

The Regents of the University of California

COMMITTEE ON COMPENSATION

July 23, 2015

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

Members present: Regents Elliott, Gould, Island, Kieffer, Lansing, Ortiz Oakley, Reiss, and Sherman; Ex officio members Lozano, Napolitano, and Varner; Advisory member Gilly

In attendance: Regents Davis, De La Peña, Gorman, Makarechian, Newsom, Oved, Pérez, Ruiz, and Zettel, Regent-designate Brody, Faculty Representative Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Provost Dorr, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Stobo, Senior Vice President Henderson, Vice Presidents Duckett and Sakaki, Chancellors Block, Blumenthal, Dirks, Hawgood, Katehi, Khosla, and Wilcox, and Recording Secretary Johns

The meeting convened at 10:35 a.m. with Committee Chair Reiss presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meeting of May 21, 2015 were approved.

2. APPROVAL OF ESTABLISHMENT OF NEW SENIOR MANAGEMENT GROUP POSITION OF EXECUTIVE VICE PRESIDENT – PHYSICIAN SERVICES AND VICE DEAN OF CLINICAL AFFAIRS, UCSF HEALTH, AND THE MARKET REFERENCE ZONE FOR THE POSITION; APPOINTMENT OF AND COMPENSATION USING NON-STATE FUNDING FOR JOSHUA S. ADLER, M.D., AS EXECUTIVE VICE PRESIDENT – PHYSICIAN SERVICES AND VICE DEAN OF CLINICAL AFFAIRS, UCSF HEALTH, SAN FRANCISCO CAMPUS AS DISCUSSED IN CLOSED SESSION

Background to Recommendation

The President of the University recommended approval for establishing the position of Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, San Francisco campus, a new Level Two position in the Senior Management Group (SMG). The proposed Market Reference Zone (MRZ) for this position is as follows: 25th percentile – \$473,000, 50th percentile – \$568,000, 60th percentile – \$620,000, 75th percentile – \$697,000, and 90th percentile – \$775,000. The survey sources used to establish the proposed MRZ are taken from the Mercer Integrated Health Networks (IHN) Compensation Survey – Module 4A, Integrated Health Care Strategies

National Healthcare Leadership Compensation Survey and Sullivan Cotter Manager and Executive Compensation Survey.

The President also recommended approval for the appointment of and compensation for Joshua S. Adler, M.D., as Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, San Francisco, at 100 percent time, effective upon approval. Funding for this position will come exclusively from non-State funds.

Dr. Adler is currently the Chief Medical Officer of UCSF Medical Center and UCSF Benioff Children's Hospital and Medical Director of UCSF Ambulatory Care. As Chief Medical Officer, he directs the doctors who provide patient care at UCSF and oversees the quality of medical services and the integration of patient care, education, and research. He also oversees care coordination, clinical resource management, compliance, medical staff affairs, quality assurance, and risk management. As ambulatory care medical director, he is in charge of UCSF's more than 90 clinics.

Changes in the healthcare industry, mostly driven by the Patient Protection and Affordable Care Act, have intensified the competitive landscape for providers in every way. Healthcare organizations therefore must respond by expanding significantly, both organically and through acquisitions and affiliations, in order to keep pace and benefit from economies of scale. Along with this expansion, which in many ways is necessary to remain competitive, organizational structures and the talent needed to operate them are critical to success.

In response to these changes, in 2014, UCSF adopted and began implementing a new strategic plan called UCSF Vision 2020. Among other elements, this plan has the goal of establishing an integrated UCSF Health organization designed to better respond to fundamental changes taking place in the industry. Specifically, the new organization creates a unified decision-making, management, and operational structure across the traditionally separate School of Medicine and Medical Center. This organizational model has been embraced by several leading academic centers nationally. UCSF is adjusting its structure to simplify the process of making and executing decisions by consolidating key functions. This will make the organization more nimble and lower costs by reducing redundancies while promoting strategic, operational, and financial alignment across all parties.

UCSF Health is the largest financial entity in UC Health, and the expectation is that it will continue to grow. Over the past three years, UCSF Medical Center has evolved from a single licensed facility to a very large health system through various affiliations in an effort to compete in the rapidly changing healthcare market. UCSF Health now comprises UCSF Medical Center including UCSF Benioff Children's Hospital San Francisco, the UCSF faculty practice group, the separately licensed UCSF Langley Porter Psychiatric Hospital and Clinics and UCSF Benioff Children's Hospital Oakland, as well as the Bay Children's Physician Foundation and joint ventures with John Muir Health and Hospice by the Bay.

As a result of this new structure, several existing roles have been consolidated or expanded. The position and assignment recommended for Dr. Adler is one of these. On the management side, UCSF Medical Center leadership has been organized into the office of UCSF Health with several key reports to Chief Executive Officer Mark Laret. This new organizational structure is specifically designed to facilitate efficient and effective management of an operation that is very large (now a \$3 billion annual operating budget, operating as a self-supporting business with no State support) and increasingly complex (dozens of clinical sites, owned and affiliated hospitals, thousands of physician practices, a large home care business, and growing Accountable Care Organization entities).

In Dr. Adler's previous role of Chief Medical Officer, he was responsible for the medical aspects of both the inpatient and outpatient activities of UCSF Medical Center. He also was responsible for the alignment of strategic support with the clinical and academic mission of the Medical Center and School. In his new role of Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, Dr. Adler will have the following new responsibilities:

- Be responsible for overall coordination and clinical integration of care across the entire health system, including UCSF-owned and operated sites and affiliated programs, locations, and physicians.
- Oversee faculty practice operations.
- Facilitate the development and maintenance of UCSF's community practice network, including the effective use of information technology by providers; be accountable for the quality and safety of care delivered across the system; drive innovative approaches to care delivery; support the establishment of common clinical standards and practices via population health management.
- Lead the health system funds flow program and coordinate with other systemwide leaders to ensure effective use of personnel and financial resources; and execute policy formulated by the Leadership Council.
- Ensure, as leader of health system clinical services, that multi-stakeholder involvement is the standard approach to decision-making, fostering a culture of collaboration and innovation in the delivery of care.
- Ensure the alignment of the clinical, research, and education missions of UCSF and physician involvement in operational decision-making.

For the Executive Vice President responsibilities, the position will be a direct report to the Chief Executive Officer; for the Vice Dean responsibilities, the position will report to the Dean of the School of Medicine.

This expanded role will significantly increase Dr. Adler's staff headcount from 107 to 1,622 and his budget from \$42,477,000 to \$709,374,690.

Based on the scope and complexity of duties, the exceptional qualifications, and significant experience of Dr. Adler, the President is proposing a base salary of \$600,000 for the Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health. The proposed base salary is 3.2 percent below the 60th percentile of the

MRZ and reflects an increase of 48.8 percent over Dr. Adler's current base salary of \$403,142 as the Chief Medical Officer.

Dr. Adler's significant experience and qualifications, the scope of his new responsibilities, as well as his exemplary performance, were used in determining an appropriate salary, consistent with Regents' Policy 7701, Senior Management Group Appointment and Compensation.

Funding for this position will come entirely from non-State funds, specifically from UCSF Health revenues.

Recommendation

The Committee recommended approval of the following items in connection with the establishment of the new Senior Management Group position of Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, the Market Reference Zone for the position, and the appointment of and compensation for Joshua S. Adler as Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, San Francisco campus:

- A. Establishment of the new Senior Management Group position of Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, San Francisco campus. This will be a Level Two position in the Senior Management Group.
- B. Establishment of a Market Reference Zone (MRZ) for the Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health position as follows: 25th percentile – \$473,000, 50th percentile – \$568,000, 60th percentile – \$620,000, 75th percentile – \$697,000, 90th percentile – \$775,000.
- C. Appointment of Joshua S. Adler, M.D., as Executive Vice President – Physician Services and Vice Dean of Clinical Affairs, UCSF Health, San Francisco campus at 100 percent time. Dr. Adler will continue to serve in a non-tenured academic appointment without salary.
- D. Per policy, an annual base salary of \$600,000.
- E. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 15 percent of base salary (\$90,000) and a maximum award of 25 percent of base salary (\$150,000). The actual award will be determined based on performance against pre-established objectives.
- F. Per policy, continued monthly contribution to the Senior Management Supplemental Benefit Program.

- G. Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all program requirements.
- H. Per policy, annual automobile allowance of \$8,916.
- I. Per policy, continued standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- J. This action will be effective upon approval.

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.

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

(See discussion and action below.)

