

The Regents of the University of California

COMMITTEE ON COMPENSATION

November 28, 2011

The Committee on Compensation met on the above date by teleconference at the following locations: UCSF–Mission Bay Community Center, San Francisco; Activities and Recreation Center Ballroom, Davis campus; James West Alumni Center, Los Angeles campus; Kolligian Library, Room 232, Merced campus.

Members present: Regents Kieffer, Ruiz, and Varner; Ex officio members Gould, Lansing, and Yudof; Advisory members Anderson and Mendelson

In attendance: Regents Blum, Crane, De La Peña, Hallett, Island, Marcus, Newsom, Reiss, Schilling, Wachter, and Zettel, Regent-designate Rubenstein, Faculty Representative Powell, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Pitts, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Darling, Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Drake, Fox, Leland, White, and Yang, and Recording Secretary Johns

The meeting convened at 12:50 p.m. with Committee Chair Ruiz presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of September 14-15, 2011 were approved, Regents Gould, Kieffer, Lansing, Ruiz, Varner, and Yudof (6) voting “aye.”¹

2. AUTHORIZATION TO AMEND THE DEFINITION AND PARAMETERS FOR THE ANNUAL REPORT ON EXECUTIVE COMPENSATION

The President recommended that he be authorized to modify the definition and parameters of the Annual Report on Executive Compensation to provide increased transparency and accountability, consistent with the recommendations of the Task Force on UC Compensation, Accountability, and Transparency and associated Regents 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 Ruiz explained that this action proposed delegating authority to the President to approve modifications to the Annual Report on Executive Compensation.

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

Each year this comprehensive report provides details on the compensation of the University's top administrative leadership. The previous year's report covered more than 400 incumbents, providing details on base salary, stipends, reimbursement of moving expenses, and incentive payments. The addendum provides details on any elements of compensation that require further explanation. The types of changes contemplated by this item focus on clarifying definitions with respect to the reportable population and certain elements of compensation, such as capturing actual earnings rather than annualized pay when calculating total cash compensation.

Regent Reiss asked if this action was consistent with the University's efforts for greater transparency. President Yudof responded that the recommended changes would provide greater accuracy because actual amounts paid, rather than annualized amounts, would be reported.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Gould, Kieffer, Lansing, Ruiz, Varner, and Yudof (6) voting "aye."

3. **CONSENT AGENDA**

A. *Approval of Individual Non-State-Funded Compensation Actions as Discussed in Closed Session*

(1) *Establishment and Slotting of a New Position in the Senior Management Group – Chief Strategy Officer, UC Davis Health System, Davis Campus*

Background to Recommendation

The Davis campus requested approval to establish a new position: Chief Strategy Officer, UC Davis Health System. The position would have responsibility for both the Medical Center and the School of Medicine. The need for a dedicated Chief Strategy Officer is necessitated by the impending changes in the health care environment created by passage of health care reform legislation. This position will be charged with proactively addressing the myriad of new and unique challenges associated with economic sustainability and patient care initiatives facing the health care industry.

The Chief Strategy Officer will drive innovative thinking to successfully implement the Health System's strategic plan and will work with and across all departments and divisions to establish specific plans, deliverables and measurable objectives. The Chief Strategy Officer will also explore opportunities for new or improved revenue opportunities and strategic partnerships, and how to position the organization to best serve their regional, national, and global communities.

The campus requires a candidate with proven leadership in the development, communication, and execution of strategic plans and initiatives in a complex, changing environment. This will include expertise in identify emerging trends to support the vision and mission of the UC Davis Health System.

The proposed slotting of the position is SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700) which aligns with the range of base pay opportunities prevalent in the market.

Recommendation

The President recommended approval of the following:

- a. Establishment and slotting of a new position within the Senior Management Group – Chief Strategy Officer, UC Davis Health System, Davis campus.
- b. Slotting of the position at SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700), to be funded by UC Davis Health System revenue.
- c. This appointment is at 100 percent time.

