

# **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

September 18, 2013

The Regents of the University of California met on the above date at UCSF–Mission Bay Conference Center, San Francisco.

Members present: Regents De La Peña, Feingold, Flores, Island, Kieffer, Makarechian, Pattiz, Reiss, Ruiz, Schultz, Varner, Wachter, and Zettel

In attendance: Regents-designate Engelhorn, Leong Clancy, and Saifuddin, Faculty Representatives Gilly and Jacob, Secretary and Chief of Staff Kelman, Associate Secretary Shaw, General Counsel Robinson, Provost Dorr, Executive Vice President Brostrom, Chief Financial Officer Taylor, Senior Vice President Dooley, Vice Presidents Duckett, Lenz, and Sakaki, Chancellors Block, Blumenthal, Desmond-Hellmann, Dirks, Drake, Khosla, Leland, Wilcox, and Yang, and Recording Secretary Johns

The meeting convened at 4:00 p.m. with Chairman Varner presiding.

## **1. APPROVAL OF MINUTES OF PREVIOUS MEETING**

Upon motion duly made and seconded, the minutes of the meetings of July 17 and 18, August 8, and the meetings of the Committee of the Whole of July 17 and 18 and August 8, 2013 were approved.

## **2. REPORT OF THE COMMITTEE ON COMPLIANCE AND AUDIT**

The Committee presented the following from its meeting of September 18, 2013:

### ***Appointment of the Regents' External Auditor***

The Committee recommended that KPMG be approved as the Regents' external auditor for five years, commencing with the audit for the year ending June 30, 2014.

Upon motion of Regent Zettel, duly seconded, the recommendation of the Committee on Compliance and Audit was approved.

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

The Committee presented the following from its meeting of September 18, 2013:

### **A. *Incentive Compensation for Fiscal Year 2012-13 for John Stobo as Senior Vice President – Health Sciences and Services, Office of the President***

The Committee recommended approval of the Plan Year 2012-13 Clinical Enterprise Management Recognition Plan (CEMRP) award for Dr. John Stobo as Senior Vice President – Health Sciences and Services, Office of the President. The recommended incentive award of \$115,988 is 20 percent of his base salary.

**Recommended Compensation**

**Effective Date:** upon approval

**Base Salary:** \$580,000

**CEMRP Award:** \$115,988 (20 percent of base salary)

**Base Salary Plus Recommended CEMRP Award:** \$695,988

**Funding Source:** non-State-funded

**Prior Year Data (2011-12 Plan Year)**

**Base Salary:** \$580,000

**CEMRP Award:** \$130,500 (22.5 percent of base salary)

**Base Salary Plus CEMRP Award:** \$710,500

**Funding Source:** non-State-funded

The compensation described shall constitute the University's total commitment regarding incentive compensation until modified by the Regents or the President, as applicable under Regents policy, 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.

**B. *Incentive Compensation for Fiscal Year 2012-13 for Melvin Stanton as Associate Chief Investment Officer, Office of the President***

The Committee recommended approval of the Plan Year 2012-13 Office of the Chief Investment Officer Annual Incentive Plan (AIP) award for Melvin Stanton as Associate Chief Investment Officer. The recommended incentive award of \$331,344 is 108 percent of his base salary.

**Recommended Compensation**

**Effective Date:** upon approval

**Base Salary:** \$306,800

**AIP Award:** \$331,344 (108 percent of base salary)

**Base Salary Plus Recommended AIP Award:** \$638,144

**Funding:** non-State-funded

**Prior Year Data (2011-12 Plan Year)**

**Base Salary:** \$306,800

**AIP Award:** \$331,348 (108 percent of base salary)

**Base Salary Plus AIP Award:** \$638,148

**Funding Source:** non-State-funded

The incentive compensation described above shall constitute the University's total commitment regarding incentive compensation until modified by the Regents or the President, as applicable under Regents policy, 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.

**C. *Amendment of Regents Policies to Conform to the Revisions to Senior Management Group Governance***

The Committee recommended that the following Regents policies be amended, as shown in Attachments 1 through 7, effective upon approval of the related amendments to the Bylaws and Standing Orders to be presented to the Committee on Governance at the September 2013 meeting:

1. Regents Policy 7201: Principles for Review of Executive Compensation
2. Regents Policy 7701: Senior Management Group Appointment and Compensation
3. Regents Policy 7705: Senior Management Group Hiring Bonus
4. Regents Policy 7706: Reemployment of UC Retired Employees into Senior Management Group and Staff Positions
5. Regents Policy 7709: Senior Management Group Automobile Allowance
6. Regents Policy 7710: Senior Management Group Moving Reimbursement
7. Regents Policy 7711: Senior Management Group Relocation Allowance

Upon motion of Regent Kieffer, duly seconded, the recommendations of the Committee on Compensation were approved.

**4. *REPORT OF THE COMMITTEE ON EDUCATIONAL POLICY***

The Committee presented the following from its meeting of September 18, 2013:

***Approval of Public Phase of Fundraising Campaign, Santa Cruz Campus***

The Committee recommended approval of the proposed public phase of the Santa Cruz campus fundraising campaign, *The Campaign for UC Santa Cruz*, with a goal of \$300 million.

Upon motion of Regent Reiss, duly seconded, the recommendation of the Committee on Educational Policy was approved.

**5. *REPORT OF THE COMMITTEE ON FINANCE***

The Committee presented the following from its meeting of September 18, 2013:

***University of California Retirement Plan – Amendment to Provide Vesting Credit for Eligible Employees Transferring from Children’s Hospital and Research Center at Oakland***

The Committee recommended that:

- A. Subject to the transaction closing under procedures previously approved by the Regents, the University of California Retirement Plan (UCRP) be amended to grant an eligible employee of Children’s Hospital and Research Center at Oakland (CHO) who transitions employment directly from CHO to the University of California, San Francisco (UCSF) on or after the closing date of the Affiliation Agreement between UCSF and CHO, and in furtherance of the affiliation, service credit under UCRP for vesting purposes that is equivalent to the vesting service accrued by the employee under the Retirement Plan for CHO (CHO Retirement Plan) as of the employee’s transition date, taking into account the different methods of crediting vesting service under the UCRP and the CHO Retirement Plan.
- B. Authority be delegated to the Plan Administrator to amend the UCRP as necessary to implement the change.

Upon motion of Regent Ruiz, duly seconded, the recommendation of the Committee on Finance was approved.

**6. REPORT OF THE COMMITTEE ON GOVERNANCE**

The Committee presented the following from its meeting of September 18, 2013:

***Amendment of Bylaw 12 – Responsibilities of Standing Committees, Standing Order 100 – Officers of the University, and Standing Order 101 – Faculty Members and Other Employees of the University***

The Committee recommended that, following service of appropriate notice, Bylaw 12.8 – Committee on Compensation be amended, as shown in Attachment 8; Standing Order 100.2 – Officers of the University, Employment Status be amended, as shown in Attachment 9; Standing Order 100.3 – Officers of the University, Compensation be amended, as shown in Attachment 10; Standing Order 101.1 – Faculty Members and Other Employees of the University, Employment Status be amended, as shown in Attachment 11; and Standing Order 101.2 – Faculty Members and Other Employees of the University, Compensation be amended, as shown in Attachment 12.

Upon motion of Regent Wachter, duly seconded, notice was served on the above item.

**7. REPORT OF THE COMMITTEE ON GROUNDS AND BUILDINGS**

The Committee presented the following from its meeting of September 17, 2013:

A. ***Amendment of Long Range Development Plan and Approval of Design following Action Pursuant to California Environmental Quality Act, Campus Solar Power Plant, Davis Campus***

Upon review and consideration of the environmental consequences of the proposed Campus Solar Power Plant and Long Range Development Plan (LRDP) Amendment, the Committee reported its:

- (1) Approval of the Tiered Initial Study and Negative Declaration for the Campus Solar Power Plant.
- (2) Adoption of the California Environmental Quality Act Findings for the Campus Solar Power Plant.
- (3) Amendment of the UC Davis 2003 LRDP as follows:
  - a. Redesignate 70.0 acres from “Teaching and Research Fields” to “Support” to accommodate the proposed solar plant.
  - b. Redesignate 11.8 acres from “Academic/Administrative High Density” to “Teaching and Research Fields.”
  - c. Redesignate 12.4 acres from “Academic/Administrative Low Density” to “Teaching and Research Fields.”
  - d. Redesignate 45.8 acres from “Support” to “Teaching and Research Fields.”
- (4) Approval of the design of the Campus Solar Power Plant, Davis campus.

[The Tiered Initial Study, Negative Declaration, and California Environmental Quality Act Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

B. ***Amendment of Long Range Development Plan and Approval of Design following Action Pursuant to California Environmental Quality Act, West Campus Solar Farm, Riverside Campus***

Upon review and consideration of the environmental consequences of the proposed action as reflected in the certified 2005 UC Riverside Long Range Development Plan Environmental Impact Report (2005 LRDP EIR) as updated and augmented by the certified 2005 LRDP Amendment 2 EIR (2011 Amendment 2 EIR) and the Addendum to the 2011 Amendment 2 EIR, the Committee reported its:

- (1) Adoption of the California Environmental Quality Act Findings for LRDP Amendment 3.
- (2) Adoption of 2005 LRDP Amendment 3 to create the “Campus Infrastructure Overlay” land use designation and apply the overlay designation to an approximately 12-acre site.
- (3) Approval of the design of the solar farm project.

[The California Environmental Quality Act Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

C. ***Approval of Design following Action Pursuant to California Environmental Quality Act, Nimitz Marine Facility Berthing Wharf and Pier Replacement, San Diego Campus***

Upon review and consideration of the environmental consequences of the proposed Nimitz Marine Facility Berthing Wharf and Pier Replacement project, the Committee reported its:

- (1) Adoption of the Mitigated Negative Declaration under the California Environmental Quality Act (CEQA).
- (2) Adoption of the Mitigation Monitoring and Reporting Program and CEQA Findings.
- (3) Approval of the design of the Nimitz Marine Facility Berthing Wharf and Pier Replacement project, San Diego campus.

[The Mitigated Negative Declaration, Mitigation Monitoring and Reporting Program, and California Environmental Quality Act Findings were mailed to Regents in advance of the meeting, and copies are on file in the Office of the Secretary and Chief of Staff.]

D. ***Approval of Preliminary Plans Funding, Engineering VI – Phase 2, Los Angeles Campus***

The Committee recommended that the 2013-14 Budget for Capital Improvements be amended to include the following project:

Los Angeles: Engineering VI – Phase 2 – preliminary plans – \$3.15 million to be funded from gift funds.

E. ***Approval of Preliminary Plans Funding, Blake House Renovations, Repair, and Seismic Improvement, Office of the President***

The Committee recommended that the 2013-14 Budget for Capital Improvements be amended to include the following project:

UC Office of the President: Blake House, Renovations, Repair, and Seismic Improvement – preliminary plans – \$250,000 to be funded from UC Office of the President (UCOP) unrestricted funds (Searles Fund).

UC Office of the President: Blake House, Deferred Maintenance – \$370,000 to be funded from UCOP unrestricted funds (Searles Fund).

Upon motion of Regent Makarechian, duly seconded, the recommendations of the Committee on Grounds and Buildings were approved.

## 8. **REPORT OF INTERIM AND CONCURRENCE ACTIONS**

Secretary and Chief of Staff Kelman reported that, in accordance with authority previously delegated by the Regents, interim or concurrence action was taken on routine or emergency matters as follows:

- A. The Chairman of the Board, the Chair of the Committee on Finance, the Chair of the Committee on Compensation, and the President of the University approved the following recommendation:

***Approval for Participation in the Mortgage Origination Program with a Proposed Loan Amount in Excess of the Indexed Loan Amount for Marc Suchard, Professor, Los Angeles Campus***

Authorization for a Mortgage Origination Program loan in the amount of up to \$1.5 million to Marc Suchard as Professor, Los Angeles campus.

- B. The Chairman of the Board, the Chair of the Committee on Compensation, and the Executive Vice President – Business Operations approved the following recommendation:

***Approval of Lease Terms for President's Residence and Authorization to Pay Expenses for Mandatory Alterations to the New Residence, Office of the President***

- (1) Authorize the Secretary and Chief of Staff to the Regents, after consultation with General Counsel, to enter into a lease agreement for the President's temporary residence, to include substantially the following provisions:

- a. Two-year lease commencing September 1, 2013 and continuing through August 31, 2015.
    - b. Rent at \$9,950 a month for the term of the lease with annual rent adjustments as allowed by the Oakland Rent Adjustment Program.
    - c. A refundable security deposit of \$10,000.
  - (2) Authorize the Executive Vice President – Business Operations to pay reasonable and actual costs associated with, per policy, renovation and repair of the property, including costs for Americans with Disabilities Act (ADA) and security alterations, not to exceed \$50,000 total, comprised of the following items:
    - a. Per policy, alterations to guest bathroom to provide full ADA access for guests to the President’s residence.
    - b. Security enhancements and other legitimate and necessary property modifications, in consultation with and the approval of Chair of the Committee on Compensation, to allow Berkeley campus police oversight of the Presidential residence.
  - (3) Authorize, because of limited availability of suitable alternatives, an exception to the University of California Seismic Safety Policy Section III-I (Standards for Lease, License, Acquisition by Purchase or other Title Transfer), based on the following considerations: the space will be occupied for less than two years, and the University does not currently occupy any other space in the building.
- C. The Chair of the Committee on Compensation and the President of the University approved the following recommendations:
- (1) ***Retroactive Approval of the Appointment of and Compensation for Michele Cucullu as Director – Private Equity Investments, Office of the Chief Investment Officer, Office of the President***

Background to Recommendation

Action under interim authority was requested to approve the retroactive appointment of and compensation for Michele Cucullu as Director – Private Equity Investments, Office of the Chief Investment Officer, Office of the President, effective June 11, 2012, with an annual base salary of \$213,456. The retroactive effective date constitutes an exception to policy that requires the Regents’ approval.



