The Regents of the University of California

COMMITTEE ON COMPENSATION
September 16, 2010

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

Members present:	Regents Hime, Johnson, Kieffer, Lozano, Ruiz, and Varner; Ex officio members Gould and Yudof; Advisory member Anderson
In attendance:	Regents Blum, Cheng, DeFreece, De La Peña, Island, Lansing, Makarechian, Maldonado, Marcus, O'Connell, Pattiz, Reiss, Schilling, and Zettel, Regents-designate Hallett, Mireles, and Pelliccioni, Faculty Representative Simmons, Secretary and Chief of Staff Griffiths, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Pitts, Executive Vice Presidents Brostrom and Taylor, Vice Presidents Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Fox, Kang, Katehi, White, and Yang, and Recording Secretary Johns

The meeting convened at 11:40 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 July 15, 2010 were approved.

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

   A. ***Salary Adjustment for F. Scott Biddy as Vice Chancellor – University Relations, Berkeley Campus***

   Background to Recommendation

   The Berkeley campus requested approval for a salary adjustment to the annual base salary for F. Scott Biddy as the Vice Chancellor – University Relations, to be effective upon Regental approval. In reaction to the need to simplify compensation and the current move to eliminate incentive and bonus programs where appropriate, the Berkeley campus proposed to eliminate the exceptional performance bonus incentive amount of $50,000 in Mr. Biddy's compensation package and incorporate it into his current annual base of $272,000, for a total annual salary of $322,000. There is no total increase to the compensation package included in this action. Mr. Biddy's position will continue to be graded at SLCG Grade 109.

Mr. Biddy was promoted to his current position of Vice Chancellor – University Relations in December 2006, following a national search. At the time of promotion, he was serving as Associate Vice Chancellor – University Relations for the campus. During the salary setting process, several factors were under consideration. Internal equity and other pressures at the time limited the promotional increase to an annual base salary of $260,000. At the same time, Mr. Biddy was the sole remaining candidate for a similar position at a peer institution with an oral offer of a salary in excess of $400,000. He indicated that he would accept the Berkeley position if the campus could provide a higher compensation package. At the suggestion of staff at the Office of the President, the campus requested an annual bonus payment of up to $50,000 based on the attainment of established goals. Such bonus programs are common in the development area. Mr. Biddy accepted this total compensation package of $310,000 and withdrew his candidacy for the other position. He received the first bonus payment in December 2007, upon Regental approval.

Mr. Biddy reports directly to the Chancellor and is the chief institutional advancement officer for the campus. He is responsible for campuswide leadership and strategy, and also management and operation of a division with the mission to enhance the excellence of UC Berkeley by increasing public awareness, understanding, and philanthropy. In addition to the direct oversight of University Relations, the campus' core fundraising arm for major gifts and central services, Vice Chancellor Biddy provides strategic leadership for the many different fundraising programs campuswide. This involves active partnership with the 21 campus deans, all of whom have development staff, as well as the directors of the non-alumni fundraising programs such as athletics, the libraries, the Berkeley Art Museum, and Cal Performances.

In this role, he also serves as President of the UC Berkeley Foundation, a California nonprofit public-benefit corporation that raises, invests, and administers donated funds for the benefit of the campus. Mr. Biddy is also responsible for the integrated implementation of all external relations for the campus, which includes the spectrum of development, public affairs, and alumni relations. The campus continues to raise funds at a level of over $300 million per year, including in 2009, despite the challenges of a severe economic downturn and drastic resource reductions on the campus. Vice Chancellor Biddy's leadership of Berkeley's comprehensive capital campaign has raised $1.8 billion to date towards the $3 billion fundraising campaign goal for the campus, the largest in UC Berkeley's history, and the largest so far for any university in the United States and Canada without a medical school.

The base salary for this position is funded through State funds (50 percent) and through discretionary funds (50 percent). The proposed annual base salary of $322,000 is within the salary range for SLCG Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700). Market median data indicate a rate of $369,345 which is 14.7 percent above the proposed base salary. Further, internal comparator data indicate that the proposed salary is 19.7 percent above the average salary of $269,000 for the Vice Chancellor – University Relations position at the other UC locations. The salaries at the other UC locations range from $201,000 at UC Merced to $376,600 at UC San Francisco.

Recommendation

The President recommended approval of the following items in connection with the salary adjustment for F. Scott Biddy as Vice Chancellor – University Relations, Berkeley campus:

(1) Per policy, annual base salary of $322,000. This represents a zero percent increase in Mr. Biddy's current total compensation package.

(2) Continued slotting at SLCG Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700).

(3) Effective upon approval by the Regents.

Recommended Compensation
Effective Date: Upon approval
Base Salary: $322,000
Bonus/Incentive: $0
Total Cash Compensation: $322,000
Grade Level: SLCG Grade 109
(Minimum $214,700, Midpoint $274,300, Maximum $333,700)
Median Market Data: $369,345
Percentage Difference from Market: -14.7 percent
Funding Source: 50 percent State funds and 50 percent discretionary funds

Budget &/or Prior Incumbent Data
Title: Vice Chancellor, University Relations
Base Salary: $272,000
Bonus/Incentive: $50,000
Total Cash Compensation: $322,000
Funding Source: 50 percent State funds and 50 percent discretionary funds

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- Per policy, annual automobile allowance of $8,916.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UCB Chancellor Birgeneau**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

B. ***Recall from Retirement, Appointment of and Compensation for Charles E. Hess as Interim Vice Chancellor – Research, Davis Campus***

<u>Background to Recommendation</u>

Approval was requested for the recall from retirement of Charles E. Hess to serve as the Interim Vice Chancellor – Research at the UC Davis campus. UC Davis is currently conducting a national recruitment to permanently fill the position of Vice Chancellor – Research when the current Vice Chancellor, Barry M. Klein, steps down in September 2010. Approval was requested to appoint Charles E. Hess to serve as Interim Vice Chancellor – Research with an appointment salary of $237,400, at an average of 43 percent time over a 12-month period, effective immediately upon approval of the Regents. This position is currently graded at SLCG Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700); however, the campus will be seeking approval to re-slot the position as the campus moves forward with the hiring of a permanent vice chancellor. This interim appointment is necessary to provide continuity of leadership and to assist in the transition of a new Vice Chancellor – Research. The Chancellor consulted with the Chair of the UC Davis division of the Academic Senate and the Senate Executive Committee, and they wholeheartedly endorsed appointing Charles E. Hess as the interim vice chancellor.

Mr. Hess retired from UC Davis in 1994 but was recalled to serve as Chair of the UC Davis Nutrition Department from 2007 to 2009 to help the department develop new leadership after a period of tremendous transition in the department. During his tenure as department chair, Mr. Hess developed a revised academic plan, recruited three new faculty members, and mentored a member of the faculty who became chair in 2009. He served as Dean of the College of Agricultural and

Environmental Sciences from 1975 to 1989 and served as the Director of International Programs in 1991. He has also served as a special assistant to the Provost and Chancellor.

Mr. Hess is respected by his colleagues and has the reputation of being a collaborative and effective leader. He is known to seek input from his staff before making decisions that affect the department and/or the institution but does not shirk from accepting responsibility for making those decisions that require administrative action. He has been a responsible manager of fiscal and physical resources, and has participated effectively in budget planning during very difficult budget times.

The proposed salary is 38.68 percent below the market median base salary of $329,220 (aged by a factor of 4.5 percent) as provided by the College and University Professional Association (CUPA) Administrative Compensation Survey. This position is funded 100 percent from funds provided by the State.

Recommendation

The President recommended approval of the following items in connection with the recall from retirement, appointment of and compensation for Charles E. Hess as Interim Vice Chancellor – Research, Davis campus:

(1) Per policy, recall from retirement at an average of 43 percent time over a 12-month period, at an annualized appointment salary of $237,400, effective immediately upon approval of the Regents.

(2) Continued slotting of the position at SLCG Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700).

Recommended Compensation
Effective Date: Upon approval
Base Salary: $237,400
Total Cash Compensation: $237,400 (43 percent = $102,082)
Grade Level: SLCG Grade 109
(Minimum $214,700, Midpoint $274,300, Maximum $333,700)
Median Market Data: $329,220
Funding Source: State funds
Percentage Difference from Market: -38.68 percent

Budget &/or Prior Incumbent Data
Base Salary: $237,400
Total Cash Compensation: $237,400
Grade Level: SLCG Grade 109
Funding Source: State funds

Additional items of compensation include:

- Per policy, Mr. Hess plans to sign and accept the Rehired Retiree Waiver Form that will serve to decline participation in the UC Retirement System (UCRS) and allow Mr. Hess to continue receiving his retirement annuity while receiving compensation related to this appointment.
- Per policy, health and welfare benefits are based upon a 43 percent limited-time appointment.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UC Davis Chancellor Katehi**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

C. ***Term Appointment of and Compensation for Suresh Subramani as Acting Senior Vice Chancellor – Academic Affairs, San Diego Campus***

<u>Background to Recommendation</u>

Approval was requested for the term appointment of and compensation for Suresh Subramani as Acting Senior Vice Chancellor – Academic Affairs, San Diego campus, effective October 1, 2010, through September 30, 2011, or until the appointment of a permanent senior vice chancellor, whichever occurs first.

Following Paul Drake's announcement of his decision to retire from the Senior Vice Chancellor – Academic Affairs position effective October 1, 2010, an extensive national search was conducted for his successor. The top candidate withdrew due to compensation limitations, and there was a lack of consensus on the remaining candidates interviewed. Therefore, a decision has been made to extend the search process and appoint an Acting Senior Vice Chancellor – Academic Affairs to provide continuity of leadership.

Suresh Subramani was selected as the most qualified person to fill the interim role. Mr. Subramani is a Distinguished Professor of Molecular Biology and holds a 50 percent academic administrator appointment as Associate Vice Chancellor for Academic Planning and Resources (AVC-AP&R) which he assumed February 1, 2009. As AVC-AP&R, Mr. Subramani has been a key advisor to the Senior Vice Chancellor on a wide range of issues, including overseeing the implementation of new campus academic programs and initiatives, providing leadership in the planning of resources to meet programmatic and capital program goals, developing the State Capital Improvement Plan and overseeing the use of technology-enhanced instruction. He has been a member of the UC San Diego faculty since 1981 and is recognized as an outstanding scholar with a wealth of administrative experience. He served as Chair of the Department of Biology prior to its reorganization as a Division, and as Associate Dean and Interim Dean of the Division of Biological Sciences. Given the difficulty of the search, the duration of this acting assignment is difficult to predict. Therefore, Mr. Subramani would have the full authority and accountability associated with the senior vice chancellor role during his interim appointment.

In recognition of the search experience, the market value of the position, internal comparisons and Mr. Subramani's qualifications, the campus requested approval of an administrative salary of $350,000 to compensate him for this interim appointment. The proposed salary is 1.7 percent above the midpoint of SLCG Grade 111 (Minimum 267,700, Midpoint $344,000, Maximum $420,100) and 5.8 percent below the market median of $371,623. Several of the deans who report to this position earn salaries ranging from $326,100 to $342,800. This position is funded 100 percent from UC general funds provided by the State.

<u>Recommendation</u>

The President recommended approval of the following items in connection with the term appointment of Suresh Subramani as Acting Senior Vice Chancellor – Academic Affairs, San Diego campus:

(1) Per policy, an administrative salary of $350,000 (SLCG Grade 111: Minimum $267,700, Midpoint $344,000, Maximum $420,100).

(2) Per policy, this appointment is at 100 percent time and effective October 1, 2010 through September 30, 2011, or until the appointment of a permanent senior vice chancellor, whichever occurs first.

<u>Recommended Compensation</u>
Effective Date: October 1, 2010
Term Appointment Base Salary: $350,000
Total Cash Compensation: $350,000
Grade Level: SLCG Grade 111
(Minimum $267,700, Midpoint $344,000, Maximum $420,100)
Median Market Data: $ 371,623
Funding Source: UC general funds provided by the State
Percentage Difference from Market: 5.8 percent below market

<u>Budget &/or Prior Incumbent Data</u>
Base Salary: $300,000
Total Cash Compensation: $300,000
Grade Level: SLCG Grade 111

Funding Source: UC general funds provided by the State

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UCSD Chancellor Fox**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

D. ***Term Appointment of Lynda Rogers as Dean – University Extension, Santa Cruz Campus***

Background to Recommendation

Approval was requested for the term appointment of Lynda Rogers as Dean – University Extension, Santa Cruz campus, effective September 16, 2010 through December 31, 2011, or until the appointment of a permanent dean, whichever occurs first. The campus expects that a nationwide search will be launched in early 2011 to permanently fill the position.

This request was in response to an anticipated vacancy with the appointment of the incumbent, Ms. Alison Galloway, to another position on the Santa Cruz campus. Ms. Galloway currently holds the position of Vice Provost and Dean – Academic Affairs. In 2008, following the departure of the former dean, Ms. Galloway assumed the role of Dean – University Extension in addition to her Vice Provost – Academic Affairs position.

The Dean – University Extension provides vision, dynamic leadership, and professional management to the unit. The dean makes all decisions regarding academic programs, personnel actions, operations, and financial management and is responsible for the strategic direction, market positioning, fiscal viability, and regional educational leadership for UC Santa Cruz Extension.

Ms. Rogers has more than 20 years of experience as an educator and administrator. She currently serves as Assistant Vice Provost – University

Extension for UC Santa Cruz. She is responsible for strategic and academic planning, financial planning, and organizational development for University Extension. Ms. Rogers also serves as liaison to University and regional constituents, including faculty, staff, administrators, students, and the business community.

The campus proposed an annual base salary of $145,000 which is 6.8 percent below the midpoint for SLCG Grade 104 (Minimum $123,800, Midpoint $155,600, Maximum $187,500). The proposed base salary is 24 percent below the average base salary of $179,620 for those in the position of Dean – University Extension, at the other UC locations. Market data indicate a market median base salary of $185,177. The requested base salary is 28 percent below that market rate. This position is funded 100 percent by non-State funds.

Recommendation

The President recommended approval of the following items in connection with the term appointment of Lynda Rogers as Dean – University Extension, Santa Cruz campus:

(1) Per policy, term appointment of Lynda Rogers as Dean, University Extension, Santa Cruz campus.

(2) Per policy, appointment base salary of $145,000 at SLCG Grade 104 (Minimum $123,800, Midpoint $155,600, Maximum $187,500).

(3) This term appointment is at 100 percent time and is effective September 16, 2010 through December 31, 2011, or until the appointment of a permanent dean, whichever occurs first.

