

The Regents of the University of California

COMMITTEE ON COMPENSATION

November 15, 2012

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

Members present: Regents Island, Kieffer, Mendelson, Ruiz, Stein, and Varner; Ex officio members Lansing and Yudof; Advisory members Feingold and Powell

In attendance: Regents De La Peña, Gould, Makarechian, Pattiz, Reiss, Rubenstein, Torlakson, and Zettel, Regent-designate Flores, Faculty Representative Jacob, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Chief Investment Officer Berggren, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice Presidents Dooley and Stobo, Vice Presidents Beckwith, Lenz, and Mara, Chancellors Birgeneau, Block, Blumenthal, Drake, Katehi, White, and Yang, and Recording Secretary Johns

The meeting convened at 9:15 a.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 13, 2012 were approved.

2. CONSENT AGENDA

A. *Salary Adjustments for Members of the Senior Management Group at Lawrence Berkeley National Laboratory*

Background to Recommendation

On July 12, 2012, the Lawrence Berkeley National Laboratory (LBNL) received approval from the Department of Energy (DOE) for a salary budget allocation of 2.0 percent for federal fiscal year 2013, effective October 1, 2012. The allocation includes 1.5 percent for special adjustments and 0.5 percent for reclassifications and promotions throughout the year.

Additionally, as a component of the 1.5 percent allocated for special adjustments, the Laboratory has received approval from the DOE to distribute 1.0 percent of that budget as an across-the-board pay increase for all employees on October 1, 2012. The remaining 0.5 percent of the special adjustment fund will be used to address equity or retention issues throughout the year.

As the DOE contractor responsible for managing and operating LBNL, the University of California is obligated by its contract with DOE to ensure the competitiveness and scientific excellence of LBNL, using the financial resources provided by DOE. One of the University's contractual obligations is to recruit and retain the best possible scientific and administrative staff to perform the mission assigned by DOE. This is particularly challenging in the vibrant Bay Area science and technology community, where other National Laboratories and successful technology companies regularly attempt to recruit LBNL employees with offers of significantly greater compensation.

Each year, LBNL must benchmark its levels of compensation against an approved list of comparator institutions. LBNL compensation is currently 6.9 percent below the market. DOE expects all its National Laboratory contractors, including the University of California, to allocate the level of funding for compensation increases that DOE authorizes on an annual basis. This action by the Regents would fulfill that obligation. Furthermore, this increase will be paid from federal funds that may not be used for other University purposes or reallocated to supplement compensation increases for non-Senior Management Group employees at LBNL.

Recommendation

The Committee recommended that salary adjustments for Senior Management Group members at the Lawrence Berkeley National Laboratory, as proposed by the Laboratory Director and as presented below, be approved.

NAME	JOB TITLE	PREVIOUS BASE SALARY	PERCENT INCREASE	NEW BASE SALARY
Simon, Horst D.	Deputy Laboratory Director	\$338,340	1.0% across-the-board	\$341,712
Blair, Jeffrey A.	Management III – Laboratory Counsel	\$271,308	1.0% across-the-board	\$274,020
Keasling, Jay D.	Associate Laboratory Director for Biosciences	\$361,584	1.0% across-the-board	\$365,196
DePaolo, Donald J.	Associate Laboratory Director for Energy & Environmental Sciences	\$339,024	1.0% across-the-board	\$342,408
Symons, T. James	Associate Laboratory Director for General Sciences	\$277,476	1.0% across-the-board	\$280,248
Yelick, Katherine A.	Associate Laboratory Director for Computing Sciences	\$278,112	1.0% across-the-board	\$280,884

These increases are funded by the Department of Energy. The effective date of the increases is retroactive to October 1, 2012.

Except as expressly modified by the Regents above, the University's total compensation commitment for the aforementioned employees remains unchanged. 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: Laboratory Director Alivisatos
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 briefly introduced the item.

B. *Adoption of Revisions to Governance of Senior Management Group Compensation*

The Committee recommended to the Regents that:

- (1) The approval authority standards required for compensation actions for members of the Senior Management Group (SMG), as summarized in Attachment 1, be approved and applied to all SMG compensation actions.
- (2) The Market Reference Zones for SMG positions be approved as shown in Attachment 2.
- (3) The President be authorized to develop implementing procedures for the program.

[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 briefly introduced the item, noting that it had been discussed at the September meeting.

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

3. **APPROVAL OF SALARY ADJUSTMENT FOR A. PAUL ALIVISATOS AS DIRECTOR, LAWRENCE BERKELEY NATIONAL LABORATORY AS DISCUSSED IN REGENTS ONLY SESSION**

Background to Recommendation

On July 12, 2012, the Lawrence Berkeley National Laboratory (LBNL) received approval from the Department of Energy (DOE) for a salary budget allocation of 2.0 percent for federal fiscal year 2013, effective October 1, 2012. The allocation includes 1.5 percent for special adjustments and 0.5 percent for reclassifications and promotions throughout the year.

Additionally, as a component of the 1.5 percent allocated for special adjustments, the Laboratory has received approval from the DOE to distribute 1.0 percent of that budget as an across-the-board pay increase for all employees on October 1, 2012. The remaining 0.5 percent of the special adjustment fund will be used to address equity or retention issues throughout the year.

This was a request for approval to include A. Paul Alivisatos, Director of LBNL, in the 1.0 percent across-the-board salary increase that is being applied to all Laboratory employees. The salary increase recommendations for the other Senior Management Group (SMG) members at the LBNL will be presented to the Regents separately for approval. This measure is in accordance with the approval authority guidelines and the SMG salary and appointment policy approved by the Regents at the September 2008 meeting.

As the DOE contractor responsible for managing and operating LBNL, the University of California is obligated by its contract with DOE to ensure the competitiveness and scientific excellence of LBNL, using the financial resources provided by DOE. One of the University's contractual obligations is to recruit and retain the best possible scientific and administrative staff to perform the mission assigned by DOE. This is particularly challenging in the vibrant Bay Area science and technology community, where other National Laboratories and successful technology companies regularly attempt to recruit LBNL employees with offers of significantly greater compensation.

Each year, LBNL must benchmark its levels of compensation against an approved list of comparator institutions. LBNL compensation is currently 6.9 percent below the market. DOE expects all its National Laboratory contractors, including the University of California, to allocate the level of funding for compensation increases that DOE authorizes on an annual basis. This action by the Regents would fulfill that obligation. Furthermore, this increase will be paid from federal funds that may not be used for other University purposes or reallocated to supplement compensation increases for non-SMG employees at LBNL.