3. **APPROVAL OF ESTABLISHMENT OF NEW SENIOR MANAGEMENT GROUP POSITION OF SENIOR VICE PRESIDENT – ADULT SERVICES, UCSF HEALTH, AND PRESIDENT OF UCSF MEDICAL CENTER, AND THE MARKET REFERENCE ZONE FOR THE POSITION; APPOINTMENT OF AND COMPENSATION USING NON-STATE FUNDING FOR SHEILA E. ANTRUM AS SENIOR VICE PRESIDENT – ADULT SERVICES, UCSF HEALTH, AND PRESIDENT OF UCSF MEDICAL CENTER, SAN FRANCISCO CAMPUS AS DISCUSSED IN CLOSED SESSION**

Background to Recommendation

The President of the University recommended approval to establish the position of Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, San Francisco campus, as a new Level Two position in the Senior Management Group (SMG). The proposed Market Reference Zone (MRZ) for this position is as follows: 25th percentile – \$484,000, 50th percentile – \$615,000, 60th percentile – \$660,000, 75th percentile – \$727,000, and 90th percentile – \$794,000. The survey sources used to establish the proposed MRZ are taken from the Integrated Health Care Strategies National Healthcare Leadership Compensation Survey and Sullivan Cotter Manager and Executive Compensation Survey.

The President also recommended approval of the appointment of and compensation for Sheila E. Antrum as Senior Vice President – Adult Services, UCSF Health, and President

of UCSF Medical Center, at 100 percent time, effective upon approval. Funding for this position will come exclusively from non-State funds.

Ms. Antrum is currently the Chief Nursing and Patient Care Services Officer for UCSF Medical Center. Ms. Antrum received her Master of Health Services Administration (MHSA) at the University of Michigan, School of Public Health, and her bachelor of science in nursing from the Hampton Institute in Virginia. She possesses over 25 years of nursing management experience.

Changes in the healthcare industry, mostly driven by the Patient Protection and Affordable Care Act, have intensified the competitive landscape for providers in every way. Healthcare organizations therefore must respond by expanding significantly, both organically and through acquisitions and affiliations, in order to keep pace and benefit from economies of scale. Along with this expansion, which in many ways is necessary to remain competitive, organizational structures and the talent needed to operate them are critical to success.

In response to these changes, in 2014 UCSF adopted and began implementing a new strategic plan called UCSF Vision 2020. Among other elements, this plan has the goal of establishing an integrated UCSF Health organization designed to better respond to fundamental changes taking place in the industry. Specifically, the new organization creates a unified decision-making, management, and operational structure across the traditionally separate School of Medicine and Medical Center. This organizational model has been embraced by several leading academic centers nationally. UCSF is adjusting its structure to simplify the process of making and executing decisions by consolidating key functions. This will make the organization more nimble and lower costs by reducing redundancies while promoting strategic, operational, and financial alignment across all parties.

UCSF Health is the largest financial entity in UC Health, and the expectation is that it will continue to grow. Over the past three years, UCSF Medical Center has evolved from a single licensed facility to a very large health system through various affiliations in an effort to compete in the rapidly changing healthcare market. UCSF Health now comprises UCSF Medical Center including UCSF Benioff Children's Hospital San Francisco, the UCSF faculty practice group, the separately licensed UCSF Langley Porter Psychiatric Hospital and Clinics, and UCSF Benioff Children's Hospital Oakland, as well as the Bay Children's Physician Foundation and joint ventures with John Muir Health and Hospice by the Bay.

UCSF Health has grown from a \$1.1 billion single licensed facility ten years ago to a \$3 billion multi-entity organization. In the past ten years, the total assets of the health system have grown by 327 percent. In order to manage this complex health system, a new organizational structure is necessary to best meet the operational needs of UCSF Health. Several new senior management positions have been created at the system level to ensure the success of the organization.

In Ms. Antrum's previous role as Chief Nursing and Patient Care Officer, she was ultimately responsible for nursing practice throughout UCSF Medical Center, UCSF Children's Hospital, UCSF Mount Zion Medical Center, ambulatory care sites, and UCSF Home Care. In her new role as Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center she will have the following new responsibilities:

- Serve as a core member of the UCSF Health System leadership team, including being a member of the Leadership Council which will review and shape Health System policies, align strategic priorities with Health System goals and objectives, and adjudicate complex and large-scale issues that the Health System faces.
- Provide oversight of the strategic direction, fiscal management, program development, quality and safety, work culture enhancement, internal communication and consensus-building, operations, and management of clinical services for all adult services across the Parnassus, Mission Bay, and Mount Zion campuses.
- Collaborate with the Senior Vice President – Cancer Services, Senior Vice President – Children's Services, Vice President – Bay Area Adult Community Practices and other Health System leaders to deliver highly coordinated care across the Health System.
- Be accountable for the high quality, coordinated and innovative delivery of adult clinical services across the Health System including UCSF-owned and operated sites and affiliated programs, locations, and physicians.

In addition, the position has profit and loss responsibility. It will be a direct report to the Chief Executive Officer.

In this expanded role, Ms. Antrum's staff headcount will increase from 2,371 to 2,652 and her budget from \$653,457,000 to \$816,832,300.

Based on the scope and complexity of duties and the exceptional qualifications of Ms. Antrum, including her strong performance, significant contributions in former roles, as well as her demonstrated deep leadership capabilities, the President is proposing a base salary of \$525,000 for the Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center. The proposed base salary is 20.5 percent below the 60th percentile of the MRZ. Consistent with Regents' Policy 7701, Senior Management Group Appointment and Compensation, the proposed base salary is approximately eight percent above the 25th percentile, reflecting Ms. Antrum's relevant experience compared to others in a comparable role. The proposed base salary reflects an increase of 59.8 percent over her current base salary of \$328,570 as the Chief Nursing and Patient Care Services Officer.

Funding for this position will come entirely from non-State funds, specifically from UCSF Health revenues.

Recommendation

The Committee recommended approval of the following items in connection with the establishment of the new Senior Management Group position of Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, the Market Reference Zone for the position, and the appointment of and compensation for Sheila E. Antrum as Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, San Francisco campus:

- A. Establishment of the new Senior Management Group position of Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, San Francisco campus. This will be a Level Two position in the Senior Management Group.
- B. Establishment of a Market Reference Zone (MRZ) for the Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center position as follows: 25th percentile – \$484,000, 50th percentile – \$615,000, 60th percentile – \$660,000, 75th percentile – \$727,000, 90th percentile – \$794,000.
- C. Appointment of Sheila E. Antrum as Senior Vice President – Adult Services, UCSF Health, and President of UCSF Medical Center, San Francisco campus, at 100 percent time.
- D. Per policy, an annual base salary of \$525,000.
- E. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 15 percent of base salary (\$78,750) and a maximum potential award of 25 percent of base salary (\$131,250). The actual award will be determined based on performance against pre-established objectives.
- F. Per policy, annual automobile allowance of \$8,916.
- G. Per policy, continued monthly contribution to the Senior Management Supplemental Benefit Program.
- H. Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all program requirements.
- I. Per policy, continued standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- J. This action will be effective upon approval.

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.

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

(See discussion and action below.)

4. **APPROVAL OF APPOINTMENT OF AND COMPENSATION USING NON-STATE FUNDING FOR BARRIE E. STRICKLAND AS SENIOR VICE PRESIDENT – FINANCE AND CHIEF FINANCIAL OFFICER, UCSF HEALTH, SAN FRANCISCO CAMPUS AS DISCUSSED IN CLOSED SESSION**

Background to Recommendation

The President of the University recommended approval of the appointment of and compensation for Barrie E. Strickland as Senior Vice President – Finance and Chief Financial Officer, UCSF Health, San Francisco campus, at 100 percent time, effective upon approval. Funding for this position will come exclusively from non-State funds. This is a new, consolidated role at UCSF Health.

Changes in the healthcare industry, mostly driven by the Patient Protection and Affordable Care Act, have intensified the competitive landscape for providers in every way. Healthcare organizations therefore must respond by expanding significantly, both organically and through acquisitions and affiliations, in order to keep pace and benefit from economies of scale. Along with this expansion, which in many ways is necessary to remain competitive, organizational structures and the talent needed to operate them are critical to success.

In response to these changes, in 2014, UCSF adopted and began implementing a new strategic plan called UCSF Vision 2020. Among other elements, this plan has the goal of establishing an integrated UCSF Health organization designed to better respond to fundamental changes taking place in the industry. Specifically, the new organization creates a unified decision-making, management, and operational structure across the traditionally separate School of Medicine and Medical Center. This organizational model has been embraced by several leading academic centers nationally. UCSF is adjusting its structure to simplify the process of making and executing decisions by consolidating key functions. This will make the organization more nimble and lower costs by reducing redundancies while promoting strategic, operational, and financial alignment across all parties.