Recommended Compensation
Effective Date: September 16, 2010
Term Appointment Base Salary: $145,000
Grade Level: SLCG Grade 104
(Minimum $123,800, Midpoint $155,600, Maximum $187,500)
Median Market Data: $185,177
Funding Source: Non-State funds
Percentage Difference from Market: 28 percent below market

Budget &/or Prior Incumbent Data
Title: Dean – University Extension
Base Salary: $147,200
Grade Level: SLCG Grade 104
(Minimum $123,800, Midpoint $155,600, Maximum $187,500)
Funding Source: State and non-State funds

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits.
- Continued primary classification as Management and Senior Professional (MSP) 3 (Minimum $71,200, Midpoint $98,350, Maximum $125,500).

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UCSC Chancellor Blumenthal**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

E. ***Appointment of and Compensation for Alison Galloway as Campus Provost and Executive Vice Chancellor, Santa Cruz Campus***

Background to Recommendation

Approval was requested for the appointment of Alison Galloway as Campus Provost and Executive Vice Chancellor (CP/EVC) at the Santa Cruz campus, effective September 16, 2010. This appointment fills a vacancy created by the planned retirement of the CP/EVC David S. Kliger on September 15, 2010.

On the Santa Cruz campus, the CP/EVC reports directly to the Chancellor, serves as chief academic officer by providing vigorous academic leadership to the entire campus, manages the budget and day-to-day operations of the campus, serves as a member of the Chancellor's Cabinet, advises the Chancellor on all campus issues, and serves as the chief executive officer of the campus when the Chancellor is unavailable. The CP/EVC provides leadership in the complex development and implementation of long-term academic plans and, in conjunction with the Chancellor, is responsible for articulating and implementing the campus vision and priorities, which include upholding the campus' enduring commitment to achieving excellence through diversity of faculty, students, staff, and ideas.

As the culmination of a search throughout the University of California system, Ms. Galloway was selected from a strong pool of candidates to fill this key leadership position. Ms. Galloway is currently the Vice Provost and Dean – Academic Affairs and a professor in the Department of Anthropology at the Santa Cruz campus. In her administrative role, Ms. Galloway is responsible for coordinating campus-wide academic planning, program development, implementation, and review and for coordinating policies affecting faculty, including personnel actions, faculty diversity, and the development of senior leadership from within the campus community. She also serves as Dean – University Extension and as campus co-chief diversity officer for faculty.

This position is funded 100 percent by State funds. The proposed base salary of $265,000 is 3.4 percent below the midpoint of SLCG Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700). Market data indicate a market median base salary of $371,633; the proposed base salary is 40 percent below the market rate. In addition, the proposed base salary is 14.4 percent below the average base salary of $303,089 for the executive vice chancellor and provost position at the other UC locations.

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for Alison Galloway as Campus Provost and Executive Vice Chancellor, Santa Cruz campus:

(1) Appointment of Alison Galloway as Campus Provost and Executive Vice Chancellor, Santa Cruz campus, at 100 percent time.

(2) Per policy, annual base salary of $265,000 at SLCG Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700).

(3) This appointment is effective September 16, 2010.

Recommended Compensation
Effective Date: September 16, 2010
Base Salary: $265,000
Grade Level: SLCG Grade 109
(Minimum $214,700, Midpoint $274,300, Maximum $333,700)
Median Market Data: $371,633
Funding Source: State funds
Percentage Difference from Market: 40 percent below market

Budget &/or Prior Incumbent Data
Title: Campus Provost and Executive Vice Chancellor
Base Salary: $255,600
Grade Level: SLCG Grade 109
(Minimum $214,700, Midpoint $274,300, Maximum $333,700)
Funding Source: State funds

Additional items of compensation include:

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

- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.
- Per policy, an automobile allowance in the amount of $8,916 per annum, declined by Ms. Galloway.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UCSC Chancellor Blumenthal**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

F. ***Appointment of and Total Compensation for Russell W. Rumberger as Vice Provost – Education Partnerships, Office of the President***

Background to Recommendation

Approval was requested for the appointment of and compensation for Russell W. Rumberger as Vice Provost – Education Partnerships, Office of the President, effective upon approval by the Regents.

The Vice Provost – Education Partnerships is responsible for systemwide and intersegmental policies and programs that engage California P-20 education systems to promote student achievement and that strengthen the continuum of teaching, learning, and leadership to ensure a full range of postsecondary options for all students. The Vice Provost is directly responsible for the implementation of the University's collaborations with P-20 education segments to reduce academic achievement disparities among California student populations and enable all California students to receive a world-class education that prepares them for successful participation in higher education, employment, and civic life.

After an extensive national search, Mr. Rumberger was selected as the top candidate. In the role of Vice Provost – Education Partnerships, he will report to the Provost and Executive Vice President – Academic Affairs.

Mr. Rumberger is currently Professor of Education at the University of California, Santa Barbara. Over a distinguished career, Mr. Rumberger has addressed a range of important issues in education, including early childhood education, school segregation, the achievement gap, school dropouts, and the educational challenges of English language learners. In addition, he directed the UC Linguistic Minority Research Institute (UC LMRI) for ten years, from 1998 to 2008, and built this multicampus research unit into an internationally recognized research institute that funded important research on one of California's and the nation's fastest-growing populations, English language learners. Currently Mr. Rumberger is directing the California Dropout Research Project (CDRP) with funding from major foundations, which is commissioning research and developing a policy agenda to address the problem of school dropouts in California.

The requested base salary of $250,000 is 0.008 percent above the market median of $248,100. This position is funded 100 percent by State funds.

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for Russell W. Rumberger as Vice Provost – Education Partnerships, Office of the President:

(1) Appointment of Russell W. Rumberger as Vice Provost – Education Partnerships, Office of the President.

(2) Per policy, appointment salary of $250,000 at SLCG Grade 108 (Minimum $192,300, Midpoint $244,900, Maximum $297,400).

(3) Per policy, one-time, one-way airfare to Oakland, California from Santa Barbara, California.

(4) Per policy, 100 percent reimbursement of all reasonable moving expenses subject to the current policy guidelines, provided that Mr. Rumberger and Provost Pitts mutually agree within the first 12 months of appointment that the University is better served by having Mr. Rumberger relocate to the Bay Area.

(5) Per policy, reasonable costs not to exceed $500 for moving professional office materials from Santa Barbara to Oakland, California.

(6) Per policy, eligibility to participate in the UC Home Loan Program, in accordance with all applicable policies. The UC Home Loan Program will only apply if the primary residence is located within 30 miles of the Office of the President, Oakland, California.

(7) This appointment is at 100 percent time and effective upon Regental approval.

Recommended Compensation
Effective Date: Upon approval
Base Salary: $250,000
Total Cash Compensation: $250,000

Grade Level: SLCG Grade 108
(Minimum $192,300, Midpoint $244,900, Maximum $297,400)
Median Market Data: $248,100
Funding Source: State funds
Percentage Difference from Market: 0.008 above market

<u>Budget &/or Prior Incumbent Data</u>
Title: Vice Provost – Educational Partnerships
Base Salary: N/A (new position)
Funding Source: State funds

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

G. ***Appointment of and Total Compensation for Deborah Wylie as Associate Vice President – Capital Resources Management, Office of the President***

<u>Background to Recommendation</u>

Approval was requested for the appointment of and total compensation for Deborah Wylie as Associate Vice President, Capital Resources Management, University of California Office of the President, to be effective upon approval by the Regents and pending suitable transition notice.

This request was made as part of the consolidation launched in mid-April 2009, which created the new Department of Budget and Capital Resources under Vice President Lenz. The request is to fill the vacancy created when Associate Vice President – Facilities Administration Bocchicchio retired in December 2009. This replacement is critical to meeting the strategic initiatives of the new Budget and Capital Resources department.

Reporting to the Vice President – Budget and Capital Resources, the Associate Vice President (AVP) – Capital Resources Management is the senior executive charged with University-wide responsibility for the effective planning, funding, and development of the University's capital assets. This responsibility spans a $9.2 billion program of capital projects currently under way, a proposed $9.9 billion five-year prospective capital budget, real estate purchases, and sales of approximately $140 million over three years. In addition, the AVP – Capital Resources Management is responsible for 150-200 leases/licenses/easements per year; several major environmental filings and monitoring; and reporting on hundreds of environmental mitigations. The AVP will have an ambitious sustainability program that includes reducing systemwide energy consumption by ten percent by 2014, reducing greenhouse gas emissions to year 2000 levels by 2014 and to 1990 levels by 2020. The AVP directs and leads the services provided by Capital Resources Management, which includes the following subordinate functions: Design and Construction (strategic delivery and policy), Capital Planning, Physical and Environmental Planning (including sustainability), and Real Estate Services.

After an extensive national search, Deborah Wylie was selected as the top candidate. Ms. Wylie is currently working for California State University Channel Islands as Associate Vice President for Operations, Planning and Construction. Her current role encompasses all aspects of ongoing operations and maintenance as well as capital planning, design, and construction. She is responsible for collaborating with campus administrators and central Chancellor's office staff to develop long-range plans for adaptive re-use of existing facilities and new construction to meet 21st-century needs for teaching and learning. She is responsible for over 100 staff, including architects, construction managers, and inspectors, as well as custodians, grounds workers, skilled trades, logistical services, and events staff.

The position is currently slotted at SLCG Grade 106 and the requested base salary of $180,000 is 7.7 percent below the midpoint of the SLCG Grade 106 range ($195,000).

This position is funded 85 percent by non-State funds with the balance coming from State funds.

<u>Recommendation</u>

The President recommended approval of the following items in connection with the appointment of and compensation for Deborah Wylie as Associate Vice President – Capital Resources Management, Office of the President:

(1) Appointment of Deborah Wylie as Associate Vice President – Capital Resources Management, Office of the President.

(2) Per policy, appointment salary of $180,000 at SLCG Grade 106 (Minimum $154,200, Midpoint $195,000, Maximum $236,100).

(3) Per policy, a relocation allowance of 25 percent ($45,000) of annual base salary to be paid in annual installments of $15,000 over a three-year period. The relocation allowance is subject to repayment on a pro-rated basis, should the appointee leave the University prior to the completion of five consecutive years of service. The repayment amount will be reduced 20 percent per year over five years. Any unpaid relocation allowance amounts will be forfeited at the time of separation.

(4) Per policy, a temporary housing allowance not to exceed $15,000 for a period of 90 days to offset limited housing-related expenses. If Ms. Wylie leaves the University prior to the completion of one year of service, or accepts an appointment at another University location within 12 months from her initial date of appointment, she will be required to pay back 100 percent of the temporary cash allowance.

(5) Per policy, two house hunting trips each, subject to the limitations under policy, for the candidate and her spouse/partner.

(6) Per policy, 100 percent reimbursement of reasonable and allowable expenses associated with moving expenses.

(7) Per policy, eligibility to participate in the UC Home Loan Program, in accordance with all applicable policies.

(8) This appointment is at 100 percent time and effective upon Regental approval.

Recommended Compensation
Effective Date: Upon approval
Base Salary: $180,000
Bonus/Incentive: $0
Total Cash Compensation: $180,000
Grade Level: SLCG Grade 106
(Minimum $154,200, Midpoint $195,000 Maximum $236,100)
Median Market Data: No match
Funding Source: 85 percent non-State funds

Budget &/or Prior Incumbent Data
Title: Associate Vice President – Facilities Administration
Base Salary: $185,852
Grade Level: SLCG Grade 106
(Minimum $154,200, Midpoint $195,000 Maximum $236,100)
Funding Source: 85 percent non-State funds

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, a five 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 and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

H. ***Salary Adjustment and Title Change for Shelton J. Duruisseau, Ph.D. as Associate Vice Chancellor – Diversity and Inclusion and Chief External Affairs Officer, UC Davis Health System, Davis Campus***

Background to Recommendation

As part of a comprehensive restructuring and streamlining initiative, the UC Davis Health System is eliminating the School of Medicine's Associate Dean of Diversity position and reassigning leadership responsibilities for external affairs and diversity and inclusion. Reflecting the critical significance of the diversity and inclusion initiatives and program, the goals of the restructuring include reducing health care disparities and promoting greater diversity among medical and nursing students, faculty, and staff. Moreover, this initiative will result in reduced costs and bureaucracy, and create a more streamlined, efficient, and integrated academic health center.

Consequently, the UC Davis campus requested a salary adjustment and title change from Chief Administrative and Professional Services Officer to Associate Vice Chancellor – Diversity and Inclusion and Chief External Affairs Officer for Shelton J. Duruisseau. The campus recommends continued SLCG grading at Grade 109 and a 4.19 percent salary adjustment from $278,320 to $290,000, effective immediately upon approval of the Regents.

The restructuring includes consolidation of diversity and inclusion functions for the UC Davis Medical Center, School of Medicine, Betty Irene Moore School of Nursing, Medical Group and other professional departments to provide oversight across all Health System operations. Administrative functions – including government and community relations, public affairs and marketing, and human resources – will continue to be under Mr. Duruisseau's purview. As part of this initiative, a compelling need was identified for unified leadership by this Associate Vice Chancellor position, which would now report directly to the Vice Chancellor for Human Health Sciences and Dean – School of Medicine rather than to the Chief Operating Officer. Reassigning UC Davis Health System responsibilities for diversity and inclusion under Mr. Duruisseau's leadership and under the new title of Associate Vice Chancellor – Diversity and Inclusion will further demonstrate to the Health System, as well as to external constituents, the commitment that senior leadership is making to heighten the awareness of the importance of diversity and inclusion issues. The elimination of the Associate Dean of Diversity position, formerly held by Dr. Jesse Joad, will save the Health System $200,000 per year. The modest salary increase proposed for Mr. Duruisseau recognizes his expanded scope and places Mr. Duruisseau's salary in closer alignment with other leaders with similar reporting relationships at the UC Health System.

With this restructuring, responsibilities for faculty life with the School of Medicine will be absorbed by the Associate Dean of Academic Personnel.

Mr. Duruisseau has worked at the UC Davis Health System since February 1981, and has been serving as the Medical Center's Chief Administrative and Professional Services Officer since that time. He assumed additional responsibility for Government and Community Affairs in 2000.

This position is funded 100 percent from non-State funds. Mr. Duruisseau's current appointment is classified in the Senior Management Group, with slotting at SLGC Grade 109 and, per policy, is eligible to participate in the Clinical Enterprise Management Recognition Plan, with a target of 15 percent. Mr. Duruisseau's current annual base salary is $278,320. There are no market data for this hybrid position.

Recommendation

The President recommended approval of the following items in connection with the title change and salary adjustment for Shelton J. Duruisseau as Associate Vice Chancellor – Diversity and Inclusion and Chief External Affairs Officer, UC Davis Health System, Davis campus:

(1) Title change from Chief Administrative and Professional Services Officer to Associate Vice Chancellor – Diversity and Inclusion and Chief External Affairs Officer at 100 percent time.

(2) Per policy, a salary adjustment of 4.19 percent from $278,320 to $290,000.

(3) Continued slotting at SLCG Grade 109 (Minimum $214,700, Midpoint $274,300, Maximum $333,700).