Retroactive approval of the appointment and compensation was necessary due to an administrative oversight regarding the required approval authority. In 2012, the Office of the Chief Investment Officer (CIO) was transitioning human resources (HR) functions to the newly-formed, local HR unit in the Office of the President. The CIO's office should have sought the President's approval for Ms. Cucullu's appointment since her total potential cash compensation exceeded the Indexed Compensation Level. Because the President's approval was not obtained at the time Ms. Cucullu was appointed, retroactive approval by the Regents was required. HR has worked with the CIO's office to provide training and education on approval requirements.

Ms. Cucullu was promoted from Investment Officer – Private Equity Investments to Director – Private Equity Investments during an open recruitment to replace Thomas Lurquin, the former Director – Private Equity Investments, who left the University in May 2012. Following a nationwide recruitment, the Office of the Chief Investment Officer identified Ms. Cucullu as the top candidate to fill the position of Director – Private Equity Investments, Office of the Chief Investment Officer.

As Investment Officer – Private Equity Investments, Ms. Cucullu's base salary was \$185,671, and her Office of the Chief Investment Officer Annual Incentive Plan (AIP) target award was 35 percent of base salary (\$64,985) with a maximum potential award of 70 percent of base salary (\$129,970). As Director – Private Equity Investments, Ms. Cucullu is eligible to participate in the AIP with a target award of 45 percent of base salary (\$96,055) and a maximum potential award amount of 90 percent of base salary (\$192,110). The recommended AIP target award of 45 percent of base salary and maximum potential award of 90 percent of base salary are consistent with the terms and conditions of the incentive plan and are tied to the level of the position, not the individual. Ms. Cucullu's actual award will depend on performance against pre-established objectives. The awards are paid over a three-year period, with one half paid in the first year and the remainder equally deferred over the next two years. Ms. Cucullu's salary and AIP opportunities are the same as the former incumbent's opportunities. In September 2012, an AIP award of \$139,850.80 was approved for Ms. Cucullu for fiscal year 2012.

This position is funded entirely by non-State funds.

#### Recommendation

The following items were approved in connection with the retroactive appointment of and compensation for Michele Cucullu as Director – Private Equity Investments, Office of the Chief Investment Officer, Office of the President:

- a. Per policy, appointment of Michele Cucullu as Director – Private Equity Investments, Office of the Chief Investment Officer, Office of the President.
- b. Per policy, this appointment is at 100 percent time.
- c. Per policy, an annual base salary of \$213,456 at Management and Senior Professional (MSP) Grade 49 (Minimum \$204,400, Midpoint \$232,400, Maximum \$329,600).
- d. Per policy, continued eligibility to participate in the Office of the Chief Investment Officer Annual Incentive Plan with a new target award of 45 percent of base salary (\$96,055) and a maximum potential award of 90 percent of base salary (\$192,110). Ms. Cucullu's previous target award was 35 percent of base salary (\$64,985) and her maximum potential award amount was 70 percent of base salary (\$129,970). Ms. Cucullu's actual award will depend on performance against pre-established objectives. The awards are paid over a three-year period, with one half paid in the first year and the remainder equally deferred over the next two years.
- e. Per policy, standard pension and health and welfare benefits.
- f. As an exception to policy, this action is effective retroactively to June 11, 2012.

### COMPARATIVE ANALYSIS

#### **Recommended Compensation**

**Effective Date:** June 11, 2012

**Base Salary:** \$213,456

**Annual Incentive Plan (AIP) award (at target rate of 45 percent of base salary):** \$96,055

**Target Cash Compensation:\*** \$309,511

**Grade Level:** MSP Grade 49 (non-MRZ) (Minimum \$204,400, Midpoint \$232,400, Maximum \$329,600)

**Funding:** non-State-funded

#### **Budget &/or Prior Incumbent Data**

**Title:** Director – Private Equity Investments

**Base Salary:** \$213,456

**Annual Incentive Plan (AIP) award (at target rate of 45 percent of base salary):** \$96,055

**Target Cash Compensation:\*** \$309,511

**Grade Level:** MSP Grade 49 (non-MRZ) (Minimum \$204,400, Midpoint \$232,400, Maximum \$329,600)

**Funding:** non-State-funded

\*Target Cash Compensation consists of base salary and, if applicable, target incentive and/or stipend.

### COMPETITIVE ANALYSIS

Percentiles	BASE SALARY MARKET PERCENTILES					TARGET CASH MARKET PERCENTILES				
	25th	50th	60 <sup>th</sup>	75 <sup>th</sup>	90th	25th	50th	60 <sup>th</sup>	75th	90th
Market Data	\$204.4K	\$232.4K	N/A	\$283.2K	\$329.6 K	\$350.6K	\$448.2K	N/A	\$573.3K	\$800.2K
% Difference from Market	4.4%	-8.2%	--	-24.6%	-35.2%	-11.7%	-30.9%	--	-46.0%	-61.3%

**Survey Source:** Mercer – Office of the Chief Investment Officer Compensation Assessment, June 2012.

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, 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:** Chief Investment Officer, Vice President – Investments, and Acting Treasurer Berggren  
**Reviewed by:** President Yudof  
 Committee on Compensation Chair Kieffer  
 Office of the President, Human Resources

- (2) *Administrative Stipend for J. Renee Navarro as Vice Chancellor – Diversity and Outreach for Temporarily Assuming the Duties of the Vice Provost – Academic Affairs, San Francisco Campus*

#### Background to Recommendation

Action under interim authority was requested for an administrative stipend for J. Renee Navarro, Vice Chancellor – Diversity and Outreach, for temporarily assuming the duties of the Vice Provost – Academic Affairs, San Francisco campus. This request is being made because the current Vice Provost – Academic Affairs, Sally J. Marshall, retired from the University on June 27, 2013. Dr. Navarro will exercise full leadership

authority, responsibility, and accountability on an interim basis while a national search is conducted for the new Vice Provost – Academic Affairs.

Dr. Navarro will continue to retain full responsibility for her primary appointment as Vice Chancellor – Diversity and Outreach, which is classified in the Senior Management Group (SMG).

The campus requested approval of an annual administrative stipend of ten percent (\$27,000) of Dr. Navarro's current annual base salary of \$270,000 in connection with this assignment, increasing her annual total salary to \$297,000, in recognition of the increased scope of her responsibilities during this period. The administrative stipend will be effective July 1, 2013 through June 30, 2014, or until the appointment of a new Vice Provost – Academic Affairs, whichever occurs first, and for a three-month transition period after the appointment of a new Vice Provost – Academic Affairs, provided that the transition is completed prior to June 30, 2014.

When compared with the salary of the former incumbent in the position of Vice Provost – Academic Affairs (\$269,000), a stipend of \$27,000 represents a cost-efficient and appropriate approach to ensure the continuity of comprehensive academic affairs management and administration. The sum of Dr. Navarro's annual base salary and the administrative stipend would be just 10.4 percent more than the former incumbent's annual base salary.

Because the contribution to the Senior Management Supplemental Benefit Program made on behalf of Dr. Navarro will be based on the sum of her annual base salary and the administrative stipend, the five percent contribution would increase from \$13,500 to \$14,850.

This action required Regental approval because Dr. Navarro's current annual base salary of \$270,000 falls above the 75th percentile of the Market Reference Zone (MRZ) for the Vice Chancellor – Diversity and Outreach.

Action under interim authority was needed to promptly address the vacancy recently created by the retirement of Vice Provost Marshall. The timing of the final decision and offer to Dr. Navarro was made after the May 2013 Regents meeting and, effective July 1, 2013, Dr. Navarro assumed the additional responsibilities of the Vice Provost – Academic Affairs to ensure leadership and continuity of comprehensive academic affairs management and administration. Because of the timing of the appointment, in advance of the July Regents meeting, interim authority was requested.

The compensation associated with Dr. Navarro's position as Vice Chancellor – Diversity and Outreach and the stipend for temporarily assuming the duties of the Vice Provost – Academic Affairs position will be paid 100 percent from non-State funds.

Recommendation

The following items were approved in connection with the administrative stipend for J. Renee Navarro as Vice Chancellor – Diversity and Outreach for temporarily assuming the duties of the Vice Provost – Academic Affairs, San Francisco campus:

- a. Per policy, continued appointment of J. Renee Navarro as Vice Chancellor – Diversity and Outreach.
- b. Per policy, continued appointment at 100 percent time.
- c. Per policy, an administrative stipend of ten percent (\$27,000) of Dr. Navarro's current annual base salary of \$270,000, for an annual base salary plus stipend of \$297,000, in recognition of the increased scope of her responsibilities as a result of temporarily assuming the duties of the Vice Provost – Academic Affairs.
- d. Per policy, continuation of a five percent monthly contribution to the Senior Management Supplemental Benefit program, with the contribution calculation based on the sum of Dr. Navarro's annual base salary and the administrative stipend.
- 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. Per policy, the administrative stipend will be effective from July 1, 2013 through June 30, 2014, or until the appointment of a Vice Provost – Academic Affairs, whichever occurs first, and for a three-month transition period after the appointment of a new Vice Provost – Academic Affairs, provided that the transition is completed prior to June 30, 2014.

**COMPARATIVE ANALYSIS**

**Recommended Compensation**

**Effective Date:** July 1, 2013

**Annual Base Salary:** \$270,000

**Administrative Stipend:** \$27,000

**Target Cash Compensation:**\* \$297,000

**Funding:** non-State-funded

**Budget &/or Prior Incumbent Data**

**Title:** Vice Provost – Academic Affairs

**Annual Base Salary:** \$269,000

**Target Cash Compensation:**\* \$269,000

**Funding:** partially or fully State-funded

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY					MARKET COMPOSITE FOR TARGET CASH COMPENSATION					
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>	Percentiles	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$174K	\$200K	\$226K	\$266K	\$320K	Market Data	\$191K	\$236K	\$267K	\$314K	\$485K
% Difference	55.2%	35.0%	19.5%	1.5%	-15.6%	% Difference	55.5%	25.8%	11.2%	-5.4%	-38.8%

**Survey Source:** Mercer Benchmark Database Survey, Towers Watson Executive Compensation Survey, and Watson Wyatt Top Management Survey

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**Submitted by:** UC San Francisco Chancellor Desmond-Hellmann

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

- (3) *Change in Personnel Program to Achieve Systemwide Consistency for John Featherstone, Dean – School of Dentistry, David Vlahov, Dean – School of Nursing, and B. Joseph Guglielmo, Dean – School of Pharmacy, San Francisco Campus*

Background to Recommendation

Action under interim authority was requested to approve changing the personnel program classification for the three Dean positions that are currently classified in the Senior Management Group (SMG) at the San Francisco campus: John Featherstone as Dean – School of Dentistry, David Vlahov as Dean – School of Nursing, and B. Joseph Guglielmo as Dean – School of Pharmacy.

At their November 2009 meeting, the Regents approved the transfer of full-time academic Dean positions from the SMG to the Academic Personnel Program. The action was based on a recommendation by the independent Task Force on UC Compensation, Accountability, and Transparency in October 2009 that the Regents should consider delegating approval for total compensation of Deans to the chancellor of the respective campus. In the executive summary of the November 2009 action, *Deans' Salary Structure Proposal: Transfer of Deans from the Senior Management Group Program to Academic Titles*, it was noted that “Chancellors must be empowered with the tools necessary to recruit the University’s academic leaders.” Certain Deans were not transferred by virtue of the November 2009 action – Deans with the concurrent title of Vice Chancellor, Deans who report solely to the Chancellor, Extension Deans, and Student Affairs Deans.

The three Dean positions at the San Francisco campus were not removed at the time because of their direct reporting relationship to the Chancellor. As the only graduate professional campus in the system, the San Francisco campus has been unfairly and disproportionately affected. Deans of the Schools of Dentistry, Nursing, and Pharmacy at the other health science campuses do not report directly to the chancellor of the respective campus and thus are governed under the Academic Personnel Program. In an effort to achieve systemwide consistency with their internal peers who are classified within the Academic Personnel Program and governed by Academic Personnel policies, the San Francisco campus is proposing that the three Dean positions be moved from SMG to the Academic Personnel Program, effective July 1, 2013.

The three Dean positions will continue to report to the Chancellor.

The removal of the Dean positions from SMG to Academic Personnel constitutes an exception to Academic Personnel Policy, Section 240 (APM 240-14) because the positions report directly to the Chancellor.

Upon transfer to the Academic Personnel Program, all SMG benefits will cease for the employees in these three positions, and their benefits will be consistent with the Academic Personnel Program benefits.

Funding for these positions will come from a combination of State and non-State funds. No State or UC general funds will be used for the Health Sciences Compensation Plan (HSCP) “Y” component of pay.

Action under interim authority was necessary to ensure the faculty administrator appointments and resulting HSCP participation coincide with the effective date of the positions transferring from SMG.