Recommendation

The Committee recommended that a 1.0 percent salary adjustment for Director A. Paul Alivisatos at the Lawrence Berkeley National Laboratory, as presented in the table below, be approved.

NAME	JOB TITLE	PREVIOUS BASE SALARY	PERCENT INCREASE	NEW BASE SALARY
A. Paul Alivisatos	Laboratory Director	\$434,805	1.0 %	\$439,153

The salary increase for Director Alivisatos will be funded by the Laboratory with funds provided by the Department of Energy. The effective date of the increase is retroactive to October 1, 2012.

Except as expressly modified by the Regents above, the University's total compensation commitment for Director Alivisatos remains unchanged. 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: President Yudof
Reviewed by: 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 briefly introduced the item. President Yudof stated that this salary action was funded by the Department of Energy.

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 9:20 a.m.

Attest:

Secretary and Chief of Staff

Attachment 1 – Approval Authority for SMG Compensation Transactions

The Regents will be responsible for approving individual compensation transactions for the President, all direct reports to the Regents and/or President, and the five chief executive officers of the medical centers (collectively referred to as “Level One” SMG members).

For the remaining SMG members (collectively referred to as “Level Two” SMG members), the approval authority for all individual compensation transactions within policy will be as follows, subject to the additional limitations set forth below:

- If the proposed base salary is at or above the 75th percentile of the position’s MRZ, Regental approval is required.
- If the proposed base salary is at or above the 60th percentile and below the 75th percentile of the position’s MRZ, Presidential approval is required.
- If the proposed base salary is below the 60th percentile of the position’s MRZ:
 - Approval of the Chancellor is required for positions at a campus or medical center.
 - Approval of the Laboratory Director is required for positions at the Laboratory.
 - Approval of the President is required for positions at the Office of the President.

The following additional limitations apply to transactions involving Level Two SMG members:

- If the transaction would otherwise be subject to Presidential review, Regental review will be required if the transaction either:
 - Results in a cumulative or annualized increase in base salary that is ten percent or more in any calendar year for an incumbent; or
 - Results in a base salary for a new hire that is ten percent or more than the previous incumbent’s base salary.
- If the transaction would otherwise be subject to the approval of the Chancellor or Laboratory Director, Presidential approval will be required if the transaction either:
 - Results in a cumulative or annualized increase in base salary that is ten percent or more in any calendar year for an incumbent; or
 - Results in a base salary for a new hire that is ten percent more than the previous incumbent’s base salary.

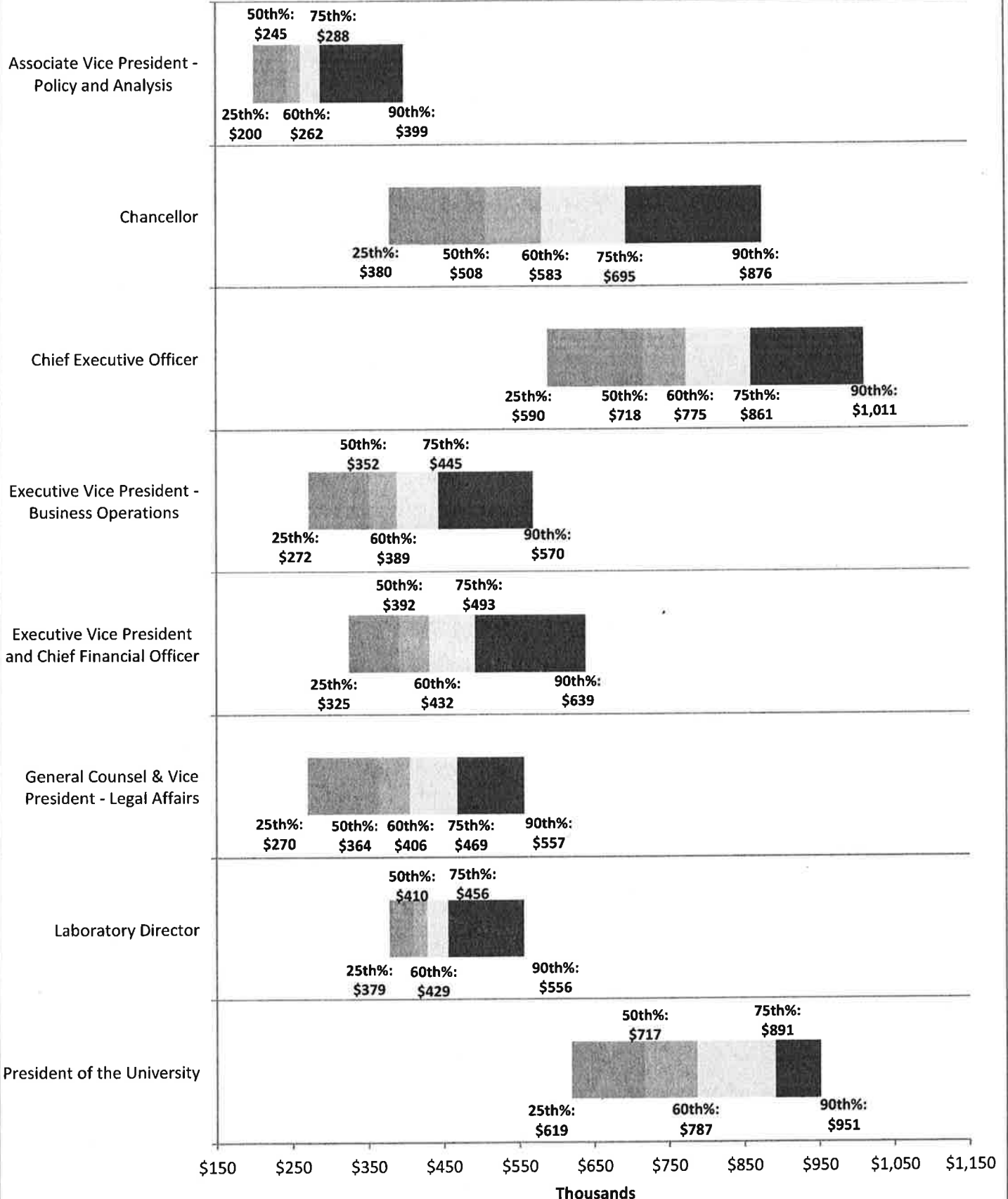
Regental approval will continue to be required for all transactions for SMG members that constitute exceptions to policy.

Notwithstanding the foregoing, the approval authority and process for approval stated in *Regents Policy 7712 – Incentive Awards* will continue to apply to incentive awards for Level One and Level Two SMG members, rather than the approval authority stated above.