(4) Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan, with a target of 15 percent ($43,500), and maximum potential of 25 percent.

Recommended Compensation
Effective Date: Upon approval
Base Salary: $290,000
Clinical Enterprise Management Recognition Program (CEMRP): $43,500 (at 15 percent target rate) 25 percent potential maximum amount dependent upon base salary[1]
Total Cash Compensation: $333,500
Grade Level: SLCG Grade 109
(Minimum $214,700, Midpoint $274,300, Maximum $333,700)
Funding Source: Non-State funds

Budget &/or Prior Incumbent Data
Base Salary: $278,320
Clinical Enterprise Management Recognition Program (CEMRP): $41,748 (at 15 percent target rate)
Total Cash Compensation: $320,068
Grade Level: SLCG Grade 109
Funding Source: Non-State funds

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, a five 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 and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UCD Chancellor Katehi**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

[1] CEMRP incentive opportunities are at risk with actual payouts ranging from zero percent up to 25 percent for this level and dependent upon actual achievement of goals.

I. ***Establishment of a New Senior Management Group Position, Chief Strategy Officer; and Appointment of and Compensation for M. Teresa Conk as Chief Strategy Officer – UC Irvine Health Affairs, Irvine Campus***

Background to Recommendation

Approval was requested for the appointment of and compensation for M. Teresa Conk in a new Senior Management Group position, Chief Strategy Officer – UC Irvine Health Affairs, Irvine campus. This request was in response to an immediate need to establish permanent senior leadership over strategic efforts in Health Affairs. Further increasing the need for urgent action, Ms. Conk is considering another employment offer from a key competitor hospital.

Health Affairs is establishing the Chief Strategy Officer (CSO) position to better implement strategic plans, allowing it to compete in the evolving healthcare environment. This position integrates several functions into one entity, eliminating redundancy and aligning strategic efforts. The CSO will be accountable for growing Health Affairs in targeted markets by increasing the number of patients in key areas and physician revenues, such as in the ambulatory practice. The cost savings and additional revenues generated from this new position are expected to fully fund the position.

The CSO will be responsible for leading the development and execution of strategic and business plans for Health Affairs. Reporting to the Chief Executive Officer of the Medical Center and the Dean of the School of Medicine, the CSO will manage a $4.2 million budget and three functional areas: strategic and business planning, business development, and marketing and communications.

For strategic and business planning, the CSO will develop and implement strategies that are designed to increase operational and financial performance. The CSO will identify, research, and analyze new business opportunities and strategic directions. Additionally, the CSO will develop an annual plan review process to ensure progress towards goals.

For business development, the CSO will increase the overall growth of Health Affairs. Network and physician relations development will be key areas of focus to increase the number of patients by physician referrals. The CSO will tightly coordinate service line and business growth activities to ensure the best possible return on investment.

For marketing and communications, the CSO will determine strategic positioning and ensure that all messages are consistent with the position. The CSO will be responsible for managing the Health Affairs brand, strategic community relationships, and public relations. Lastly, the CSO will direct all communications to stakeholders, both internally and externally.

The campus requested interim slotting of the position at SLCG Grade 108 (Minimum $192,300, Midpoint $244,900, Maximum $297,400).

In the recruitment, M. Teresa Conk emerged as the top candidate from the Health Affairs executive administration. Ms. Conk brings in-depth knowledge of the Orange County health care community and a solid understanding of national health care issues. She has 20 years of experience in the health care industry. She has a record of success in fostering physician partnerships and developing and implementing strategies for complex health care enterprises. Her strategic direction has led to expansion, increased market share, and improved performance. She led the strategic planning processes for a $350 million revenue multi-entity health care system resulting in operating income increases of $20 million. Ms. Conk's most recent position was Vice President of Business and Development and Strategic Planning at the Children's Hospital of Orange County (CHOC). She has also held positions at St. Joseph Hospital and United Western Medical Centers. Ms. Conk has a Bachelor of Science in Health Services Management from Chapman University and is pursuing an Executive Master of Health Administration at the University of Southern California.

This position is funded 100 percent by UC Irvine Medical Center operating revenue. The campus proposes a compensation package including a base salary of $260,000, participation in the Clinical Enterprise Management Recognition Plan at an annual target payout of 15 percent ($39,000), and executive benefits. This compensation package is less than her package at CHOC and is less than the competing offer from another hospital. The proposed base salary of $260,000 is 6.2 percent higher than the midpoint for SLCG Grade 108, and 4.1 percent below the median market salary of $271,026.

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for M. Teresa Conk as Chief Strategy Officer – UC Irvine Health Affairs, Irvine campus:

(1) Establishment of a new Senior Management Group position, Chief Strategy Officer – UC Irvine Health Affairs, Irvine campus.

(2) Approval of interim slotting of the position at SLCG Grade 108 (Minimum $192,300, Midpoint $244,900, Maximum $297,400).

(3) Per policy, an appointment salary of $260,000.

(4) Per policy, eligibility to participate in the Clinical Enterprise Management Recognition Plan, with an annual target payout of 15 percent of base salary ($39,000) beginning in fiscal year 2010-11.

(5) This appointment is at 100 percent time and effective immediately upon Regental approval.

<u>Recommended Compensation</u>
Effective Date: Upon approval
Base Salary: $260,000
Clinical Incentive Plan: $39,000 (15 percent at target)[2]
Total Cash Compensation: $299,000
Grade Level: SLCG Grade 108
(Minimum $192,300, Midpoint $244,900, Maximum $297,400)
Median Market Data: $ 271,026
Funding Source: Medical Center Operating Revenue
Percentage Difference from Market: 4.1 percent below

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, a five 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 and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Submitted by: **UCI Chancellor Drake**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

J. ***Preemptive Retention Salary Adjustment for David Feinberg as Associate Vice Chancellor and Chief Executive Officer, Hospital System, Los Angeles Campus***

<u>Background to Recommendation</u>

Under the leadership of David Feinberg as Associate Vice Chancellor and Chief Executive Officer, the UCLA Hospital System completed the most successful year in its history in 2008-09, achieving the highest level of performance for the three major performance goals under its annual performance plan. Specifically, the Hospital System leadership and staff achieved an "Outstanding" level of performance for Patient Quality and Safety, Patient Experience/Satisfaction and

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[2] CEMRP incentive opportunities are at risk with actual payouts ranging from zero percent up to 25 percent for this level and dependent upon actual achievement of goals.

Financial Performance. Financial performance exceeded industry standards, a development that serves the broader interest of UCLA Health Sciences because these gains support many academic programs and capital projects. The UCLA Hospital System is considered among the top performing providers nationally in offering positive patient experiences. The system's Ronald Reagan UCLA Medical Center (RRUCLAMC) consistently achieves patient experience scores above the 95th percentile among more than 600 hospitals surveyed nationally by the Picker/National Research Corporation. In the most recent patient satisfaction survey conducted by the University Hospital Consortium, RRUCLAMC was ranked first among 107 member academic health centers across the nation.

In addition to serving as Chief Executive Officer since 2008, after becoming Interim CEO in 2007, Dr. Feinberg is a Professor of Clinical Psychiatry and has held key positions at UCLA over the past 15 years.

Dr. Feinberg was recently approached as a potential candidate for a similar chief executive position at a major academic medical center in Northern California. Because of the outstanding leadership that Dr. Feinberg has demonstrated since assuming his executive role, it is essential for the campus to retain him. Retaining his leadership at the forefront of the major initiatives and challenges facing the UCLA Hospital System is critical. Thus, the UCLA campus requested approval for a preemptive salary adjustment for Dr. Feinberg as Associate Vice Chancellor and Chief Executive Officer, UCLA Hospital System.

A base salary increase of $160,300 was proposed, bringing Dr. Feinberg's annual base salary from $739,700 to $900,000, effective July 1, 2010. The proposed salary would be 12.4 percent above the 50th percentile ($800,748) of market salaries for teaching hospital system chief executive officers according to survey data provided by Mercer Human Resource Consulting. However, based on size and scope factors of the UCLA Hospital System, the 75th percentile ($887,175) of market salaries is a meaningful reference point.

The funding to support the proposed salary increase will initially be provided by hospital operating funds. UCLA's donor community has initiated creation of a $10 million endowed fund, with proceeds directed toward covering the additional compensation associated with Dr. Feinberg's retention. To date, signed pledge agreements and gifts received total $6.75 million with an additional $0.8 million in verbal pledge agreements received and gifts pending, for a total of $7.55 million in total gifts pledged. The majority of the endowment will be available within two years. Income from the endowment, when fully funded, is to cover the salary and retention bonus associated with Dr. Feinberg's retention.

Recommendation

The President recommended approval of the following items in connection with the preemptive retention salary adjustment for David Feinberg as Associate Vice Chancellor and Chief Executive Officer, Hospital System, Los Angeles campus:

(1) Per policy, an adjustment to the base salary of $160,300 for a base salary of $900,000, SLCG Grade 118 (Minimum $585,000, Midpoint $760,400, Maximum $935,900).

(2) As an exception to policy, effective retroactive to July 1, 2010, to be consistent with the withdrawal of Dr. Feinberg's candidacy in the outside recruitment effort.

(3) As an exception to policy, a $250,000 annual non-base-building retention bonus paid on June 30 of each fiscal year beginning June 30, 2011, as long as Dr. Feinberg remains an active UC employee serving in the capacity of Chief Executive Officer, Hospital System, Los Angeles campus. This retention bonus is characterized as an exception to policy because such an award would not be permissible under the Senior Management Group Policy on Incentive Awards adopted in July 2010 because Dr. Feinberg is a participant in the Clinical Enterprise Management Recognition Plan.

   a. Should Dr. Feinberg resign, these retention payments will cease and be forfeited in the fiscal year in which Dr. Feinberg resigns.

   b. Retention payments will not be prorated for a partial fiscal year of service.

   c. Each retention payment will not be subject to increases or decreases such as a merit increase or furlough-related decrease.

   d. Consistent with policies, these retention payments will not be included in the calculation of:

      i. Clinical Enterprise Management Recognition Plan awards

      ii. Senior management life insurance

      iii. Executive salary continuation for disability

      iv. Terminal vacation payout

      v. UC Retirement Plan covered compensation

(4) Per policy, continued eligibility for additional non-base building incentive pay as an eligible participant of the Clinical Enterprise Management Recognition Plan with a target of 20 percent and a maximum potential of up to 30 percent.

Recommended Compensation
Effective Date: July 1, 2010
Base Salary: $900,000
Clinical Incentive Plan: $180,000 (at target)[3]
Annual Retention Bonus: $250,000
Total Cash Compensation: $1,330,000
Grade Level: SLCG Grade 118
(Minimum $585,000, Midpoint $760,400, Maximum $935,900)
Median Market Data (base salary only): $800,748
Percentage Difference from Market: 12.4 percent (base salary only)
Median Market Data (total cash compensation): $1,000,162
Percentage Difference from Market: 33 percent (total cash compensation)
Funding Source: Hospital System revenue supplemented with endowment income

Budget &/or Prior Incumbent Data
Base Salary: $739,700
Clinical Incentive Plan: $147,940
Total Cash Compensation: $887,640
Grade Level: SLCG Grade 118
(Minimum $585,000, Midpoint $760,400, Maximum $935,900)
Funding Source: Hospital System revenue

Additional items of compensation include:

- Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- Per policy, accrual of sabbatical credits as a member of tenured faculty.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to tenured faculty appointment.
- Per policy, annual automobile allowance of $8,916.

The compensation described above shall constitute the University's total commitment until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

[3] CEMRP incentive opportunities are at risk with actual payouts ranging from zero percent up to 25 percent for this level and dependent upon actual achievement of goals.

Submitted by: **UCLA Chancellor Block**
Reviewed by: **President Yudof**
Compensation Committee Chair Varner
Office of the President, Human Resources

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

Committee Chair Varner noted that the Committee had reviewed the ten individual compensation items the previous day in closed session.

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

4. **AMENDMENT TO THE REGENTS' RESTRICTIONS LIMITING 2009-10 AWARDS UNDER THE CLINICAL ENTERPRISE MANAGEMENT RECOGNITION PLAN**

The President recommended that the *Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans*, approved in January 2009 and amended in March 2009 and September 2009, be further amended as shown in Attachment 1. The proposed amendment modifies the limitation imposed on all Clinical Enterprise Management Recognition Plan (CEMRP) participants (and on Senior Management Group participants in substantially similar locally funded clinical programs) for fiscal year 2009-10 that provided that the dollar amount of a plan participant's award for fiscal year 2009-10 would not exceed the dollar amount of that participant's fiscal year 2008-09 year award. It is recommended that the following two categories of employees be excluded from this limitation: (a) employees hired in fiscal year 2008-09 and (b) employees who were promoted in fiscal year 2009-10 and received an increase in base salary and/or an increased target or maximum incentive award to correspond with their increased responsibilities. This exclusion will allow these two categories of employees to receive awards for fiscal year 2009-10 that exceed the amount of the awards they received for fiscal year 2008-09.

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

Committee Chair Varner introduced this item. He explained that the item requested approval to provide a technical correction to the Regents' item, *Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans,* approved in January 2009 and subsequently amended in March and September 2009. The original proposal imposed the limitation that the dollar amount of a plan participant's award for fiscal year 2009-10 would not exceed the dollar amount of that participant's fiscal year 2008-09 year award. This limitation applied to all Clinical Enterprise Management Recognition Plan (CEMRP) participants (and to Senior Management Group participants in substantially similar locally-funded clinical programs) for fiscal year 2009-10. The proposed amendment would maintain the limitation for the majority of plan participants but exclude those employees hired in 2008-09 and those employees who were promoted in 2009-10. For these newly-hired or promoted employees, the 2009-10 awards would not be subject to limitation.

Executive Director Larsen noted that the Regents' 2009 action had unintended consequences for five individuals. The proposed amendment would result in an additional CEMRP payout cost of $124,185.

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

5. **APPROVAL OF COMPENSATION FOR CERTAIN PARTICIPANTS OF THE CLINICAL ENTERPRISE MANAGEMENT RECOGNITION INCENTIVE PLAN FOR FISCAL YEAR 2009-10 AS DISCUSSED IN REGENTS ONLY SESSION**

Background to Recommendation

Before the beginning of each fiscal year, the five UC medical centers establish a series of financial and non-financial measures consistent with the mission and goals of each clinical enterprise and those of the system. The measures fall into the following categories and are commonly used among medical enterprises as a way of driving performance improvements:

- Quality Improvements
- Financial Performance
- Patient Satisfaction
- People and other Resource Management
- Key Achievements against the Strategic Plan

The systemwide goals established for fiscal year 2009-10 included: (1) working with the federal government to negotiate a fair reimbursement for UC's treatment of the uninsured, (2) improving operating efficiencies through supply chain improvements, and (3) a patient safety metric of a reduction in the line-associated bloodstream infection rates. The medical enterprise has been successful in all of these areas. By way of example, the medical enterprise produced a savings of over $12 million through cost reductions and further reduced blood infections from 2.2 to 1.4/1,000 lines.