Recommendation

The following items were approved in connection with the change in personnel program to achieve systemwide consistency for John Featherstone, Dean – School of Dentistry, David Vlahov, Dean – School of Nursing, and B. Joseph Guglielmo, Dean – School of Pharmacy, San Francisco campus:

- a. Change in personnel program for John Featherstone as Dean – School of Dentistry, David Vlahov as Dean – School of Nursing, and B. Joseph Guglielmo as Dean – School of Pharmacy, and their successors, from the Senior Management Group to the Academic Personnel Program. This change constitutes an exception to Academic Personnel Policy, Section 240 (APM - 240-14) because the three Dean positions report directly to the Chancellor. This action includes moving the three positions out of the current Market Reference Zone structure to an appropriate salary band in the Academic Personnel Deans’ Salary Structure.
- b. Continued eligibility for all three Deans to participate in the Health Sciences Compensation Plan (HSCP), consistent with their peers, and in accordance with Academic Personnel Policy, Section 670 (APM - 670). The details of their eligibility in the HSCP are established by Academic Personnel.
- c. Termination, concurrent with this action, of all standard senior management benefits (including senior management life insurance and executive salary continuation for disability) and participation in the Senior Management Supplemental Benefit Program.
- d. All employment, compensation, benefits and other human resources-related actions will be governed by Academic Personnel Program policies.
- e. This action is effective July 1, 2013.



**Recommended Compensation (to be approved by the Chancellor) –  
John Featherstone, Dean – School of Dentistry**

**Effective Date:** July 1, 2013

**Base Salary:** \$300,000

**Health Sciences Compensation Plan:** \$78,550 paid from non-State funds as the HSCP “Y” component

**Health Sciences Incentive Opportunity:** Eligible per APM - 670

**Target Cash Compensation:**\* \$378,550

**Personnel Program:** Academic (ACAD)

**Salary Band:** Deans Salary Structure Band III

**Faculty Title:** Professor, Step 9

**Funding Source:** partially or fully State-funded

**Budget &/or Prior Incumbent Data**

**Base Salary:** \$300,000

**Health Sciences Compensation Plan:** \$50,000 paid from non-State funds as the HSCP “Y” component

**Target Cash Compensation:**\* \$350,000

**Personnel Program:** Senior Management Group (SMG)

**Market Reference Zone (MRZ) Title:** Dean – Dentistry

**MRZ Ranges:** 25th%: \$288,000, 50th%: \$341,000, 60th%: \$346,000, 75th%: \$353,000, 90th%: \$377,000

**Funding Source:** partially or fully State-funded

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**Recommended Compensation (to be approved by the Chancellor) –  
David Vlahov, Dean – School of Nursing**

**Effective Date:** July 1, 2013

**Base Salary:** \$300,000

**Health Sciences Compensation Plan:** \$78,550 paid from non-State funds as the HSCP “Y” component

**Health Sciences Incentive Opportunity:** Eligible per APM - 670

**Target Cash Compensation:**\* \$378,550

**Personnel Program:** Academic (ACAD)

**Salary Band:** Deans Salary Structure Band III

**Faculty Title:** Professor, Step 7

**Funding Source:** partially or fully State-funded

**Budget &/or Prior Incumbent Data**

**Base Salary:** \$290,000

**Health Sciences Compensation Plan:** \$60,000 paid from non-State funds as the HSCP “Y” component

**Target Cash Compensation:**\* \$350,000

**Personnel Program:** Senior Management Group (SMG)

**Market Reference Zone (MRZ) Title:** Dean – Nursing

**MRZ Ranges:** 25th%: \$245,000, 50th%: \$306,000, 60th%: \$318,000, 75th%: \$337,000, 90th%: \$347,000

**Funding Source:** partially or fully State-funded

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**Recommended Compensation (to be approved by the Chancellor) – B. Joseph Guglielmo, Dean – School of Pharmacy**

**Effective Date:** July 1, 2013

**Base Salary:** \$300,000

**Health Sciences Compensation Plan:** \$78,550 paid from non-State funds as the HSCP “Y” component

**Health Sciences Incentive Opportunity:** Eligible per APM - 670

**Target Cash Compensation:\*** \$378,550

**Personnel Program:** Academic (ACAD)

**Salary Band:** Deans Salary Structure Band III

**Faculty Title:** Professor of Clinical X, Step 9

**Funding Source:** partially or fully State-funded

**Budget &/or Prior Incumbent Data**

**Base Salary:** \$271,000

**Health Sciences Compensation Plan:** \$94,000 paid from non-State funds as the HSCP “Y” component

**Target Cash Compensation:\*** \$365,000

**Senior Management Supplemental Benefit:** \$13,550 (five percent annual rate)

**Total Cash Compensation:** \$378,550

**Personnel Program:** Senior Management Group (SMG)

**Market Reference Zone (MRZ) Title:** Dean – Pharmacy

**MRZ Ranges:** 25th%: \$216,000, 50th%: \$271,000, 60th%: \$272,000, 75th%: \$273,000, 90th%: \$289,000

**Funding Source:** partially or fully State-funded

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

The compensation described above shall constitute the University’s total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, 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 San Francisco Chancellor Desmond-Hellmann  
**Reviewed by:** President Yudof  
Committee on Compensation Chair Kieffer  
Office of the President, Academic Personnel  
Office of the President, Human Resources

(4) *Contract Compensation for John Savage as Head Coach – Baseball, Intercollegiate Athletics, Los Angeles Campus*

Background to Recommendation

Action under interim authority was requested to approve the contract compensation for John Savage as Head Coach – Baseball, Intercollegiate Athletics, Los Angeles campus, effective July 1, 2013 through June 30, 2025.

With a history of success and UCLA's recent title of 2012-13 College World Series Champions, Coach Savage has been approached by other institutions with competitive offers. This increase in compensation was requested to acknowledge his record of success and to secure his continued commitment beyond the term of his existing contract, which currently ends on June 30, 2017. Action under interim authority was necessary because these negotiations must be concluded as soon as possible to retain Coach Savage; therefore, this action needed to be completed before the regularly scheduled Regents meeting.

The following compensation elements are all paid from non-State funds. The campus proposed an annual guaranteed compensation of \$600,000, which would consist of an annual base salary of \$300,000 and a talent fee of \$300,000. The proposed annual guaranteed compensation reflects a greater than 30 percent increase over the previous contract's annual guaranteed compensation of \$270,000, which consists entirely of base salary. This increase exceeds the delegated authority under the *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (September 2008 Parameters) and therefore requires approval by the Regents; Coach Savage's total potential cash compensation exceeds \$291,000. In addition, the campus proposes an increase to the maximum incentive potential from \$100,000 to \$150,000. This also exceeds the authority delegated under the September 2008 Parameters because the increase is greater than 15 percent and more than \$30,000; it therefore requires Regental approval. The campus also proposed an increase in potential camp earnings from a maximum of \$91,000 to a maximum of \$200,000. Because this increase is greater than 30 percent, it exceeds the

authority delegated under the September 2008 Parameters and therefore required Regental approval.

Lastly, the campus proposed to increase the deferred compensation by increasing the amount of the annual retention bonuses from \$40,000 to \$75,000. These retention bonuses, which are contingent upon Coach Savage remaining in the position of Head Coach – Baseball at the end of each contract year, will total \$900,000 for the contract duration. This exceeds the authority delegated under the September 2008 Parameters because the total deferred compensation will exceed the first year's annual guaranteed compensation of \$600,000.

All other compensation elements remain within the September 2008 Parameters and therefore did not require Regental approval.

The compensation provided under this contract will be funded exclusively from athletic department revenues and private fundraising. No State or general campus funds will be used.

#### Recommendation

The following items were approved in connection with the contract compensation for John Savage as Head Coach – Baseball, Intercollegiate Athletics, Los Angeles campus:

- a. As an exception to the *Amendment of Regents' Delegation of Authority for Recruiting and Negotiation Parameters for Certain Athletic Positions and Coaches, Systemwide* (September 2008 Parameters), annual guaranteed compensation of \$600,000, comprised of \$300,000 in base salary and \$300,000 in talent fee. This constitutes an exception because the increase in annual guaranteed compensation is more than 30 percent over the current contract's annual guaranteed compensation of \$270,000, which consists entirely of base salary.
- b. As an exception to the September 2008 Parameters, an annual maximum incentive potential of \$150,000. This constitutes an exception because the increase is more than 15 percent above the current contract's maximum incentive potential of \$100,000.
- c. As an exception to the September 2008 Parameters, an annual maximum of \$200,000 may be earned for services performed in conjunction with camps under a revenue-sharing arrangement, the terms of which may be determined at the sole discretion of the Athletics Director. This constitutes an exception because the increase is more than 30 percent over the \$91,000 maximum that

may be earned in conjunction with camps under the current contract.

- d. As an exception to the September 2008 Parameters, deferred compensation of \$900,000 during the term of the contract, payable in the form of annual retention bonuses of \$75,000 that are contingent upon Coach Savage continuing to hold the position of Head Coach – Baseball at the end of each contract year. This constitutes an exception because the total amount of deferred compensation exceeds the first year's annual guaranteed compensation of \$600,000.
- e. The new contract will be effective July 1, 2013 through June 30, 2025.

**Recommended Compensation**

**Effective Date:** July 1, 2013 – June 30, 2025

**Annual Base Salary:** \$300,000

**Talent Fee:** \$300,000

**Guaranteed Compensation:** \$600,000

**Maximum Potential Bonus/Incentives:** \$150,000

**Camps:** \$200,000

**Annual Deferred Compensation (Contingent Retention Bonus):**  
\$75,000

**Signing Bonus:** \$100,000

**Total Potential Cash Compensation:** \$1,125,000

**Funding:** non-State-funded

**Current Incumbent Data**

**Title:** Head Coach – Baseball

**Annual Base Salary:** \$270,000

**Talent Fee:** \$0

**Guaranteed Cash Compensation:** \$270,000

**Maximum Potential Bonus/Incentives:** \$100,000

**Camps:** \$91,000

**Annual Deferred Compensation (Contingent Retention Bonus):**  
\$40,000

**Total Potential Cash Compensation:** \$501,000

**Funding:** non-State-funded

The compensation described above shall constitute the University's total commitment for the elements of compensation addressed above until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, 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 Kieffer**  
**Office of the President, Human Resources**

(5) *Appointment of and Compensation for Wayne D. Smutz as Dean – Continuing Education and UCLA Extension, Los Angeles Campus*

Background to Recommendation

Action under interim authority was requested for the appointment of and compensation for Wayne D. Smutz as Dean – Continuing Education and UCLA Extension, effective on or about October 15, 2013.

Following a comprehensive national search, Mr. Smutz was identified as the top candidate to succeed Cathy Sandeen, the former Dean of Continuing Education and UCLA Extension. Mr. Smutz is currently the Executive Director, World Campus, and Associate Vice President for Academic Outreach at Pennsylvania State University. The World Campus is Penn State's online delivery platform for over 90 undergraduate and graduate degrees and certificates. Currently it has nearly 55,000 course enrollments and serves over 12,000 World Campus students in addition to 6,000 resident students. Mr. Smutz is responsible for a budget of \$110 million and a staff of 300 distributed across multiple units (Program Management, Learning Design, Marketing, Advising and Learner Success, Student Services, Financial Services, Faculty Development, the Penn State Video Learning Network, and Continuing Education at University Park).

The campus also requested approval of an annual base salary of \$300,000 for Mr. Smutz based on his significant experience and recognized leadership in the field of distance learning and online education. The proposed base salary exceeds the 75th percentile of the Market Reference Zone for this position and thus required Regental approval.

The role of Dean – Continuing Education and University Extension at UCLA is a key priority and has strategic significance for the campus. As the chief executive officer for University Extension, Mr. Smutz will provide strategic vision and operational leadership for the school, which employs approximately 2,500 instructors and 400 staff and has a self-supporting annual operating budget of more than \$75 million. At UCLA, Mr. Smutz will play a significant role in achieving campus priorities, including creation of new programs with an expanded focus on distance

learning, financial stability, and partnership with campus departments in supporting the overall financial health of the campus.

This position will be paid from non-State funds.

Action under interim authority was requested to ensure effective leadership and planning for the transition of the organization to a new Dean. The position had been vacant since the beginning of January 2013, and there was an immediate need to complete the hiring action at the earliest opportunity so that the campus can bring Mr. Smutz on board at the beginning of the new academic year and notify current candidates regarding the selection decision.

#### Recommendation

The following items were approved in connection with the appointment of and compensation for Wayne D. Smutz as Dean – Continuing Education and UCLA Extension, Los Angeles campus:

- a. Per policy, appointment of Wayne D. Smutz as Dean – Continuing Education and UCLA Extension, Los Angeles campus at 100 percent time.
- b. Per policy, an annual base salary of \$300,000.
- c. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- d. Per policy, a relocation allowance of 25 percent of Mr. Smutz's proposed base salary (\$75,000) to be paid in annual installments over four years as follows: \$30,000 (40 percent) in year one, \$22,500 (30 percent) in year two, \$15,000 (20 percent) in year three, and \$7,500 (ten percent) in year four. If Mr. Smutz separates from the University prior to four years of employment, any unpaid installments will be forfeited at the time of separation. The relocation allowance is intended to offset a portion of the substantial costs Mr. Smutz will incur in relocating to the Los Angeles area.
- e. Per policy, two house-hunting trips for Mr. Smutz and his spouse to secure housing in the Los Angeles area not to exceed a total of \$4,000 in actual and reasonable expenses for coach airfare, meals, and lodging, subject to the limitations under policy.
- f. Per policy, a temporary housing allowance of \$3,500 per month up to a period of 60 days for a total not to exceed \$7,000 to offset

limited housing-related expenses, subject to the limitations under policy.