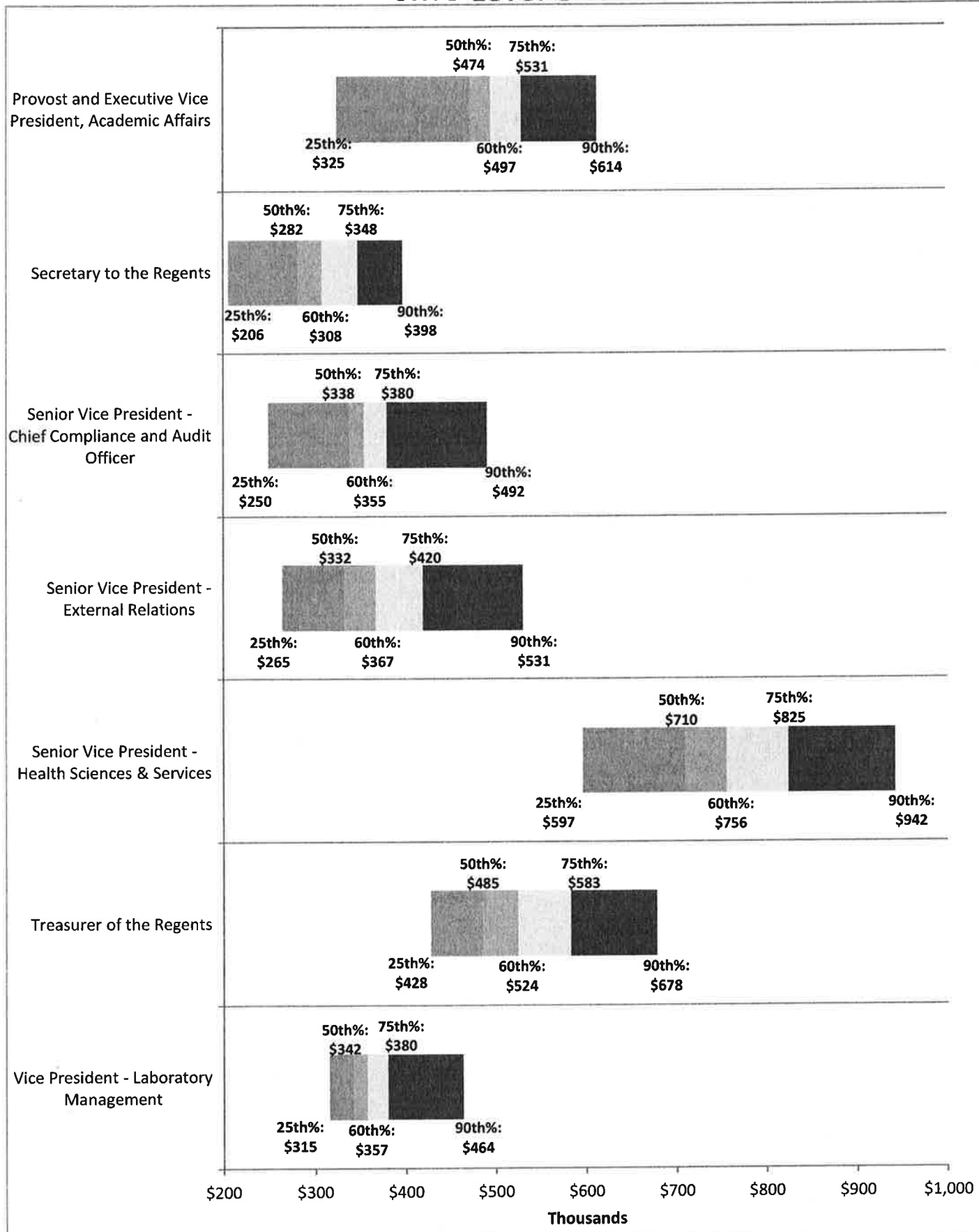
The Regents will approve the addition of positions to the SMG and elimination of Level One positions from the SMG, upon the recommendation of the President. The President will approve the elimination of Level Two positions from the SMG, after consulting with the Chair of the Committee on Compensation.