COMPETITIVE ANALYSIS

BASE SALARY MARKET PERCENTILES					
Percentiles	25th	50th	Mean	75th	90th
Market Data	\$183,397	\$247,220	\$268,109	\$328,948	\$468,356

This recommendation and final action 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
 Committee on Compensation Chair Ruiz
 Office of the President, Human Resources

(2) *Preemptive Retention Adjustment for Vincent L. Johnson as Chief Operating Officer, UC Davis Health System, Davis Campus*

Background to Recommendation

Approval was requested for a preemptive 23 percent (\$103,500) retention salary increase for Vincent L. Johnson as Chief Operating Officer of the UC Davis Medical Center, Davis campus. This would increase Mr. Johnson's base salary from \$450,000 to \$553,500, which is 6.8 percent below the salary range maximum. This position is funded exclusively from UC Davis Medical Center clinical revenue.

This request was in response to a recent recruitment effort by a major competing academic health center where the base salary offer is anticipated to be in excess of \$650,000. Mr. Johnson's position is slotted at SLCG Grade 114 (Minimum \$372,900, Midpoint \$483,400, Maximum \$593,800).

Mr. Johnson reports to the Chief Executive Officer and is a member of the UC Davis Medical Center's executive leadership team. He has served as Chief Operating Officer, UC Davis Medical Center, since October 2008 with responsibility for integrating the Health System's strategic goals into efficient day-to-day operations at the Medical Center and its outpatient offices.

Mr. Johnson successfully guided the transition of several large clinical departments into the Surgery and Emergency Services Pavilion and has recently taken the lead on key supply chain management initiatives to enhance patient experiences while improving efficiencies and reducing supply chain costs. His leadership and vision are critical to the UC Davis Health System's mission of education, patient care, research, and public service.

Recommendation

The President recommended approval of the following items in connection with a preemptive retention adjustment for Vincent L. Johnson as Chief Operating Officer, UC Davis Health System, Davis campus:

- a. Per policy, a retention increase of 23 percent (\$103,500), resulting in an increase in base salary from \$450,000 to \$553,500 annually.
- b. Continued slotting at SLCG Grade 114 (Minimum \$372,900, Midpoint \$483,400, Maximum \$593,800).
- c. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.

- d. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan, with a target award of 15 percent of base salary (\$83,025) and a maximum potential award of 25 percent of base salary (\$138,375). Actual award will be determined based on performance against pre-established goals and objectives.
- e. 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).

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: Upon approval

Annual Base Salary*: \$553,500

Clinical Enterprise Management Recognition Plan (CEMRP): \$83,025
(at 15 percent target rate)

Base Salary Plus Target Cash Incentive Compensation:** \$636,525

Grade Level: SLCG Grade 114

(Minimum \$372,900, Midpoint \$483,400, Maximum \$593,800)

Budget &/or Prior Incumbent Data

Title: Chief Operating Officer – UC Davis Health System

Annual Base Salary: \$450,000

Clinical Enterprise Management Recognition Plan (CEMRP):
\$67,500 (at 15 percent target rate)

Base Salary Plus Total Cash Incentive Compensation: \$517,500

Grade Level: SLCG Grade 114

(Minimum \$372,900, Midpoint \$483,400, Maximum \$593,800)

COMPETITIVE ANALYSIS

Percentiles	*BASE SALARY MARKET PERCENTILES					**BASE SALARY PLUS TARGET INCENTIVES/BONUSES MARKET PERCENTILES				
	25th	50th	Mean	75th	90th	25th	50th	Mean	75th	90th
Market Data	\$495.6	\$596.2	\$593.5	\$688.3	\$821.8	\$579.0	\$734.8	\$814.7	\$1,004.0	\$1,333.0
% Difference from Market	+11.7%	-7.2%	-6.7%	-19.6%	-32.6%	+9.9%	-13.4%	-21.9%	-36.6%	-52.2%

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
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

(3) *Appointment of and Compensation for Lynda Rogers as Dean – University Extension, Santa Cruz Campus*

Background to Recommendation

The Santa Cruz campus requested approval for the appointment of and compensation for Lynda Rogers as Dean – University Extension, effective January 1, 2012.

This appointment was the outcome of a comprehensive national search by a campus committee of faculty, staff, and administrators from the UC Santa Cruz general campus and University Extension. Additional members of the Santa Cruz campus, UC Santa Cruz Extension, and the wider continuing education community were also consulted.