- g. Per policy, 100 percent reimbursement of actual and reasonable expenses associated with moving household goods and personal effects from the former primary residence to the new primary residence, subject to the limitations under policy.
- h. Per policy, eligibility to participate in the UC Home Loan Program, in accordance with all applicable policies.
- i. 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 after five years of Senior Management Group service).
- j. This appointment is effective on or about October 15, 2013.

#### **Recommended Compensation**

**Effective Date:** on or about October 15, 2013

**Base Salary:** \$300,000

**Target Cash Compensation:\*** \$300,000

**Market Reference Zone:** (25th%: \$164,000, 50th%: \$201,000, 60th%: \$215,000, 75th%: \$237,000, 90th%: \$267,000)

**Funding:** non-State-funded

#### **Budget &/or Prior Incumbent Data**

**Title:** Dean – Continuing Education and UCLA Extension

**Base Salary:** \$213,400

**Target Cash Compensation:\*** \$213,400

**Market Reference Zone:** (25th%: \$164,000, 50th%: \$201,000, 60th%: \$215,000, 75th%: \$237,000, 90th%: \$267,000)

**Funding:** non-State-funded

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

### **COMPETITIVE ANALYSIS**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY					Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION (Data not available for this position.)				
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>		25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$164K	\$201K	\$215K	\$237K	\$267K	Market Data	N/A	N/A	N/A	N/A	N/A
% Difference from Market	82.9%	49.3%	39.5%	26.6%	12.4%	% Difference from Market	N/A	N/A	N/A	N/A	N/A



**Survey Source:** College and University Professional Association (CUPA) survey. CUPA reports base salary only.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, 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 Kieffer  
Office of the President, Human Resources

- (6) *Appointment of and Compensation for Margaret Leinen as Vice Chancellor – Marine Sciences, Dean of the School of Marine Sciences, and Director of the Scripps Institution of Oceanography, San Diego Campus*

Background to Recommendation

Action under interim authority was requested by the San Diego campus for the appointment of and compensation for Margaret Leinen as Vice Chancellor – Marine Sciences, Dean of the School of Marine Sciences, and Director of the Scripps Institution of Oceanography (SIO), with an annual base salary of \$310,000, effective October 1, 2013. This exceeds the 75th percentile of the Market Reference Zone for this position.

This request was in response to the fact that the former incumbent, Anthony Haymet, stepped down from this role on January 1, 2013. Mr. Haymet continues to serve as a Distinguished Professor in the Integrative Oceanography Division at UC San Diego.

Following a comprehensive international search, Margaret Leinen was identified as the top candidate for this position. Ms. Leinen is currently the Associate Provost of Marine and Environmental Initiatives and Executive Director of the Harbor Branch Oceanographic Institute, a unit of Florida Atlantic University. She is an accomplished executive with more than 20 years of experience, including international and national leadership roles with a variety of organizations involved in ocean science and global climate and environmental issues; professional society presidencies; environmental organization board membership; academic administration; and federal research administration.

Ms. Leinen was recently elected president-elect of the American Geophysical Union, an organization with more than 61,000 members in nearly 150 countries. She has served as president of the Oceanography Society and Chair of the Atmospheric and Hydrospheric Sciences Section of the American Association for the Advancement of Science. Her experience at the National Science Foundation (NSF) included oversight of seven NSF units and a budget of \$700 million, as well as leadership of government-wide planning for climate research. At the NSF, she identified and secured \$1 billion in funding for initiatives that responded to new research infrastructure needs.

The Vice Chancellor – Marine Sciences, Dean of the School of Marine Sciences, and Director of the Scripps Institution of Oceanography (SIO) position is in the Senior Management Group, Level Two. The position reports directly to the Chancellor and serves as a member of the Chancellor's Cabinet. The position oversees approximately 2,200 staff and faculty and annual expenditures in excess of \$178 million. Duties include oversight of an academic fleet of four research vessels and a floating instrument platform, and a large aquarium that hosts more than 436,000 visitors annually.

This position will be funded with State funds.

Action under interim authority was requested so that the selection can be announced at the earliest opportunity, permitting Ms. Leinen to play an active role in a smooth transition to Scripps, and to allow her to provide adequate notice to her current employer as well as arrange for her relocation from Florida to San Diego. It was critical that the new Vice Chancellor be appointed near the start of the academic year and to assume leadership of Scripps as it finalizes the strategic planning process currently under way.

#### Recommendation

The following items were approved in connection with the appointment of and compensation for Margaret Leinen as Vice Chancellor – Marine Sciences, Dean of the School of Marine Sciences, and Director of the Scripps Institution of Oceanography (SIO), San Diego campus:

- a. Appointment of Margaret Leinen as Vice Chancellor – Marine Sciences, Dean of the School of Marine Sciences, and Director of the Scripps Institution of Oceanography (SIO), UC San Diego, at 100 percent time.
- b. Per policy, an annual base salary of \$310,000.

- c. Per policy, a relocation allowance of 25 percent of her proposed base salary (\$77,500) to be paid in four equal annual installments of \$19,375 beginning November 1, 2013. If Ms. Leinen separates from the University, any unpaid installments will be forfeited at the time of separation.
- d. Per policy, a temporary housing allowance not to exceed \$3,000 per month up to a period of 90 days for a total not to exceed \$9,000 to offset limited housing-related expenses, subject to the limitations under policy.
- e. Per policy, 100 percent reimbursement of actual and reasonable expenses associated with moving her household goods and personal effects from her former primary residence to her new primary residence, subject to the limitations under policy.
- f. Per policy, reimbursement of actual and reasonable expenses associated with two house-hunting trips for Ms. Leinen and her spouse or partner to secure housing in the San Diego area, subject to the limitations under policy.
- g. Per policy, reimbursement of actual and reasonable costs of transportation associated with Ms. Leinen taking up to two return trips home to her former residence to facilitate her relocation, subject to the limitations under policy.
- h. Per policy, eligibility to participate in the UC Home Loan Program, in accordance with applicable policies.
- i. 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 after five years of Senior Management Group service).
- j. Per policy, accrual of sabbatical credits as a member of tenured faculty.
- k. This appointment will be effective October 1, 2013.

**Recommended Compensation****Effective Date:** October 1, 2013**Base Salary:** \$310,000**Target Cash Compensation:\*** \$310,000**Market Reference Zone:** (25th%: \$155,000, 50th%: \$252,000, 60th%: \$267,000, 75th%: \$290,000, 90th%: \$307,000)**Funding:** partially or fully State-funded

**Budget &/or Prior Incumbent Data**

**Title:** Vice Chancellor – Marine Sciences, Dean of the School of Marine Sciences, and Director of the Scripps Institution of Oceanography (SIO)

**Base Salary:** \$295,000

**Target Cash Compensation:\*** \$295,000

**Market Reference Zone:** (25th%: \$155,000, 50th%: \$252,000, 60th%: \$267,000, 75th%: \$290,000, 90th%: \$307,000)

**Funding:** partially or fully State-funded

\* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY					Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION (Data not available for this position.)				
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>		25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$155K	\$252K	\$267K	\$290K	\$307K	Market Data	N/A	N/A	N/A	N/A	N/A
% Difference from Market	100.0%	23.0%	16.1%	6.9%	1.0%	% Difference from Market	N/A	N/A	N/A	N/A	N/A

**Survey Source:** College and University Professional Association (CUPA) survey. CUPA reports base salary only.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, 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 San Diego Chancellor Khosla  
**Reviewed by:** President Yudof  
 Committee on Compensation Chair Kieffer  
 Office of the President, Human Resources

- (7) *Appointment of and Compensation for Thomas Andriola as Chief Information Officer and Vice President – Information Technology Services, Office of the President*

**Background to Recommendation**

Action under interim authority was requested to approve the appointment of and compensation for Thomas Andriola as Chief Information Officer and Vice President – Information Technology Services, Office of the President, effective September 16, 2013, with an annual base salary of \$335,000.

A comprehensive national recruitment search was launched in January 2013 to fill the position of Chief Information Officer (CIO) and Vice President – Information Technology Services (VP-ITS), and Mr. Andriola was identified as the top candidate. The CIO and VP-ITS reports to the Executive Vice President – Business Operations, Office of the President, and is an integral part of the Office of the President's senior leadership team.

Mr. Andriola is currently the Vice President, Healthcare Information Technology, Growth Markets, for Royal Philips Electronics, San Francisco and Shanghai, China. He is an accomplished executive with 18 years of experience in information technology and business management positions with MarchFirst, Inc., Sapient Corporation, and PricewaterhouseCoopers LLP. His successful experience developing large-scale shared services programs and his demonstrated skill in working collaboratively and building consensus within complex, decentralized organizations align with the critical requirements of the CIO and VP-ITS position.

This position was previously held by David Ernst, who retired effective December 31, 2012. Since Mr. Ernst's retirement, this position has been filled by two Co-Chief Information Officers.

The proposed salary is 40.8 percent above the salary of the former incumbent, David Ernst, whose salary was four percent below the 25th percentile of the Market Reference Zone (MRZ). Mr. Andriola's previous base salary was \$300,000 per year plus a 40 percent bonus opportunity, which increased his total cash compensation to \$420,000. The proposed annual base salary is appropriate given the scope of Mr. Andriola's duties, the importance of the CIO and VP-ITS function and current market competition, as well as the expertise and experience that Mr. Andriola brings to the position.

The market demand for CIOs has been driving up compensation. Recently, a new CIO was hired at UC Berkeley at a salary slightly less than that proposed for Mr. Andriola. Current total compensation for four of the five CIOs at the UC medical centers is significantly higher than the offer extended to Mr. Andriola. In addition, recently collected compensation data on CIO positions at other comparable universities (i.e., Princeton University, University of Virginia, Ohio State University) indicated that the average base salary was \$319,600. Many of these positions included other compensation components in addition to base salary that are not available to Mr. Andriola.

Action under interim authority is necessary because of the timing of the final decision and offer to Mr. Andriola, and because Mr. Andriola's proposed start date is prior to the September meeting.

This position will be partially or fully State-funded.

#### Recommendation

The following items were approved in connection with the appointment of and compensation for Thomas Andriola as Chief Information Officer and Vice President – Information Technology Services, Office of the President:

- a. Appointment of Thomas Andriola as Chief Information Officer and Vice President – Information Technology Services, Office of the President.
- b. Per policy, an annual base salary of \$335,000.
- c. 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 after five years of Senior Management Group service).
- d. Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- e. Per policy, eligible to participate in the UC Home Loan Program, subject to all applicable program requirements.
- f. This appointment will be at 100 percent time and effective September 16, 2013.

### **COMPARATIVE ANALYSIS**

#### **Recommended Compensation**

**Effective Date:** September 15, 2013

**Title:** Chief Information Officer and Vice President – Information Technology Services

**Base Salary:** \$335,000

**Target Cash Compensation:**\* \$335,000

**Market Reference Zone:** 25th percentile - \$248,000, 50th percentile - \$299,000, 60th percentile - \$325,000, 75th percentile - \$363,000, 90th percentile - \$394,000

**Funding:** partially or fully State-funded

**Budget &/or Prior Incumbent Data**

**Title:** Chief Information Officer and Associate Vice President – Information Technology Services

**Base Salary:** \$238,000

**Target Cash Compensation:\*** \$238,000

**Market Reference Zone:** 25th percentile - \$248,000, 50th percentile - \$299,000, 60th percentile - \$325,000, 75th percentile - \$363,000, 90th percentile - \$394,000

**Funding:** partially or fully State-funded

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS FOR CHIEF INFORMATION OFFICER AND VICE  
PRESIDENT – INFORMATION TECHNOLOGY SERVICES**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY					Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION				
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>		25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$248K	\$299K	\$325K	\$363K	\$394K	Market Data	\$286K	\$368K	\$410K	\$474K	\$679K
% Difference from Market	35.1%	12.0%	3.1%	-7.7%	-15.0%	% Difference from Market	17.1%	-9.0%	-18.3%	-29.3%	-50.7%

**Survey Source:** Radford Executive Benchmark Survey, Towers Watson Top Management Survey, Towers Watson General Industry Executive Compensation Survey, Mercer Benchmark Database Survey, and College and University Professional Association (CUPA) Survey. CUPA reports base salary only.

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, 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:** Executive Vice President – Business Operations  
Brostrom

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

(8) *Appointment of and Compensation for Adela de la Torre as Vice Chancellor – Student Affairs, Davis Campus*

Background to Recommendation

Action under interim authority was requested to approve the appointment of and compensation for Adela de la Torre as Vice Chancellor – Student Affairs, Davis campus, with an annual base salary of \$243,078, effective August 1, 2013.

Following a comprehensive national search, Adela de la Torre was identified as the top candidate for the position of Vice Chancellor – Student Affairs. She is an accomplished leader, having served in academic leadership roles at the California State University system, the University of Arizona, and UC Davis. Ms. de la Torre has worked diligently to improve access, communication, and equity for underserved communities and groups.

This position was previously held by Fred E. Wood, who left the University on July 2, 2012. Ms. de la Torre, Professor and Director of Department of Chicano/a Studies at UC Davis, served as the Interim Vice Chancellor – Student Affairs from August 1, 2012 to July 31, 2013.