Attachment 2 – Market Reference Zones

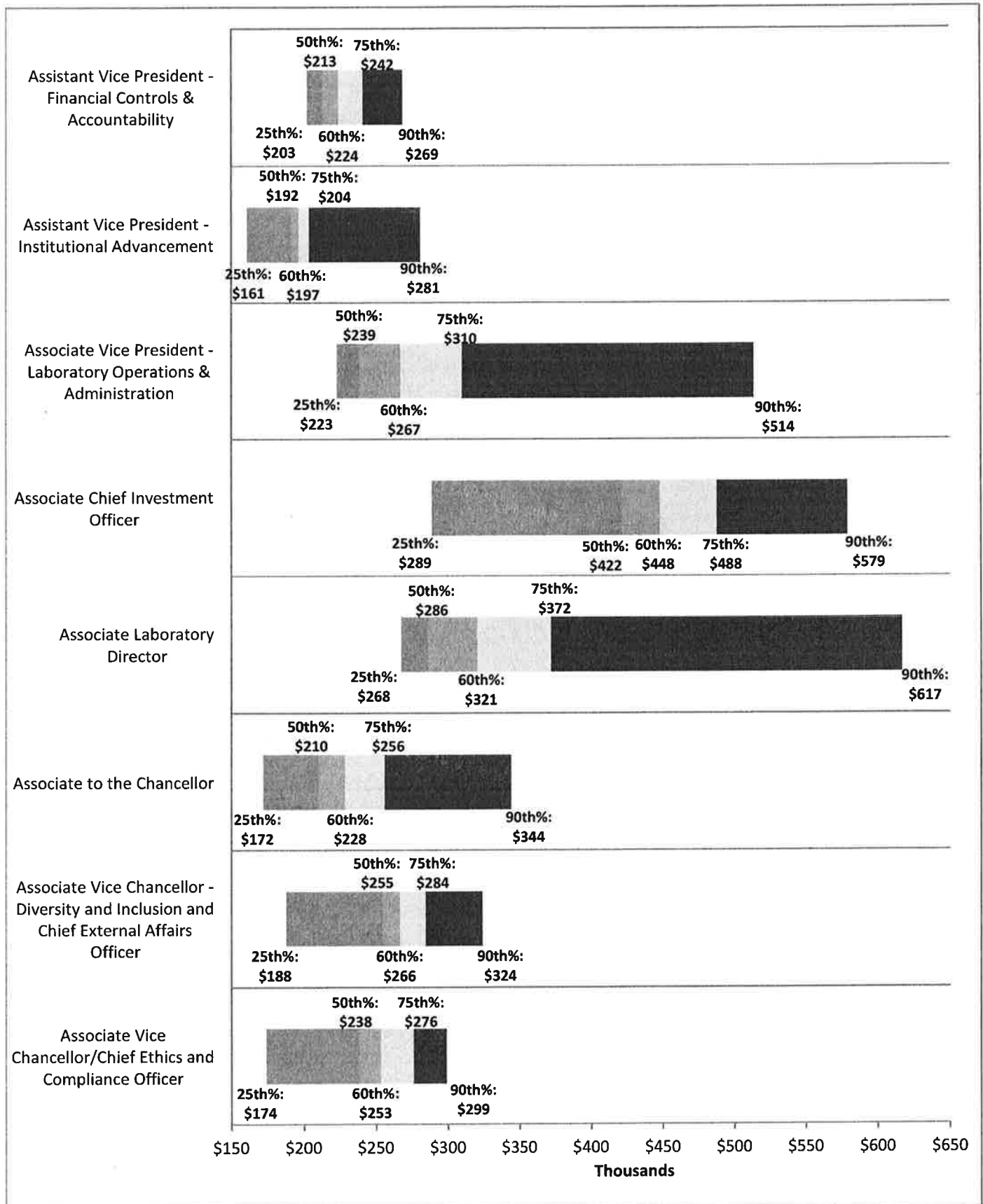
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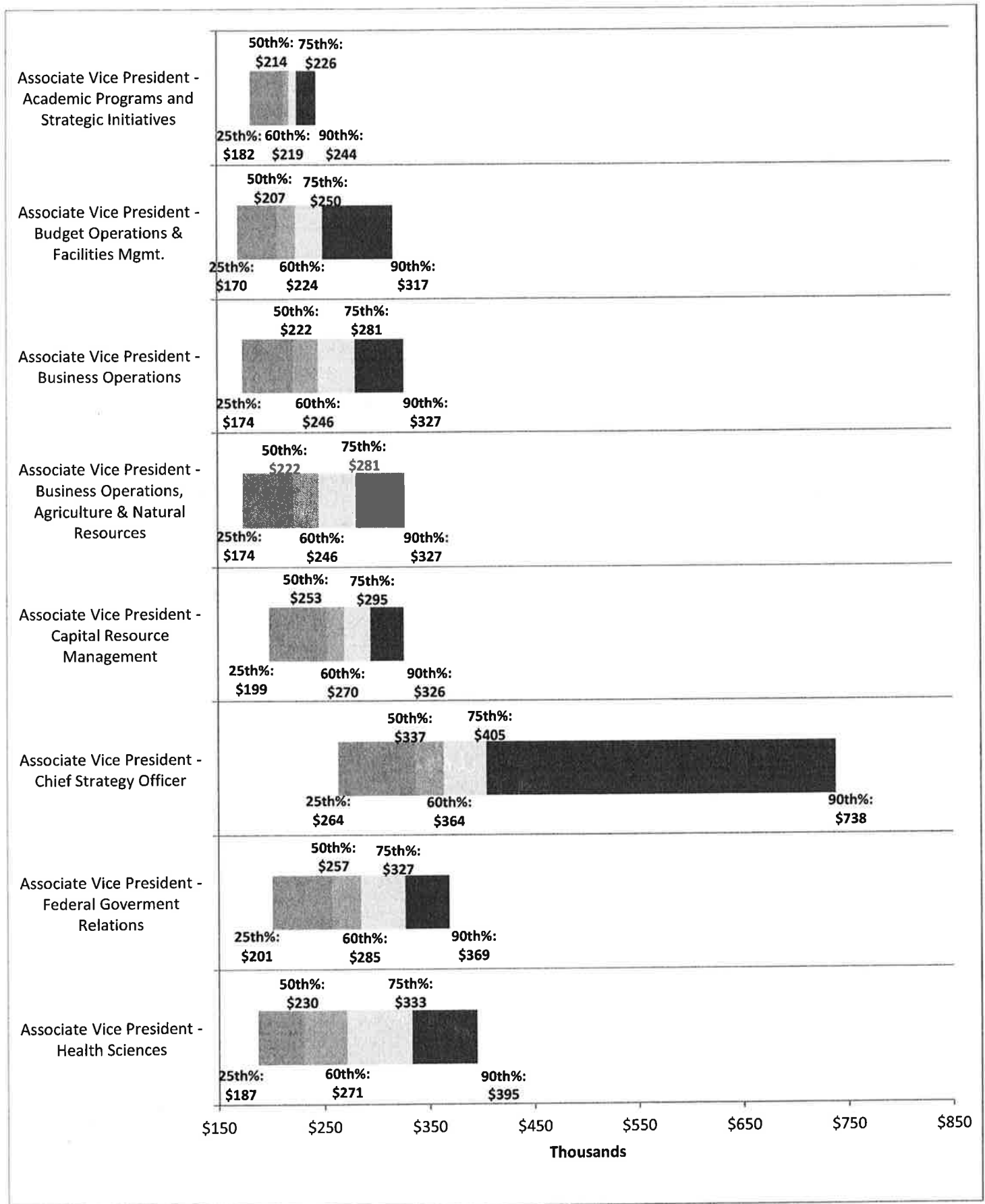