The campus requested a 13.8 percent increase which would adjust Ms. Rogers' base salary for her current term appointment from \$145,000 to \$165,000. The proposed base salary is 18.7 percent below the market median of \$203,012. This position is funded from University Extension revenues.

Recommendation

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

- a. Appointment of Lynda Rogers as Dean – University Extension, Santa Cruz campus.
- b. Per policy, annual base salary of \$165,000 at SLCG Grade 104 (Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500).
- c. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- d. 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).

- e. Per policy, eligibility to participate in the UC Home Loan Program.
- f. This appointment is at 100 percent time and, upon approval, will be effective January 1, 2012.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: January 1, 2012

Annual Base Salary: \$165,000

Total Cash Compensation: \$165,000

Grade Level: SLCG Grade 104

(Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500)

Budget &/or Prior Incumbent Data

Title: Dean – University Extension (Term Appointment)

Base Salary: \$145,000

Total Cash Compensation: \$145,000

Grade Level: SLCG Grade 104

(Minimum \$123,800, Midpoint \$155,600, Maximum \$187,500)

COMPETITIVE ANALYSIS

Percentiles	BASE SALARY MARKET PERCENTILES				
	25 th	50 th	Mean	75 th	90 th
Market Data	\$167,605	\$203,012	\$201,754	\$240,814	\$268,458
% Difference from Market	-1.6%	-18.7%	-18.2%	-31.5%	-38.5%

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 Santa Cruz Chancellor Blumenthal
Reviewed by: President Yudof
 Committee on Compensation Chair Ruiz
 Office of the President, Human Resources

B. *Approval of Individual Partially or Fully State-Funded Compensation Actions as Discussed in Closed Session*

(1) *Continuation of Appointment of Rehired Retiree Randolph M. Siverson as Acting University Librarian, Davis Campus*

Background to Recommendation

The Davis campus requested approval for the continuation of the appointment of Randolph M. Siverson as Acting University Librarian. This request was to continue Mr. Siverson's appointment for the period December 1, 2011 through August 31, 2012. This constitutes an exception to policy because the appointment exceeds the 12 months allowed under Regents Policy 7706, *Reemployment of UC Retired Employees into Senior Management Group and Staff Positions*.

The campus is preparing to re-launch the search for a University Librarian as the position has been substantially changed, with a greater focus on technology-based resources. The University Librarian will need the skills, knowledge, and abilities to integrate essential library functions with the best in information technology in a creative manner.

There is no change to Mr. Siverson's current base salary of \$77,400 at a 43 percent appointment rate (\$180,000 at 100 percent appointment rate); this is 27.5 percent below the market median of \$248,218 for a University Librarian.

Recommendation

The President recommended approval of the following items in connection with the continuation of the appointment of rehired retiree Randolph M. Siverson as Acting University Librarian, Davis campus:

- a. As an exception to policy, an extension of the appointment for Randolph M. Siverson as Acting University Librarian for another period of up to nine months, beginning December 1, 2011. This appointment will continue through August 31, 2012 or until a University Librarian is hired, if that occurs prior to August 31, 2012. This constitutes an exception to policy because the appointment exceeds the 12 months allowed under Regents Policy 7706, *Reemployment of UC Retired Employees into Senior Management Group and Staff Positions*.
- b. Per policy, continuation of appointment salary of \$77,400 at 43 percent appointment rate (\$180,000 at 100 percent appointment

rate) at SLCG Grade 106 (Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100).

- c. Per policy, Mr. Siverson has signed the UC Retirement Plan (UCRP) Retired Employee Election Form indicating that he elects to continue to receive his monthly UCRP retirement income and waives his right to accrue additional UCRP benefits and service credit during his period of reemployment.
- d. Per policy, health and welfare benefits based upon 43 percent limited-time appointment.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: December 1, 2011

Annual Base Salary: \$77,400 at 43 percent time (\$180,000 at 100 percent time)

Total Cash Compensation: \$77,400 at 43 percent time (\$180,000 at 100 percent time)

Grade Level: SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

Budget &/or Prior Incumbent Data

Title: University Librarian

Base Salary: \$191,300

Total Cash Compensation: \$191,300

Grade Level: SLCG Grade 106

(Minimum \$154,200, Midpoint \$195,200, Maximum \$236,100)