The Clinical Enterprise Management Recognition Plan (CEMRP) is a clinical incentive plan that provides financial awards based on meeting or exceeding targets for quality of care, financial performance, and other goals such as patient satisfaction for the Health Sciences and Services system. The plan drives alignment of the five UC medical centers on the achievement of institutional, organizational, and individual goals. Eligible participants are defined as the senior leadership of the clinical enterprise who have significant strategic impact and a broad span of control with the ability to affect enterprise-wide change and performance. The incentive award, consistent with the

Regentally approved plan, can range from 10 to 30 percent of base salary with a designated target incentive.

It is common practice among our competitors to provide incentive opportunities and it is important to note that CEMRP puts a larger portion of pay at risk compared to the comparator institutions. Parallel clinical incentive programs that are aligned with CEMRP provided incentive opportunities for fiscal year 2009-10 to all levels of employees at the medical centers, including more than 22,000 represented and other staff – nurses, patient care technicians, service and other staff members – thereby ensuring alignment of effort and performance throughout the enterprise.

The President and the independent Administrative Oversight Committee that will administer CEMRP during fiscal year 2010-11 under the Regents' policy governing Senior Management Group incentive plans, implemented on July 1, 2010, have reviewed and approved the proposed CEMRP awards for fiscal year 2009-10, and the President is now submitting the awards for eligible Senior Management Group participants for approval by the Regents. Incentive awards under all clinical plans, including CEMRP, totaled approximately $32.7 million for fiscal year 2009-10. The awards recommended in this action, which total $3,131,582, represent only 9.5 percent of the overall cost for all clinical incentive plans at the medical centers.

These clinical incentive plans are funded exclusively through clinical revenue, and no State funds are used in the payment of these awards.

Recommendation

The President recommended that the 2009-10 Clinical Enterprise Management Recognition Plan (CEMRP) awards for the 37 Senior Management Group (SMG) members listed in Attachment 2 be approved. The awards for this group total $3,131,582. CEMRP payouts to non-SMG participants under the authority of the chancellors will be presented in the Bi-Monthly Transaction Monitoring Report.

The compensation described in the attachment shall constitute the University's total commitment regarding incentive compensation until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents

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

Committee Chair Varner briefly defined the purpose and goals of the Clinical Enterprise Management Recognition Plan. He recalled that, in January 2010, the Regents heard a presentation by a panel of two health care CEOs and a compensation expert who described how plans of this type are a standard practice and a key competitive part of overall compensation at medical centers throughout the U.S. and can be a valuable tool for focusing employees on critical strategic and management initiatives. Committee Chair

Varner outlined systemwide goals for the medical centers established for fiscal year 2009-10 and the UC medical enterprise's success in achieving those goals.

The proposed awards contained in the current item, reviewed in detail the previous day in closed session, totaled $3,131,582, or 9.5 percent of the total of approximately $32.7 million paid to represented and other staff for fiscal year 2009-10 under similar clinically-aligned plans at the UC hospitals.

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

6. **APPROVAL OF COMPENSATION FOR CERTAIN PARTICIPANTS OF THE ANNUAL INCENTIVE PLAN FOR THE OFFICE OF THE TREASURER FOR FISCAL YEAR 2009-10 AS DISCUSSED IN REGENTS ONLY SESSION**

Background to Recommendation

Despite a challenging investment environment and a volatile market, the University of California's Treasurer's Office has guided the University's investments toward returns that surpassed benchmarks.

Operating in a market environment where corporate earnings appeared strong but macroeconomic prospects of a sustainable global recovery remain uncertain, the Treasurer's Office closed the year with both positive gains and positive relative returns, with the total UC Entity up 10.63 percent for the past fiscal year, and 1.23 percent ahead of the policy benchmark return of 9.4 percent.

Both the UC Retirement Plan (UCRP) and the General Endowment Pool (GEP) delivered strong total returns as well as relative returns over the fiscal year. For the fiscal year 2009-10, the UCRP gained 12.72 percent, 1.11 percent ahead of the policy benchmark, and the GEP climbed 10.87 percent, 1.32 percent ahead of policy benchmark returns.

UC's investment portfolios benefited from asset allocation decisions, including limited exposure to real estate, and the investment management team added $672 million of value to the portfolios over and above the benchmark return. Rigorous due diligence allowed portfolios to continue to avoid hedge fund, real estate, or private equity "blow-ups." The portfolios maintained liquidity that enabled UC to pay out benefits of $1.98 billion to retirees and avoid other liquidity issues that plagued industry peers.

The President and the independent Administrative Oversight Committee that will administer the Office of the Treasurer's Annual Incentive Plan (AIP) during fiscal year 2010-11 under the Regents' policy governing Senior Management Group Incentive Plans, implemented on July 1, 2010, have reviewed and approved the proposed incentive compensation (non-base building) awards for fiscal year 2009-10, and the President was now submitting the awards for eligible Senior Management Group (SMG) participants for approval by the Regents.

Under the AIP, awards are based largely on the investment results of the Regents' portfolios relative to predetermined investment objectives (benchmarks). The investment returns were calculated by State Street and Cambridge Associates, and the returns were used by Mercer Human Resource Consulting to calculate the incentive awards. Calculations were reviewed by the Internal Audit Program at the Office of the President.

Plan participants are assigned award levels that serve to motivate individual, group, and total entity performance as part of a competitive total cash compensation package. Participants are eligible to receive an incentive award that is based on investment performance and individual performance and contribution.

The Treasurer's Annual Incentive Plan is funded exclusively through assets and no State funds are used in the payment of these awards.

Recommendation

The President recommended that awards be approved under the Annual Incentive Plan (Plan) for the Office of the Treasurer for Senior Management Group (SMG) participants. In accordance with the terms and conditions of the Plan, approved award amounts will be paid out incrementally over a three-year period.

The proposed awards for the eligible Senior Management Group participants total $1,859,056. Awards for the eligible non-SMG participants in this plan have been reviewed and approved by the Administrative Oversight Committee and the President, and will be reported to the Regents, consistent with applicable requirements. The awards for eligible non-SMG participants total $2,379,772.

Participant	**Position**	**Base Salary**	**Target AIP as % of Base**	**Target as $**	**Actual Award as % of Base**	**2009-10 Total Earned Incentive Award**	**Total Cash Compensation**
Marie Berggren	CIO	$470,000	100%	$470,000	153%	$717,275	$1,187,275
Melvin Stanton	Associate CIO	$306,800	60%	$184,080	102%	$311,419	$618,219
Randall Wedding	Sr. MD, Fixed Income	$306,800	60%	$184,080	83%	$253,767	$560,567
William Coaker	Sr. MD, Public Entity	$275,000	60%	$165,000	92%	$253,357	$528,357
Jesse Phillips	Sr. MD, Risk Management	$301,600	60%	180,960	107%	$323,238	$624,838
	Totals:	***$1,660,200***		***$1,184,120***		***$1,859,056***	***$3,519,256***

The compensation described above shall constitute the University's total commitment regarding incentive compensation until modified by the Regents and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

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

Committee Chair Varner introduced the item, explaining that the Office of the Treasurer's Annual Incentive Plan (AIP) provides opportunities for staff to earn awards that are based largely on the results of their investment management relative to predetermined investment objectives or benchmarks. Only the awards for Senior Management Group staff were being presented for Regental approval. He mentioned the positive gains and relative returns achieved by the Treasurer's Office in the 2009-10 fiscal year and introduced Deborah Bilak, a representative of Mercer Human Resource Consulting.

Ms. Bilak stated that Mercer had reviewed the AIP against competitive data for endowments and foundations. The AIP design is competitive in nature, which is important to the University because it enables UC to recruit and retain the caliber of professionals it seeks for its investment group. Mercer has certified the results of the current-year plan.

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

7. **DELEGATION OF AUTHORITY TO PAY CERTAIN INCENTIVE AWARDS DEFERRED BY THE REGENTS' 2009 ACTIONS**

The President recommended that:

A. The Regents approve payment of the fiscal year 2007-08 awards that were the subject of 22 complaints processed in accordance with the Special Complaint Resolution Policy and determined to be deferred incentive awards by Judge Richard L. Gilbert, with such payments to include interest at the Short Term Investment Pool (STIP) rate. The 22 awards are displayed in Attachment 3.

B. The Regents authorize the President to review and determine, subject to the concurrence of the Chair of the Committee on Compensation, whether to pay any other awards for fiscal years 2007-08, 2008-09, and 2009-10 that were affected by the Regents' 2009 actions, taking into consideration the principles set forth in the recommendations that Judge Gilbert rendered with regard to the awards mentioned in paragraph (A) above, to the extent applicable, with payments to include interest at the STIP rate where deemed appropriate. The governing principles set forth by Judge Gilbert are displayed in Attachment 4. Awards paid pursuant to this delegation for Senior Management Group employees and for employees whose total cash compensation exceeds $214,000 will be reported to the Committee on Compensation.

C. Notwithstanding the foregoing, any award for an employee who reports directly to the Regents or who holds one of the executive offices identified in section 92032(b)(7)(B)(i) of the California Education Code will require approval by the

Regents, in accordance with the Senior Management Group Incentive Awards policy.

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

Committee Chair Varner recalled that in January 2009, the Regents approved the *Proposal to Freeze Senior Management Group Salaries and Suspend Bonus and Certain Other Variable Pay Plans*, an item which was subsequently amended in March and September 2009. It imposed a salary freeze on members of the Senior Management Group (SMG) for the 2008-09 and 2009-10 fiscal years as well as certain restrictions on SMG and non-SMG participation in bonus, incentive, and variable pay plans for those years and for the 2007-08 fiscal year.

Executive Director Larsen noted that the University received 25 complaints regarding the 2007-08 fiscal year awards processed under the Special Complaint Resolution Committee hearings. The outside hearing officer, Richard Gilbert, a retired Sacramento Superior Court judge, recommended payment in 22 of these 25 cases. The Special Complaint Resolution Committee has determined that Judge Gilbert's recommendations should be followed and that, in connection with these payments, interest should be awarded at the Short Term Investment Pool (STIP) rate. Mr. Larsen outlined the delegation of authority to the President and the Chair of the Committee on Compensation contained in the item.

Mr. Larsen estimated that the deferred incentive awards from 2008-09 amounted to approximately $4.5 million for about 1,700 staff members, most of whom were represented and lower-level staff. This amounted to an average award of around $2,600. However, any award for an employee who reports directly to the Regents or who holds one of the executive offices identified in the applicable section of the California Education Code would require approval by the Regents, in accordance with the SMG Incentive Awards Policy.

President Yudof asked General Counsel Robinson if he believed that, as a matter of law, the University owes this money to those individuals identified by Judge Gilbert as eligible for these payments. Mr. Robinson responded in the affirmative. Committee Chair Varner added that the Committee had reached the same conclusion.

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

8. **AMENDMENT OF CERTAIN REGENTS' SENIOR MANAGEMENT GROUP COMPENSATION POLICIES**

The President recommended that the following seven Senior Management Group policies of the Regents be amended as shown in Attachments 5 through 11:

- Regents Policy 7701: Senior Management Group Salary and Appointment

- Regents Policy 7702: Senior Management Group Performance Review Process
- Regents Policy 7705: Senior Management Group Hiring Bonus
- Regents Policy 7708: University-Provided Housing
- Regents Policy 7709: Senior Management Group Automobile Allowance
- Regents Policy 7710: Senior Management Group Moving Reimbursement
- Regents Policy 7711: Senior Management Group Relocation Allowance

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

Committee Chair Varner explained that this item presented a series of technical clarifications and corrections.

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

The meeting adjourned at 11:50 a.m.

Attest:

Secretary and Chief of Staff

This document shows the original text of the Recommendation section of C1 (as approved on January 14, 2009), as amended in March and September 2009, along with the proposed additional changes currently recommended for approval in September 2010.

Approved January 14, 2009; Amended March 19, 2009 and September 17, 2009

Additions shown by underscoring; deletions shown by strikethrough

RECOMMENDATION

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

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

1. Freeze salaries for the following SMG members, disallowing any consideration for merit, equity or retention increases:

    a. The President
    b. Chancellors
    c. All Vice Chancellors and above at the campuses
    d. Medical Center Chief Executive Officers
    e. All Vice Presidents and above at the Office of the President
    f. Treasurer, Chief Investment Officer & Vice President Investments at the Office of the President
    g. Senior Vice President, Chief Compliance and Audit Officer at the Office of the President
    h. General Counsel and Vice President for Legal Affairs at the Office of the President

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

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

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

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

3. The Staff Development and Recognition Program (SRDP) is amended, along with locally-funded bonus and other similar programs, for fiscal year 2008-09 and fiscal year 2009-10, to limit participation in SRDP and the locally funded programs to only those non-SMG staff with annual base salary of less than $100,000. Total bonus payments for any recipient will be limited to no more than $1,000 per year.

4. Maintain the current Clinical Enterprise Management Recognition Plan (CEMRP), any substantially similar locally-funded clinical incentive programs, for fiscal year 2008-09 and fiscal year 2009-10, and defer the Treasurer's Annual Incentive Plan for fiscal year 2008-09 as follows:

    a. The CEMRP and substantially similar locally-funded clinical incentive programs will continue for fiscal year 2008-09 for SMG and non-SMG participants.

    b. For fiscal year 2009-10, such programs will limit individual award payouts as follows:

        i. For all CEMRP participants and SMG participants in substantially similar locally funded clinical programs, the dollar amount of any award received by a participant will not exceed the dollar amount of any award received by that participant in 2008-09<u>, except for employees hired in 2008-09 or for employees who were promoted in 2009-2010. For those newly-hired or promoted employees referenced above, their 2009-10 awards are not subject to limitation</u>.

        ii. For all non-SMG participants in substantially similar locally-funded clinical incentive programs in fiscal year 2009-10, the awards will be determined in accordance with the terms of the respective programs without the above limitation.

    Note: CEMRP and the substantially similar locally-funded programs are funded through clinical revenue and do not use State Funds.

    c. Payment of any awards recommended under the Regentally-approved Treasurer's Annual Incentive Plan for fiscal year 2008-09 will be considered for approval by the Regents in November 2009, but payments will be recommended for deferral to the end of fiscal year 2009-10. Annual incentive awards for members of the Treasurer's

Office for fiscal years 2006-07 and 2007-08, previously approved by the Regents, will continue to be paid.