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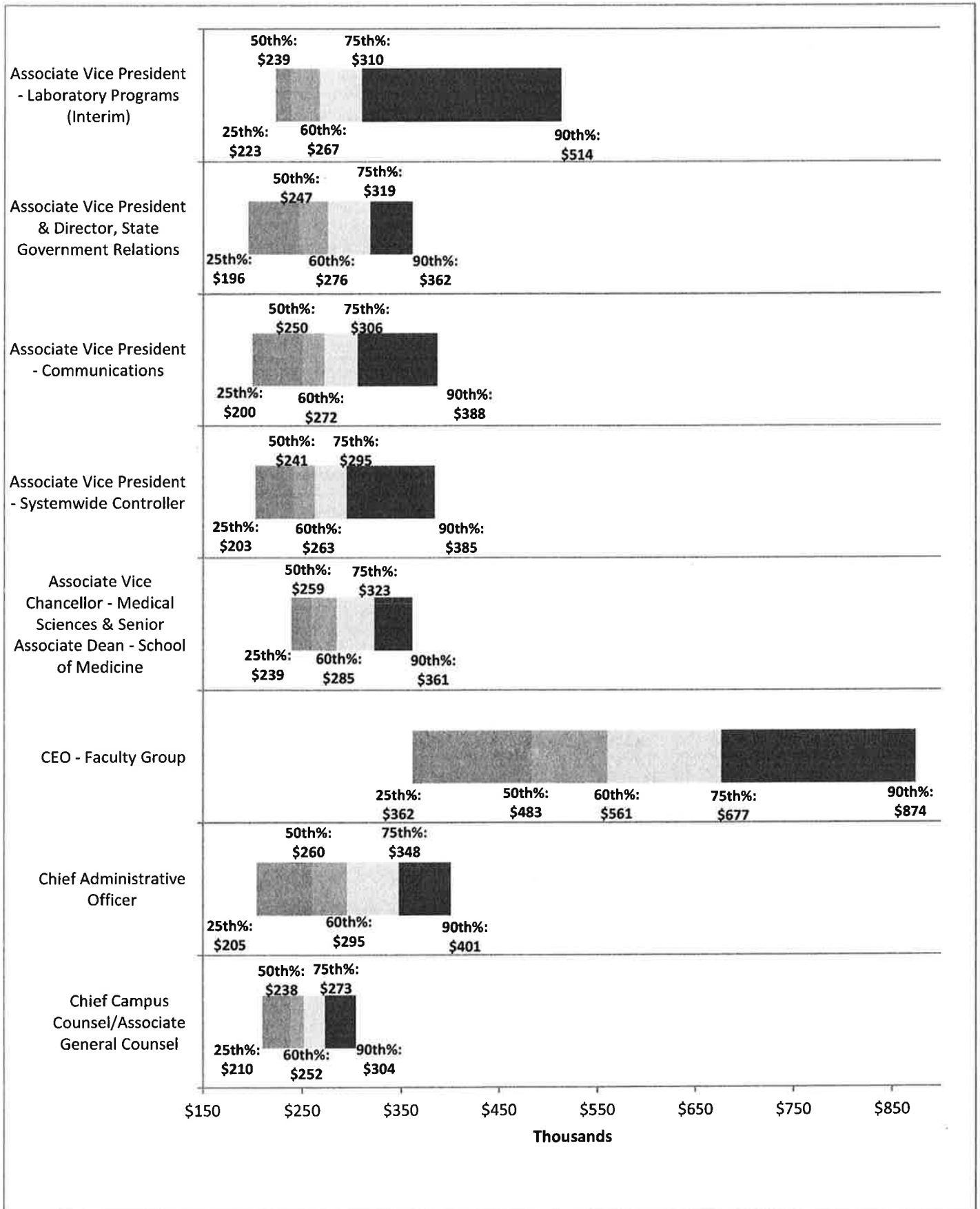
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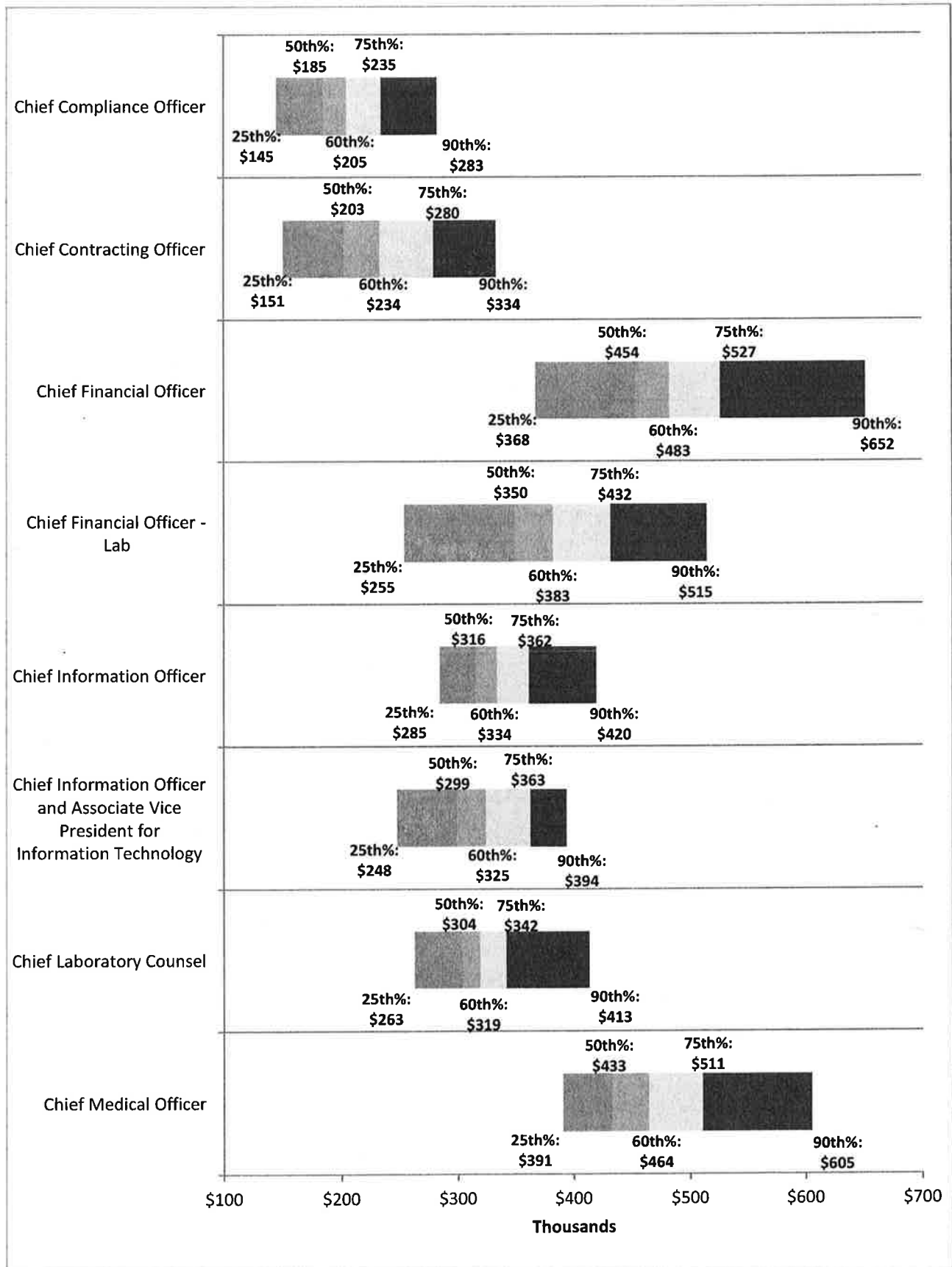
