of an appointee's primary residence due to a new appointment with the University.

Top Business Officer: Executive Vice President – Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

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## III. POLICY TEXT

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### A. *Eligibility*

To be eligible for a relocation allowance, a candidate for a Senior Management Group position must meet the following eligibility conditions:

1. The candidate must be a new hire or a current employee being assigned to a new location; ~~in either case, the appointment, transfer or promotion must be for the benefit of the University;~~ and,
2. The candidate must be qualified for and have accepted and intend to fulfill his/her new appointment for at least one year from the date the appointment commences; and
3. The candidate ~~will experience~~ is expected to incur costs associated with accepting the University's employment offer or with relocating at the request of the University.

~~A relocation allowance is intended to offset a portion of the candidate's costs associated with accepting the University's employment offer and relocating. A hiring~~

~~bonus, when offered, is intended to make a hiring offer market competitive and to assist in the new appointee's transition, in accordance with SMG Policy 2.120—Hiring Bonus [link].~~

Consult the appropriate hiring authority before offering a relocation allowance. See Section IV Approval Authority.

### **B. Relocation Allowance Amounts**

1. A relocation allowance is granted at the sole discretion of the University, is dependent on the availability of funds, is not guaranteed to be made available to all eligible candidates, and is not guaranteed to offer total reimbursement for all increased costs that may be incurred by the candidate's acceptance of the appointment and the candidate's relocation.
2. Allowance amounts will vary based on specific circumstances including the following:
  - ~~a. amount of costs associated with the appointee's relocation that are not covered by the SMG Moving Reimbursement Policy;~~
  - ~~b. determination by the hiring authority that the appointee to the open position is critical to the University's mission;~~
  - a. ~~difficulty in filling the position after prolonged [link]; and extensive recruitment efforts to attract market competitive candidates;~~
  - ~~d. competing offers under consideration by the prospective candidates; and~~
  - b. market prevalence for these allowances within specific occupations.
3. The relocation allowance amount cannot exceed a maximum of 25% of the proposed starting base salary—for the SMG position. If both a hiring bonus and relocation allowance are offered to a potential candidate, the combined amount cannot exceed 30% of the proposed starting base salary. Direct moving and relocation expenses are to be reimbursed in accordance with the SMG Moving Reimbursement Policy [link].

### **C. Payment Provisions**

Granting of a relocation allowance is at the sole discretion of the University. Before offering a relocation allowance, the employing department must confirm the availability of funds and the specific determinative criteria cited in Section III.B.2 of this policy. Any relocation allowance amount granted along with payment and repayment provisions shall be detailed in the candidate's offer letter. By signing such agreement, the candidate agrees to all payment and repayment provisions of this policy.

The relocation allowance payments are payable in either a lump sum payment (e.g., within 30 days of hire date) or as installment payments spread over a period of two, three or four years. Installment payments are generally advisable. If a recipient separates from UC, all future installment payments will be forfeited. If a lump sum payment is provided, then repayment provisions are required, as described in Section D of this policy.

**D. Repayment Provisions**

1. The candidate's offer letter should contain the specific details of the repayment provisions, including the number of years of service that must be completed and the amount (percentage or actual amount) of repayment if separation occurs prior to the completion of each year of service.
2. If the employee receives a lump sum relocation allowance and separates from UC prior to completing the agreed upon period of service (at least two years), the employee will be required to pay back a pro-rata portion of the relocation allowance payment.
3. Any unpaid relocation allowance amounts are forfeited at the time of separation of employment.

**E. Funding Sources**

Relocation allowance payments, if approved, are funded by the hiring department.

**F. Treatment for Benefit Purposes**

Relocation allowance amounts under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, Retirement Savings Program, or employee life insurance programs. A Description of Service (DOS) code of "RIP" has been established for paying relocation allowances approved in accordance with this policy.

**G. Tax Treatment and Reporting**

Under Internal Revenue Service Regulations, payment of a relocation allowance must be included in the employee's income as wages subject to withholding in the year paid for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee's Form W-2 in the year paid.

Any payments to SMG members under this policy will be reported to the President and The Regents in the *Annual Report on Executive Compensation*.

**H. Relation with other policies**

Senior Management Group appointees who hold an academic appointment and receive a relocation allowance under the terms of this policy are not eligible for the Faculty Recruitment Allowance Program as set forth in APM 190 – Appendix E.

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**IV. APPROVAL AUTHORITY**

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**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 policy. The Office of the President Human Resources, will work with the Responsible Officer of each policy to implement each policy.

**B. Revisions to the Policy**

The 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 [link] and Standing Orders [link] of The Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the Senior Management Group Compensation Policy Principles [link] and other governance policies.