As a result of this new structure, several existing roles have been consolidated or expanded. On the management side, UCSF Medical Center leadership has been organized

into the office of UCSF Health with several key reports to Chief Executive Officer Mark Laret. This new organizational structure is specifically designed to facilitate efficient and effective management of an operation that is very large (now a \$3 billion annual operating budget, operating as a self-supporting business with no State support) and increasingly complex (dozens of clinical sites, owned and affiliated hospitals, thousands of physician practices, a large home care business, and growing Accountable Care Organization entities).

Ms. Strickland has been serving as the Chief Financial Officer for the UCSF Medical Center since 2010, with responsibility for the financial management of the clinical enterprise, including financial planning, capital planning, financing, budgeting, accounting, financial reporting, reimbursement, revenue cycle, and design and operation of internal control systems. This operation includes total revenue of \$3 billion, 41,000 annual discharges, 3 million relative value units, and 10,000 FTE (consolidated UCSF Medical Center, UCSF Faculty Practice Organization, UCSF Benioff Children's Hospital of Oakland, and Langley Porter Psychiatric Hospital and Clinics, Bay Area Accountable Care Network, Bay Health foundation).

In Ms. Strickland's new role as Senior Vice President – Finance and Chief Financial Officer, she will have the following new responsibilities:

- Serve as a core member of the UCSF Health leadership team, including as a member of the system's Leadership Council which reviews and shapes Health System policies, aligning strategic priorities with system goals and objectives, and adjudicating complex and large-scale issues that the system faces.
- Be responsible for the financial management of the entire UCSF health system (UCSF Medical Center, UCSF Faculty practice, Benioff Children's Hospital Oakland, Benioff Children's Physicians foundation, Langley Porter Psychiatric Hospital and Clinic) financial planning, capital planning, budgeting, accounting, financial reporting, reimbursement, revenue cycle, financing, and design and operation of internal control systems.
- Participate in the formation, communication and implementation of strategic plans and institutional policy.
- Assume the leadership role for key initiatives that cross hospitals and affiliates.
- Serve as one of the executives who negotiate with outside third parties on the Health System's behalf.
- Be the designated reviewer of significant finance transactions.
- Integrate financial operations across the various entities of the system. This position will be a direct report to the Chief Executive Officer.

In this expanded role, Ms. Strickland's staff headcount will increase from 387 to 691 and her budget will increase from \$268,257,000 to \$341,082,717.

Based on the scope and complexity of duties and the exceptional qualifications of Ms. Strickland, the President is proposing an annual base salary of \$625,000 for the appointment of Ms. Strickland to the Senior Vice President – Finance and Chief Financial

Officer, UCSF Health position. The appointment salary of \$625,000 is 7.8 percent above the 75th percentile and three percent below the 90th percentile of the Market Reference Zone (MRZ) for the Chief Financial Officer – Health Systems and Campus position and reflects an increase of 30.9 percent over Ms. Strickland's current base salary of \$477,405 as the Chief Financial Officer of the Medical Center. Given Ms. Strickland's expanded Chief Financial Officer role, she will be moved into a new MRZ that has already been approved by the Regents and is used for similar positions at UC Davis and UC San Diego. In view of Ms. Strickland's highly specialized credentials, professional accomplishments, and expertise that set her apart from her peers, a base salary of \$625,000 is appropriate and consistent with Regents' Policy 7701, Senior Management Group Appointment and Compensation.

Funding for this position will come entirely from non-State funds, specifically from UCSF Health revenues.

Recommendation

The Committee recommended approval of the following items in connection with the appointment of and compensation for Barrie E. Strickland as Senior Vice President – Finance and Chief Financial Officer, UCSF Health, San Francisco campus:

- A. Appointment of Barrie E. Strickland as Senior Vice President – Finance and Chief Financial Officer, UCSF Health, San Francisco campus at 100 percent time.
- B. Per policy, an annual base salary of \$625,000.
- C. Per policy, continued eligibility to participate in the Clinical Enterprise Management Recognition Plan (CEMRP) with a target award of 15 percent of base salary (\$93,750) and a maximum potential award of 25 percent of base salary (\$156,250). Actual award will be determined based on performance against pre-established objectives.
- D. Per policy, annual automobile allowance of \$8,916.
- E. Per policy, continued monthly contribution to the Senior Management Supplemental Benefit Program.
- F. Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.
- G. Per policy, continued standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- H. This action will be effective upon approval.

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.

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

Committee Chair Reiss briefly introduced the three UCSF appointment and compensation items for Joshua Adler, Sheila Antrum, and Barrie Strickland. Chancellor Hawgood stated that these three proposed new executive positions were in alignment with the reorganization of UCSF's management team, consistent with the transition from a medical center to a Health System, as discussed at the May meeting.

Upon motion duly made and seconded, the Committee approved the President's recommendations in items 2, 3, and 4 above and voted to present them to the Board.

5. **APPROVAL OF APPOINTMENT OF AND SALARY ADJUSTMENT FOR ADELA DE LA TORRE AS VICE CHANCELLOR – STUDENT AFFAIRS AND CAMPUS DIVERSITY, DAVIS CAMPUS AS DISCUSSED IN CLOSED SESSION**

Background to Recommendation

Approval was requested for a salary adjustment for Adela de la Torre as Vice Chancellor – Student Affairs and Campus Diversity, Davis campus, and in recognition of the expansion of her duties to include campus oversight of all diversity efforts for students, faculty and staff. This is in lieu of hiring a new employee to handle campus-wide diversity efforts. Consistent with the expansion of duties, Ms. de la Torre's title will change from Vice Chancellor – Student Affairs to Vice Chancellor – Student Affairs and Campus Diversity. The proposed adjustment will increase Ms. de la Torre's annual base salary by 22.6 percent, from \$252,801 to \$310,000. Because the proposed increase will place Ms. de la Torre's base salary above the 75th percentile of this position's Market Reference Zone (MRZ), this action requires Regents' approval.

The campus had contemplated recruiting for a new Vice Chancellor for Campus Diversity, Equity, and Inclusion but decided to add this responsibility to Ms. de la Torre's portfolio in order to be more cost-efficient, with the anticipated savings expected to be approximately \$100,000.

Ms. de la Torre has provided outstanding leadership as Vice Chancellor – Student Affairs since her appointment in August 2013. Currently, Ms. de la Torre oversees Student Affairs and is responsible for the wide array of services and programs including Student Housing, Student Academic Success Center, Office of Financial Aid, Office of the Registrar, Campus Recreation and Unions, and UC Davis Stores. The Division of Student Affairs encompasses 24 defined departments with operational budgets exceeding

\$400 million annually. Ms. de la Torre is responsible for overseeing 756 professional staff and approximately 3,000 students.

In assuming the campus diversity role, Ms. de la Torre will be delegated full responsibility as the chief campus official responsible for ensuring the diversity of UC Davis' staff, faculty, and graduate and undergraduate student populations. The campus Associate Executive Vice Chancellor for Campus Community Relations will report jointly to the Chancellor and to Ms. de la Torre, and the UC Davis Health System's Associate Vice Chancellor of Diversity and Inclusion will have a dotted-line reporting relationship to Ms. de la Torre. Additionally, all faculty and staff with a role in diversity, equity, and inclusion efforts will report either directly or indirectly to Ms. de la Torre. This new and additional responsibility is not typically found in the traditional Vice Chancellor – Student Affairs role and will have significant impact in ensuring UC Davis' long-term success towards further diversifying the campus' staff, faculty and student populations.

One of Ms. de la Torre's goals as head of Student Affairs is to establish UC Davis as a model of diversity and tolerance through proactive outreach and application of its Principles of Community. In support of this goal, the Division of Student Affairs has implemented expanded services for students with disabilities; created a stipend award program to assist students with a desire to participate in international internships; provided expanded services to international students; published the first Middle Eastern, Muslim and South Asian Student resource guide; partnered with the School of Education to offer a new course, "Understanding Educational Equity"; piloted the Veteran's Success class to address the issues and challenges veterans face in transitioning from military to civilian life; and offered the Women in Science and Engineering (WISE) mentorship program to provide support, retention strategies, and tips for success for students of underrepresented genders in the STEM (Science, Technology, Engineering and Mathematics) fields.