In this interim capacity, she received a base salary of \$235,998, which represented a ten percent increase to her annualized faculty salary. Her base salary was higher than the previous incumbent's salary as Vice Chancellor and also higher than that of other UC Vice Chancellors – Student Affairs. Effective July 1, 2013, Ms. de la Torre received the three percent salary increase consistent with the Policy-Covered (Non-Represented) Staff Salary Plan for fiscal year 2013-14. This brought her annual salary as Interim Vice Chancellor – Student Affairs to \$243,078. Her proposed base salary as the career Vice Chancellor – Student Affairs is identical to this amount. Though it is 15.8 percent more than the previous incumbent's base salary of \$210,000, it should be noted that Mr. Wood did not receive any additional salary increases since his initial appointment salary of \$210,000 in 2007. Ms. de la Torre has experience working closely with student activists during campus protests and is effective at listening and helping to minimize tension within groups. These have proven to be key attributes for the UC Davis Vice Chancellor – Student Affairs.

This position is partially or fully State-funded.

Action under interim authority was requested to allow Ms. de la Torre to continue her leadership as Vice Chancellor – Student Affairs as she



finalizes the strategic planning process currently under way for the start of the academic year.

Recommendation

The following items were approved in connection with the appointment of and compensation for Adela de la Torre as Vice Chancellor – Student Affairs, Davis campus:

- a. Per policy, appointment of Adela de la Torre as Vice Chancellor – Student Affairs at 100 percent time.
- b. Per policy, an annual base salary of \$243,078, which includes the three percent across-the-board salary increase.
- c. 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 after five years of Senior Management Group service).
- d. Per policy, eligible for accrual of sabbatical credits as a member of tenured faculty.
- e. Per policy, eligible to participate in the UC Home Loan Program, subject to all applicable program requirements.
- f. If Ms. de la Torre maintains an active research program during her appointment as Vice Chancellor – Student Affairs, an allocation of campus funding will be established for this research during the term as Vice Chancellor – Student Affairs.
- g. This action will be effective August 1, 2013.

**COMPARATIVE ANALYSIS**

**Recommended Compensation**

**Effective Date:** August 1, 2013

**Title:** Vice Chancellor – Student Affairs

**Base Salary:** \$243,078

**Target Cash Compensation:\*** \$243,078

**Market Reference Zone:** 25th percentile - \$199,000; 50th percentile - \$231,000; 60th percentile - \$236,000; 75th percentile - \$244,000; 90th percentile - \$270,000

**Funding:** partially or fully State-funded

**Budget &/or Prior Incumbent Data****Title:** Vice Chancellor – Student Affairs**Annual Base Salary:** \$210,000**Target Cash Compensation:**\* \$210,000**Market Reference Zone:** 25th percentile - \$199,000; 50th percentile - \$231,000; 60th percentile - \$236,000; 75th percentile - \$244,000; 90th percentile - \$270,000**Funding:** partially or fully State-funded

\*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

**COMPETITIVE ANALYSIS**

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY					Percentiles	MARKET COMPOSITE FOR TARGET CASH COMPENSATION (Data not available for this position.)				
	25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>		25 <sup>th</sup>	50 <sup>th</sup>	60 <sup>th</sup>	75 <sup>th</sup>	90 <sup>th</sup>
Market Data	\$199K	\$231K	\$236K	\$244K	\$270K	Market Data	N/A	N/A	N/A	N/A	N/A
% Difference from Market	22.1%	5.2%	3%	-.4%	-10%	% Difference from Market	N/A	N/A	N/A	N/A	N/A

**Survey Source:** College and University Professional Association (CUPA) Administrative Compensation Survey. CUPA reports base salary only.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, 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 Kieffer**  
**Office of the President, Human Resources**

- (9) *Approval of Participation in the Mortgage Origination Program for Nathan Brostrom, Executive Vice President – Business Operations, Office of the President*

**Background to Recommendation**

The Mortgage Origination Program (MOP) supports the recruitment and retention of faculty and Senior Managers by providing them first deed of trust financing in the purchase of a principal residence. Applicants must meet the qualifying criteria before the loan is funded.

The eligible population for the Mortgage Origination Program (MOP) includes full-time University appointees who are members of the Senior Management Group (SMG), as stated in Regents Policy 5305: Policy on University of California Mortgage Origination Program. Thus, Executive Vice President (EVP) – Business Operations Brostrom is eligible for the Mortgage Origination Program as a member of the SMG. However, as a Level One SMG, EVP Brostrom's participation in the MOP must be approved by the Regents.

Because he owned his residence and relocation was not necessary at the time, approval for MOP participation was not sought in connection with EVP Brostrom's original career appointment as Vice Chancellor for Administration, UC Berkeley, February 2006 or his subsequent appointments (August 2009 appointment as Interim Executive Vice President – Business Operations, Office of the President followed by his career appointment as Executive Vice President – Business Operations, Office of the President in January 2010). EVP Brostrom has not previously participated in the UC MOP program.

Appointment items for SMGs may include eligibility for MOP loans, even for those who do not anticipate taking advantage of the program. Designation for MOP participation will continue to be subject to approval by the appropriate local authority, based on the location's recruitment and retention needs. Neither eligibility to participate nor designation for participation constitutes loan approval. Loan approval is contingent upon satisfaction of all program requirements.

Interim action was requested in order to enable EVP Brostrom to proceed with purchase of a principal residence.

The source of funds for the MOP is the University's Short-Term Investment Pool (STIP).

#### Recommendation

Amendment of the compensation terms for Nathan Brostrom as Executive Vice President – Business Operations, Office of the President to include eligibility to participate in the Mortgage Origination Program, subject to the applicable terms and conditions of that Program.

The compensation described above shall constitute the University's total commitment for the element of compensation addressed above until modified by the Regents or the President, as applicable under Regents policy, 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: President Yudof**  
**Reviewed by: Committee on Compensation Chair Kieffer**  
**Office of the President, Human Resources**

- D. The Chair of the Committee on Grounds and Buildings and the President of the University approved the following recommendation:

***Amendment of the Budget, Approval of Minor Scope Change, and Action Pursuant to California Environmental Quality Act, Phases 1 and 2 of the University House Rehabilitation, San Diego Campus***

Based on review and consideration of the previously certified University House Rehabilitation Project Environmental Impact Report (July 2011):

- (1) Amendment of the 2013-14 Budget for Capital Improvements and the Capital Improvement Program as follows:

From: San Diego: Phases 1 and 2 of the University House – preliminary plans, working drawings, and construction – \$10,504,000 to be funded from gift funds earmarked for the University House Rehabilitation project (\$9,054,000) and Searles Funds (\$1.45 million).

To: San Diego: Phases 1 and 2 of the University House – preliminary plans, working drawings, construction, and equipment – \$11,304,000 to be funded from gift funds earmarked for the University House Rehabilitation project (\$9,504,000), Searles Funds (\$1.45 million), and unrestricted gift funds (\$350,000).

- (2) Upon review and consideration of the environmental consequences associated with the minor changes to the University House project, determine under the California Environmental Quality Act (CEQA) that the environmental impacts of such action have been adequately analyzed in the Final Environmental Impact Report for the University House Rehabilitation project certified by the University on July 14, 2011 and an addendum thereto, that none of the conditions requiring the preparation of additional CEQA documentation exist, and adopt the Findings in support thereof.
- (3) Approve a minor change in scope to restore the existing decades-old pool, including replacement of pumps, providing gas and electrical service, and refinishing of the existing pool lining.

**9. REPORT OF COMMUNICATIONS RECEIVED**

Secretary and Chief of Staff Kelman reported that, in accordance with Bylaw 16.9, Regents received a summary of communications in reports dated August 1 and September 4, 2013.

**10. REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

Secretary and Chief of Staff Kelman reported that, on the dates indicated, the following were sent to the Regents or to Committees:

**To Members of the Committee on Compensation**

- A. From the President, May 2013 Biannual Compensation Monitoring Report: Deans and Full-Time Faculty Administrators. (July 25, 2013)
- B. From the President, Annual Report on Health Sciences Compensation Plan Participants' Compensation that Exceeds the Reporting Threshold for 2011. (July 25, 2013)
- C. From the President, Annual Report on Academic Personnel Salaries Above the Indexed Compensation Level. (July 25, 2013)
- D. From the President, Annual Report on Compensated Outside Professional Activities for Reporting Period January 1, 2011 to June 30, 2012: Deans and Faculty Administrators. (July 25, 2013)
- E. From the President, Annual Report on Executive Compensation for 2012: Incumbents in Certain Senior Management Positions. (July 29, 2013)
- F. From the President, Annual Report on Compensated Outside Professional Activities for 2012: Incumbents in Senior Management Positions. (July 29, 2013)
- G. From the President, Annual Report on Adjustment of the Indexed Compensation Level. (August 19, 2013)

**To Members of the Committee on Educational Policy**

- H. From the President, Annual Report on Self-Supporting Professional Degree Programs for 2013-14. (August 7, 2013)

**To Members of the Committee on Finance**

- I. From the General Counsel and Vice President, Bi-Monthly Report of New Litigation for Reporting Period of 3/28/13 – 5/30/13. (June 10, 2013)

- J. From the General Counsel and Vice President, Annual Report on University of California Legal Expenses for Outside Counsel, Fiscal Year 2011 & 2012. (June 28, 2013)

**To the Regents of the University of California**

- K. From the Secretary and Chief of Staff, summaries of correspondence sent to the Regents for the month of June. (July 5, 2013)
- L. From the Secretary and Chief of Staff, appointments to the Committee to Consider the Selection of a Chief Investment Officer and Vice President for Investments. (July 16, 2013)
- M. From the President, announcement of the nomination of Kim A. Wilcox as ninth Chancellor of the Riverside campus. (July 25, 2013)
- N. From the Secretary and Chief of Staff, summaries of correspondence sent to the Regents for the month of July. (August 1, 2013)
- O. From the Secretary and Chief of Staff, revised membership of the Committee to Consider the Selection of a Chief Investment Officer and Vice President for Investments. (August 22, 2013)

The meeting adjourned at 4:05 p.m.

Attest:

Secretary and Chief of Staff

**Additions shown by underscoring; deletions shown by strikethrough**

**Regents Policy 7201: PRINCIPLES FOR REVIEW OF EXECUTIVE COMPENSATION**

Approved May 15, 1992

Amended November 19, 1993, January 21, 2010, and July 15, 2010

WHEREAS, the Regents recognize that the people of California have entrusted them with the responsibility for careful stewardship of the resources of the University of California; and

WHEREAS, the Regents are committed to public access, awareness, knowledge, and understanding of The Regents' decision-making processes; and

WHEREAS, public concerns about the openness of Regents' deliberations with regard to executive compensation require a response;

NOW, THEREFORE, BE IT RESOLVED that the following principles shall obtain with regard to activities involving executive compensation:

1. Executive compensation shall include all elements of compensation identified in the Regents Policy on the Definition of Total Compensation, including all salary and other cash payments, all one-time payments/reimbursements, and all benefits and perquisites, that are applicable to members of the Senior Management Group (SMG); and

2. Discussions of and actions on executive compensation programs shall occur in open session of the Committee on Compensation. All members of the Board shall be invited to attend such meetings. Final action regarding such programs shall occur in open session of the Board at a meeting held no sooner than twenty days following the meeting at which a recommendation requiring Board approval shall have been considered by the Committee on Compensation. Information and background materials shall fully and clearly disclose all relevant and material facts related to executive compensation programs, such as annual reviews of market data and comparison studies that form the analytical bases for the establishment of executive compensation levels. These materials shall be provided in advance of the meeting in such a manner as to afford sufficient opportunity for review and understanding of the contents; and

3(a). Except as provided in section 3(b) below, discussions concerning appointment, employment, performance, compensation, or dismissal of those SMG members for whom Regental action is required, and actions with respect to recommendations concerning such matters, shall occur in closed sessions of the Committee on Compensation, consistent with the Education Code and the Bagley-Keene Open Meeting Act.

3(b). Notwithstanding section 3(a), any action taken by a committee of the Regents, and any final action by the full Board of Regents, on a proposal adopting or modifying the Total Compensation of any member of the SMG for whom Regental action is required shall occur in an open session of each of those bodies, and shall include a disclosure of the compensation

package and rationale for the action. The specific proposal will be made available to members of the public in attendance, prior to the commencement of the open session at which it will be voted upon.

Agendas for such meetings shall be provided to all Regents in advance of the meeting and shall contain information and background materials sufficient to lead to a full understanding of the matters under discussion, including all compensation elements relevant to each individual officer under consideration. All members of the Board shall be invited to attend.

The meeting notice for any meeting at which compensation for a member of the SMG shall be voted upon shall include the title of the SMG member; and

4. Any paid leave of absence for Officers of the University granted by the President pursuant to Standing Order 100.4(e), shall be reported to the Board by the President. Any paid leave of absence for the President, or for Principal Officers of The Regents shall be approved by The Regents. Any paid leave of absence that exceeds ninety days for Chancellors, the Ernest Orlando Lawrence Berkeley National Laboratory Director, Executive Vice Presidents, Senior Vice Presidents, and other Vice Presidents shall be subject to approval by the Board of Regents; and

5. All actions by the Regents affecting executive compensation and paid leaves of absence for members of the SMG shall be released to the public in a timely manner consistent with Bylaw 14.7. It is the intention of The Regents that administrative mechanisms to implement this provision shall be coordinated, strengthened and refined; and

6. Annual reports on the level of compensation for Officers of the University and Principal Officers of The Regents shall be submitted by the President to the Regents ~~and to the California Postsecondary Education Commission, the Joint Legislative Budget Committee, and the relevant policy and fiscal committees of the Legislature and the Governor.~~



Additions shown by underscoring; deletions shown by strikethrough

## **Senior Management Group**

## **Salary and Appointment and Compensation**

*Approved September 18, 2008*

*Amended March 19, 2009 ~~and~~, September 16, 2010, and \_\_\_\_\_*



**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:** 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 non-SMG members appointed to an SMG position on an acting or interim basis.