**C. Approval of Actions**

All actions within this policy, that exceed this policy, or that are not expressly provided for under any policy must be approved by The Regents.

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**V. COMPLIANCE AND REPORTING**

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**A. Compliance with the Policy**

~~The Associate Vice President–Human Resources and Benefits is accountable for monitoring compliance with this policy.~~

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 compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report), 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](#) [link] and [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#) [link].

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.](#)  
[each Regents' meeting.](#)

**REVISION HISTORY**

As a result of the issuance of this policy, [provisions in](#) the following document ~~is that are applicable to SMG employees are~~ rescinded as of the effective date of this policy ~~and is no longer applicable~~:

- [Business and Finance Bulletin G-13 -- Policy & Regulations Governing Moving & Relocation](#) [link]

**IMPLEMENTATION PROCEDURES****RELATED POLICIES**

- [LBNL Regulations and Procedures Manual §4.01 – Relocation Policy](#)
- [SMG Moving Reimbursement](#)
- [SMG Hiring Bonus](#)
- [UC Business and Finance Bulletin G-28 \(Policies and Regulations Governing Travel\)](#)
- [UC Business and Finance Bulletin G-45 \(Implementing Requirements on Expenses Incurred in Support of Official Responsibilities of the President and Chancellors\)](#)
- [Senior Management Group Compensation Policy Principles](#)
- [Guidelines for Corrective Actions Related to Compensation Practices](#)
- [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#)

**FREQUENTLY ASKED QUESTIONS**

Q: How are moving-related expenses not covered by this policy reimbursed?

A: See *SMG Moving Reimbursement Policy* [link]

# Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions



**Responsible Officer:** ~~Associate~~ Vice President–Human Resources ~~and Benefits~~

**Responsible Office:** Human Resources ~~and Benefits Policy and Program Design~~

**Effective Date:** January 1, 2009

**Next Review Date:** ~~January 1, 2011~~ 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 UC retired employees (Senior Management Group members, including Deans; staff employees; and academic appointees) who are reemployed into Senior Management Group positions or staff positions. Recall appointments for academic appointees are governed by Academic Personnel Policy 200-22 and Academic Personnel Policy 200, Appendices A and B, and the *Guidelines for Rehire of UC Retirees*. This policy is applicable to retired academic appointees who are rehired into SMG or staff positions; however, it does not apply to academic appointees recalled into faculty teaching or academic research appointments.

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**Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions**

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**I. POLICY SUMMARY**

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This policy governs the reemployment of all Retired Employees (as defined in Section II. below) into Senior Management Group (SMG) or staff positions.

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**II. POLICY DEFINITIONS**

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**Career Appointment:** An appointment established at a fixed or variable percentage of time at 50 percent or more of full-time, which is expected to continue for one year or longer.

**COBRA:** The Consolidated Omnibus Budget Reconciliation Act (COBRA), which gives University employees and their covered family members the right to temporarily continue their UC-sponsored group health coverage in situations that would ordinarily cause the individual to lose coverage.

**Executive Officer:** The [University](#) President, ~~for the Office of the President,~~ Chancellor, or Laboratory Director.

**Normal Retirement Age:** Normal retirement age under UCRP means age 50 with a minimum of 5 years of service credit for Safety Members and age 60 with a minimum of 5 years of service credit for all other Members.

**Retired Employees:** Former University employees (SMG members, staff employees, and academic appointees) who have separated from University service and elected monthly retirement income or a lump sum cashout under the University of California Retirement Plan.

**Senior Management Group:** As defined by Regents Action Item on Governance, dated \_\_\_\_\_, 2008.

**Top Business Officer:** Executive Vice President–Business Operations for the Office of the President, Vice Chancellor for Administration, or the position responsible for the location's financial reporting and payroll as designated by the Executive Officer.

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**III. POLICY TEXT**

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**A. Scope**

Retired Employees may be reemployed by the University in accordance with the provisions of this policy, which incorporates requirements developed [1] to address legal concerns regarding preservation of the tax-qualified status of the University of California Retirement Plan (UCRP) as described in Section B. below and [2] to address the University's concerns regarding operation of a public retirement plan, administrative feasibility, and compliance as described in Section C. below.

**B. IRS Restrictions for Preserving the Tax-Qualified Status of UCRP**

The Internal Revenue Code imposes restrictions on the timing of the distribution of benefits to participants in defined benefit plans such as UCRP. Generally, payments are permitted when an employee retires or attains normal retirement age. Otherwise, retirement benefits should remain in the plan so they will be available to provide support to participants after they cease working. Failure to satisfy the distribution timing restrictions could disqualify the

**Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions**

plan, which could cause the vested benefits of UCRP members to become immediately taxable.