Ms. de la Torre will be tasked with developing appropriate policies, procedures, programs and initiatives for all students, staff, and faculty to ensure that UC Davis is known for its welcoming and inclusive environment and its respect and appreciation for diversity, equity, and inclusion. Currently, no single UC Davis senior leader is vested with oversight of these issues nor designated as the primary driver of this ongoing campus priority. The campus had contemplated creating a new Vice Chancellor position to support these responsibilities but decided it would be more cost-effective to incorporate these responsibilities into Ms. de la Torre's portfolio. This expanded role for Ms. de la Torre will also increase her staff headcount by five full-time equivalent employees (FTEs) and all campus staff and faculty with a role in equity, diversity, and inclusion efforts will have a dotted-line reporting relationship to Ms. de la Torre.

In addition, Ms. de la Torre's compensation level, coupled with her strong performance, has made her a target for recruitment by competing institutions. A vacancy in the Vice Chancellor – Student Affairs position at UC Davis would result in severe disruption to campus operations and disservice to the diversity community of UC Davis. A vacancy

would not only jeopardize progress in the campus' bold "2020 Initiative," it could also put at risk Davis' aspiration to become a Hispanic-Serving Institution (HSI) by fall 2019.

Ms. de la Torre's proposed annual base salary of \$310,000 will place her slightly above the 75th percentile of the Market Reference Zone (MRZ). This reflects an appropriate position within the MRZ, consistent with Regents Policy 7701, Senior Management Group Appointment and Compensation, since the inclusion of the campus diversity responsibilities for all staff, faculty, and students reflects a significantly larger, broader, and more complex job than that of her peers and the typical Student Affairs benchmark position used in the market surveys.

This position is funded partially or fully by State funds.

Recommendation

The Committee recommended approval of the following items in connection with the appointment of and salary adjustment for Adela de la Torre as Vice Chancellor – Student Affairs and Campus Diversity, Davis campus:

- A. Appointment of Adela de la Torre as Vice Chancellor – Student Affairs and Campus Diversity, Davis campus, at 100 percent time.
- B. Per policy, 22.6 percent (\$57,199) increase to annual base salary resulting in a new annual base salary of \$310,000.
- C. 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 after five years of Senior Management Group service).
- D. Per policy, continued eligibility for accrual of sabbatical credits as a member of tenured faculty.
- E. Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable program requirements.
- F. This action will be effective upon approval.

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.

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

Committee Chair Reiss briefly introduced the item.

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

6. **APPROVAL OF SALARY ADJUSTMENT USING NON-STATE FUNDING FOR DONALD DEPAOLO AS ASSOCIATE LABORATORY DIRECTOR – ENERGY SCIENCES, LAWRENCE BERKELEY NATIONAL LABORATORY AS DISCUSSED IN CLOSED SESSION**

Background to Recommendation

Approval was requested for a salary adjustment for Donald DePaolo as Associate Laboratory Director – Energy Sciences, Lawrence Berkeley National Laboratory (LBNL), increasing his base salary by nine percent from \$363,252 to \$395,944 effective July 1, 2015, using Department of Energy (DOE) funding.

It is critical that LBNL retain Mr. DePaolo as Associate Laboratory Director – Energy Sciences to provide continuity and ensure a smooth transition to a new Laboratory Director. DOE has recently expressed concern about the number of leadership roles that are filled with interim or acting appointments. If his increase is approved, Mr. DePaolo has committed to remaining in his current role until a new Laboratory Director is appointed who can oversee the search to replace Mr. DePaolo upon his retirement. This action requires Regental approval because Mr. DePaolo's proposed base salary of \$395,944 is above the 75th percentile of the applicable Market Reference Zone (MRZ). Given Mr. DePaolo's highly specialized credentials, professional accomplishments, depth of expertise, and solid performance and contribution to the Laboratory, the proposed salary placement in the MRZ is consistent with the Regents' Policy 7701, Senior Management Group Appointment and Compensation.

This increase will be funded using non-State funds provided by the DOE.

Recommendation

The Committee recommended approval of the following items in connection with the salary adjustment for Donald DePaolo as Associate Laboratory Director – Energy Sciences, Lawrence Berkeley National Laboratory:

- A. Per policy, continued appointment of Donald DePaolo as Associate Laboratory Director – Energy Sciences, Lawrence Berkeley National Laboratory, at 100 percent time.
- B. Per policy, annual base salary of \$395,944.
- C. Per policy, continued eligibility to accrue sabbatical credits as a member of tenured faculty.

- D. 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).
- E. Per policy, continued eligibility to participate in the UC Home Loan Program, subject to all applicable requirements.
- F. This action will be effective July 1, 2015.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Laboratory Director, 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.

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

Committee Chair Reiss briefly introduced the item.

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

7. **APPROVAL OF APPOINTMENT OF AND COMPENSATION FOR GLENDA HUMISTON AS VICE PRESIDENT – AGRICULTURE AND NATURAL RESOURCES, OFFICE OF THE PRESIDENT AS DISCUSSED IN REGENTS ONLY SESSION**

Background to Recommendation

The President of the University recommended approval for the appointment of and compensation for Glenda Humiston as Vice President – Agriculture and Natural Resources, Office of the President, effective on or about August 3, 2015. Following a national search, Ms. Humiston has been selected as the top candidate for the position of Vice President – Agriculture and Natural Resources (ANR), which became vacant following the retirement of the former incumbent, Barbara Allen-Diaz, on June 30, 2015. The Vice President – Agriculture and Natural Resources position is classified as a Level One position in the Senior Management Group (SMG) and reports directly to the President of the University.

Ms. Humiston brings over 25 years of experience working on agriculture and natural resource issues, much of that in California. She is well known for her innovative work by both California and national leaders in the fields of agriculture, natural resources, sustainability, and water. Ms. Humiston, who has a Ph.D. from the University of California, Berkeley, is currently the California State Director at the U.S. Department of Agriculture (USDA), Rural Development, a position she has held since 2009. She served

President Clinton from 1998 to 2001 as Deputy Under Secretary for Natural Resources and Environment at the USDA and managed the Sustainable Development Institute at the 2002 World Summit for Sustainable Development in South Africa and the 2006 World Water Forum in Mexico City. Prior experience includes service as a Peace Corps volunteer in Tunisia, as Executive Director of a nonprofit organization advocating farmland preservation and value-added agriculture development, and several years as a consultant on environmental and agricultural issues throughout the Western U.S.

ANR's portfolio is focused on agriculture, natural resources, youth development, and nutrition, and includes research, education, and service. ANR employs a total of 1,350 individuals who work in 60 county offices, at nine Research and Extension Centers (REC), and three administrative centers (Oakland, Davis, and Kearney REC). Over 330 Cooperative Extension Specialists and Advisors conduct research and extension programs, which are locally engaged and locally responsive to issues throughout the State.

ANR is responsible for creating and implementing innovative and locally relevant research, education, and outreach programs and developing science-based solutions to issues facing agriculture and natural resources. The Division also maintains, as well as fosters, new partnerships with community groups, UC campuses, California State University campuses, and State and federal agencies to best serve California's communities.

Based on the scope and complexity of duties and Ms. Humiston's qualifications, consistent with Regents' Policy 7701, Senior Management Group Appointment and Compensation, the President is proposing a starting base salary of \$274,000 for the first year. Ms. Humiston's salary will increase to \$281,000 in year two, and \$287,000 in year three, conditioned upon Ms. Humiston's satisfactory performance as assessed by the President against goals and objectives established by the President. The Market Reference Zone (MRZ) for this position is as follows: 25th percentile – \$248,000, 50th percentile – \$270,000, 60th percentile – \$294,000, 75th percentile – \$336,000, and 90th percentile – \$403,000. The appointment salary of \$274,000 is 7.8 percent below the former incumbent's salary of \$297,052 and 6.8 percent below the 60th percentile of the MRZ.

The position of Vice President – Agriculture and Natural Resources will continue to be partially or fully State-funded.

Recommendation

The Committee recommended approval of the following items in connection with the appointment of and compensation for Glenda Humiston as Vice President – Agriculture and Natural Resources, Office of the President:

- A. Per policy, appointment of Glenda Humiston as Vice President – Agriculture and Natural Resources, Office of the President, at 100 percent time.