COMPETITIVE ANALYSIS

Percentiles	BASE SALARY MARKET PERCENTILES				
	25th	50th	Mean	75th	90th
Market Data	\$216,900	\$248,218	\$265,802	\$302,529	\$384,738
% Difference from Market	-17.0%	-27.5%	-32.3%	-40.5%	-53.2%

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
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

(2) *Market-Based Salary Adjustment for Wendell C. Brase as Vice Chancellor – Administrative and Business Services, Irvine Campus*

Background to Recommendation

The Irvine campus requested approval of a market-based salary adjustment of 9.9 percent for Wendell C. Brase as Vice Chancellor – Administrative and Business Services, effective December 1, 2011. The proposed increase would raise Mr. Brase's annual base salary from \$224,600 to \$246,835.

The proposed adjustment places Mr. Brase's base salary approximately 13.5 percent below the 50th percentile of the market. The proposed increase partially addresses market movement over the four years since Mr. Brase's last adjustment.

This action also provides recognition of Mr. Brase's value to the Irvine campus by providing innovative leadership, with 33 years of service to the UC system (13 years at UC Santa Cruz, 20 years at Irvine). He has two degrees from the Sloan School of Management, Massachusetts Institute of Technology, and is responsible for UC Irvine's administrative, financial, and business services.

Recommendation

The President recommended approval of the following items in connection with the market-based salary adjustment for Wendell C. Brase as Vice Chancellor – Administrative and Business Services, Irvine campus:

- a. Per policy, a market-based salary adjustment of 9.9 percent to increase base salary from \$224,600 to \$246,835, effective December 1, 2011.
- b. Continued slotting at SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- c. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- d. 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).

- e. Continued participation in the UC Home Loan Program.
- f. This appointment is at 100 percent time.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: December 1, 2011

Base Salary: \$246,835

Total Cash Compensation: \$246,835

Grade Level: SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Budget &/or Prior Incumbent Data

Title: Vice Chancellor – Administrative and Business Services

Base Salary: \$224,600

Total Cash Compensation: \$224,600

Grade Level: SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

COMPETITIVE ANALYSIS

	BASE SALARY MARKET PERCENTILES				
Percentiles	25th	50th	Mean	75th	90th
Market Data	\$215.3	\$285.2	\$313.4	\$378.3	\$498.4
% Difference from Market	14.7%	-13.5%	-21.2%	-34.8%	-50.5%

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 Irvine Chancellor Drake
Reviewed by: President Yudof
 Committee on Compensation Chair Ruiz
 Office of the President, Human Resources

(3) ***Market-Based Salary Adjustment and Re-slotting for Meredith Michaels as Vice Chancellor – Planning and Budget, Irvine Campus***

Background to Recommendation

The Irvine campus requested approval of a market-based salary adjustment of 9.9 percent for Meredith Michaels as Vice Chancellor – Planning and Budget, effective December 1, 2011. The proposed adjustment will increase Ms. Michaels' annual base salary from \$225,000 to \$247,275.

The proposed adjustment moderately improves Ms. Michaels' position to market, placing her base salary approximately 8.7 percent behind the 50th percentile. Her salary continues to lag the market due to the lack of a merit program for Senior Management Group members.

This action also provides recognition of the value Ms. Michaels contributes with her experience as a seasoned administrator and expertise in University budget matters. She has over 25 years of UC service, with experience at three UC campuses and the Office of the President. Her role is of critical importance to UC Irvine.

In coordination with the proposed salary adjustment, the campus requested that the position of Vice Chancellor – Planning and Budget be re-slotted from SLCG Grade 107 to SLCG Grade 108.

Recommendation

The President recommended approval of the following items in connection with the market-based salary adjustment and re-slotting for Meredith Michaels as Vice Chancellor – Planning and Budget, Irvine campus:

- a. Re-slotting of the position of Vice Chancellor – Planning and Budget from SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, and Maximum \$265,000) to SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, and Maximum \$297,400).
- b. Per policy, a market-based salary adjustment of 9.9 percent from \$225,000 to \$247,275, effective December 1, 2011.
- c. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- d. 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).