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## **CONTENTS**

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### **I. Policy Summary**

### **II. Policy Definitions**

### **III. Policy Text**

### **IV. Approval Authority**

### **V. Compliance**

### **VI. Revision History**

### **VII. Implementation Procedures**

## **Senior Management Group ~~Salary and Appointment~~ and Compensation**

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### **I. POLICY SUMMARY**

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This policy provides direction and authority for ~~appointing~~creating and ~~classifying~~eliminating positions in the Senior Management Group (SMG), for ~~appointing~~SMG members to those positions and for establishing, approving, reviewing and revising any salary and/or ~~Salary Grade changes~~other compensation terms for SMG members.

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### **II. POLICY DEFINITIONS**

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**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.~~

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

**Compensation:** For purposes of University employment, “compensation” is defined in the *Policy on Definition of Total Compensation* (Regents Policy 7200).

**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.

**Market Reference Zone:** A unique range of base salary for each functional position in the Senior Management Group.

**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:**

**Retroactive Action:** An action that is effective more than 45 days earlier than the date it is approved.

**Senior Management Group (SMG):** Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% ~~shall~~and an appointment to a Senior Management Group position will be considered to possess a career appointment in the Senior Management Group.

## **Senior Management Group ~~Salary and Appointment~~ and Compensation**

**SMG Level One:** The position of President, all SMG positions that directly report to the Regents and/or the President, and the Chief Executive Officers of the medical centers.

**SMG Level Two:** All SMG positions that are not in SMG Level One.

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

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### **III. POLICY TEXT**

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#### **A. ~~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 Regents. Refer to Section IV. of this policy for additional information on approval authority.~~

#### **A. *The Senior Management Group (SMG)***

The Senior Management Group is a personnel program that includes certain leadership positions in the University system.

“Level One” of the SMG includes the position of President, all SMG positions that directly report to the Regents and/or the President, and the Chief Executive Officers of the medical centers. All other SMG positions are “Level Two” positions.

Addition of an SMG position or elimination of an SMG Level One position must be approved by the Regents, upon the recommendation of the President. The President may approve adding an SMG position at a location when the position already exists at another location. The President, after consultation with the Chair of the Committee on Compensation, may approve the elimination of an SMG Level Two position.

#### **B. *Officers of the University***

Officers of the University are those positions identified in *Regents Standing Order 100.1.a*. Officers of the University appointed to the Senior Management Group are subject to the terms of this policy according to whether they are SMG Level One or SMG Level Two. If an Officer of the University is appointed to a personnel program

## **Senior Management Group ~~Salary and Appointment~~ and Compensation**

other than the SMG, then the approval authority for all appointment and compensation actions is as described in Section IV.C. of this policy.

### **C. Market Reference Zones**

A market reference zone (MRZ) is a unique range of base salary for each functional position in the Senior Management Group. SMG positions responsible for the same set of core functions will be assigned to the same MRZ. For example, the individuals performing the functions of a Vice Chancellor–Research at any location in the University system will be assigned to the same MRZ, even if their precise job titles are not identical.

The MRZ for a particular functional position reflects market data for base salary. The MRZ displays the 25th, 50th, 60th, 75th and 90th percentile base salary in the defined competitive market for that functional position. The market is defined as those organizations that are similar to the University in size and complexity and are therefore the organizations with which the University competes for talent.

#### **1. Establishment of Market Reference Zones (MRZs)**

The Regents have approved a market reference zone for each functional position in the SMG. Each MRZ reflects an assessment of the scope of responsibilities, complexity and breadth of job functions, experience requirements and other relevant factors for a particular functional position. Additional MRZs may be added by the Regents.

#### **2. ~~Purpose of Salary Ranges~~ Market Reference Zones**

~~The salary ranges~~Market reference zones allow the University to administer and manage the salaries of SMG members in a manner that is competitive with the relevant external comparator groups, fosters~~market for each functional position,~~ foster appropriate internal consistency, and ~~facilitates~~facilitate budget control.

#### **3. ~~Review of and Adjustments of Salary Ranges~~ to Market Reference Zones**

~~Salary ranges are reviewed annually and may be adjusted periodically by 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 Regents. Refer to Section IV. of this policy for additional information on approval authority.~~

#### **—4. Position in Salary Range**

The Office of the President–Human Resources will review each MRZ annually and compare it to the market survey information. If an MRZ no longer reflects the base salaries offered in the relevant market for that functional position, a

## **Senior Management Group Salary and Appointment and Compensation**

recommendation to adjust the MRZ may be made to the President. The President will recommend MRZ adjustments to the , with the concurrence of the Chair of the Committee on Compensation and the full Board for approval, has the authority to approve adjustments to MRZs.

An adjustment to an MRZ will not automatically result in a change in the base salary paid to an SMG member who holds a position assigned to that MRZ. Rather, any adjustments to an incumbent SMG's base salary will follow the process outlined in Sections E. and F., below, as applicable.

### 4. Level of Salary within the MRZ

~~The University's ability to pay competitively (total offer its leaders compensation) in terms that are competitive in the relevant 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 The essential first step in establishing competitive compensation terms is to assign an appropriate base salary opportunities which are reflected in market competitive salary ranges within the applicable MRZ. A number of factors will be considered to determine the appropriate pay and position in the base salary range for individuals within the applicable MRZ, including, but not limited to, documented sustained performance and contributions, internal peer comparability, external market comparability, and 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 to base salary will follow the process outlined in Sections B. J.E. and F., 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~~  
Generally, salaries near the 25th percentile of the MRZ will be assigned to SMGs who may require additional development, growth, or time in order to become fully proficient in the position. In addition, a salary near the 25th percentile of the MRZ may be assigned where the SMG's position is narrower or less complex in scope than that of peer positions or the benchmark position(s) used in surveys of the applicable market.

Salaries near the 50th percentile of the MRZ will be assigned to SMGs who have significant experience in the position, who is are proficient in the required skills, who are adept at managing the typical responsibilities, and who have documented and sustained high levels of performance.

## **Senior Management Group Salary and Appointment and Compensation**

~~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.~~

Salaries near the 75th percentile of the MRZ will be assigned to SMGs who are very experienced and have a unique skill set. In addition, a salary near the 75th percentile may be assigned where the SMG's position is moderately broader or more complex in scope than that of peer positions or the benchmark position(s) used in surveys of the applicable market. A salary near the 75th percentile may also be assigned in situations where the talent pool for the position is limited and/or very competitive.

A salary near the 90th percentile of the MRZ will be assigned to SMGs who have highly specialized credentials, professional accomplishments and expertise that set them apart from internal and external peers. In addition, a salary near the 90th percentile may be assigned where the SMG's position is highly complex and significantly broader in scope than that of peer positions or the benchmark position(s) used in surveys of the applicable market. A salary near the 90th percentile may also be assigned in situations where a very scarce candidate pool for the position exists and unique skill sets are critical.

### **D. Appointments**

#### **1. Criteria for Appointment**

SMG positions must be filled through the appointment of ~~applicants~~candidates 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* and the *Procedure for Appointment of Laboratory Directors* for additional appointment information. Procedures for appointment of academic Deans and Provosts are specified in *Academic Personnel Policy 240, Deans and Provosts*.~~

#### **2. Authority for Individual AppointmentAppointments to Level One SMG Positions**

Individual appointments to all Level One SMG positions must be endorsed by the President and approved by the Regents. Management and Senior Professional (MSP)This includes situations where a member of the SMG or some other personnel program members who assume a is appointed to a Level One SMG

## **Senior Management Group ~~Salary and Appointment~~ and Compensation**

~~position in the Senior Management Group will be considered appointees on an acting or temporary basis.~~

### **3. Authority for Individual Appointments to Establish or Abolish Senior Management Level Two SMG Positions**

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

Individual appointments to Level Two SMG positions must be approved under the appropriate approval authority as described in Section IV.C. of this policy. This includes situations where a member of the SMG or some other personnel program is appointed to a Level Two SMG position on an acting or temporary basis.

### **4. Nature of Appointment**

An SMG appointee serves at-will and, therefore, 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 Regents.~~

### **5. Assignment of Titles**

~~A~~Each SMG position will be assigned a working title that conveys the organizational level of the position and the nature and scope of the responsibilities assigned. That working title may not always be identical to the functional position title used to define the MRZ to which the SMG's position belongs. Major changes to SMG titles must be approved by the President. Minor changes to SMG titles may be approved by the Chancellor, Laboratory Director, or Executive Vice President – Business Operations for the Office of the President may approve minor changes to SMG titles. These changes will be reported to the Regents in the standard report of actions. The Regents must approve major changes to SMG titles, their respective locations.

### **6. Appointment Salary**

~~The salary~~At the time of a newly appointed appointment to an SMG member should be position, the individual will be assigned a base salary within the salary range for the position. The position in the salary range, as applicable MRZ that is consistent with the criteria described in Section III.A.4. above, at the time of appointment is based on the following factors:C.4.

- ~~— a. Prior relevant job experience~~
- ~~— b. Internal~~The appointment salary equity with similar for any Level One SMG positions
- ~~— c. Internal appointments should include relevant documented performance assessments~~requires the endorsement of the President and appraisals
- ~~— d. The availability of funding~~

**Senior Management Group Salary and Appointment and Compensation**

- ~~—e. Market competitive~~the approval of the Regents. Approval authority for a Level Two SMG's appointment salary depends on the proposed base salary rates

~~Appointment salaries must be approved by the Regents. Refer to and the amount of any increase over the prior incumbent's base salary as stated in Section IV.C. of this policy for additional information on approval authority.~~

**~~C. Merit Increase~~**

- ~~1. Basis for Merit Increase~~

**E. Salary Increases**

Any increase in base salary for a Level One SMG requires the endorsement of the President and the approval of the Regents

The approval authority for increases in base salary for a Level Two SMG depends upon the base salary plus the amount of the proposed increase as described in Section IV.C. of this policy.

- 1. Systemwide Salary Program Increases (e.g., merit increases)

SMG members are eligible for consideration of an annual merit increase for systemwide salary program increases to base salary, such as merit increases, in accordance with University procedures and funding. The merit budgeting Universitywide guidelines. The process for making such increases 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. Eligibility criteria and administrative details will be provided when such increases are implemented.

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

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

- a.i. The SMG member's annual written performance appraisal and the SMG's contributions measured against predetermined goals and objectives that were assigned at the beginning of the performance period.
- b.ii. The position of the SMG member's current position base salary within the salary grade range applicable MRZ and his or her base salary relative to internal comparable positions peers in that MRZ.
- c.iii. The availability of approved merit funding.
- ~~d. The SMG member should have an appointment date on or before the first day of the final fiscal quarter (April 1) to be eligible for merit increase consideration. If the appointment occurs after April 1, the appointment salary or promotional increase of an SMG member should take into consideration~~



## **Senior Management Group Salary and Appointment and Compensation**

~~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 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 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 "Above 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 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 "Above 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~~

## **Senior Management Group Salary and Appointment and Compensation**

~~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 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 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 Regents.~~

### **F. Retention Increase**

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

~~1. The SMG member~~If an SMG is receiving an administrative stipend, the stipend will not be included in the determination of the base salary for purposes of calculating his/her merit increase.

#### **2. Market-Based Increases**

A market-based increase in an SMG’s base salary may be appropriate in a variety of situations, including, but not limited to, the following:

- To better align an SMG’s base salary with the criteria described in Section III.C.4., above, given the SMG’s skills, experience, and contributions.
- To correct internal inequities in the relative placement of SMGs in their MRZ (e.g., in situations where new appointees with skills and experience comparable to incumbents who have been appointed with higher base salaries).
- When there has been a significant and permanent expansion in the scope and/or complexity of an SMG’s position.
- To retain an SMG who is considered a finalist for another position, and his/her immediate the SMG’s departure would result in severe operational, service, or functional disruption in accomplishing the mission of the University, and the University’s ability to accomplish its mission. Increases for this reason are rare.

~~2. The SMG member’s most recent annual~~To be eligible for a market-based increase in base salary, the SMG’s documented sustained performance rating was should be rated at least “Satisfactory”- Performance.”

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

### **G 3. Order of Salary Increases**

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

## **Senior Management Group Salary and Appointment and Compensation**

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

### **F. Decrease in Base Salary**

In certain circumstances, a decrease in an SMG's base salary may be warranted (e.g., when an SMG's position has been reduced in scope or complexity). Any decreases in base salary for a Level One SMG must be endorsed~~approved~~by the President with the concurrence of the Chair of the Committee on Compensation. and approved by the Regents. Any decreases in base salary for a Level Two SMG must be approved by the President for the Office of the President, and the Chancellor or Laboratory Director for their respective locations.