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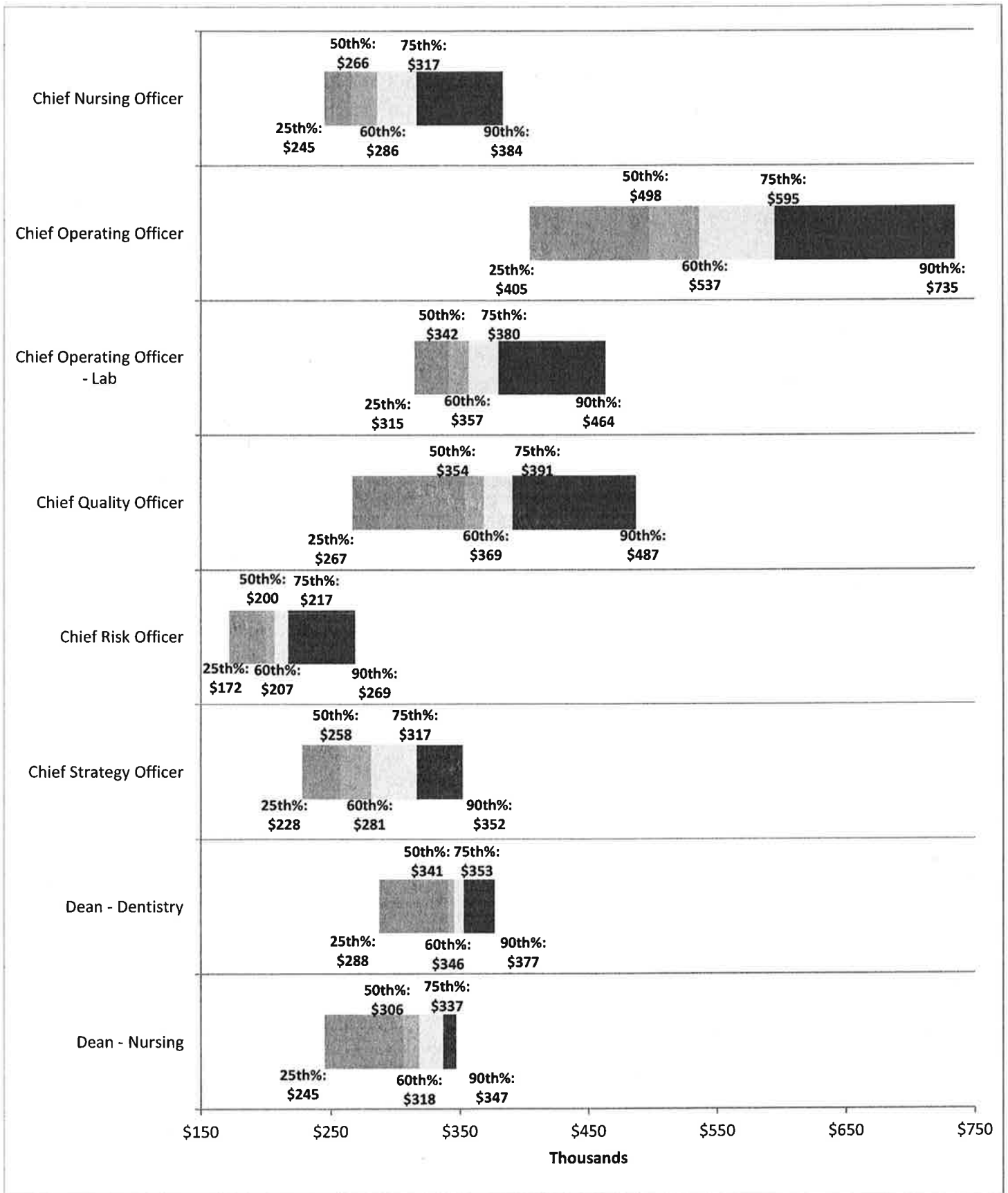
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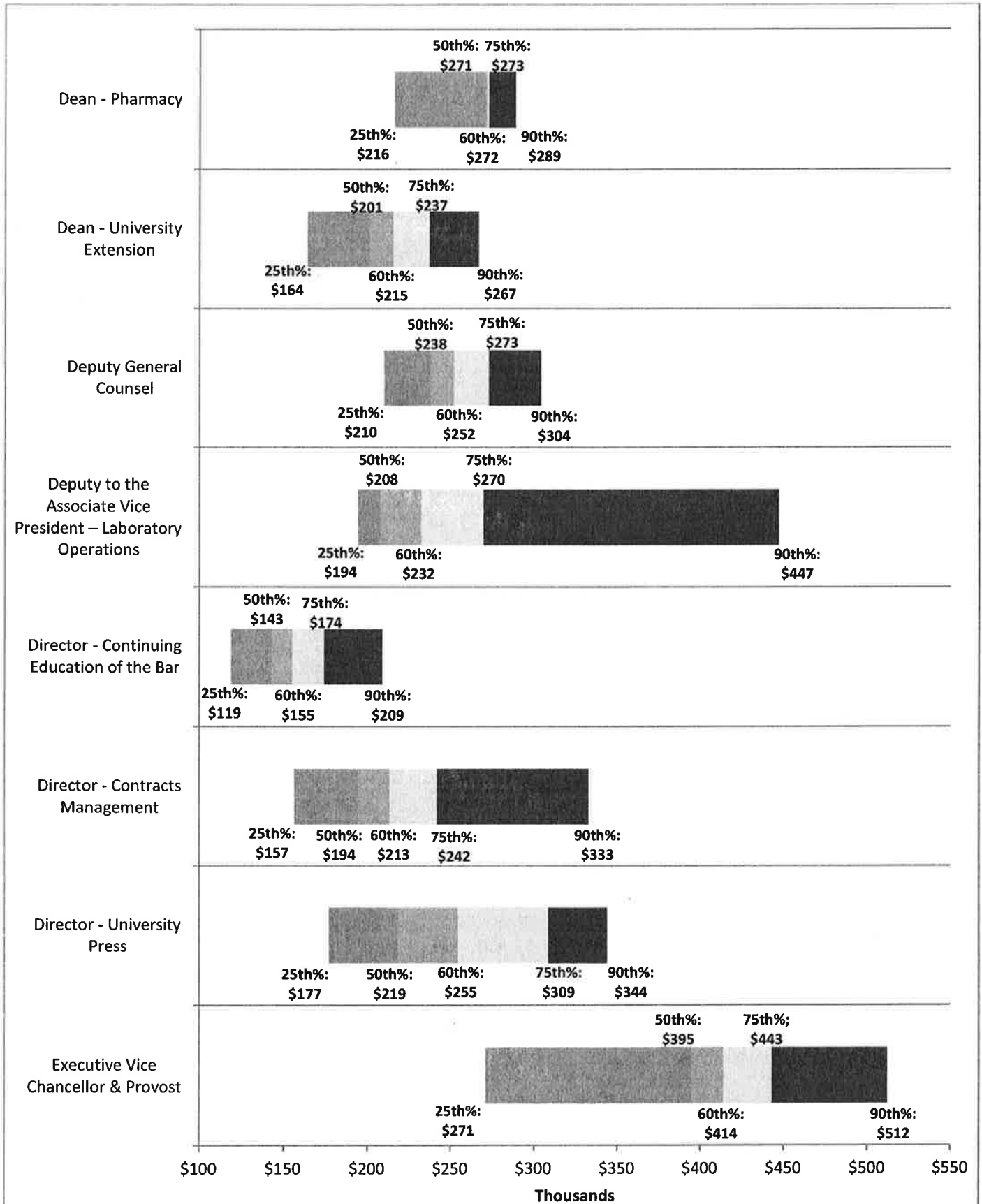