- e. Continued participation in the UC Home Loan Program.
- f. This appointment is at 100 percent time.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: December 1, 2011

Base Salary: \$247,275

Total Cash Compensation: \$247,275

Grade Level: SLCG Grade 108

(Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400)

Budget &/or Prior Incumbent Data

Title: Vice Chancellor – Planning and Budget

Base Salary: \$225,000

Total Cash Compensation: \$225,000

Grade Level: SLCG Grade 107

(Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000)

COMPETITIVE ANALYSIS

	BASE SALARY MARKET PERCENTILES				
Percentiles	25th	50th	Mean	75th	90th
Market Data	\$210.9	\$270.9	\$279.5	\$304.7	\$387.1
% Difference from Market	17.3%	-8.7%	-11.5%	-18.9%	-36.1%

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 Irvine Chancellor Drake
Reviewed by: President Yudof
 Committee on Compensation Chair Ruiz
 Office of the President, Human Resources

(4) ***Title Change, Re-slotting, and Salary Adjustment for Steven A. Olsen as Vice Chancellor and Chief Financial Officer, Los Angeles Campus***

Background to Recommendation

The Los Angeles campus requested approval of a 9.9 percent salary adjustment for Steven A. Olsen as Vice Chancellor and Chief Financial Officer. This will adjust Mr. Olsen's current salary from \$288,300 to \$316,842.

Concurrent with this adjustment, the campus proposed re-slotting Mr. Olsen's position from SLCG Grade 109 to SLCG Grade 110, and changing his title from Vice Chancellor – Finance, Budget and Capital Programs to Vice Chancellor and Chief Financial Officer, Los Angeles campus.

In this expanded role, Mr. Olsen will continue to carry out all the responsibilities of his current position, which include academic planning and budget, analysis and information management, capital programs, audit and advisory services, administrative policies and compliance, and space management and analysis, as well as leadership of UCLA's enterprise risk management project.

In addition, Mr. Olsen will direct the establishment of a campus treasury to manage and invest UCLA's cash resources and to plan and manage campus debt. He will serve on the board of the newly formed UCLA Investment Company and as Chair of its investment steering committee. This role is a key element in the development of the UCLA Foundation's investment policy and oversight of the Investment Company's personnel and practices.

Mr. Olsen will also assume responsibility for several initiatives intended to strengthen overall campus financial leadership and strategy and play significantly expanded roles in UCLA's administrative restructuring, physical asset planning and management, information technology governance, and investment. He will continue to be a key participant in various systemwide initiatives such as the President's Budget Rebenching Committee, a joint administration-Academic Senate body charged with proposing a methodology for allocating State funds to campuses.

The proposed adjustments are in recognition of Mr. Olsen's expanded role and additional responsibilities, the size and scope of the UCLA campus, as well as the experience and performance of the incumbent.

Recommendation

The President recommended approval of the following items in connection with the title change, re-slotting, and salary adjustment for Steven A. Olsen as Vice Chancellor and Chief Financial Officer, Los Angeles campus:

- a. Change in title from Vice Chancellor – Finance, Budget and Capital Programs to Vice Chancellor and Chief Financial Officer.
- b. Re-slotting of the position from SLCG Grade 109 (Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700) to SLCG Grade 110 (Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500).
- c. Per policy, a salary adjustment of 9.9 percent for an annual base salary of \$316,842.
- d. Per policy, continuation of a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- e. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- f. Continued appointment at 100 percent time and effective upon approval.

COMPARATIVE ANALYSIS**Recommended Compensation**

Effective Date: Upon approval

Base Salary: \$316,842

Total Cash Compensation: \$316,842

Grade Level: SLCG Grade 110

(Minimum \$239,700, Midpoint \$307,200, Maximum \$374,500)

Budget &/or Prior Incumbent Data

Title: Vice Chancellor – Finance, Budget and Capital Programs

Base Salary: \$288,300

Total Cash Compensation: \$288,300

Grade Level: SLCG Grade 109

(Minimum \$214,700, Midpoint \$274,300, Maximum \$333,700)

COMPETITIVE ANALYSIS

Percentiles	BASE SALARY MARKET PERCENTILES				
	25th	50th	Mean	75th	90th
Market Data	\$289.4	\$329.5	\$368.1	\$423.6	\$519.8
% Difference from Market	9.5%	-3.8%	-13.9%	-25.2%	-39.1%