### **G. Potential Transfers Between Locations (campus~~Campus~~, Laboratory, Office of the President)**

A potential transfer between locations occurs when an SMG member considers accepting another comparable SMG position (typically a position in the same MRZ) at a location other than his/her present location. Any salary action recommendations ~~must~~will be based on the concepts regarding position placement in the salary rangeapplicable MRZ presented in Section III.AC.4. of this policy., above, 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~~salary 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~~that 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 Vice President–Human Resources (or designee)~~ will serve as the broker of such transfer considerations and discussions.

Any increases or other compensation actions for a Level One SMG that result from these negotiations must be endorsed by the President and approved by the Regents. Refer to~~For~~ compensation actions for a Level Two SMG that result from these negotiations, the applicable approval authority will depend upon the proposed base salary (including any proposed increase) as set forth in Section IV.C. 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".~~

## **Senior Management Group Salary and Appointment and Compensation**

~~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 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 Regents in accordance with Section IV. of this policy.~~

### **~~K. Temporary Assignments and~~**

### **H. Administrative Stipends for Temporary Assumption of Significant Additional Responsibilities**

~~An employee~~SMG member 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 responsibilities in addition to his/her current~~those already associated with his/her SMG position. While a temporary assumption of additional responsibilities does not typically warrant an increase in compensation, an increase may be warranted for Level Two SMG members in situations where the additional responsibilities are significant and the SMG member is held fully accountable for the additional 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~~the Level Two SMG member~~may receive an administrative stipend so long as their~~his/her~~documented performance evaluations~~appraisals~~warrant the stipend.

~~These assignments and the accompanying~~this additional compensation.  
Administrative stipends (if appropriate) may may not be approved for an Level Two SMG member for any other purpose. In addition, an Level Two SMG member may not receive more than one stipend of any kind at any time. Level One SMG members are not eligible for administrative stipends.

An administrative stipend for a Level One SMG must be endorsed by the President and approved by the Regents. For an administrative stipend for a Level Two SMG member, must be approved by the applicable approval authority will depending upon the SMG's existing base salary plus the amount of the proposed administrative

## **Senior Management Group ~~Salary and Appointment~~ and Compensation**

stipend; that combined amount will be considered the proposed base salary for purposes of this determination, using the criteria outlined in Section IV.C. of this policy.

An administrative stipend may initially be approved for a period of up to twelve months in duration. Extensions of such arrangements constitute ~~One extension of an administrative stipend may be granted by the same approval authority that initially approved the administrative stipend, provided that the extension is for a period not to exceed twelve months. Any additional extension would be 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~~ amount of any administrative stipend should be commensurate with the additional responsibilities being assumed by the SMG member. An administrative stipend will not be included in the determination of the base salary for purposes of calculating an incumbent's merit increase under a systemwide salary program.

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

### **I. ~~L. Salary Compensation~~ Restriction**

An SMG member who is appointed at 100 percent time must not receive additional cash compensation above his/her base salary from an entity managed exclusively by the University (e.g., ~~the Office of the President,~~ 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, except in the following limited circumstances:~~

1. Payments for teaching University Extension courses (UNEX)-), provided that such payments are approved as set forth in Section IV.C. of this policy.
2. Administrative stipends payable under ~~as set forth in~~ Section KH. of this policy.
3. Incentive and recognition awards payable in accordance with approved from an incentive plans and recognition awards provisions described in plan that has been approved in the policy on Cash ~~manner required by Senior Management Group Incentive and Recognition Awards. Health Science Compensation Plan participants are not eligible for additional incentive awards outside of APM 670. (Regents Policy 7712).~~
4. SMG members who are Academic Deans and Provosts may receive up to a 1/12 payment for summer research based on their annual SMG salary, subject to approval as set forth in Section IV.C. of this policy. In such instances, accrued

## **Senior Management Group Salary and Appointment and Compensation**

vacation proportionate to the research days worked will be forfeited for the year in which the compensation for research is received.

Payments and income derived through Outside Professional activities, are permitted, provided that such activities have been approved in accordance with the policy on Senior Management Group Outside Professional Activities. (Regents Policy 7707).

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 Regents. Refer to Section IV. of this policy for additional information on approval authority.~~

### **J. Home Loan Eligibility**

~~Eligibility~~All SMG members are authorized to participate in the University home loan program, which conforms with all aspects of the home loan policy, Home Loan Program (Program) under the terms of Policy on University of California Mortgage Origination Program (Regents Policy 5305). Although this policy provides the approval necessary for participation, an SMG member still must be designated to participate. The President may be approved by designate the participation of a Level One SMG. The Chancellor, Lawrence Berkeley National Laboratory Director, or the Executive Vice President–Business Operations for the Office of the President. Loans with non-standard terms must be approved by the Regents – Business Operations may designate a Level Two SMG for participation at their location based on the location's determination of its recruitment and retention needs. The authority to designate individuals for participation cannot be delegated. Neither authorization to participate nor approved designation for participation in the Program constitutes loan approval. Loan approval is contingent upon satisfaction of all Program requirements. Program parameters can be viewed at <http://www.ucop.edu/facil/olp/products/loan-programs/loan-programs/index.html> with further details available from the Director–Office of Loan Programs or the campus or Laboratory local 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 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*.~~

## **Senior Management Group Salary and Appointment and Compensation**

- ~~3. Human Resources will provide information on the current, actual loan amounts in the annual report to the Regents entitled *Annual Report on Executive Compensation*.~~
- ~~4. Home Loan Program eligibility for newly hired SMG members will be identified in the original Regents item pertaining to their appointment and compensation.~~

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## **IV. APPROVAL AUTHORITY**

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

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

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

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

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

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *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~~ All actions within this policy, these must be approved in accordance with the following requirements. All actions that exceed are exceptions to this policy, or these (including retroactive actions) or not expressly provided for under any policy. It must be approved by the Regents.

#### **1. SMG Level One**

For Level One SMG members, the Regents' approval is expected that an appropriate required for all appointment and compensation study will accompany any request for an SMG member's actions, except as otherwise specifically provided for in this policy.

#### **2. SMG Level Two**

For Level Two SMG members, the approval authority for all appointment and compensation actions within this policy, except as otherwise specifically provided

## **Senior Management Group Salary and Appointment and Compensation**

for in this policy, depends on two factors: (1) the placement of the proposed base salary within the position's MRZ, and (2) whether an increase of ten percent or more is being proposed.

If the base salary increase plus any administrative stipend will be below the 60<sup>th</sup> percentile of the position's MRZ, the approval of the Chancellor, Laboratory Director, or Executive Vice President – Business Operations is required for SMGs at their respective locations. If the base salary plus any administrative stipend will be at or above the 60<sup>th</sup> percentile of the position's MRZ, the President's approval is required. If the base salary plus any administrative stipend will be at or above the 75<sup>th</sup> percentile of the position's MRZ, the Regents' approval is required. Notwithstanding the foregoing, for systemwide salary increases, the approval of the Chancellor, Laboratory Director, or Executive Vice President – Business Operations is required for SMGs at their respective locations where the SMG's resulting base salary will be below the 60<sup>th</sup> percentile of the position's MRZ; the approval of the President will be required where the resulting base salary will be at or above the 60<sup>th</sup> percentile of the position's MRZ.

Additionally, the next higher level of approval authority will be required if the proposed action will:

- a. Result in an incumbent receiving an increase in base salary of ten percent or more in that position over the course of a calendar year, excluding any increases received as part of a systemwide salary program; or
- b. Result in a new appointee receiving a base salary that exceeds the previous incumbent's base salary by ten percent or more.

### 3. Officers of the University

For non-SMG Officers of the University, the President must approve all compensation and appointment actions, except that increases received as a part of a systemwide salary program may be approved by the Chancellor, Laboratory Director, or Executive Vice President – Business Operations as applicable.

### 4. Exclusions

This policy does not apply to

- a. incentive awards, which are governed by *Incentive Awards (Regents Policy 7712)*, or
- b. settlement or separation agreements with SMG members or Officers of the University, which are governed by the *Policy on Settlement of Litigation, Claims, and Separation Agreements (Regents Policy 4105)*.

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## **V. COMPLIANCE**

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

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



## **Senior Management Group ~~Salary and Appointment~~ and Compensation**

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 the process and results will be reported annually to senior management and the Regents through the Committee on Compensation.

### ***B. Noncompliance with the Policy***

Noncompliance with the policy is handled in accordance with 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–Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

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## **VI. REVISION HISTORY**

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

- *Senior Management Group Salary and Appointment* (Regents Policy 7701), dated March 1, 2009

The following document was rescinded as of March 1, 2009:

- *Senior Management Group Salary and Appointment* (Regents Policy 7701), effective September 1, 2008

The following documents were rescinded as of September 1, 2008, the originally approved effective date of ~~this policy~~: *Senior Management Group Salary and Appointment* (Regents Policy 7701):

**Senior Management Group ~~Salary and Appointment~~ and Compensation**

- *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

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**VII. IMPLEMENTATION PROCEDURES**

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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.

University of California – Regents Policy 7705

## Senior Management Group Hiring Bonus



Additions shown by underscoring; deletions shown by strikethrough

\* \* \* \* \*

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### IV. APPROVAL AUTHORITY

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

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

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

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

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

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.

#### C. *Approval of Actions*

All actions within this policy, or that exceed this policy, must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701).~~or All actions that are applicable to members of the Senior Management Group or Officers of the University that are not expressly provided for under any policy must be approved by the Regents.~~

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## V. COMPLIANCE

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### A. *Compliance with the Policy*

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The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to these policies, and the process and results will be reported annually to senior management and the Regents through the Committee on Compensation.

University of California – Regents Policy 2.3257706

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



*Approved September 18, 2008*

*Amended February 9, 2009*

**Additions shown by underscoring; deletions shown by strikethrough**

\* \* \* \* \*

**Responsible Officer:** Vice President–Human Resources

**Responsible Office:** Human Resources

**Effective Date:** ~~January 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:** All UC retired employees (Senior Management Group members, ~~including~~ Deans; staff employees; and academic appointees) who are reemployed into Senior Management Group positions or staff positions. Recall appointments for academic appointees are governed by Academic Personnel Policy ~~200-22205~~ (Recall for Academic Appointees) and ~~Academic Personnel Policy 200, Appendices A and B, and the~~ *Guidelines for Rehire of UC Retirees*. This policy is applicable to retired academic appointees who are rehired into SMG or staff positions; however, it does not apply to academic appointees recalled into academic administrator, faculty teaching, or academic research, or service appointments.

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## **CONTENTS**

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**I. Policy Summary**

**II. Policy Definitions**

**III. Policy Text**

**IV. Approval Authority**

**V. Compliance**

**Revision History**

**Implementation Procedures**

**~~Related Documents~~**

**Frequently Asked Questions**

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

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### I. POLICY SUMMARY

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

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### II. POLICY DEFINITIONS

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

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

**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.

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

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

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

**Senior Management Group:** ~~As defined by Regents Action Item on Governance, dated \_\_\_\_\_, 2008.~~ Individuals whose career appointments are in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% and an appointment to a Senior Management Group position will be considered to possess a career appointment in the Senior Management Group.

**SMG Level One:** The position of President, all SMG positions that directly report to the Regents and/or the President, and the Chief Executive Officers of the medical centers.

**SMG Level Two:** All SMG positions that are not in SMG Level One.

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

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### III. POLICY TEXT

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#### A. Scope

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

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

regarding operation of a public retirement plan, administrative feasibility, and compliance as described in Section C. below.

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

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

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

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

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

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

### ***C. University Policy Restrictions***

The following restrictions on the reemployment of Retired Employees are based on University policy which has been developed to reflect responsible stewardship of the University related to the perception of individuals drawing a retirement benefit and another

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

UC income simultaneously, and to provide public accountability, transparency, and sound succession planning. Individuals receiving UCRP monthly retirement income who are reemployed into career appointments and suspend their monthly retirement payments are exempted from complying with certain restrictions as delineated in ~~paragraph~~ Section 5 below.

### 1. University Need

Reemployment must be as a result of University need, such as the Retired Employee possesses skills and institutional knowledge that the hiring department cannot otherwise obtain with equal cost effectiveness; the hiring department anticipates a prolonged process for hiring a replacement; or the hiring department anticipates that the Retired Employee will assist a replacement to acquire necessary skills and knowledge.

For situations in which a Retired Employee is reemployed on a temporary basis into a career position (such as the same position held before retirement or another vacant career position), the job must be posted and a search begun within 30 days of the vacancy being created and a minimum 30-day recruitment period must be held.

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

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

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

### 2. Break in Service

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

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

### 3. Appointment Percentage

Due to potential Medicare complications and to minimize situations where individuals draw a retirement benefit and another UC income simultaneously, this policy requires that Retired Employees be reemployed with an appointment of no more than 43% during any 12 month period. Appointments may not normally exceed 12 months. Appointments in excess of 43% time may be requested by following the process outlined later in this section approved in accordance with Section IV.C. or Section IV.D. of this policy as appropriate. Extensions beyond 12 months may be requested by following the process outlined in section 4, below approved in accordance with Section



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

IV.C. or Section IV.D. of this policy as appropriate. Appointments at 43.75% time or more provide eligibility to Retired Employees for UC-sponsored employee medical coverage, which makes Medicare become the secondary payer.

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

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

~~If reemployment is to exceed a 43%, , the request must be approved as follows:~~

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

### **4. Duration of Reemployment**

Reemployment in one or multiple positions must not exceed a total of 12 months. If reemployment is necessary after 12 months has expired, the request must be approved as follows in accordance with Section IV.C. or Section IV.D. of this policy as appropriate.