5. Payments for staff participants that are currently pending from fiscal year 2007-08 and any payments attributable to fiscal year 2008-09 in all bonus, incentive or variable pay plans other than the plans addressed in paragraph 4 of Item C1 approved at the January 2009 Special Meeting of the Regents, are subject to the following actions:

    a. For SMG members, all pending bonus payments for fiscal year 2007-08 and any such payments attributable to fiscal year 2008-09 and 2009-10 are cancelled.
    b. For non-SMG members whose total cash compensation is above $205,000, all pending bonus payments for fiscal year 2007-08 are cancelled.
    c. For all staff members, consideration of any incentive or variable pay plan payments for fiscal year 2007-08 will be deferred until the end of fiscal year 2009-10, at which time this suspension will be reviewed.
    d. For all staff members, consideration of any incentive or variable pay plan payments attributable to fiscal years 2008-09 and 2009-10 will be deferred until the end of fiscal year 2009-10, at which time this suspension will be reviewed.

6. Notwithstanding the provisions of Subparagraphs 3-5 of Item C1, as originally approved at the January 2009 Special Meeting of the Regents and as subsequently amended in March, payouts may be made, subject to Regental approval, if legal or contractual obligations are identified that require processing of a payout. Actions taken pursuant to any of the provisions of Item C1, as originally approved at the January 2009 Special Meeting of the Regents and as subsequently amended in March, will be taken in compliance with the Higher Education Employer-Employee Relations Act (HEERA).

Attachment 2

Clinical Enterprise Management Recognition Program 2009/10 Award Recommendations
For Senior Management Group (SMG) Employees

Attachment 2: 2009-10 Clinical Enterprise Management Recognition Plan Awards for Senior Management Group Participants

Location	Last Name	First Name	Title	Base Salary	Target Incentive %	Maximum Incentive %	2009-10 Proposed % Award (unadjusted)	2009-10 Proposed $ Award (unadjusted)	2008-09 Award	2009-10 Final Recommended Award	2009-10 Final Recommended Award as % of Base Salary	2009-10 Base Salary + Recommended CEMRP Award
UCSD	Babakanian*	Edward	Chief Information Officer	$312,600	15%	25%	21.4%	$66,986	$56,161	$66,986	21.4%	$379,586
UCSD	Sonnenshein	Mona	Chief Operating Officer	$514,700	15%	25%	19.8%	$101,718	$101,711	$101,711	19.8%	$616,411
UCSD	Jackiewicz*	Thomas	Associate Vice Chancellor and CEO	$600,000	20%	30%	24.3%	$146,039	$113,267	$146,039	24.3%	$746,039
UCSD	Moran	Dennis	Chief Professional Services	$212,700	15%	20%	16.7%	$35,432	$30,120	$30,120	14.2%	$242,820
UCSD	Baggett	Margarita	Chief Nursing Officer	$252,000	15%	25%	19.8%	$49,802	$47,699	$47,699	18.9%	$299,699
UCSD	Scioscia	Angela	Medical Director - Med Center	$374,800	15%	25%	20.6%	$77,192	$71,132	$71,132	19.0%	$445,932
UCSD	Giddings	Leland	Medical Director - Mgd Care	$233,200	15%	25%	21.4%	$49,972	$46,083	$46,083	19.8%	$279,283
UCSD	McAfee	Thomas	VC/Dean/Physician-in-Chief	$447,200	20%	30%	24.3%	$108,847	$103,374	$103,374	23.1%	$550,574
UCSD Avg				**$368,400**			**21.0%**	**$79,499**	**$71,193**	**$76,643**	**20.8%**	**$445,043**
Total				**$2,947,200**				**$635,988**	**$569,548**	**$613,144**		**$3,560,344**
UCLA	Arvin	Marti	Chief Compliance Officer, Health Sciences	$ 244,900	15%	25%	5.2%	$12,851	n/a	$12,851	5.2%	$257,751
UCLA	Carpenter	Posie	CAO, SMUCLA Medical Center	$ 266,805	15%	25%	22.0%	$58,670	$58,110	$58,110	21.8%	$324,915
UCLA	Crooks	Heidi	Senior Associate Director, Operations & Patient Care Services	$ 266,805	15%	25%	23.0%	$61,338	$60,778	$60,778	22.8%	$327,583
UCLA	Feinberg	David	CEO UCLA Medical Center	$ 739,695	20%	30%	28.5%	$210,739	$218,728	$210,739	28.5%	$950,434
UCLA	McFerran	Virginia	CIO, Health System	$ 343,998	15%	25%	23.0%	$79,085	n/a	$79,085	23.0%	$423,083
UCLA	Rosenthal	J. Thomas	CMO, UCLA Medical Center	$ 431,506	15%	25%	23.0%	$99,203	$102,612	$99,203	23.0%	$530,709
UCLA	Rothman	Judith	Assoc V Chanc, Med Sciences/Sr Associate Fin & Admin	$ 244,300	15%	25%	23.0%	$56,165	$58,095	$56,165	23.0%	$300,465
UCLA	Rubin	Amir	COO, UCLA Medical Center	$ 547,599	15%	25%	24.0%	$131,369	$135,695	$131,369	24.0%	$678,968
UCLA	Staton	Paul	CFO, Hospital System	$ 380,016	15%	25%	24.0%	$91,166	$94,168	$91,166	24.0%	$471,182
UCLA Avg				**$385,069**			**21.7%**	**$88,954**	**$104,027**	**$88,830**	**23.1%**	**$473,899**
Total				**$3,465,624**				**$800,587**	**$728,186**	**$799,466**		**$4,265,090**
UCSF	Laret	Mark	Chief Executive Officer	$739,700	20%	30%	23.9%	$176,912	$181,227	$176,912	23.9%	$916,612
UCSF	Jones*	Ken	Chief Operating Officer	$547,600	15%	25%	20.8%	$113,741	$89,162	$113,741	20.8%	$661,341
UCSF	Lotenero	Larry	Chief Information Officer	$310,800	15%	25%	20.7%	$64,206	$66,045	$64,206	20.7%	$375,006
UCSF	Adler	Josh	Chief Medical Officer	$350,000	15%	25%	21.7%	$75,848	n/a	$75,848	21.7%	$425,848
UCSF	Antrum	Sheila	Chief Nursing/Patient Care Svcs Officer	$250,000	15%	25%	18.2%	$45,459	$49,656	$45,459	18.2%	$295,459
UCSF	Harris	John	Chief Strategy and Business Development Officer	$298,800	15%	25%	19.8%	$59,063	$63,196	$59,063	19.8%	$357,863
UCSF Avg				**$416,150**			**20.8%**	**$89,205**	**$89,857**	**$89,205**	**21.4%**	**$505,355**
Total				**$2,496,900**				**$535,229**	**$449,286**	**$535,229**		**$3,032,129**
UCD	Rice	Ann Madden	Director/Medical Center CEO	$584,300	20%	30%	28.3%	$165,415	$167,986	$165,415	28.3%	$749,715

Attachment 2

Clinical Enterprise Management Recognition Program 2009/10 Award Recommendations
For Senior Management Group (SMG) Employees

Location	Last Name	First Name	Title	Base Salary	Target Incentive %	Maximum Incentive %	2009-10 Proposed % Award (unadjusted)	2009-10 Proposed $ Award (unadjusted)	2008-09 Award	2009-10 Final Recommended Award	2009-10 Final Recommended Award as % of Base Salary	2009-10 Base Salary + Recommended CEMRP Award
UCD	Johnson*	Vincent	Chief Operating Officer	$450,000	15%	25%	24.8%	$111,510	$99,000	$111,510	24.8%	$561,510
UCD	Siefkin	Allan	Chief Medical Officer	$342,000	15%	25%	24.8%	$84,748	$85,500	$84,748	24.8%	$426,748
UCD	Robinson	Carol	Chief Pt. Care Services Officer	$273,300	15%	25%	24.8%	$67,724	$55,548	$55,548	20.3%	$328,848
UCD	Minear	Michael	Chief Information Services Officer	$310,000	15%	25%	24.8%	$76,818	$71,688	$71,688	23.1%	$381,688
UCD	Duruisseau	Shelton	Chief Pt. & Admin. Services Officer	$278,320	15%	25%	24.8%	$68,968	$62,622	$62,622	22.5%	$340,942
UCD	Mc Gowan	William	Chief Financial Officer	$419,700	15%	25%	24.8%	$104,002	$104,925	$104,002	24.8%	$523,702
UCD Avg				**$379,660**	**15.7%**	**25.7%**	**25.3%**	**$97,026**	**$92,467**	**$93,648**	**24.7%**	**$473,308**
Total				**$2,657,620**				**$679,184**	**$647,269**	**$655,533**		**$3,313,153**
UCI	Belmont	Terry	CEO & AVC Health Affairs	$630,000	20%	30%	23.3%	$147,021	n/a	$147,021	23.3%	$777,021
UCI	Issai	Alice	Chief Operating Officer	$340,000	15%	25%	21.9%	$74,621	n/a	$74,621	21.9%	$414,621
UCI	Spiritus	Eugene	Chief Medical Officer	$310,000	15%	25%	19.7%	$61,148	$46,500	$46,500	15.0%	$356,500
UCI	Murry	Jimmy	Chief Information Officer	$274,300	15%	25%	17.5%	$48,010	n/a	$48,010	17.5%	$322,310
UCI	Rayburn	Susan	Exec Director & Chief Contracting Officer	$212,700	15%	25%	21.9%	$46,682	$41,358	$41,358	19.4%	$254,058
UCI Avg				**$353,400**			**20.9%**	**$75,496**	**$43,929**	**$71,502**	**20.2%**	**$424,902**
Total				**$1,767,000**				**$377,482**	**$87,858**	**$357,510**		**$2,124,510**
OP	Munoz	Santiago	Assoc Vice Pres, Clinical Svc Development	$201,400	15%	20%	20.0%	$40,200	$40,200	$40,200	20.0%	$241,600
OP	Stobo*	Jack	Senior Vice President	$580,000	20%	30%	22.5%	$130,500	$87,000	$130,500	22.5%	$710,500
OP Avg				**$390,700**				**$85,350**	**$63,600**	**$85,350**	**21.8%**	**$476,050**
Total				**$781,400**				**$170,700**	**$127,200**	**$170,700**		**$952,100**
Systemwide Averages:				**$381,507**				**$86,464**	**$81,542**	**$84,637**	**22.2%**	**$466,144**
Systemwide Totals:				**$14,115,744**				**$3,199,170**	**$2,609,347**	**$3,131,582**		**$17,247,326**

Although paragraph 4 of Item C1 adopted by The Regents on January 14, 2009, as amended in September 2009, required that a participant's 2009-10 award not exceed the amount of that participant's 2008-09 award, the 2009-10 CEMRP award recommendations for the five individuals noted above have not been subjected to that limitation because they either (1) were newly hired during fiscal year 2008-09 and received a prorated award in 2008-09 based on their partial service, or (2) received a promotion during fiscal year 2009-10 that was accompanied by an increase in base salary and/or an increased target or maximum incentive award to correspond with their increased responsibilities. An Item recommending that these two categories of employees be excluded from the paragraph 4 limitation is being presented to The Regents for approval at this September meeting.

SUMMARY OF 2007-08 BONUS & INCENTIVE PAYMENTS

Location	Last Name	First Name	Title	Annual Base Salary as of 06/30/08	Award %	Award Amount (Based on 06/30/08)	Program Name	SMG (Y/N)	UCOP Decision	Judge Gilbert Recommendation
UCLA	DuWors	Robert	Deputy Director -- Administration & Finance, Jonsson Comprehensive Cancer Center	$ 189,072	10.0%	$ 18,907	Staff Achievement Award	N	Bonus	Operated Like Incentive -- Pay Immediately
UCLA	Elahi	Farah	Chief Administrative Officer -- School of Medicine	$ 201,646	10.0%	$ 20,165	Staff Achievement Award	N	Bonus	Operated Like Incentive -- Pay Immediately
UCLA	Osman	Ginger	Chief Administrative Officer -- Pediatrics/Family Medicine, School of Medicine	$ 231,400	6.5%	$ 15,000	Staff Achievement Award	N	Bonus	Operated Like Incentive -- Pay Immediately
UCLA	Rothman	Judith	Associate Vice Chancellor -- Finance & Administration, School of Medicine	$ 244,300	10.0%	$ 24,430	Staff Achievement Award	Y	Bonus	Operated Like Incentive -- Pay Immediately
UCSD	Larsen	Julianne	Interim Associate Vice Chancellor for Development	$ 174,200	16.1%	$ 28,090	Development Officer Variable Pay Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Canning	Marcia	Chief Campus Counsel & Associate General Counsel	$ 217,200	3.5%	$ 7,566	Financial & Administrative Services Incentive Plan	Y	Incentive	Incentive -- Pay Immediately
UCSF	Fellouris	Mara	Executive Director -- Program Management Office	$ 202,200	3.4%	$ 6,956	Financial & Administrative Services Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Hsu	Stella	Associate Vice Chancellor -- Campus Life Services	$ 188,700	7.1%	$ 13,398	Financial & Administrative Services Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Lopez	Randy	Acting Vice Chancellor -- Finance & Administration	$ 277,500	7.5%	$ 20,743	Financial & Administrative Services Incentive Plan	Y	Incentive	Incentive -- Pay Immediately
UCSF	Showstack	Jonathan	Assistant Vice Chancellor/CIO -- Office of Academic & Administrative Information Services (OAAIS)	$ 247,700	6.7%	$ 16,532	Financial & Administrative Services Incentive Plan	Y	Incentive	Incentive -- Pay Immediately
UCSF	Tyburski	Lawrence	Director -- Human Resources	$ 198,600	4.6%	$ 9,201	Financial & Administrative Services Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Vermillion	Eric	Associate Vice Chancellor -- Finance	$ 277,500	8.6%	$ 23,828	Financial & Administrative Services Incentive Plan	Y	Incentive	Incentive -- Pay Immediately

Attachment 3

SUMMARY OF 2007-08 BONUS & INCENTIVE PAYMENTS

Location	Last Name	First Name	Title	Annual Base Salary as of 06/30/08	Award %	Award Amount (Based on 06/30/08)	Program Name	SMG (Y/N)	UCOP Decision	Judge Gilbert Recommendation
UCSF	Wissmiller	Andrew	Chief Operating Officer -- ITS, Office of Academic & Administrative Information Services (OAAIS)	$ 198,400	3.6%	$ 7,076	Financial & Administrative Services Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Wong	Jane	Acting COO -- Office of Academic & Administrative Information Services (OAAIS)	$ 199,800	4.1%	$ 8,125	Financial & Administrative Services Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Autry	Susan	Executive Director -- Clinical Translational Science Institute	$ 218,600	15.8%	$ 34,539	School of Medicine Management Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Caffey	Marie	Director -- Psychiatry & LPPI Administration	$ 199,400	8.6%	$ 17,148	School of Medicine Management Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Chrisman	Maye	Acting Director of Administration -- Department of Medicine & Director of Finance, Department of Medicine	$ 195,200	15.0%	$ 29,280	School of Medicine Management Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Hindery	Michael	Vice Dean -- Administration, Finance, & Clinical Affairs	$ 335,000	6.2%	$ 20,783	School of Medicine Management Incentive Plan	Y	Incentive	Incentive -- Pay Immediately
UCSF	Martin	Margaret	Executive Director -- Strategic Planning & Managed Care	$ 180,000	15.0%	$ 27,000	School of Medicine Management Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Rein	David	Acting Vice Dean -- Administration, Finance, & Clinical Affairs, and Director -- Finance & Operations	$ 179,400	15.8%	$ 28,345	School of Medicine Management Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Skinner	Clifford	Director -- Medical Group Business Services	$ 179,400	21.6%	$ 38,804	School of Medicine Management Incentive Plan	N	Incentive	Incentive -- Pay Immediately
UCSF	Barclay	Steven	Senior Vice Chancellor -- Finance & Administration	$ 360,800	18.0%	$ 64,944	Staff Recognition & Development Program	Y	Incentive	Incentive -- Pay Immediately
					Award Amount Total:	**$ 480,860**				
			Total Amount of Awards Judge Gilbert Recommends to be Paid:			**$ 480,860**				

By its terms, Paragraph 5 distinguished between payments under "incentive plans", which were "deferred," and those under "bonus" plans, which were canceled. Consonant with these Regental determinations, the Office of the Vice President for Human Resources ("OP", hereafter) developed criteria to distinguish bonus plans from incentive plans and to distinguish "clinical" plans, which, for 2007-08 were not affected (Paragraph 4 plans) from non-clinical plans, which were (Paragraph 5 plans).[7] Plans which had a plan document in effect at the beginning of the year, restricted eligibility to only certain employees, had pre-established weights and measures to determine the amount of the potential payments when applied against goals and objectives, required pre-established goals and objectives for each participant and which had a variable plan payout based on the achievements of the employee when matched against the "weights and measures" were categorized as "incentive" plans. Extra compensation plans which were missing one or more of these elements were classified as "bonus" plans for application of the Paragraph 5 criteria.