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: UCLA Chancellor Block
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

- (5) *Term Appointment of and Stipend for Joseph I. Castro as Vice Chancellor – Student Academic Affairs and Interim Dean – Graduate Division, San Francisco Campus*

Background to Recommendation

UCSF sought approval for a term appointment and stipend for UCSF Vice Chancellor – Student Academic Affairs Joseph I. Castro as Interim Dean – Graduate Division, effective October 1, 2011 through June 30, 2012, or until the appointment of a new dean, whichever occurs first. The campus requested an annual stipend of \$17,625, a 7.5 percent increase to Mr. Castro's current annual base salary of \$235,000, during this term appointment and for two months after the appointment of the new dean so that there is an overlap in service for transition of duties. Funding for the proposed stipend would come from State funds.

This request followed the retirement of the previous dean of the Graduate Division on September 30, 2011. Because the position is an academic one, and Mr. Castro's primary appointment is in the Senior Management Group, approval of the Regents is required for this term appointment and stipend.

Mr. Castro will continue to retain full responsibility for his primary appointment as UCSF Vice Chancellor – Student Academic Affairs. A search committee hopes to identify a candidate for the position of Graduate Division dean within the next several months.

With the addition of the proposed 7.5 percent stipend, Mr. Castro's annual salary would increase to \$252,625 in recognition of the increased scope of his temporary responsibilities. An annual salary of \$252,625 is 15.5 percent above the midpoint for SLCG Grade 107 (\$218,700). A stipend expenditure of \$17,625, when compared with the salary of the former Interim Dean – Graduate Division (\$200,000), represents a cost-efficient and appropriate approach to ensure the continuity of comprehensive Graduate Division management and administration during this interim period.

Recommendation

The President recommended approval of the following items in connection with the term appointment of and stipend for Joseph I. Castro as Interim Dean – Graduate Division, San Francisco campus and his continuing career appointment as Vice Chancellor – Student Academic Affairs:

- a. Per policy, while serving as Interim Dean – Graduate Division and for two months following the appointment of a new dean to allow for an overlap in service for transition of duties, a stipend of 7.5 percent (\$17,625) in addition to the base salary of \$235,000 for an annual salary of \$252,625, with continued slotting in SLCG Grade 107 (Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000).
- b. Per policy, a continued five percent monthly contribution to the Senior Management Supplemental Benefit Program, which includes both annual base salary and stipend.
- c. Continued appointment at 100 percent time.
- d. As an exception to policy, the term appointment as Interim Dean – Graduate Division will be effective October 1, 2011 through June 30, 2012, or until the appointment of a new dean, whichever occurs first.
- e. 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).
- f. Per policy, continued eligibility to participate in the UC Home Loan Program, Mortgage Origination Program (MOP), and continued eligibility for a Supplemental Home Loan Program (SHLP) allocation up to \$50,000, repayable over ten years at a

fixed interest rate of three percent, in compliance with all University/campus normal program parameters.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: October 1, 2011

Base Salary: \$235,000

Stipend: \$17,625

Total Cash Compensation: \$252,625

Grade Level: SLCG Grade 107

(Minimum \$172,300, Midpoint \$218,700, Maximum \$265,000)

Budget &/or Prior Incumbent Data

Title: Dean – Graduate Division

Base Salary: \$200,000

Total Cash Compensation: \$200,000

Grade Level: Not applicable; academic position/title

COMPETITIVE ANALYSIS

There are no competitive market data for this combined position.

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: UCSF Chancellor Desmond-Hellmann
Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
Office of the President, Human Resources

- (6) *Market-Based Salary Adjustments for Six Incumbents Who Hold Appointments as Chief Campus Counsel*

Background to Recommendation

The President recommended approval of market-based salary adjustments for the following six incumbents who hold an appointment as Chief Campus Counsel: Marcia J. Canning (San Francisco), Michele Coyle (Riverside), Steven A. Drown (Davis), Diane F. Geocaris (Irvine), Daniel Park (San Diego), and Carole R. Rossi (Santa Cruz). Funding for this action would come entirely from State funds.

The proposed salary adjustments are the second phase of adjustments previously discussed with the Regents in 2008. These adjustments are designed to bring the compensation for these attorneys closer to their market peers; the market median salary now stands at \$256,700 and all salary recommendations in this item fall below this median. The Regents approved the first phase of adjustments in September 2008.