- B. Per policy, an annual base salary in year one of \$274,000, increasing to \$281,000 in year two and \$287,000 in year three, conditioned upon satisfactory performance as assessed by the President.
- C. Per policy, a monthly contribution to the Senior Management Supplemental Benefit Program.
- D. Per policy, eligible to participate in the UC Home Loan Program, subject to all applicable program requirements.
- E. Per policy, standard pension and health and welfare benefits (including senior management life insurance and executive salary continuation for disability).
- F. This action will be effective on or about August 3, 2015.

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.

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

Committee Chair Reiss briefly introduced the item, noting that this new appointment would be at a lower salary than the previous incumbent

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

8. **APPROVAL OF SALARY ADJUSTMENTS FOR CERTAIN MEMBERS OF THE SENIOR MANAGEMENT GROUP AS DISCUSSED IN REGENTS ONLY SESSION**

Background to Recommendation

Consistent with the 2015-16 salary program for non-represented staff at all levels, the President of the University recommended approval of base salary increases for certain members of the Senior Management Group (SMG). The proposed base salary increases apply only to Level One SMG members who have been in their current role for at least a year and have not received a salary increase in the last year.

Level One SMG members have had two general salary increases in the past eight years. Over this period, since 2007, wages within the general labor market increased by 27 percent and the cost of living has jumped by 17.3 percent, with both the cost of living and cost of labor being significantly higher in California than most other parts of the

nation. The lack of general salary increases over this period has had a detrimental impact on the University's competitive position for talent. The inconsistency associated with the lack of a regular salary program at UC has made it more difficult to recruit and retain people for senior leadership and staff positions.

This year, consistent with past findings, chancellors continue to rank in the bottom third compared to their counterparts at other Association of American Universities (AAU) institutions with regard to base salary and total cash compensation. Many other AAU institutions offer other forms of cash compensation that UC does not offer, which further exacerbates the problem.

Participation by the SMG members in this three percent organization-wide, non-represented staff salary increase program will allow the University to merely maintain its position relative to competitor organizations, since they, too, are implementing salary programs of at least this size and magnitude for their staff and executives. These base salary adjustments are not applicable to Level One SMG members who were not in their current position as of an effective date of July 1, 2014 or who received a salary increase in the last year.

Recommendation

The Committee recommended that the base salary adjustments for the individuals listed below be effective upon approval by the Regents.

Last Name	First Name	Working Title	Current Annual Base Salary	Proposed Salary Increase %	Proposed Annual Base Salary	Funding Source
Bachher*	Jagdeep	Chief Investment Officer - VP Investments	\$615,000	3.0%	\$633,450	Non-State
Block	Gene D.	Chancellor	\$428,480	3.0%	\$441,334	Partial State
Budil	Kimberly	Vice President - National Laboratories	\$355,000	3.0%	\$365,650	Non-State
Dirks	Nicholas	Chancellor	\$501,404	3.0%	\$516,446	Partial State
Dorr	Aimee	Provost and Executive Vice President - Academic Affairs	\$360,500	3.0%	\$371,315	Partial State
Hawgood	Samuel	Chancellor	\$750,000	3.0%	\$772,500	Non-State
Katehi	Linda	Chancellor	\$412,000	3.0%	\$424,360	Partial State
Khosla	Pradeep K.	Chancellor	\$423,417	3.0%	\$436,120	Partial State
Laret*	Mark R.	Chief Executive Officer, Medical Center	\$963,050	3.0%	\$991,942	Non-State
Rice*	Ann Madden	Chief Executive Officer - UCD Medical Center	\$824,000	3.0%	\$848,720	Non-State

Robinson	Charles	General Counsel and Vice President - Legal Affairs	\$428,480	3.0%	\$441,334	Partial State
Shaw	Anne	Secretary and Chief of Staff to the Regents	\$225,000	3.0%	\$231,750	Partial State
Stobo*	John (Jack)	Senior Vice President - Health Sciences and Services	\$597,400	3.0%	\$615,322	Partial State
Vacca	Sheryl	Senior Vice President - Chief Compliance and Audit Officer	\$417,150	3.0%	\$429,665	Partial State
Viviano*	Paul S.	Associate Vice Chancellor - Health Systems/Chief Executive Officer	\$741,600	3.0%	\$763,848	Non-State

* These Senior Management Group members are eligible for Regentally approved incentive pay.

The base salary 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.

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

Committee Chair Reiss briefly introduced the item. She emphasized that none of the individuals for whom a salary adjustment was being proposed had received any pay increase in the past 12 months.

Regent Elliott thanked Chairman Lozano and President Napolitano for ensuring that these salary adjustments were being applied consistently.

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

9. AMENDMENT TO THE HEALTH SCIENCES COMPENSATION PLAN, ACADEMIC PERSONNEL MANUAL SECTION 670 (APM - 670)

The Committee recommended that the Health Sciences Compensation Plan, Section 670 of the Academic Personnel Manual (APM - 670), be amended by retiring, effective July 1, 2015, Appendix B, Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants, as shown in Attachment 1.

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

Committee Chair Reiss briefly introduced the item. Vice Provost Susan Carlson recalled that the Regents have authority over the terms of the Health Sciences Compensation Plan (HSCP) for UC health sciences faculty. The Regents approved policy changes to the HSCP in 2012. In the three years since that approval, campuses have designed and approved plans to implement these new policies. The University has reached the final point in the series of policy implementations, and Appendix B of Section 670 of the Academic Personnel Manual (APM - 670) is obsolete, since all faculty who were covered by Appendix B have been moved to new campus plans that have replaced Appendix B as of July 1, 2015. The proposed change to retire Appendix B would have no fiscal impact and would not affect any specific level of compensation, since it focuses on conflicts of commitment and ensures a more uniform policy for HSCP faculty to manage conflicts of commitment.

Regent Makarechian referred to paragraph 6 d. of APM - 670, "Role of the Advisory Committee." Noting that this advisory committee resolves issues of conflict of interest, he suggested that it might be appropriate to include representation from the Office of Ethics, Compliance and Audit Services. Ms. Carlson responded that these advisory committees are found in each health sciences school across the UC system and manage issues on a departmental basis. Provost Dorr stated that she would discuss this question with Chief Compliance and Audit Officer Vacca.

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

10. **REPORT ON THE 2014 TOTAL REMUNERATION STUDY FOR GENERAL CAMPUS LADDER-RANK FACULTY**

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

Provost Dorr introduced this report on the findings of the 2014 Total Remuneration Study for General Campus Ladder-Rank Faculty. Total remuneration is an important component of UC's ability to recruit and retain outstanding faculty, who are essential if UC is to be a first-rate research university. Total remuneration is not the sole or even the major consideration when an academic chooses to come to UC or to remain at UC, but the University underestimates this importance at its peril; compensation certainly matters. The 2014 study provides information on how UC compensation for ladder-rank faculty compares to that offered by close competitor institutions, as well as how UC compensation had changed since the previous study in 2009. It also provides a base for assessing the likely effects of changes in any component of total remuneration on UC's competitive strengths in recruiting and retaining faculty.

Vice Provost Susan Carlson stated that it remains UC's goal to develop compensation strategies to allow the recruitment and retention of exceptional faculty. This includes periodic benchmarking of total remuneration. For this study, the University worked with Mercer Consulting to compare the three components of total remuneration at UC – cash

compensation, health and welfare benefits, and retirement benefits – with those offered by peers in higher education. The study included 7,300 faculty across the UC system and found that total remuneration was ten percent below market in 2014, a drop from UC's position of two percent below market in 2009. Total benefits decreased from 18 percent above market in 2009 to one percent below market in 2014. Previously, and certainly in 2009, benefits partially compensated for salaries that were below market. The 2014 study demonstrated that UC benefits no longer compensate for below-market salaries.

The changes since 2009 are more dramatic for early-career faculty, due to changes in pension and health and welfare benefits. The University has been following up on this study in several ways, reviewing campus-level as well as systemwide data. Eight of nine campuses included in the study are below the market benchmark, ranging from three percent to 21 percent below market. UC Merced is further still below that mark because of the number of its early-career faculty. There are differences among disciplines as well, both at UC and at peer institutions. The Academic Senate and administrators have engaged in conversations about the best way to respond to the total remuneration gap, whether through salary, benefits, or other approaches. These conversations would continue through the fall and be a part of the planning for new retirement options.