"Clinical" plans are those plans which showed an alignment of goals with the Clinical Enterprise specifically in the areas of Financial Performance, Quality Improvements, Patient Satisfaction, Achievement Toward Strategic Plan (of the Enterprise) and People and Other Resource Management and which plans are funded from clinical revenue. Plans not meeting these criteria were considered non-clinical and subject to Paragraph 5.

To apply these criteria in the administration of The Regents March action, OP requested the campuses to supply plan documents. The criteria to distinguish bonus versus incentive and clinical versus nonclinical plans were applied by OP at the "plan level", meaning that individual payments were not reviewed with respect to the application of the bonus versus incentive or clinical versus non-clinical criteria.

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[7] No formal "policy" or memorandum of these criteria was created or circulated. A document noting the criteria discussed here was created and is UC Exhibit H.

may unilaterally terminate an employment security policy that has become an implied-in-fact unilateral contract. (See, e.g., *Foley, supra,* 47 Cal.3d at pp. 678-679.) Under contract theory, an employer may terminate a unilateral contract of indefinite duration, as long as its action occurs after a reasonable time, and is subject to prescribed or implied limitations, including reasonable notice and preservation of vested benefits. (1 Witkin, Summary of Cal. Law, *supra,* Contracts, §§ 233-234, pp. 240-241.)" (*Asmus v. Pacific Bell* (2000) 23 Cal.4th 1, 9, 999 P.2d 71, 96 Cal.Rptr.2d 179). Consideration of this rule raises the question of whether, under the general or individual circumstances, The Regents were free to modify or cancel the 2007-08 payments after the fact.

IV. Recommendations.

A. Incentive Plans.

1. It is recommended that the Complaint Resolution Committee find that OP properly characterized the plans identified as "Incentive Plans" in accordance with The Regents' March 19 action. As noted above, there was no information presented as would lead to the conclusion that the OP used improper or arbitrary criteria in categorizing award programs as either bonus or incentive in nature.

2. It is recommended that all "deferred" payments under plans categorized as "incentive plans" be immediately paid. The criteria for distinguishing incentive from bonus plans properly recognizes the legally cognizable distinction between a specific, advance offer of a measurable payment based on objectively determined performance criteria and an after the fact subjectively determined award. Where such a specific "offer" is made, a specific, reasonable expectation of payment on performance is created and a legally binding obligation of payment arises on performance by the employee. The only question is whether the general policy requiring Regental approval in connection with employees, otherwise entitled to the payment, whose compensation is above the ICL, can be asserted as a valid condition to payment which may be "deferred".

Additions shown by underscoring; deletions shown by strikethrough

Senior Management Group Salary and Appointment

Responsible Officer: Vice President–Human Resources

Responsible Office: Human Resources

Effective Date: March 1, 2009

Next Review Date: The Responsible Officer will review the policy annually for update purposes and will conduct a full review at least every three years.

Who Is Covered: ~~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 polices and procedures.]~~ <u>All employees whose position is designated to be in the Senior Management Group, inclusive of Officers of the University per *Regents Standing Order 100.1.a*.</u>

CONTENTS

I. POLICY SUMMARY

This policy provides direction and authority for appointing and classifying Senior Management Group (SMG) members and establishing, approving, reviewing and revising any salary and/or Salary Grade changes for ~~Senior Management Group (SMG)~~SMG members.

II. POLICY DEFINITIONS

Compensable Factors: Information and data specific to a job or position that is used to evaluate against external market data and internal comparable positions to determine an appropriate Salary Grade.

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, Chancellor, or Laboratory Director.

Performance: The fulfillment of job responsibilities and individual goals and objectives assigned to the incumbent.

Salary Grade: One of the classes, levels or groups into which SMG jobs of the same or similar value are grouped for compensation purposes. All jobs in a salary grade have the same pay range: minimum, midpoint, and maximum.

Salary Range: A range of salaries delineated with a minimum, midpoint, and maximum rate of pay assigned to a given Salary Grade. This represents the competitive range of base salaries for the position.

Senior Management Group: Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% shall be considered to possess a career appointment in the Senior Management Group.

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.

III. POLICY TEXT

A. Salary Grades and Ranges

1. Establishment of Salary Grades

   The University has established a set of salary grades for SMG positions. A position's salary grade is established by:

a. determining the position's key functions, responsibilities, and other compensable factors.

b. evaluating and comparing the position's compensable factors to relevant market data and internal comparable positions.

A position will undergo a review to determine an appropriate salary grade if the duties change substantially, if the market changes substantially, or if a new position is created. Salary Grade assignments, including changes to salary grades for SMG positions or the creation of a new SMG position, must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

2. Purpose of Salary Ranges

The salary ranges allow the University to administer and manage the salaries of SMG members in a manner that is competitive with relevant external comparator groups, fosters appropriate internal consistency, and facilitates budget control.

3. Adjustments of Salary Ranges

Salary ranges are reviewed annually and may be adjusted periodically by ~~The~~the Regents to reflect market movement of salaries for comparable positions.

Adjustments to salary ranges do not automatically result in an increase in the salary paid to an SMG member. If the salary ranges are adjusted and an incumbent's salary falls below the minimum of the new salary range, adjustments may be recommended to bring the salary above the minimum, if documented sustained performance and contributions are at or above "*Satisfactory*" levels. Adjustments may be made in one or more transactions over a period of time to bring the salary above the range minimum and are processed in conjunction with the merit and equity process and as part of that budget allocation.

Adjustments to the Salary Ranges must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

4. Position in Salary Range

The University's ability to pay competitively (total compensation) in regional and national marketplaces ultimately affects its ability to attract, motivate and retain the talent necessary to achieve the University's mission. It is the University's objective to offer competitive salary opportunities which are reflected in market competitive salary ranges. A number of factors will be considered to determine appropriate pay and position in the salary range for individuals, including documented sustained performance and contributions, internal peer comparability, external market comparability, scope and breadth of experience and responsibilities, as well as other factors. Please note that there are no automatic salary adjustments for individuals whose pay does not comport with the following guidelines. Any adjustments must be managed through existing programs and protocol, as outlined in Sections B. – J. below.

Generally, salaries above the minimum and below the midpoint reflect an individual who may be learning the job's requirements and still improving his or her performance and contribution.

Salaries within 10 percent of the midpoint of the assigned salary range generally reflect competitive salaries in the marketplace for a fully competent, knowledgeable individual with documented sustained successful performance.

Salaries above the midpoint and below the maximum generally reflect an incumbent who has significant experience in the position, who is proficient in the required skills, adept at managing the typical responsibilities, and who has documented sustained high levels of performance.

Placement above the salary range maximum may occur in unusual circumstances. Since the salary ranges reflect the full scope of market competitive salary rates for a position, if a proposed salary would be above the range maximum, the position should first be evaluated to ensure the grade assigned to the position reflects an up-to-date, market-competitive range of pay. In situations where a proposed action would place the salary above the range maximum, and the salary range appropriately reflects competitive pay, the specific facts and circumstances of the recommendation would need to be evaluated. In the event an incumbent's base salary exceeds the salary range maximum, the individual's performance reviews, internal and external comparability reviews, and other considerations are to be assessed in conjunction with the justification.

B. Appointments

1. Criteria for Appointment

   SMG positions must be filled through the appointment of applicants who, in the judgment of the hiring authority, possess the qualifications required to perform the duties of the position most effectively.

   Refer to the *Policy on Appointment of Chancellors* ~~[link]~~ and the *Procedures for Appointment of Laboratory Directors* ~~[link]~~ for additional appointment information. Procedures for appointment of academic Deans and Provosts are specified in *Academic Personnel Policy 240, Deans and Provosts*.~~[link]~~

2. Authority for Individual Appointment

   Individual appointments to all SMG positions must be approved by ~~The~~the Regents. Management and Senior Professional (MSP) personnel program members who assume a position in the Senior Management Group will be considered appointees.

3. Authority to Establish or Abolish Senior Management Positions

   Establishment or abolishment of SMG positions and assignment of SMG titles must be approved by ~~The~~the Regents.

4. Nature of Appointment

   An SMG appointee serves at-will and an SMG appointment may be terminated at any time with or without cause. An SMG member's at-will status cannot be altered except by amendment of this policy.

   An appointment as an SMG member is normally at 100 percent time. A career appointment may be at less than 100 percent time, but cannot be less than 50 percent time, upon approval of ~~The~~the Regents.

5. Assignment of Titles

   A working title must be assigned to each SMG position that conveys the organizational level of the position and the nature and scope of the responsibilities assigned. The Chancellor, Laboratory Director or Executive Vice President~~ for ~~ Business Operations for the Office of the President may approve minor changes to SMG titles. These changes will be reported to ~~The~~the Regents in the standard report of actions. The Regents must approve major changes to SMG titles.

6. Appointment Salary

   The salary of a newly appointed SMG member should be within the salary range for the position. The position in the salary range, as described in Section III.A.4. above, at the time of appointment is based on the following factors:

   a. Prior relevant job experience

   b. Internal salary equity with similar SMG positions

   c. Internal appointments should include relevant documented performance assessments and appraisals

   d. The availability of funding

   e. Market competitive base salary rates

Appointment salaries must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

C. Merit Increase

1. Basis for Merit Increase

   SMG members are eligible for consideration of an annual merit increase in accordance with University procedures and funding. The merit budgeting process will be conducted annually as part of the larger budgeting process for UC. Market assessments will be conducted to determine the competitive position and budget necessary to properly position UC base salaries with its competitors. Allocations will be based on relative need to achieve that market position and to reward employee contributions.

   Annual Merit Budgets will be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

The amount of an individual's merit increase award is based on the following factors:

a. The SMG member's annual written performance appraisal and contributions measured against predetermined goals and objectives.

b. The SMG member's current position within the salary grade range and his or her salary relative to internal comparable positions.

c. The availability of approved merit funding.

d. The SMG member should have an appointment date ~~no later than~~on or before the first day of the final fiscal quarter (April 1) to be eligible for merit increase consideration. If the appointment occurs ~~on or~~ after April 1, the appointment salary or promotional increase of an SMG member should take into consideration his/her merit and contribution in the former position. Refer to Section III. A.4. of this policy for proper salary placement in the range.

Merit increases must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

2. Performance Appraisal

An SMG member's most recent annual performance appraisal must be at least "*Satisfactory*" in order to receive a merit increase.

3. Merit Increase Timing

The SMG budget and effective date of annual merit increases are established and approved by ~~The~~the Regents each year and communicated systemwide through Human Resources.

D. Promotional Increase

1. Basis for Promotional Increase

A promotion is defined as either a transfer of an SMG member from an existing SMG position to another SMG position at a higher salary grade, or assignment of a higher salary grade to the SMG member's current position to reflect significantly new and higher-level responsibilities. Factors to consider in granting a promotional increase include:

a. Prior relevant experience, performance which is at least "A*bove Expectations"*, and demonstrated capability in meeting the new position's requirements.

b. The recommended salary in relation to the new salary range midpoint. Generally, a promotional increase should position the incumbent's salary below the midpoint if he or she is still learning the job and is not yet fully competent in all aspects of the job requirements. Salaries within 10 percent of the midpoint of the salary range reflect a fully functioning individual with documented sustained successful performance.

c. The SMG member's recommended salary in comparison with others in the same or a similar position.

Promotions and/or promotional increases must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

2. Limitation on Promotional Increase

   a. A promotional increase may not be awarded as a substitute for all or part of a merit increase.

   b. An SMG member's most recent annual performance appraisal rating must be at least "A*bove Expectations"* to receive a promotional increase.

E. Equity Increase

An equity increase may be granted to correct a significant salary inequity in individual circumstances that results from any number of causes, such as rapidly changing external market conditions or a disparity created by new hires in the same or substantially similar jobs who have comparable levels of skills and experience and higher salaries. Equity increases may also be appropriate for individuals whose salary is below the midpoint of their salary range, and whose documented sustained performance is consistently rated at least "*Satisfactory*".

Equity increases must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

When equity funds are made available, they are typically available systemwide once per year. The timing and budget of the annual equity increase program is established and approved by ~~The~~the Regents and communicated systemwide through Human Resources. Equity increases outside the annual program will be reviewed on a case-by-case basis and must be approved by ~~The~~the Regents.

F. Retention Increase

Retention increase recommendations are rare and must be based on *all* of the following factors:

1. The SMG member is considered a finalist for another position, and his/her immediate departure would result in severe operational, service, or functional disruption in accomplishing the mission of the University, and
2. The SMG member's most recent annual performance rating was at least "*Satisfactory*".

Any retention increase recommendation must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

G. Order of Salary Increases

If more than one salary increase is effective on the same date, actions are processed in the following order:

1. Apply a merit increase, and then
2. A promotional increase
3. Apply any equity increase based upon the appropriate position in the salary range.