If an employee retires before reaching the normal retirement age under a pension plan, the Internal Revenue Service (IRS) may question whether the employee's retirement is a true separation from service or a strategy to access retirement funds that otherwise would not be available to the employee.

Normal retirement age under UCRP means age 50 with a minimum of 5 years of service credit for Safety members and age 60 with a minimum of 5 years of service credit for all other members. Once an employee attains normal retirement age, the IRS no longer is concerned about an employee's access to retirement funds because those funds were intended to be available at that age.

The following factors support a determination that a true separation from service has occurred for an employee who has not reached normal retirement age:

- The employee and the employer did not engage in discussions regarding reemployment before the employee's separation from service. The IRS has singled out this factor as critical to support the occurrence of a true separation. Therefore, for employees who have not reached normal retirement age, discussions about reemployment are prohibited until after the employee has received his or her first monthly payment or lump sum cashout or 30 days after separation, whichever is later. (For employees who have reached normal retirement age, discussions about reemployment prior to actual separation are not prohibited.)
- The length of the break in service before reemployment is reasonable
- Both the employer and the employee intended that a separation from service occur and that it be permanent
- Upon separation from service, the employee surrendered something of value, such as seniority rights or access to benefits available only to active employees
- The employer processed the employee as if he or she were separating from service. For example, a COBRA election or information on retiree health insurance coverage was provided to the employee upon separation, or benefits not available to anyone other than active employees were terminated, or a separation date was entered into the payroll/personnel system
- The employee is reemployed into a position that requires different skills from those used in his or her prior position or is with a different department or supervisor
- The employee was employed by an unrelated employer prior to reemployment

**C. University Policy Restrictions**

The following restrictions on the reemployment of Retired Employees are based on University policy [which has been developed to reflect responsible stewardship of the University related to the perception of individuals drawing a retirement benefit and another UC income simultaneously, and to provide public accountability, transparency, and sound succession planning](#). Individuals receiving UCRP monthly retirement income who are reemployed into career appointments and suspend their monthly retirement payments are exempted from complying with certain restrictions as delineated in paragraph 5 below.

**Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions****1. Exigent Circumstances University Need**

Reemployment must be as a result of exigent circumstances University need, such as the Retired Employee possesses skills ~~that are critical to the mission of the University and the University was not able to find a suitable replacement.~~ and institutional knowledge that the hiring department cannot otherwise obtain with equal cost effectiveness; the hiring department anticipates a prolonged process for hiring a replacement; or the hiring department anticipates that the Retired Employee will assist a replacement to acquire necessary skills and knowledge. For situations in which a Retired Employee is reemployed on a temporary basis into ~~the same a career~~ position (such as the same position held before retirement or another vacant career position), the job must be posted and a search begun within 30 days of the vacancy being created and a minimum 30-day recruitment period must be held.

~~Situations in which a Retired Employee is not reemployed into the same position held before retirement or is not reemployed into another vacant position do not require a recruitment. Exigent circumstances in such situations include, but are not limited to, the need to train a replacement or to provide transition assistance.~~

Written documentation on exigent circumstances University need must be provided for all reemployment actions, including specification of the duration of the appointment in order to support the existence of exigent circumstances University need.

The President must endorse a request based on exigent circumstances University need before submission to The Regents for approval for Retired Employees reemployed into SMG positions, and for Retired Employees whose annualized base salary plus any other cash compensation in the rehire position meets or exceeds the current Indexed Compensation Level. (The total compensation at the appointment rate in the rehire position will be used and not the conversion to derive a "full-time equivalent" amount, e.g., at 100% percent.)

For staff positions, the local campus, medical center, or laboratory Chief Human Resources Officer (CHRO), or designee, as applicable, must review and sign off on a request based on exigent circumstances University need prior to submission to the location's Executive Officer for approval.

**2. Break in Service**

A Retired Employee must not be reemployed until there has been a break in service of at least 30 days, but preferably 90 days. The break in service restriction is not required to preserve the tax-qualified status of UCRP if the Retired Employee has reached normal retirement age at the time of separation from service; however, this policy requires that the break in service restriction be applied to all Retired Employees. ~~regardless of whether or not they have reached normal retirement age.~~

In addition, employees who have not reached normal retirement age must not engage in discussions concerning reemployment until after they have received their first monthly payment or lump sum cashout or 30 days after separation, whichever is later.