The second phase of adjustments was originally intended to be recommended to the Regents for approval in July 2009. Given the University's financial crisis, however, those market adjustments as well as any merit increases for Senior Management Group (SMG) members were put on hold, which has caused the salaries of these attorneys to fall further behind those of their market peers. Meanwhile, the workload of these attorneys and others in the Office of the General Counsel (OGC) increased as OGC made a concerted effort to handle more legal matters internally and thereby reduce the University's outside counsel fees. Savings in outside counsel fees as a result of this and several other OGC initiatives have totaled \$19.6 million between fiscal years 2008 and 2010.

Regental approval for these salary adjustments is required because these six incumbents are members of the SMG. Notably, market adjustments have already been made for non-SMG attorneys based in Oakland and at the campuses and medical centers, resulting in compression between these six incumbents and their direct reports. Two incumbents now have a base salary lower than a direct report. Therefore, the salary adjustments proposed for these six incumbents are not only necessary to bring their salaries more in line with their market peers but also to address the internal inequities created by this salary compression.

Mercer Human Resources Consulting recommended that the market data for attorneys in the role of Deputy Chief Counsel/Chief Campus Counsel compiled in October 2010 would be the appropriate benchmark to use for University of California attorneys in the role of Chief Campus Counsel. Because these six incumbents are not eligible to receive any form of incentive compensation, it is appropriate to compare their base salaries to market salaries, as well as to the market total cash compensation of their peers.

The current and proposed compensation information for each of these incumbents is as follows:

Marcia J. Canning, Chief Campus Counsel and Associate General Counsel (San Francisco): The proposed base salary of \$255,000 represents an 8.9 percent increase over Ms. Canning's current base salary of \$234,210. In addition, the proposed base salary is approximately four percent above the SLCG Grade 108 midpoint of \$244,900 and

approximately equal to the average base salary of \$255,166 of the other full-time attorneys at the Chief Campus Counsel and Laboratory Counsel level at the University of California.

Michele Coyle, Chief Campus Counsel and Associate General Counsel (Riverside): The proposed base salary of \$215,000 represents an 11.4 percent increase over Ms. Coyle's base salary of \$193,000. In addition, the proposed base salary is approximately 12 percent below the SLCG Grade 108 midpoint of \$244,900 and approximately 16 percent below the average base salary of \$255,166 of the other full-time attorneys at the Chief Campus Counsel and Laboratory Counsel level at the University of California.

Steven A. Drown, Chief Campus Counsel and Associate General Counsel (Davis): The proposed base salary of \$250,000 represents a 21.9 percent increase over Mr. Drown's base salary of \$205,045. In addition, the proposed base salary is approximately two percent above the SLCG Grade 108 midpoint of \$244,900 and approximately 2.5 percent below the average base salary of \$255,166 of the other full-time attorneys at the Chief Campus Counsel and Laboratory Counsel level at the University of California.

Diane F. Geocaris, Chief Campus Counsel and Associate General Counsel (Irvine): The proposed base salary of \$255,000 represents a 14.3 percent increase over Ms. Geocaris' base salary of \$223,045. In addition, the proposed base salary is approximately four percent above the SLCG Grade 108 midpoint of \$244,900 and approximately equal to the average base salary of \$255,166 of the other full-time attorneys at the Chief Campus Counsel and Laboratory Counsel level at the University of California.

Daniel Park, Chief Campus Counsel and Associate General Counsel (San Diego): The proposed base salary of \$250,000 represents a 6.4 percent increase over Mr. Park's base salary of \$235,000. In addition, the proposed base salary is approximately two percent above the SLCG Grade 108 midpoint of \$244,900 and is approximately 2.5 percent below the average base salary of \$255,166 of the other full-time attorneys at the Chief Campus Counsel and Laboratory Counsel level at the University of California.

Carole R. Rossi, Chief Campus Counsel and Associate General Counsel (Santa Cruz): The proposed base salary of \$215,000 represents a 13.9 percent increase over Ms. Rossi's base salary of \$188,754. In addition, the proposed base salary is approximately 12 percent below the SLCG Grade 108 midpoint of \$244,900 and is approximately 16 percent below the average base salary of \$255,166 of the other full-time attorneys

at the Chief Campus Counsel and Laboratory Counsel level at the University of California.