H. Potential Transfers Between Locations (campus, Laboratory, Office of the President)

A potential transfer between locations occurs when an SMG member considers accepting another comparable SMG position at a location other than his/her present location. Any salary action recommendations must be based on the concepts regarding position in the salary range presented in Section III.A.4. of this policy, including documented sustained performance and contributions. In such an event, and following the SMG member's tentative acceptance of the offer from the new location, the SMG member's current location will be provided with an opportunity to meet, but not exceed the wage offer of the new location for a comparable position. This section of the salary administration policy does not apply to situations in which an SMG member is contemplating another position which is not deemed to be comparable to his/her current position (e.g., a promotional opportunity or significant departure from the current position). The intent of this arrangement is to emphasize the career opportunities being presented in each offer and de-emphasize the competing salary offers. The Office of the President will serve as the broker of such transfer considerations and discussions.

Any increases or other actions must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

I. Transfers and Reclassifications Within the Same Location (campus, Laboratory, Office of the President)

A transfer within the same location occurs when an SMG member changes from one position to another position in the same salary grade. While such lateral moves may be valuable to develop skills or enhance future promotion opportunities, typically they are not accompanied by an increase in pay at the time of transfer unless there is a significant increase in position scope and responsibilities and documented sustained performance and contributions are at least "*Satisfactory*".

A reclassification occurs when an incumbent's job changes, with functions added or eliminated, but the majority of the job's functions remain intact. This may or may not result in a grade change. Each situation will be reviewed on a case-by-case basis to determine if a salary increase or decrease is warranted. Documented sustained performance and contributions of at least "*Satisfactory*" are a consideration in such determinations.

Transfer and reclassification salary increases or other actions must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

J. Salary Decrease Upon Reduction in Salary Grade

When an individual transfers from an existing SMG position to another SMG position at a lower salary grade, or when an individual's current SMG position is assigned to a lower salary grade, any recommendation for a salary decrease is at the discretion of the President, Chancellor, or Laboratory Director. Documented sustained performance and contributions of at least "*Satisfactory*" are a consideration in such determinations. Salary decreases must be approved by ~~The~~the Regents in accordance with Section IV. of this policy.

K. Temporary Assignments and Administrative Stipends

An employee may be asked to temporarily assume an SMG position. An SMG member may be asked to temporarily assume an SMG position at a salary grade higher than his/her career appointment. In rare instances, an SMG member may be asked to temporarily assume only a portion of the responsibilities of another SMG position in addition to his/her current responsibilities. In these circumstances, when the temporarily assumed responsibilities are deemed to be *significantly greater in scope and level* and when the employee is held fully accountable for the temporary responsibilities, the individual may receive a stipend so long as their documented performance evaluations warrant the stipend.

These assignments and the accompanying stipends (if appropriate) may be approved for up to twelve months in duration. Extensions of such arrangements constitute an exception to policy and may only be granted in intervals not to exceed twelve additional months. The purpose of such limitations is to ensure that adequate measures are being undertaken to install permanent stewardship of senior leadership positions.

The determination of the stipend amount, if any, must be based upon guidance provided in this policy regarding incumbent range placement. Additionally, the temporary assignment of a faculty member to an SMG position must take into account the adjusted faculty salary which is inclusive of an assumption of eleven and one-half months of salary (typically involving the addition of two and one-half summer ninths to a nine month academic appointment). An administrative stipend must not be included in the determination of the base salary for purposes of calculating an incumbent's merit increase.

Any stipends or other actions must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

L. Salary Restriction

An SMG member who is appointed at 100 percent time must not receive additional cash compensation from an entity managed exclusively by the University (e.g., the Lawrence Berkeley National Laboratory, a UC campus, or a UC medical center) for any work or services, regardless of source or type of payment. However, allowable circumstances in which an SMG member may receive additional compensation are as follows:

1. Payments for teaching University Extension courses (UNEX).
2. Administrative stipends payable under Section K. of this policy.
3. Incentive and recognition awards payable in accordance with approved incentive plans and recognition awards provisions described in the policy on *Cash Incentive and Recognition Awards ~~Policy~~* ~~[link].~~. Health Science Compensation Plan participants are not eligible for additional incentive awards outside of APM 670.
4. Payments and income derived through Outside Professional activities, in accordance with the policy on *Outside Professional Activities ~~Policy~~* ~~[link].~~.

5. Academic Deans and Provosts may receive a 1/12 payment for summer research based on their annual SMG salary. In such instances, accrued vacation is forfeited for the year in which the 1/12 compensation for research is received.

Actions or payments as noted above must be approved by ~~The~~the Regents. Refer to Section IV. of this policy for additional information on approval authority.

M. Home Loan Eligibility

Eligibility to participate in the University home loan program, which conforms with all aspects of the home loan policy, may be approved by the Chancellor, Lawrence Berkeley National Laboratory Director or~~, for the Office of the President,~~ the Executive Vice President–Business Operations for the Office of the President. Loans with non-standard terms must be approved by the Regents. Program parameters can be viewed at http://www.ucop.edu/facil/olp/products.html with further details available from the Director–Office of Loan Programs or the campus or Laboratory Housing Programs Representative.

Eligibility for participation in the University Home Loan Program does not constitute loan approval.

The Regents will be informed of Home Loan activity as follows:

1. The Office of the President, Office of Loan Programs will provide an annual report to the Regents entitled *University of California Annual Report on University Housing Assistance Programs*. This report will include the number, total dollar amount, and average loan amount of loans made to SMG members~~ of the Senior Management Group~~ during the fiscal year.
2. Human Resources will provide eligibility information and the maximum loan amount in the report to the Regents entitled *Bi-monthly Transaction Monitoring Report.*
3. Human Resources will provide information on the current, actual loan amounts in ~~their~~the annual report to the Regents entitled *Annual Report on Executive Compensation.*
4. Home Loan Program eligibility for newly hired ~~Senior Management Group employees~~SMG members will be identified in the original Regents item pertaining to their appointment and compensation.

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. 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~~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*~~ *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.

C. Approval of Actions

The President must endorse and the Regents must approve all salary and appointment actions, including actions within this policy, those that exceed this policy, or those not expressly provided for under any policy. It is expected that an appropriate compensation study will accompany any request for an SMG member's salary increase.

V. COMPLIANCE

A. Compliance with the 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~~the Regents.

B. Noncompliance with the Policy

Noncompliance with the policy is handled in accordance with ~~The~~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~~the Regents ~~and The Regents~~ at least three times per fiscal year.

REVISION HISTORY

~~As a result of the issuance of this policy, the~~ The following documents ~~are~~were rescinded as of ~~the original~~ September 1, 2008, the originally approved effective date of this policy~~. The effective date of the original policy was intended to be January 1, 2009, but was approved for September 1, 2008:~~:

- *Personnel Policies for Senior Managers II-37 (Establishment of Senior Management Positions, Titles, Salary Grades),* dated July 1, 1996
- *Personnel Policies for Senior Managers II-30 (Salary)*, dated July 1, 1996
- *Personnel Policies for Senior Managers II-21 (Appointment)*, dated July 1, 1996
- *Delegation of Authority 2113* (as it applies to SMG members), dated February 14, 2000

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

~~RELATED DOCUMENTS~~

- ~~*Policy on Appointment of Chancellors* (referenced in Section III.B.1. of this policy)~~
- ~~*Procedures for Appointment of Laboratory Directors* (referenced in Section III.B.1. of this policy)~~
- ~~*Academic Personnel Policy 240, Deans and Provosts* (referenced in Section III.B.1. of this policy)~~

- ~~*Cash Incentive and Recognition Awards Policy* (referenced in Section III.L. of this policy)~~
- ~~*Outside Professional Activities Policy* (referenced in Section III.L. 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)~~
- ~~*Other Governance Policies* (referenced in Section IV.C. 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)~~

~~FREQUENTLY ASKED QUESTIONS~~

~~Temporary Assignments and Administrative Stipends~~

~~*Q: If an employee in the Management and Senior Professional (MSP) personnel program temporarily assumes an SMG position, what personnel program applies to the employee?*~~

~~A: Individuals serving in an SMG position on an acting or interim basis retain their membership in the personnel program associated with their career appointment. If the employee's career appointment is in the MSP personnel program and the employee agrees to serve in a SMG position on an acting basis, the employee continues to be covered by the provisions of the MSP personnel program.~~

~~Definition of "Provost" in Section III L. 5~~

~~*Q: Is the definition of "Provost" in this section intended to include the College Provost as well as the Campus Provost?*~~

~~A: Yes.~~

~~Definition of "minor" title change in Section III. B. 5~~

~~*Q: What is the difference between a "minor" and "major" change in title?*~~

~~A: In general, a major change in title is a change that alters the title prefix; for example, a change from Assistant Vice Chancellor to Vice Chancellor. In general, a minor change in title is a change that alters the title suffix; for example, a change from Assistant Vice Chancellor-Administrative Services to Assistant Vice Chancellor-Administrative Operations. It is possible that a substantial change to the title suffix could constitute a major change.~~

Additions shown by underscoring; deletions shown by strikethrough

<u>Senior Management Group</u>
Performance Management Review Process
~~Draft for Management Consultation Review~~

~~**Policy 505: Performance Management Review Process**~~

~~**Policy Category:** Professional Development~~

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

Responsible Office: ~~Senior Management Compensation, Policy & Executive Recruiting~~ <u>Executive Compensation and Performance Management</u>

Effective Date: July 1, 2008

Next Review Date: ~~To be determined~~ <u>The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.</u>

Who Is Covered: All employees whose position is designated to be in the Senior Management Group ~~(SMG),~~, inclusive of Officers of the University per *Regents Standing Order 100.1.a.* ~~, and also including Deans~~.

Deans are excluded from the Five-Year Senior Leadership Development Assessment portion of this policy at this time since they are subject to the regular academic review process. Subject to review and approval by The Regents, Principal Officers of The Regents may be included in this policy at a future date with a similar review process being developed after consultation with The Regents.

CONTENTS

I. POLICY SUMMARY ~~and Objective~~

This policy provides the direction and authority for a performance review process that establishes goals and expectations, and reviews the accomplishments of the Senior ~~Administrators~~Management Group members of the University.

II. POLICY DEFINITIONS

Executive Officer: The University President, Chancellor, or Laboratory Director.

Exceptions: Actions that exceed what is allowable under current policy or that are not expressly provided for under policy. Any such actions must be treated as exceptions.

Senior Management Group: Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% shall be considered to possess a career appointment in the Senior Management Group.

Top Business Officer: Executive Vice President–Business Operations for the Office of the President, Vice Chancellor for Administration, or the position ~~with overall responsibility~~responsible for the location's ~~Senior Management Group human resources function~~financial reporting and payroll as designated by the Executive Officer.

III. POLICY TEXT

A. Five-Year Senior Leadership Development Assessment

A Leadership Development Assessment will be conducted once every five years. The purpose of this assessment is to provide the Senior ~~Manager~~Management Group (SMG) member with feedback from a broader perspective than is usual with an annual performance evaluation. This is a managerial coaching and development exercise, rather than an evaluation of achievement toward specific goals. Individuals who have direct and specific knowledge of a ~~Senior Manager's~~SMG member's performance and contribution will be consulted to collect their input and feedback relevant to the ~~person's~~SMG member's performance. Those consulted should include individuals, as appropriate, from among the following constituents: the Academic Senate, academic unit heads, staff (including subordinates), deans, other administrators within ~~UC~~the University, and other pertinent external groups.

The process for conducting the leadership development assessment, the format and any related materials may be developed by each location. The official document of record will reside with each location; however, a copy of the document ~~should~~will be provided to the Office of the President. The Chancellor will determine the appropriate contributors to the assessment. The Leadership Development Assessment will be initiated by the direct supervisors at each location. As processes are developed, proper consultation with the Academic Senate ~~should~~will occur, where appropriate. For those positions reporting to the President, the Office of the President will be responsible for establishing a process consistent with ~~these guidelines.~~this policy.

B. Annual Performance Evaluation

Performance evaluations will be conducted annually by the direct supervisor for each ~~administrator~~ SMG member on the *University of California Performance Management for Senior Administrators* evaluation form. For campus positions, the Chancellor shall determine
the key components in the performance evaluation process, which may include self-appraisals; internal and external sources of information, including client feedback; and input from key stakeholders. The official document of record will reside with each location; however, a copy of the document ~~should~~will be provided to the Office of the President and the overall rating ~~should~~will be recorded in the Senior Leadership Information System (SLIS).

Goals and objectives will be established for each employee holding a position which has been designated as a participant at the commencement of or during the performance period. Goals and objectives ~~should~~are to clarify and delineate accountability, create opportunity for the individual to add value to the work of the unit and/or campuses, be aligned with higher level objectives and strategies established by University leadership, and encourage growth and development of the individual. Performance will be measured relative to the attainment of the stated goals and objectives, and significant accomplishments related to the strategic goals and objectives of the University.

C. Annual Performance Review Standards and Competencies

These standards and competencies will be incorporated into the annual performance management and review process:

- Accountability and Governance: Demonstrates execution of goals and objectives which provide opportunities for growth of the ~~individual~~SMG member and supports the overall success of the strategic objectives of the organization, both locally and Systemwide. These goals and objectives will include compliance with applicable regulatory and university requirements. Adheres to University principles of transparency and openness in working with all constituents.
- Collaboration and Communication: Demonstrates a proactive approach to establishing effective relationships with key internal (local and Systemwide) and external constituencies; understands the diverse needs and agendas of various stakeholder groups; creates and fosters an environment that ensures collegiality and information sharing, while recognizing the need for timely decision making. Effectively communicates with leadership, faculty, and staff.

- People Leadership: Provides an environment of ~~individual~~ growth ~~ad~~<u>and</u> career development, recognizing and utilizing skills of others through clear, specific, and timely performance feedback; recruits, develops, and retains talented managers and employees; provides effective coaching, delegates effectively, and rewards superior performance.
- Inspiring Innovation and Leading Change: Inspire and develop opportunities for new and innovative approaches in the disciplines covered, better ways of teaching students, and greater contributions to research and dissemination of the knowledge developed at the University. Drives change initiatives by defining measurable outcomes, energizing others at all levels and ensuring continuing commitment when faced with new initiatives; confronts and works through resistance with various stakeholders.
- Resource Management and Financial Budget: Develops strategic goals and objectives to achieve accountability and efficient stewardship of University resources (operational, financial, and human) in a manner consistent with Systemwide objectives and initiatives. Adheres to established budget and resource allocations, ensuring optimal and efficient use of all resources.
- Diversity: Demonstrates an active and engaged commitment to diversity. Works to establish a climate <u>in the University</u> that welcomes, celebrates and promotes respect for diversity of race, color, national origin, religion, sex, gender identity, pregnancy, physical or mental disability, medical condition (cancer-related or genetic characteristics), ancestry, marital status, age, sexual orientation, citizenship, or ~~stats~~<u>status</u> as a covered veteran ~~in the University.~~ . Ensures equal opportunity in search and recruitment ~~process~~<u>processes</u> by ensuring diverse representation on search committees, supplemental outreach efforts, etc. Promotes equity in advancements by describing <u>the</u> review process for new staff and administrators, encouraging participation in career advising or mentoring programs, etc.
- Client Service: Understands that ~~UC~~<u>the University</u> is a large, complex organization with many internal and external clients. Carries out ~~UC's~~<u>the University's</u> organizational philosophy to provide the best possible services in support of its mission <u>of</u> teaching, research, and public service.
- Health and Safety: Understands that safety and environmental issues are essential elements of ensuring the continued success of UC and its employees. Maintains a safe, healthy, and environmentally sound workplace.
- Principles of Community: Fosters a positive working and learning environment by maintaining a climate of collaboration, fairness, cooperation, and professionalism. Practices and integrates these basic principles in all interactions.