Faculty Representative Gilly stated that faculty were not surprised at the results of this study. The increase in faculty salaries over the past five years just equaled the increase in faculty contributions to the UC Retirement Plan. It could no longer be said that UC benefits make up for below-market faculty salaries. The total value of UC benefits, including the sum of the health and welfare benefits, and all retirement benefits, were now below those of UC comparator institutions. To be the world's greatest public research university, UC must compete for the best faculty globally. The Regents should be aware that 61 percent of tenured faculty who leave UC the system take positions at private universities. The study's comparator group of eight institutions included four private universities; these private universities are among the top 20 destinations for UC faculty. Being below average in compensation would not result in continued excellence. The faculty hoped that the results of this study would be used by the Regents to think carefully about the quality of the faculty they desire for UC, and how to recruit and retain faculty who meet those expectations.

Committee Chair Reiss emphasized the Regents' commitment to the excellence and quality of UC. The University enjoys high rankings and respect around the world, and this is due in large part to the quality of its faculty.

Staff Advisor Acker stated that benefits and salary levels of staff should also be considered; these were also below market.

The meeting adjourned at 10:55 a.m.

Attest:

Secretary and Chief of Staff

SALARY ADMINISTRATION
Health Sciences Compensation Plan

APM - 670

July 2012

670-0 **Policy**

The Health Sciences Compensation Plan (HSCP) provides a policy framework within which Implementing Procedures will be developed by each health sciences school that participates in the Plan. School Implementing Procedures must be consistent with the Plan and its philosophy (see Appendix A), reviewed by the appropriate faculty committee(s), approved by the Chancellor, and reviewed prior to implementation by the President or the President's designee.

In developing Procedures consistent with this policy, the participating health sciences schools, after discussion and comment by the participants, and consultation with the school Advisory Committee (see APM - 670-6-d), may include provisions that are more, but not less, restrictive than those outlined herein.

670-2 **Purpose**

The purpose of this Health Sciences Compensation Plan is to provide a common administrative framework within which a participating health sciences school can compensate its faculty according to the competitive requirements of each discipline. Specific goals of this Plan are:

- a. To provide sufficient non-State resources to recruit and retain outstanding health sciences faculty;
- b. To encourage a balance among teaching, research/scholarship, clinical care, and University and public service activities that meet the standards of excellence required in the University of California;
- c. To provide teaching, patient care and research incentives that encourage and recognize academic merit as well as generation of income;
- d. To offer consistent benefits and privileges to participating health sciences faculty;
and
- e. To benefit the health sciences schools by providing academic and research support funds in addition to State-appropriated funds.

670-6 **Responsibility**

a. **Role of the The Regents and the President**

After consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate committee(s), and upon recommendation by the President, The Regents may amend or repeal the entire Plan or any portion thereof.

The President or the President's designee shall review Implementing Procedures for those schools electing participation in the Plan.

The President shall report to The Regents total compensation for any Plan participant which is greater than four times the highest step on the Professor Series Fiscal Year Salary Scale.

b. **Role of the Chancellor**

The Chancellor shall have operational authority over the development and – subsequent to review and approval by the President or the President's designee – implementation and monitoring of the school Implementing Procedures for administration of this Plan.

The Chancellor shall be responsible for assuring that affected Plan participants and the appropriate division Academic Senate committee(s) shall be afforded the opportunity to review and comment on the proposed school Implementing Procedures.

c. **Role of the Academic Senate**

The President shall consult with the appropriate Academic Senate committee(s) concerning proposed revisions of this Plan.

The appropriate division of the Academic Senate and other committee(s) shall be provided the opportunity to review and comment on any proposed exceptions to school Implementing Procedures which the Chancellor intends to submit to the President or the President's designee for review.

d. **Role of the Advisory Committee**

A school-specific Advisory Committee which includes Senate and non-Senate faculty members representative of the disciplines and faculty series participating in the Plan shall be established to assist the Dean in resolving the issues that may arise from implementing the Plan.

The Committee assists in assuring compliance with and resolving issues on outside professional activities, conflict of interest, and conflict of commitment. The Committee also reviews the submissions of individual department or unit Implementing Procedures.

The composition of the Committee, method for selecting members, terms of service defined to ensure rotation of service, Committee responsibilities, and procedures (including those for receiving and hearing faculty complaints) shall be specified in school Implementing Procedures. No more than 50 percent of the voting members will be appointed by the Dean and the remaining members of the Advisory Committee are elected by Plan members. All voting members of the Committee must have a faculty appointment. The Committee's functions shall include advising the Dean on:

- 1) Development of the school Implementing Procedures, including the establishment of Good Standing Criteria, Academic Programmatic Unit (APU) assignments, and APU Scales. (See APM - 670-18-b for more information on APUs.)
- 2) Departmental Implementing Procedures including methods for obtaining faculty input and for determining consistency with school Implementing Procedures.
- 3) Review of potential conflicts between a Plan participant's commitment to generating revenue within the Plan and his or her outside professional activities. (See APM - 670-19-c.)
- 4) Review of faculty appeals regarding implementing and administering the Plan that are not resolved at the department or school levels or are submitted to the Advisory Committee as a result of a determination of loss of Good Standing. Senate faculty members may pursue their grievance rights before the Privilege and Tenure Committee under Senate Bylaw 335. Non-Senate faculty are entitled to a Step III hearing under APM - 140.

The Advisory Committee will provide an annual summary report on its activities to Plan participants, the Dean, and the Chancellor.

670-10 Standards/Criteria/Qualifications

Good Standing Criteria

- a. Written Good Standing Criteria shall be established at the School or Department level and shall be included in the school Implementing Procedures. Good Standing Criteria must include: 1) a definition of Good Standing, 2) a description of the administrative review process that occurs when a member is

determined to be out of Good Standing, 3) consequences for not being in Good Standing, and 4) the process by which a faculty member may return to Good Standing. (See role of the Advisory Committee in APM - 670-6-d-1.)

- b. Health sciences research and clinical practice are characterized by considerable diversity in sources of funding and are dependent on revenue streams that can be interrupted due to external circumstances, sometimes beyond the control of faculty. In support of the health sciences school's central function, a major responsibility of the Administration is to provide the faculty with conditions hospitable to the pursuits of teaching, research/scholarship, clinical care, and University and public service. The faculty member is responsible for performing the duties assigned at the time of hire, as well as reasonable new duties assigned by the department.

Good Standing Criteria for health sciences faculty will include expectations related to their academic series, departmental expectations related to service, and expectations related to generation of salary support and to shared expenses.

Plan participants must satisfy the Good Standing Criteria in order to be allowed to earn and/or retain income from professional, non-clinical activities. Good Standing Criteria might include, for example, keeping appropriate licensure and clinical privileges current, or meeting requirements for clinical coverage, teaching obligations, participation in departmental activities, or revenue generation. A pathway to return to Good Standing, should it be lost, must be defined. Prior to implementing or revising Good Standing Criteria, affected Plan participants and the Advisory Committee representatives shall be provided the opportunity to review and comment on the proposed criteria.

All members of the Health Sciences Compensation Plan should be deemed to be in Good Standing until they encounter some circumstance in which their capacity to earn income is impaired. A faculty member may fail to be in Good Standing only for conduct which significantly and negatively impacts the health sciences school's central functions of teaching, research/scholarship, clinical care, and University and public service. Reasons for loss of Good Standing might include, for example, a negative five-year review, instances of misconduct, inability to participate in the generation of salary, refusal to participate in assigned duties, failure to participate in mandatory training, loss of clinical privileges, or loss of licensure and/or credentials.

A determination that a faculty member is not in Good Standing may affect the amount of negotiated additional compensation (Y; see APM - 670-18-c(1) and/or Incentive/Bonus compensation (Z; see APM - 670-18-c(2) that the faculty member may earn. If a faculty member is unable to practice at a specific site due to revocation of clinical privileges, for example, that faculty member must be willing to undertake new duties as assigned, or otherwise must forfeit the compensation from that assignment. Faculty who are not in Good Standing must

obtain advance approval from the Department Chair to engage in any unassigned professional activities. If approved, the income from all such approved activities shall accrue to the Plan and not to the faculty member.

Exceptions may be approved in writing in accordance with school Implementing Procedures. A determination that a faculty member is not in Good Standing must be approved by the Dean, and any faculty member who is found not in Good Standing shall be notified in writing by the Department Chair of the reasons for that determination and what steps must be taken in order to return to Good Standing. A faculty member who believes that Good Standing Criteria have been applied unfairly may appeal to the Advisory Committee (described in APM - 670-6-d) in accordance with school Implementing Procedures.