**3. Appointment Percentage**

Due to potential Medicare complications and to minimize situations where individuals draw a retirement benefit and another UC income simultaneously, this policy requires that Retired Employees be reemployed with an appointment of no more than 43% during any 12 month period-rehired with no more than a 43% appointment. Appointments may not normally exceed 12 months. Appointments in excess of 43%

**Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions**

[time may be requested by following the process outlined later in this section.](#)  
[Extensions beyond 12 months may be requested by following the process outlined in section 4, below.](#) Appointments at 43.75% time or more provide eligibility to Retired Employees for UC-sponsored employee medical coverage, which makes Medicare become the secondary payer.

It is the intent of this policy that Retired Employees be reemployed with limited appointments that do not qualify them for active employee health and welfare benefits, regardless of whether the Retired Employee has elected monthly retirement income or a lump sum cashout.

Appointment at no more than 43% also ensures that Retired Employees who elected monthly retirement income are reemployed with limited appointments and do not become active members in UCRP.

If reemployment is to exceed a 43% [appointment](#), the request must be approved as follows:

- The President must endorse the request prior to submission to The Regents for approval for Retired Employees reemployed into SMG positions and Retired Employees whose annualized base salary plus any other cash compensation in the rehire position meets or exceeds the current Indexed Compensation Level. (The total compensation at the appointment rate in the rehire position will be used and not the conversion to derive a “full-time equivalent” amount, e.g., at 100 percent.)
- The Chief Human Resources Officer [or designee](#) must review and sign off on the request prior to submission to the Executive Officer for approval for Retired Employees reemployed into staff positions.

#### 4. Duration of Reemployment

Reemployment in one or multiple positions must not exceed a total of 12 months. If reemployment is ~~to exceed a total of~~ [necessary after](#) 12 months [has expired](#), the request must be approved as follows:

- The President must endorse the request prior to submission to The Regents for approval for Retired Employees reemployed into SMG positions and Retired Employees whose annualized base salary plus any other cash compensation in the rehire position meets or exceeds the Indexed Compensation Level. (The total compensation at the appointment rate in the rehire position will be used and not the conversion to derive a “full-time equivalent” amount, e.g., at 100% percent.)
- The Chief Human Resources Officer [or designee](#) must review and sign off on the request prior to submission to the Executive Officer for approval for Retired Employees reemployed into staff positions.

#### 5. Reemployment into Career Appointments

A Retired Employee who is receiving UCRP monthly retirement income, but agrees to suspend the payments, may be reemployed into a career appointment subsequent to an appropriate recruitment and break in service, and is not subject to the [above policy](#) restrictions ~~regarding exigent circumstances, appointment percentage, and duration of reemployment in~~ (Sections 1, 3 and 4) [above, but is subject to Section 2.](#)

**Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions**

A Retired Employee who took a lump sum cashout may not be reemployed into a career appointment and is subject to the above Sections 1, 2, 3 and 4 [above](#).

**D. Reporting Requirements and Disclosure****1. Reporting Requirements**

For [each](#) Retired Employees reemployed into ~~non-career appointments in a~~ staff positions, the locations must submit [a completed UCRP Retired Employee Election Form \[link\] \(not required for Retired Employees who received a lump sum cashout\)](#) the following information to the [Associate](#) Vice President–Human Resources ~~and Benefits~~ at the time the Retired Employee is reemployed:

- a. ~~all local approval documents and supporting documentation of exigent circumstances for each individual including any reappointments or extensions to previous appointments; and~~
- b. [Completed UCRP Retired Employee Election Form \[link\]](#) for each reemployed Retired Employee ~~(not required for Retired Employees who received a lump sum cashout).~~

In addition, the locations must submit a summary report semi-annually by June 30 and December 31 of each year to the [Associate](#) Vice President–Human Resources ~~and Benefits~~ that [provides incorporates](#) a list of all reemployed Retired Employees, ~~noting with identification of~~ appointments greater than 43% ~~or for more than a total of within a 12-months period (when the employee has not elected to suspend UCRP monthly retirement income); and/or~~ appointments for which other types of variations from policy have been approved, [and provide documentation that required approvals were obtained](#).

**2. Disclosure**

In accordance with University policy, individuals inside or outside the University are entitled to have access to information in employees' personnel records in conformance with State of California statutes and University records policies. The Executive Officer is to establish procedures for the release of information. Examples of information which is public information and is to be released upon request include name, current salary, retirement compensation, and appointment type.

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**IV. APPROVAL AUTHORITY**

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**A. Implementation of the Policy**

The [Associate](#) Vice President–Human Resources ~~and Benefits~~ 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. The Office of the President Human Resources, will work with the Responsible Officer of each policy to implement each policy.](#)

**B. Revisions to the Policy**

The Regents is the Policy Approver for this policy and has the authority to approve any policy revisions upon recommendation by the President.

**Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions**

The [Associate](#) Vice President–Human Resources [and Benefits](#) has the authority to initiate revisions to the policy, consistent with approval authorities and applicable [Bylaws](#) [link] and [Standing Orders](#) [link] of The Regents.

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the [Senior Management Group Compensation Policy Principles](#) [link] and [other governance policies](#) [link].

**C. Approval of Actions**

The President must endorse, and The Regents must approve, all reemployment actions (actions authorized by this policy, that exceed this policy, or that are not expressly provided for under any policy) for:

- Retired Employees reemployed into SMG positions
- Retired Employees whose annualized base salary plus any other cash compensation in the rehire position meets or exceeds the Indexed Compensation Level. (The total compensation at the appointment rate in the rehire position will be used and not the conversion to derive a “full-time equivalent” amount, e.g., at 100 percent.) (Normal appointment approval shall be followed for a Retired Employee reemployed into a Career Appointment, following regular UC recruitment procedures and after an appropriate break in service, who elects suspension of UCRP monthly retirement income.)

For Retired Employees reemployed into staff positions, actions authorized by this policy must be approved in accordance with local procedures, which must include a provision for review and sign off by the local Chief Human Resources Officer prior to approval by the location’s Executive Officer. The Executive Officer may delegate authority to approve actions authorized by this policy, but remains accountable for all reemployment actions and for submission of timely and accurate reports in compliance with Section V.A. of this policy. Documentation of the delegation of authority must be submitted to the [Associate](#) Vice President–Human Resources [and Benefits](#). The Office of the President will conduct periodic audits of delegations and reemployment actions.

**D. Approval of Variations From Policy**

Unless there is explicit and specific authorization for an action by this policy, the action is considered to be a variation from the policy and must be approved as follows:

The President must endorse, and The Regents must approve, the variation to the policy for:

- Retired Employees reemployed into SMG positions
- Retired Employees whose annualized base salary plus any other cash compensation in the rehire position meets or exceeds the current Indexed Compensation Level. (The total compensation at the appointment rate in the rehire position will be used and not the conversion to derive a “full-time equivalent” amount, e.g., at 100 percent.)

For Retired Employees reemployed into staff positions, requests for approval for variations from this policy must be reviewed and signed off on by the local Chief Human Resources Officer and documented and approved by the location’s Executive Officer.

**Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions**

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**V. COMPLIANCE**

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**A. Compliance with the Policy**

~~The Associate Vice President–Human Resources and Benefits is accountable for monitoring compliance with this policy.~~

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 compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report) 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 (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

The [Associate Vice President–Human Resources and Benefits](#) 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](#) [link] and [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#) [link].

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 each Regents' meeting](#).

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**REVISION HISTORY**

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As a result of the issuance of this policy, the following documents are rescinded as of the effective date of this policy and are no longer applicable for Senior Management Group and staff rehired Retired Employees, and academic appointees rehired into SMG or staff positions:

- *Guidelines for Rehire of UC Retirees*
- *Reappointment Guidelines for Rehired Retirees*

**Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions**

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**IMPLEMENTATION PROCEDURES** [\[link\]](#)

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**RELATED DOCUMENTS**

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- [UCRP Retired Employee Election Form](#) (referenced in Section III.D.1. of this policy)
- [Bylaws of The Regents](#) [*include the specific Bylaws that are applicable*] (referenced in Section IV.B. of this policy)
- [Standing Orders of The Regents](#) [*include the specific Standing Orders that are applicable*] (referenced in Section IV.B. of this policy)
- [Senior Management Group Compensation Policy Principles](#) (referenced in Section IV.B. of this policy)
- [Other Governance Policies](#) (referenced in Section IV.B. of this policy)
- [Guidelines for Corrective Actions Related to Compensation Practices](#) (referenced in Section V.B. of this policy)
- [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#) (referenced in Section V.B. of this policy)
- [Returning to UC Employment After Retirement Factsheet and Election Form](#)
- [Medicare Factsheet for Employees and Retirees](#)
- [Recall Appointments for Academic Appointees -- Academic Personnel Policy 200-22 \(APM - 200-22\)](#)
- [Pre-Retirement Recall Guidelines for Faculty Recalled for Post-Retirement Teaching -- Academic Personnel Policy 200 \(APM - 200\), Appendix A](#)
- [UCRP Reappointment Guidelines for Rehired Retirees -- Academic Personnel Policy 200 \(APM - 200\), Appendix B](#)

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**FREQUENTLY ASKED QUESTIONS**

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