These six incumbents have provided outstanding service and advice to their campus leadership on a wide range of matters, including the most sensitive legal and political issues. Four of them are responsible for providing legal counsel to a medical center in addition to an academic campus. They have also made valuable contributions to the work of the Office of General Counsel. It is imperative that the University retain these attorneys, given their demonstrated talent and invaluable experience.

These incumbents have a dual reporting relationship to the General Counsel and their location's Chancellor. Each of those Chancellors and the General Counsel fully support the proposed market-based salary adjustments.

Recommendation

The President recommended approval of the following items in connection with the market-based salary adjustments for the six incumbents listed in the table below who hold appointments as Chief Campus Counsel:

	Current Base Salary	Proposed Base Salary	Percentage Increase	50th Percentile Market Base Salary	Percentage Difference	50th Percentile Market TCC	Percentage Difference between Proposed Base Salary and 50th Percentile Market TCC
Canning, Marcia J. (San Francisco)	\$234,210	\$255,000	8.9%	\$256,700	-0.7%	\$345,700	-26.2%
Coyle, Michele (Riverside)	\$193,000	\$215,000	11.4%	\$256,700	-16.2%	\$345,700	-37.8%
Drown, Steven A. (Davis)	\$205,045	\$250,000	21.9%	\$256,700	-2.6%	\$345,700	-27.7%
Geocaris, Diane F. (Irvine)	\$223,045	\$255,000	14.3%	\$256,700	-0.7%	\$345,700	-26.2%
Park, Daniel (San Diego)	\$235,000	\$250,000	6.4%	\$256,700	-2.6%	\$345,700	-27.7%
Rossi, Carole R. (Santa Cruz)	\$188,754	\$215,000	13.9%	\$256,700	-16.2%	\$345,700	-37.8%

- a. Continued slotting in SLCG Grade 108 (Minimum \$192,300, Midpoint \$244,900, Maximum \$297,400).
- b. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- c. As an exception to policy, these changes will be retroactive, with an effective date of July 1, 2011, the same effective date as other market-based salary adjustments for Office of the General Counsel attorneys.
- d. 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).

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: Vice President and General Counsel Robinson
Executive Vice President Brostrom**
**Reviewed by: President Yudof
Committee on Compensation Chair Ruiz
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 Ruiz introduced the nine compensation actions being proposed, which were discussed earlier that day during the Committee's closed session meeting. Three were non-State-funded actions and six were partially or fully State-funded actions.

President Yudof commented that the proposed actions represented critical retention efforts. He observed that the University has a very large number of employees, about 180,000, and that the number of salary actions approved by the Regents each year is very small by comparison. These actions are not taken lightly. Before coming to the Regents, proposals for compensation actions are reviewed thoroughly by Committee Chair Ruiz, Vice Chair Kieffer, and the President and his office. President Yudof noted that in three items on the current agenda, the original recommendations for salary increases were reduced by more than half. The action for the chief campus counsel positions had been deferred for over two years. More than 20 proposed actions submitted by UC campuses were not brought to the Regents because of concerns raised by Committee Chair Ruiz, Vice Chair Kieffer, and the President. Four proposed actions were declined. President

Yudof emphasized that the Regents do not approve every compensation request submitted at the University. The Regents do not review the many requests that are declined by the Office of the President; they review only the smaller number of proposed actions brought to them.

President Yudof recalled that the University recently lost the chief executive officer of the UC San Diego Medical Center to the University of Southern California. The chief operating officer of the UCLA Medical Center was recruited by Stanford University for compensation far greater than UC compensation. The University considers its retention efforts to be essential. Even in difficult times, it is important for the University, a \$22 billion enterprise with a workforce of 180,000, to retain its outstanding employees. Chairman Lansing stressed that it was important to understand this context for the proposed compensation actions; many other institutions are seeking to recruit UC faculty.

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present them to the Board, Regents Gould, Kieffer, Lansing, Ruiz, Varner, and Yudof (6) voting "aye."

The meeting adjourned at 12:55 p.m.

Attest:

Secretary and Chief of Staff