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

### **5. Reemployment into Career Appointments**

A Retired Employee who is receiving UCRP monthly retirement income, but agrees to suspend the payments, may be reemployed into a career appointment subsequent to an appropriate recruitment and break in service, and is not subject to the policy restrictions in Sections 1, 3 and 4 above, but is subject to Section 2.

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

## **D. Reporting Requirements and Disclosure**

### **1. Reporting Requirements**

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

For each Retired Employee reemployed into a staff position, the locations must submit a completed *UCRP Retired Employee Election Form* (not required for Retired Employees who received a lump sum cashout) to the Vice President–Human Resources at the time the Retired Employee is reemployed.

a.

b.

In addition, the locations must submit a summary report semi-annually by June 30 and December 31 of each year to the Vice President–Human Resources that incorporates a list of all reemployed Retired Employees, with identification of appointments greater than 43% within a 12-month period and appointments for which other types of variations from policy have been approved, and provide documentation that required approvals were obtained.

### 2. Disclosure

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

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## IV. APPROVAL AUTHORITY

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### A. *Implementation of the Policy*

The Vice President–Human Resources is the Responsible Officer for this policy and has the authority to implement the policy. 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. 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[\[link\]](#).

### C. *Approval of Actions Authorized by this Policy*

Actions authorized by this policy must be approved in accordance with this section.

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

1. For Retired Employees reemployed into Level One SMG positions, Level Two SMG positions, or positions designated as Officers of the University but that are not part of the SMG, reemployment actions must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701). The base salary at the appointment rate in the rehire position will be used to determine appropriate placement in the Market Reference Zone or salary grade, as applicable.
2. For Retired Employees reemployed into staff positions and whose base salary plus any other cash compensation in the rehire position (the total cash compensation at the appointment rate in the rehire position will be used) exceeds the Indexed Compensation Level:
  - a. The Regents has the authority to approve reemployment actions that are applicable to reemployed Retired Employees who report directly to the President or who are designated by the President as Other Specified Employees.
  - b. For staff positions at the Office of the President, the President has the authority to approve reemployment actions that are applicable to reemployed Retired Employees who do not report directly to the President.
  - c. For staff positions at a campus or the Lawrence Berkeley National Laboratory, the President has the authority to approve reemployment actions that are applicable to reemployed Retired Employees who report directly to the Chancellor or Laboratory Director.
  - d. For staff positions at his/her location, the Chancellor and Laboratory Director have the authority to approve reemployment actions that are applicable to reemployed Retired Employees who do not report directly to the Chancellor or Laboratory Director.

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

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

3. For Retired Employees reemployed into staff positions and whose base salary plus any other cash compensation in the rehire position (the total cash compensation at the appointment rate in the rehire position will be used) does not exceed the Indexed Compensation Level:
  - a. Reemployment actions authorized by this policy must be approved in accordance with local procedures, which must include a provision for review and sign off by the local Chief Human Resources Officer prior to approval by the location’s Executive Officer Chancellor or Laboratory Director.

The Executive Officer Chancellor or Laboratory Director may delegate the authority to approve actions authorized by this policy that are applicable to

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

Retired Employees reemployed into staff positions and whose base salary plus any other cash compensation in the rehire position does not exceed the Indexed Compensation Level, ~~but~~ The Chancellor and Laboratory Director remains accountable for all reemployment actions at his/her location and for submission of timely and accurate reports in compliance with Section V.A. of this policy. Documentation of the delegation of authority must be submitted to the Vice President—Human Resources. The Office of the President will conduct periodic audits of delegations and reemployment actions.

### ***D. Approval of ~~Variations From~~ Exceptions to this Policy***

Unless there is explicit and specific authorization for an action by this policy, the action is considered to be an ~~an variation from the~~ exception to this policy and must be approved as follows: in accordance with this section.

1. For Retired Employees reemployed into Level One SMG positions, Level Two SMG positions, or positions designated as Officers of the University but that are not part of the SMG, reemployment actions must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701). The base salary at the appointment rate in the rehire position will be used to determine appropriate placement in the Market Reference Zone or salary grade, as applicable.
2. For Retired Employees reemployed into staff positions and whose base salary plus any other cash compensation in the rehire position (the total cash compensation at the appointment rate in the rehire position will be used) exceeds the Indexed Compensation Level:
  - a. The Regents has the authority to approve reemployment actions that are applicable to reemployed Retired Employees who:
    - i. Are designated as Other Specified Employees by the President;
    - ii. Will report directly to the President;
    - iii. Will report directly to the Chancellor or Laboratory Director, or
    - iv. Work at the Office of the President.
  - b. The President has the authority to approve reemployment actions that are applicable to reemployed Retired Employees who do not report directly to the Chancellor or Laboratory Director.

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

- ~~▪ Retired Employees reemployed into SMG positions~~
  - ~~▪ Retired Employees whose annualized base salary plus any other cash compensation in the rehire position meets or exceeds the current Indexed Compensation Level. (The total compensation at the appointment rate in the rehire position will be used and not the conversion to derive a “full-time equivalent” amount, e.g., at 100 percent.)~~
3. For Retired Employees reemployed into staff positions and whose base salary plus any other cash compensation in the rehire position (the total cash compensation at the appointment rate in the rehire position will be used) does not exceed the Indexed Compensation Level:
    - a. , requests for approval for variations from this policy must be reviewed and signed off on by t The local Chief Human Resources Officer must review and sign off on a request for an exception to this policy before submission to the

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

~~location's Chancellor or Laboratory Director for approval and documented and approved by the location's Executive Officer.~~

The Chancellor and Laboratory Director may delegate the authority to approve exceptions to this policy but remain accountable for all reemployment actions at his/her location.

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## V. COMPLIANCE

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### 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 the process and results will be reported annually to senior management and The the Regents through the Committee on Compensation.

### 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 at least three times per fiscal year.

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## REVISION HISTORY

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

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

- Reemployment of UC Retired Employees Into Senior Management Group and Staff Positions (Regents Policy 7706), dated January 1, 2009

The following documents were rescinded as of January 1, 2009, the original effective date of this policy, and are no longer applicable ~~for to Retired Employees reemployed January 1, 2010 or later into Senior Management Group and or staff positions~~ rehired Retired Employees, and academic appointees rehired into SMG or staff positions:

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

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

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## RELATED DOCUMENTS

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

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## FREQUENTLY ASKED QUESTIONS

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University of California – Regents Policy 7709

## Senior Management Group Automobile Allowance



Additions shown by underscoring; deletions shown by strikethrough

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### IV. APPROVAL AUTHORITY

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

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

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

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

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

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.

#### C. *Approval of Actions*

All actions within this policy, or that exceed this policy, must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701).~~or All actions that are applicable to members of the Senior Management Group or Officers of the University~~ that are not expressly provided for under any policy must be approved by the Regents.

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## V. COMPLIANCE

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### A. *Compliance with the Policy*

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The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to this policy, and the process and results will be reported annually to senior management and the Regents through the Committee on Compensation.



University of California – Regents Policy 7710

## Senior Management Group Moving Reimbursement



Additions shown by underscoring; deletions shown by strikethrough

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### IV. APPROVAL AUTHORITY

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

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

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#### C. *Approval of Actions*

All actions within this policy, or that exceed this policy, must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701).~~or All actions that are applicable to members of the Senior Management Group or Officers of the University~~ that are not expressly provided for under any policy must be approved by the Regents.

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## V. COMPLIANCE

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### A. *Compliance with the Policy*

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The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to these policies, and the process and results will be reported annually to senior management and the Regents through the Committee on Compensation.

University of California – Regents Policy 7711

## Senior Management Group Relocation Allowance



Additions shown by underscoring; deletions shown by strikethrough

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### IV. APPROVAL AUTHORITY

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

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

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The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Principles for Review of Executive Compensation* (Regents Policy 7201) and other governance policies.

#### C. *Approval of Actions*

All actions within this policy, or that exceed this policy, must be approved in accordance with Section IV.C. of the policy on *SMG Appointment and Compensation* (Regents Policy 7701).~~or All actions that are applicable to members of the Senior Management Group or Officers of the University that are not expressly provided for under any policy must be approved by the Regents.~~

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## V. COMPLIANCE

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### A. *Compliance with the Policy*

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The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to these policies, and the process and results will be reported annually to senior management and the Regents through the Committee on Compensation.

**Additions shown by underscoring; deletions shown by strikethrough**

BYLAW 12.8

COMMITTEE ON COMPENSATION

**12.8 Committee on Compensation**

The Committee on Compensation shall:

- a. On an ongoing basis, advise the Board on all matters pertaining to the elements of compensation and benefits for University employees to ensure that compensation and benefits policies, procedures, programs, and practices are fair, effective, clear, comprehensible, transparent, and accountable, and inspire the trust of the University community and the public.
- b. Assess the University's progress in achieving the goals of obtaining, prioritizing, and directing funds to increase salaries to achieve market comparability for all groups of employees over periods established by the Board.
- c. Review and advise the Board on all matters relating to the implementation of any Senior Management Group compensation policies approved by The Regents, and other Regental policies or actions that require Regental authorization for employee compensation.
- d. Undertake actions as necessary to carry out 12.8(a), (b), and (c), including:
  - (1) Conduct regular studies to examine the competitiveness of the compensation for faculty and all categories of administrative employees relative to comparable institutions;
  - (2) Review the compensation of ~~members of the Senior Management Group, and other~~ all University employees ~~which for whom~~ require Regental approval is required prior to review and approval by the Board;
- f. Recommend to the Board:
  - (1) All compensation of employees for whom Regental approval is required pursuant to Regental policies ~~Officers of the University and other members of the Senior Management Group, including those individuals serving in an acting capacity in those positions; and~~

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**Additions shown by underscoring; deletions shown by strikethrough**

STANDING ORDER 100.2

OFFICERS OF THE UNIVERSITY

EMPLOYMENT STATUS

100.2 Employment Status

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- (b) Appointment (including temporary appointment of acting or interim status), or reemployment after retirement of all Officers of the University for whom Regental approval is required pursuant to Regental policies ~~and other members of the Senior Management Group~~ shall be voted by the Board upon recommendation of the President of the University following consultation, as appropriate, with an appropriate Standing Committee of the Board, as determined by the President, or with a special committee established for that purpose.

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- (e) ~~Temporary appointments of acting status in Officer of the University or other Senior Management Group positions shall be voted by the Board upon recommendation of the President of the University.~~
- (f) ~~Minor changes in titles of Officers of the University and other members of the Senior Management Group may be approved by the President of the University. Any such changes shall be reported to the Board in the Bi-Monthly Transaction Monitoring Report.~~

**Additions shown by underscoring; deletions shown by strikethrough**

STANDING ORDER 100.3

OFFICERS OF THE UNIVERSITY

COMPENSATION

100.3 Compensation

- (a) Compensation of the President of the University shall be determined by the Board upon recommendation of the Committee on Compensation.
- (b) Compensation of all other Officers of the University ~~and other members of the Senior Management Group, including those individuals serving in an acting capacity, and including compensation upon appointment and subsequent changes in compensation for whom Regental approval is required pursuant to Regental policies~~ shall be determined by the Board upon recommendation of the President of the University through the Committee on Compensation.

**Additions shown by underscoring; deletions shown by strikethrough**

STANDING ORDER 101.1

FACULTY MEMBERS AND OTHER EMPLOYEES OF THE UNIVERSITY

EMPLOYMENT STATUS

101.1 Employment Status

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- (c) Appointments, promotions, demotions, and dismissals of all faculty members and other employees, except as otherwise provided in the Bylaws, ~~and Standing Orders, or Regental policies,~~ shall be under the jurisdiction of the President of the University, and of the Secretary and Chief of Staff, Chief Investment Officer, and General Counsel of The Regents in their respective areas of responsibility.

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- (e) Reemployment appointments of retired University employees to any Senior Management Group or other staff position ~~whose annualized base salary plus any other cash compensation in the rehire position meets or exceeds the Indexed Compensation Level shall be voted by the Board upon recommendation of the President of the University~~ shall be governed by the Regents policy on Reemployment of UC Retired Employees.



**Additions shown by underscoring; deletions shown by strikethrough**

STANDING ORDER 101.2

FACULTY MEMBERS AND OTHER EMPLOYEES OF THE UNIVERSITY

COMPENSATION

101.2 Compensation

- a. ~~Rate of compensation~~Compensation and subsequent changes in rate of compensation shall be determined by the Board upon recommendation of the President of the University or upon recommendation of the Secretary and Chief of Staff, Chief Investment Officer, or General Counsel of The Regents in their respective areas of responsibility through the Committee on Compensation for:
  1. All employees for whom Regental approval is required pursuant to Regental policies~~members of the Senior Management Group.~~
  - \*\*\*
  3. Other University personnel, except faculty other than Regents' Professors and University Professors, whose total cash compensation exceeds the Indexed Compensation ~~Limit Level~~ (ICL), and who meet the criteria listed below. The Indexed Compensation Level shall be adjusted annually in accordance with the California Consumer Price Index (CPI) Urban Consumers for all items as determined by the Bureau of Statistics, said percent increase to be reported annually to the Board. Board approval pursuant to this subsection shall only be required for employees that are in the following categories:  
  
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- b. Compensation of other employees except as otherwise provided in the Bylaws, ~~and Standing Orders of The Regents,~~ and Regental policies shall be under the jurisdiction of the President of the University and of the Secretary and Chief of Staff, Chief Investment Officer, and General Counsel of The Regents in their respective areas of responsibility.