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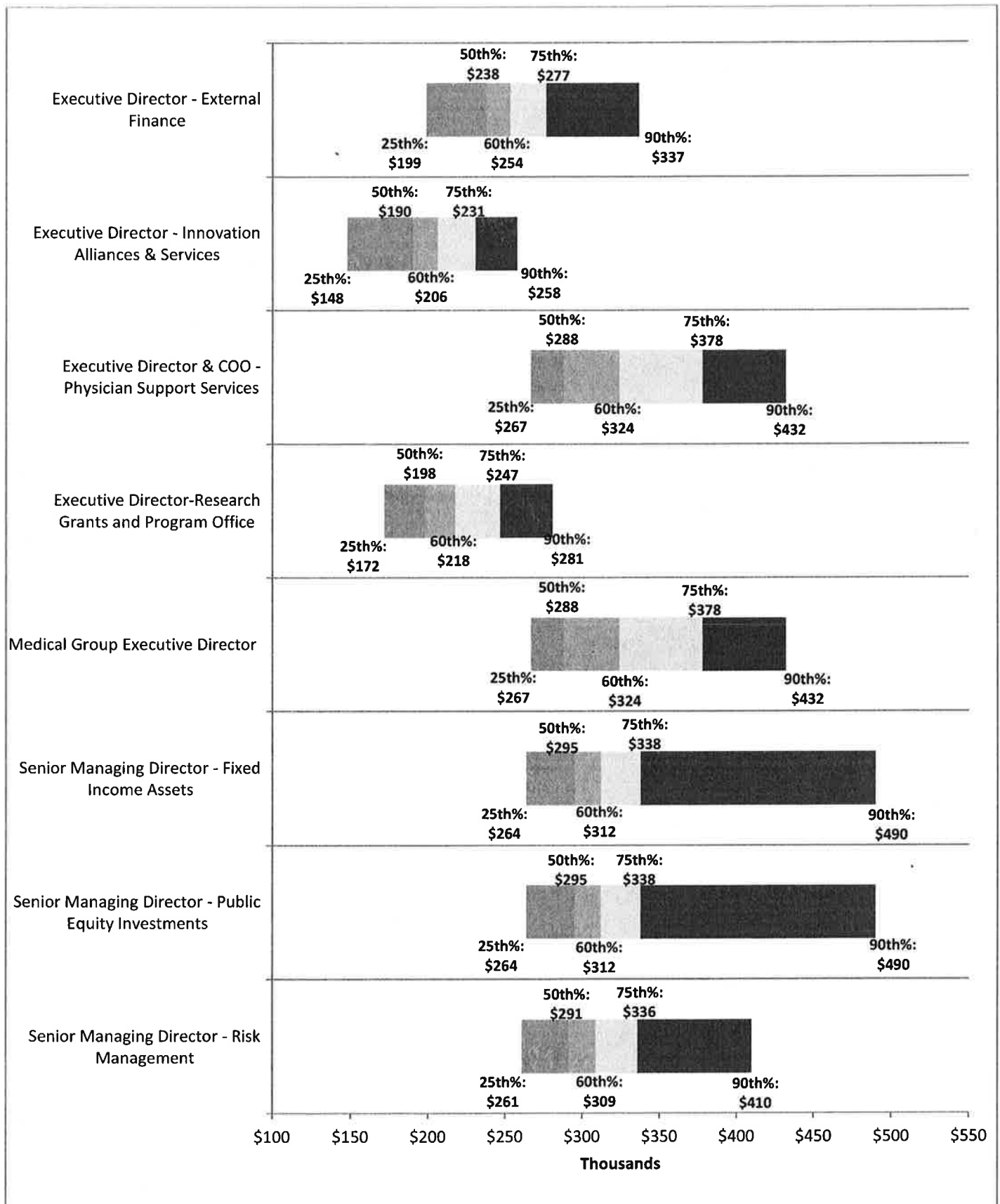
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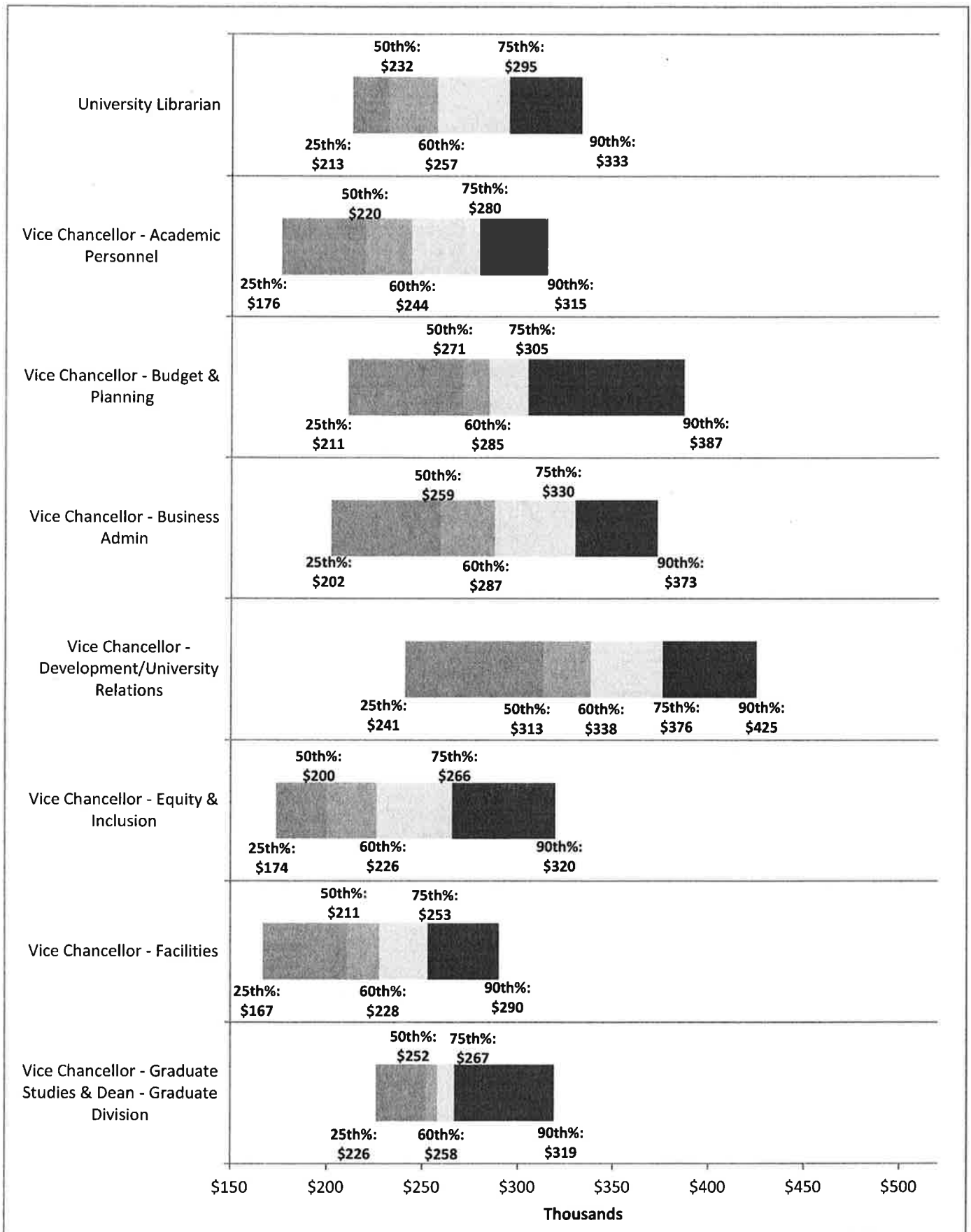
SMG Level Two