670-14 Eligibility

Membership in the Health Sciences Compensation Plan

a. Membership Requirements

Individuals in health sciences schools, disciplines or specialties that have been approved for participation in this Plan shall be members of this Plan if they hold a University appointment at greater than 50 percent of full time, funded by one or more of the participating health sciences units, in any of the following title series:

- 1) Professor
- 2) Professor In Residence
- 3) Professor of Clinical _____(e.g., Medicine)
- 4) Adjunct Professor
- 5) Acting Professor
- 6) Visiting Professor
- 7) Health Sciences Clinical Professor
- 8) Health Sciences School Dean titles
- 9) Any other title series approved for membership in this Plan by the President or the President's designee

A member of the faculty who was appointed in a health sciences school at the time of their retirement may be recalled to participate in the Health

Sciences Compensation Plan yet may not exceed a maximum total per each month of 43 percent of full time. Please refer to APM - 205, Recall for Academic Appointees for terms and conditions for Plan membership for recall appointees. All other faculty participating in the Plan must hold appointments greater than 50 percent of full time.

Deans and other faculty administrators in Plan schools shall be members of the Plan if they hold an underlying Health Sciences Compensation Plan faculty title; however, salary and reporting requirements are defined by the personnel policies governing the administrative appointments.

Membership in the Plan is a term and condition of employment. All new and continuing eligible Plan members shall receive a copy of this Plan document, the school Implementing Procedures, and any related School or Departmental Guidelines setting forth campus and departmental policy applicable to faculty covered by the Plan.

Membership in the Plan shall continue while the Plan continues to be in effect. Separation from an eligible appointment will terminate membership in the Plan.

Faculty holding any of the titles 1 through 9 above with an appointment in more than one department will participate in the Plan if their appointment is more than 50 percent in a department participating in the Plan and funded by one or more of the participating health sciences units. If included in the Plan, they will be subject to continued membership and to all requirements of the Plan. Determination of and responsibility for the faculty member's salary must be jointly agreed to in writing by the Chairs of the affected Departments and approved annually by the Dean(s). The Departments participating in the Plan are responsible for administering compensation including health and welfare benefits.

b. Exceptions to Membership Requirements

The Chancellor may approve exceptions to membership requirements to meet special teaching, research, clinical care, or University and public service requirements.

The Chancellor shall review and is authorized to approve specific provisions in campus procedures and requests by Deans for inclusion in the Plan of individuals in a health sciences school whose appointments are in the title series listed in APM - 670-14-a, regardless of percentage of appointment.

670-18 **Salary**

a. **Total Compensation**

Faculty members participating in this Plan shall:

- 1) receive base salary as described in section b, below;
- 2) be eligible for optional University additional compensation as described in section c, below; and
- 3) be permitted to retain other miscellaneous income as described in APM - 670-19.

Payment under the Health Sciences Compensation Plan will be made directly to the Plan participant in his/her individual capacity and will not, absent prior approval from the President or the President's designee, be made to any professional corporation or other legal entity maintained by the Plan participant.

Generally, off-scale salaries are not awarded. No State funds shall be used for the portion of base salary that exceeds the Fiscal Year Salary Scales for the Plan member's rank and step or for optional University additional compensation as described in section c, below. This portion of compensation shall be funded using Compensation Plan funds and other non-State funds in compliance with any related fund source restrictions.

b. **Base Salary (X and X') and Academic Programmatic Unit (APU)**

Base salary is the approved rate on one of the Health Sciences Compensation Plan Salary Scales associated with a faculty member's academic rank, step and assigned APU. Base salary shall equal at least the approved rate on the Fiscal Year Salary Scale (HSCP Scale 0) for the faculty member's rank and step (X). Base salary is covered under the University of California Retirement Plan (UCRP) up to the amount permissible under Internal Revenue Code provisions and in accordance with UCRP policy and provisions. Plan participants' APU scale assignments shall be approved by the Dean and assignments may be changed in accordance with guidelines issued by the Chancellor. The differential between X (Scale 0) and the faculty member's rank and step on the HSCP Salary Scale assigned to the faculty member's APU is designated X-prime (X').

- 1) For the purpose of determining the Health Sciences Base Salary Rate, each Department shall establish at least one APU to which the faculty shall be assigned. An APU shall comprise faculty with similar clinical, teaching and research responsibilities. The Department Chair shall recommend an appropriate APU assignment for each member of the Plan, based on

clinical, teaching and research responsibilities. Each APU shall be assigned to an HSCP Salary Scale, according to school Implementing Procedures.

- 2) In keeping with the responsibility of the University to ensure consistency of compensation by creation of APUs or assignment of faculty to APUs:
 - a) Deans are authorized to approve the faculty composition of each APU and assignment of a salary scale to that unit, subsequent to the Department Chair's recommendation.
 - b) Deans must receive advance approval from the Chancellor or the Chancellor's designee for an APU comprising fewer than four members. The request for approval shall include the criteria for composition of the APU, and the name, series, rank, and step of each member.
 - c) An APU must remain at its assigned HSCP Salary Scale for at least one year before being assigned to a higher or lower scale.
 - d) An APU may move to a higher HSCP Salary Scale by a maximum of one scale per year. An APU typically moves down no more than one scale at a time.

No individual faculty member may be moved from one APU to another without a significant change in duties or a change in department. Department chairs shall report annually to the Dean the name of any faculty member who has moved from one APU to another and the reason for the transition.

c. Optional University Additional Compensation

School Implementing Procedures and department, division and/or APUs may provide for the payment of additional compensation. Prior to implementing or revising Implementing Procedures, affected Plan participants and the Advisory Committee shall be afforded the opportunity to review and comment on the proposed Procedures. Implementing Procedures shall specify how additional compensation will be calculated, when it may be paid, and the title(s) of person(s) authorized to approve individual compensation agreements. Additional compensation may be paid, in accordance with fund source restrictions, as follows:

1) Negotiated additional compensation (Y)

Plan members may receive a negotiated amount of additional compensation. This component of pay is beyond the base salary and is not covered compensation for UCRP, but may be eligible for optional disability and life insurance programs, where applicable.

2) Incentive/Bonus compensation (Z)

Plan members may receive incentive/bonus compensation. This incentive/bonus compensation is not covered compensation for UCRP.

Departmental Implementing Procedures will describe the manner in which faculty members within a department, division, or APU may earn incentive compensation beyond base and negotiated compensation, upon approval by the Dean.

3) Administrative Stipends

Plan members may receive administrative stipends, defined as payments by the University for responsibilities related to University administration beyond normal responsibilities.

670-19 Other Outside Income That May be Retained by Plan Members

- a. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities.
- b. Certain categories of income accruing from occasional service, as described below, may be retained by Plan members. Department Implementing Procedures shall address whether members can deposit remuneration from miscellaneous outside activities into an academic enrichment account, and the terms and conditions for those accounts. The Department Chair and/or Dean shall monitor the frequency of individual activity in these areas:
 - 1) Income from occasional outside professional activity in accordance with APM -671, Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants and school Implementing Procedures;

- 2) Prizes, defined as gifts in recognition of personal achievements and not for services rendered;
- 3) Royalties, defined as shares of proceeds for contributions as authors or inventors, as allowed under the University's copyright and patent policies;
- 4) Honoraria, defined as payments by agencies outside the University for occasional lectures and similar public appearances beyond normal academic responsibilities to the University of California and which are not in return for other services, whether given directly or indirectly;
- 5) University honoraria, defined as payment for occasional lectures or similar services performed on a University of California campus as permitted by Academic Personnel Policy; and
- 6) Income from a profession or activity unrelated to the training and experience which is the individual's qualification for University appointment as determined by the Department Chair in consultation with the Dean.

c. Complaints and Appeals

A faculty member who has a complaint about an issue related to outside professional activities should first try to resolve the issue at the departmental level. If the complaint cannot be resolved through discussions, the faculty member's complaint and the Department Chair's response should be documented. If the faculty member disagrees with the departmental decision, s/he should file a formal complaint with the Dean. The Dean will charge the Advisory Committee with fact-finding. Both the Chair or the Chair's designee and the faculty member will have the right to be heard by the Committee. The Committee will issue a formal recommendation for resolution to the Dean. The Dean makes the decision based on this recommendation. Senate faculty may pursue their grievance rights under the terms of Senate Bylaw 335. Non-Senate faculty may request a hearing under the terms of APM - 140.