D. Standardized Overall Performance Rating

To provide a standard University-wide format and rating system for Senior ~~Administrators~~Management Group members, the following scale will be incorporated into the review:

Overall Performance Rating:

- **Exceptional Performance** is significant overachievement of expectations.
- **Above Expectations Performance** is often beyond expectations.
- **Satisfactory Performance** consistently fulfills expectations.
- **Improvement Needed Performance** is inconsistent performance, with expectations only partially achieved. Deficiencies should be addressed in the performance appraisal.
- **Unsatisfactory Performance** is the failure to achieve the majority of expectations. Deficiencies should be addressed in the performance appraisal.

IV. Approval Authority

A. Implementation of the Policy

The ~~Associate~~ Vice President ~~– HR & Benefits~~ –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 to implement this policy.

~~*B. Approval of Actions – Within Policy*~~

~~***Note: Before this policy becomes effective, The Regents will delineate the respective authority of The Regents, the President, and the chancellors in approving exceptions to policy. The Regents will also specify the extent to which approval authority may be delegated.***~~

~~*C. Approval of Actions – Exceptions to Policy*~~

~~***Note: Before this policy becomes effective, The Regents will delineate the respective authority of The Regents, the President, and the chancellors in approving exceptions to policy. The Regents will also specify the extent to which approval authority may be delegated.***~~

~~D.~~ 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 Responsible Officer~~The Vice President–Human Resources has the authority to initiate revisions to the policy, consistent with approval authorities and applicable *Bylaws* and *Standing Orders* of ~~T~~the Regents.

The Executive Vice President ~~of~~ –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*~~ *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.

C. Approval of Actions

All actions 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 Responsible Officer is accountable for monitoring compliance with the policy.~~

The following roles are designated at each location to implement compliance monitoring responsibility for this policy:

~~Local Resources are designated at each location by the~~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 ~~and entering~~ all relevant ~~details into the Senior Leadership Information System (or relevant HRIS),~~compensation package activity, and creating ~~any~~ 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, ~~review any~~reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy~~, review~~ and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and ~~submit~~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 ~~Responsible Officer~~Vice President–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President ~~and~~ –Chief Compliance and Audit Officer will periodically ~~audit and~~ monitor compliance to these policies, and results will be reported to senior management and ~~T~~the Regents.

B. Noncompliance with the Policy

Noncompliance with the policy is handled in accordance with ~~T~~the Regents' *Guidelines for Corrective Actions Related to Compensation Practices* and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews.*

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President ~~and~~ –Chief Compliance and Audit Officer and ~~T~~the Regents at ~~each Regents' meeting.~~ least three times per fiscal year.

~~**Additional References**~~

~~***(Links to other on-line documents and references to be completed.)***~~

REVISION HISTORY

~~May include dates and material changes to content and links to an archive of former policy versions and other relevant material (e.g., applicable Presidential transmittal letters) from inception to all revisions.~~ This is a new policy and there is no revision history.

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

~~***(Links to procedures to be completed.)***~~

~~**Required Documentation and Disclosure**~~

~~Includes documents or disclosure processes as required by the policy. Addresses who is responsible for submitting the documents, and to whom.~~

~~**Forms**~~

~~Links to any applicable forms for use under the policy.~~

~~Links to Related Policies~~

~~Federal and State laws, Regental policies, Presidential policies, B&F Bulletins, etc.~~

~~Frequently Asked Questions (FAQ)~~

~~May be developed to address the most common questions that come up in reading, interpreting and implementing this policy.~~

Additions shown by underscoring; deletions shown by strikethrough

Senior Management Group Hiring Bonus

Responsible Officer: Vice President–Human Resources

Responsible Office: Human Resources

Effective Date: ~~To be determined by the Responsible Officer.~~ August 1, 2009

Next Review Date: ~~[~~The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.~~]~~

Who Is Covered: External candidates for Senior Management Group (SMG) positions. The Hiring Bonus policy and procedures do not apply to external candidates for ~~SMG~~Senior Management Group positions at the Lawrence Berkeley National Laboratory (LBNL). See *LBNL Hiring Bonus Program* ~~[link].~~ . (For a copy of the program, contact the LBNL Human Resources Department.)

CONTENTS

I. POLICY SUMMARY

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 (SMG) positions. The hiring bonus—a non-base building cash payment—is intended to make the hiring offer market-competitive and to assist in securing the candidate's acceptance of the offer.

II. POLICY DEFINITIONS

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 or the Chancellor.

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.

III. POLICY TEXT

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

4. Candidates for whom a documented reason exists indicating 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.

A hiring bonus is intended to make a hiring offer market-competitive and to assist in the new appointee's acceptance of the offer. 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].~~policy on *Senior Management Group Relocation Allowance*.

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

B. Bonus Amounts

1. If the candidate meets the eligibility criteria, the hiring bonus amounts should be determined based on the following assessment:
   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 20% of the proposed starting base salary. If both a hiring bonus and relocation allowance are offered to a potential candidate, the combined total 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].~~policy on *Senior Management Group Moving Reimbursement*.

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. 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 contain the specific details of the repayment provisions, including the number of years of service that must be completed and the 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 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~~ the Regents in the *Annual Report on Executive Compensation.*

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. 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~~ 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]~~ *Principles for Review of Executive Compensation* (Regents Policy 7201) 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~~the Regents.

V. COMPLIANCE

A. Compliance with the 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 monitor compliance to these policies, and results will be reported to senior management and ~~The~~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~~the Regents at least three times per fiscal year.

REVISION HISTORY

This is a new policy and there is no revision history.

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

~~RELATED POLICIES~~

- ~~*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*~~

~~FREQUENTLY ASKED QUESTIONS~~

Additions shown by underscoring; deletions shown by strikethrough

University-Provided Housing

Responsible Officer: Executive Vice President–Business Operations

Responsible Office: Business Operations

Effective Date: ~~To be determined by the Responsible Officer.~~ August 1, 2009

Next Review Date: ~~[~~The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.~~]~~

Who Is Covered: The President and Chancellors

CONTENTS

I. POLICY SUMMARY

~~The objective of this~~This policy ~~is to describe~~describes 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.

II. POLICY DEFINITIONS

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~~ the Regents.

Executive Officer: 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~~ 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~~ 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.

III. POLICY TEXT

In recognition of the unique roles of the President and Chancellors (Executive Officers) in representing the University, ~~The~~ 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 and Offices*

All capital improvements to the President's residence or office in excess of $25,000 require the prior approval of ~~The~~ 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 or office under $25,000 require the prior approval of the Executive Vice President–Business Operations. Capital improvement projects between $25,000 to $5,000,000 require the prior approval of the University President. Capital improvement projects greater than $5,000,000 require the prior approval of ~~The~~ the Regents. In approving projects, the approving authority must 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~~the Regents.

C. *Alternative Housing Arrangements*

If the President determines that the University-provided housing is not suitable 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 recommend to ~~The~~ the Regents that the Executive Officer be provided other housing until the University-provided housing is repaired or otherwise improved to suitable standards. The President may make a request to ~~The~~ the Regents for an alternative housing arrangement on his/her own behalf if he/she deems the University-provided housing is unsuitable for the performance of presidential duties or is not habitable.

In evaluating such requests, ~~The~~ the Regents will consider, among other factors, the terms and conditions of the proposed alternate housing, the appropriateness of a temporary housing allowance and the source of funds used to pay for the requested alternate housing.

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],~~ policy, *Senior Management Group Moving Reimbursement*, 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~~ the Regents. In recommending reimbursement, the President will provide ~~The~~ 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].~~ policy, *Senior Management Group Moving Reimbursement*.

IV. APPROVAL AUTHORITY

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.

The 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~~ 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]~~ *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.

C. Approval of Actions

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

V. COMPLIANCE

A. Compliance with the 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 monitor compliance to these policies, and results will be reported to senior management and ~~The~~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~~the Regents at least three times per fiscal year.

REVISION HISTORY

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.
- *Delegation of Authority 2223 – Transfers of Funds for Minor Capital Improvement Projects,* dated March 22, 2006, with respect to capital projects under $25,000 involving Chancellors' residences and offices.

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

~~RELATED POLICIES~~

- ~~*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*~~

~~FREQUENTLY ASKED QUESTIONS~~

~~***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 residents 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.~~

Additions shown by underscoring; deletions shown by strikethrough

Senior Management Group Automobile Allowance

Responsible Officer: Vice President ~~– Finance~~Human Resources

Responsible Office: ~~Financial Management~~Human Resources

Effective Date: ~~To be determined by the Responsible Officer.~~August 1, 2009

Next Review Date: The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.

Who Is Covered: 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~~
- Executive Vice Chancellor or Chief Academic Officer
- Vice Chancellors for Development (or equivalent Vice Chancellor position)
- Medical Center Directors
- Individuals in an Acting Role for the President, Chancellors, or Laboratory Director positions

CONTENTS

I. POLICY SUMMARY

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

II. POLICY DEFINITIONS

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~~the Regents.

Executive Officer: The University 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.

III. POLICY TEXT

A. Approval of Automobile Allowance by ~~The~~ the Regents

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

B. Automobile Allowance

Designated SMG members[1] 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.

[1] Includes all incumbent employees who currently receive an automobile allowance but whose title is not designated 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~~ the Regents in the *Annual Report on Executive Compensation.*

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

The Vice President ~~– Finance~~ 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~~–Finance~~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~~ 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]~~ *Principles for Review of Executive Compensation* (Regents Policy 7201) 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~~the Regents.

V. COMPLIANCE

A. *Compliance with the 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~~ Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to this policy, and results will be reported to senior management and ~~The~~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~~the Regents at least three times per fiscal year.

REVISION HISTORY

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

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

~~RELATED POLICIES~~

- ~~*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*~~

~~FREQUENTLY ASKED QUESTIONS~~

~~*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.~~

Additions shown by underscoring; deletions shown by strikethrough

Senior Management Group Moving Reimbursement

Responsible Officer: Vice President~~ – Finance~~Human Resources

Responsible Office: ~~Financial Management~~Human Resources

Effective Date: ~~To be determined by the Responsible Officer.~~ August 1, 2009

Next Review Date: ~~[~~The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.~~]~~

Who Is Covered: 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 polices and procedures.]~~

The ~~SMG~~ Senior Management Group 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]~~.

CONTENTS

I. POLICY SUMMARY

This policy describes requirements and process for the reimbursement of moving and relocation expenses for Senior Management Group ~~employees.~~members. 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.

II. POLICY DEFINITIONS

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

Domestic Partner: ~~A domestic partner is an~~ 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~~ the Regents.

Executive Officer: The University 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.

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.

III. POLICY TEXT

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~~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;
- 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) of this policy; 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 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]*~~ *Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*.

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 days immediately after their removal from the primary residence.

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

The University will reimburse actual and reasonable expenses 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 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 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:

   - 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 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 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 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]~~. *Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*. Appointees should consult a personal tax advisor with questions about these requirements.

Any payments to SMG members under this policy will be subject to reporting to the President and ~~The~~ 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 Executive Officer. An appointee receiving such an advance must sign an agreement for repayment as described ~~below under~~ in the Implementation Procedures for this policy. 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.

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

The Vice President~~–Financial Management~~ 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~~–Financial Management~~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~~ 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]~~ *Principles for Review of Executive Compensation* (Regents Policy 7201) 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~~the Regents.

V. COMPLIANCE

A. Compliance with the 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~~ Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to these policies, and results will be reported to senior management and ~~The~~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~~the Regents at least three times per fiscal year.

REVISION HISTORY

As a result of the issuance of this policy, provisions of this policy pertaining to SMG members which appear in the following document shall be superseded by this policy, effective the date of this policy.

- *UC Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

~~RELATED POLICIES~~

- ~~*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*~~

~~FREQUENTLY ASKED QUESTIONS~~

Additions shown by underscoring; deletions shown by strikethrough

Senior Management Group Relocation Allowance

Responsible Officer: Vice President–Human Resources

Responsible Office: Human Resources

Effective Date: ~~To be determined by the Responsible Officer~~August 1, 2009

Next Review Date: ~~[~~The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years.~~]~~

Who Is Covered: Members of the Senior Management Group (SMG) 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 polices and procedures.]~~

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

CONTENTS

I. POLICY SUMMARY

This policy provides the direction and authority for granting a relocation allowance to offset a portion of an external or internal Senior Management Group (SMG) 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.

II. POLICY DEFINITIONS

Executive Officer: The University President or the Chancellor.

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.

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.

III. POLICY TEXT

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; 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 is expected to incur costs associated with accepting the University's employment offer or with relocating at the request of the University.

Consult the appropriate hiring authority before offering a relocation allowance. See Section IV. (Approval Authority) of this policy.

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*~~ [link]; ~~and~~policy, *Senior Management Group Moving Reimbursement*.

   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, as set forth in the policy, *Senior Management Group 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]~~.~~policy, *Senior Management Group Moving Reimbursement*.

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 shall 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~~ 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~~ *The Faculty Recruitment Allowance Program* as set forth in ~~APM 190 – Appendix E~~*Academic Personnel Manual (APM) 190 – Appendix E*.

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy. 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~~ 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]~~*Principles for Review of Executive Compensation* (Regents Policy 7201) 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~~the Regents.

V. COMPLIANCE AND REPORTING

A. Compliance with the 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 monitor compliance to these policies, and results will be reported to senior management and ~~The~~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~~the Regents at least three times per fiscal year.

REVISION HISTORY

As a result of the issuance of this policy, provisions in the following document that are applicable to SMG employees are rescinded as of the effective date of this policy.

- ~~*Business and Finance Bulletin G-13 – Policy & Regulations Governing Moving & Relocation*~~ ~~[link]~~*UC Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*

IMPLEMENTATION PROCEDURES

The Responsible Officer may develop procedures or other supplementary information to support the implementation of this policy. Such supporting documentation does not require approval by the Regents.

~~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]~~