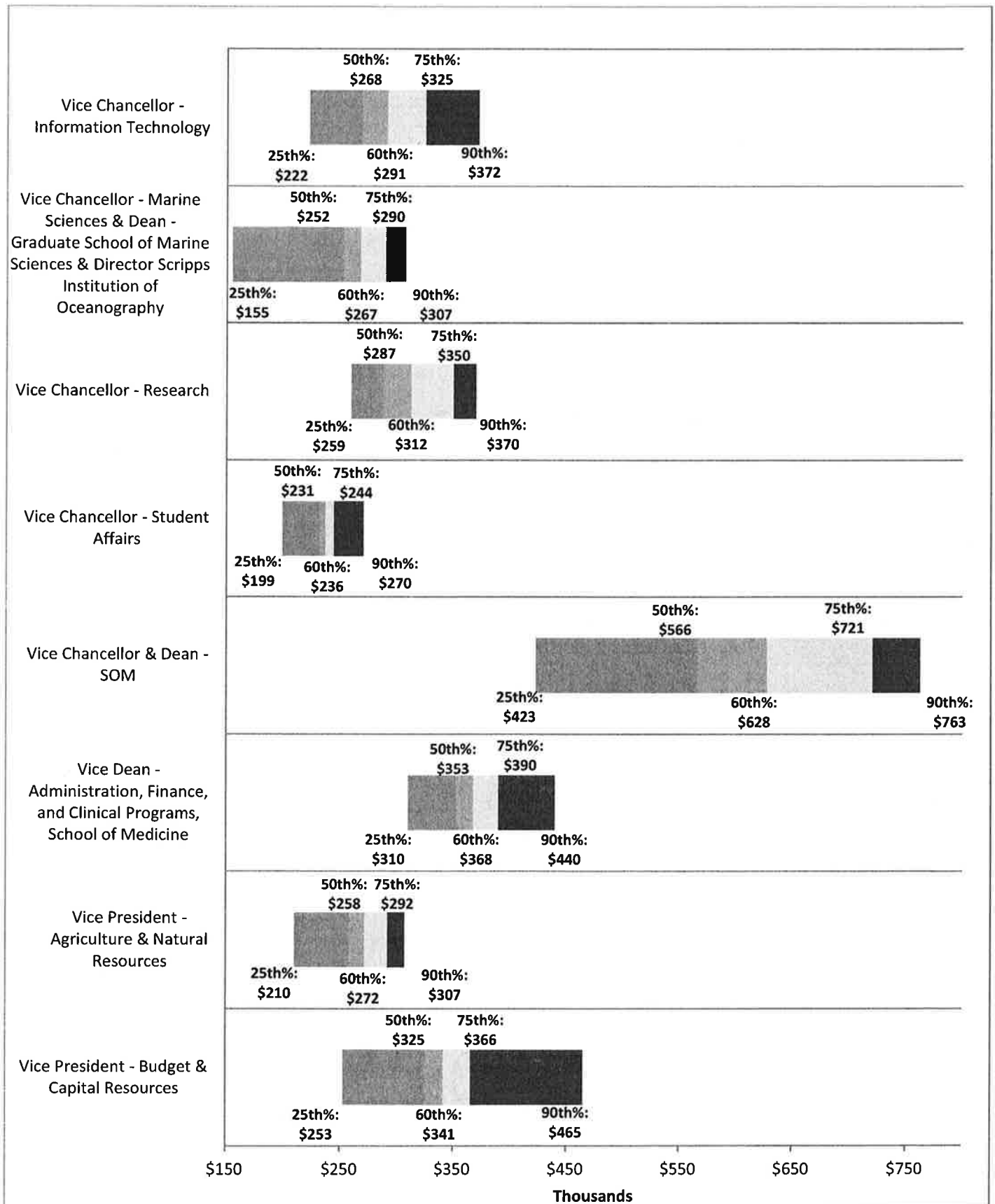
SMG Level Two



SMG Level Two



SMG Level Two



SMG Level Two