670-20 Use/Terms of Employment/Conditions of Employment

Benefits

No campus may offer faculty benefits beyond those which have been approved by The Regents. All benefits shall be provided in accordance with policies and/or guidelines issued or approved by the Office of the President. Each health sciences school and respective accounting office shall develop and provide a funding

mechanism for support of all benefits made available under the provisions of this Plan, and this mechanism shall be included in the school Implementing Procedures established for administration of the Plan. All such benefits as described below and in related policies shall be provided uniformly within departments or divisions, as reviewed by their participants and as approved by the Dean.

a. **Base Salary-Related Benefits**

Base salary-related benefits are associated with an individual's salary from one of the Health Sciences Salary Scales. These benefits include participation in the UCRP, health care benefits, disability benefits, regular term life coverage, and other benefits as may be approved by The Regents. Base salary-related benefits will be made available to faculty members who are members of this Plan on the same basis as to all other members of the University faculty.

b. **Optional Benefits on Additional Compensation**

The Regents have authorized disability and life insurance benefit programs related to health sciences additional compensation beyond the base salary. These programs must be approved by the Office of Human Resources, Office of the President. Policies governing optional disability and life insurance programs on additional compensation are available from that office.

c. **Paid Leave**

Plan members who are eligible for sabbatical leave, leave with salary, or extended illness leave may be granted such leave paid at least the Health Sciences Scales Base Salary rate (X, X') as set forth in local Implementing Procedures. A Plan member who leaves University service or transfers from a vacation-accruing title to a non-accruing title shall be paid for accrued vacation at the Plan member's total negotiated salary rate at the time of separation.

With the exception of the two provisions below, or where explicitly stated in policy, members of the Plan are eligible for leaves as defined in APM - 710 - 760. Schools or departments that include provisions in Implementing Procedures for leaves shall clearly define the rate of pay, i.e. whether any additional leave will be paid more than the minimum base salary rate. In the absence of specific Implementing Procedures, the leave provisions as described in APM - 710 - 760 will be used.

1) **Extended Illness**

Members of the Plan who are appointed full-time to at least a twelve-month term who are unable to work for reasons of extended personal illness, injury,

or disability shall be granted paid medical leave of a minimum of six (6) weeks of consecutive or intermittent paid medical leave at the approved base salary. Any additional compensation under the HSCP shall be paid in accordance with campus policies.

- a) Extended illness leave may not exceed the maximum time period allowable under APM - 710-11-a and b.
- b) Authority to review and approve requests for extended illness leave rests with the Chancellor. This authority may be redelegated.

2) **Childbearing and Childrearing**

Childbearing and childrearing leaves shall be approved consistent with APM - 760-25. In no case shall childbearing and childrearing leave be less than the minimum time period or base salary rate of pay as allotted under APM - 760-25-b.

670-22 **Funds**

The management and reporting of professional services income and expenses under this Plan must be consistent with campus accounting and budgeting methods as outlined in Appendix C of this policy.

670-24 **Authority**

a. **The President**

- 1) The President or the President's designee shall have the authority to issue administrative guidelines and procedures further refining this Plan.
- 2) The President or the President's designee shall approve the inclusion or exclusion of a health sciences school, discipline, or specialty in the Plan, subsequent to the Chancellor's recommendation.

b. **The Chancellor**

- 1) The Chancellor shall submit school Implementing Procedures to the President or the President's designee for approval. Such authority may not be redelegated.
- 2) The Chancellor shall submit revisions to school Implementing Procedures within the limitations of the Plan to the President or the President's designee for approval. Such authority may not be redelegated.

- 3) The Chancellor shall approve exceptions to the provisions of the Plan to meet special teaching, research, or clinical service requirement.

670-80 Procedures/Review Procedures

a. Annual Notification

Once per fiscal year, the Department Chair or Unit Head shall provide each member of the Plan a written notification of the member's total annual compensation. This notification shall include:

- 1) The amount of UCRP-covered salary (X, and if applicable, X');
- 2) Which HSCP Salary Scale has been assigned to the Plan member's APU (X, X');
- 3) The amount of negotiated additional compensation (Y); and
- 4) The payment schedule for Incentive/Bonus compensation (Z) payments and the departmental and/or school assessment policy for Z payments.

b. Implementation

- 1) Revisions to school Implementing Procedures that are necessitated by revisions to the Plan shall be submitted for the President's or the President's designee's review within one year of approval of said Plan revisions. School Implementing Procedures may be made effective as of the effective date of such revisions to the Plan, or at any time thereafter, as authorized by the President or the President's designee.
- 2) The Dean is responsible for implementing and administering the school Plan, including the resolution of complaints and appeals.

Appendix A **Philosophy**

Health Sciences education occupies a special place in American higher education with unique functions and responsibilities. In health sciences education, the orientation to clinical practice, essential to the teaching function, requires an emphasis on sophisticated patient care, in addition to an emphasis on research and the advancement of knowledge. In medicine, dentistry, nursing, pharmacy, and other health sciences education as well, clinical teaching is integrated with basic and applied research. The University of California is committed to excellence in instruction, research, and public service in the health sciences just as it is committed to the same goals in other academic disciplines. Health sciences faculty members are expected to act as professional role models for all. As a public university in California authorized to grant professional doctoral degrees in the health sciences, the University has a responsibility to the State, the public, and its students to maintain the breadth and depth of its curricula, the creativity of its research efforts, and the quality of its health care services.

To ensure the level of excellence essential in the University of California, special effort must be exerted to recruit and retain the best and most dedicated faculty. Special compensation plans have been established over the years to provide for quality across academic programs in the health sciences disciplines. These health sciences compensation plans must offer a competitive salary structure indispensable to the health sciences schools' recruitment and retention efforts.

Health sciences disciplines require varying compensation levels in order to remain competitive with comparable schools elsewhere in the United States. However, because University health sciences schools share some common needs and operating requirements, the University has developed a uniform Health Sciences Compensation Plan to govern compensation arrangements and account for compensation plan income to the University's Schools of Medicine, Dentistry, Nursing, Pharmacy, and other health sciences units as deemed appropriate by the President or the President's designee.

Health sciences compensation plans must be clear and justify calculation of compensation and contain a mechanism for impartial review to protect the rights of individual faculty.

The Health Sciences Compensation Plan is approved, amended and repealed by and under the authority of The Regents of the University of California. Through the Plan, compensation is set as a part of the employment relationship, and as a consequence, the level of compensation and the terms and conditions of the Plan may be amended or repealed at any time by the President, following consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate Committee(s).

SALARY ADMINISTRATION
Health Sciences Compensation Plan

APM - 670

The implementation, administration and continued operation of this Plan shall be contingent on the understanding and assurance that it will not require the expenditure of more State-appropriated funds in the University budget than operation without the Plan would require.

Appendix B
Guidelines on Occasional Outside Professional Activities by
Health Sciences Compensation Plan Participants
July 2012

a. Introduction

1) Overview of Office of the President Guidelines

These Guidelines may be amended or repealed by the President following consultation with the Health Sciences Chancellors, Deans, and the appropriate Academic Senate Committee(s). Questions about these Guidelines should be directed to the Provost and Executive Vice President Academic Affairs.

These Guidelines are intended to provide a framework within which Implementing Procedures will be developed by each health sciences school that participates in the Plan. Additional Implementing Procedures may be developed for individual departments or organized research units. These additional Procedures must be consistent with the Plan and school Implementing Procedures and approved by the Dean.

Compensation Plan participants may engage in occasional outside professional activities (other than patient care) and retain the related income only in accordance with these Guidelines and school Implementing Procedures. In addition to these Guidelines, Plan participants must comply with other pertinent policies including:

- Regents' Standing Order 103.1(b) Service Obligations;
- Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University;
- University Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974; and
- APM 020, Special Services to Individuals and Organizations.

2) School Implementing Procedures and Faculty Consultation

School Implementing Procedures must be consistent with these Guidelines, reviewed by the appropriate division Academic Senate committee(s), reviewed by the Chancellor, and approved prior to implementation by the President or the President's designee. Affected Plan participants shall be provided the opportunity to review and

~~comment on proposed school Implementing Procedures. In addition, as described in APM 670-6-d of the Plan, an Advisory Committee which includes faculty representatives shall advise the Dean on school Implementing Procedures developed in accordance with these Guidelines.~~

~~b. Requirements on Outside Professional Activities by Compensation Plan Participants~~

~~1) General~~

~~School Implementing Procedures shall include Guidelines on outside professional activities by compensation plan participants. The University-wide Standard Requirement described in section b-2 below, shall apply to Plan participants unless an Alternative Option is approved in accordance with section b-3 below, for implementation in the Plan participant's school, department or organized research unit. The mechanisms for addressing potential conflicts of commitment, described in section b-3(d) below, are applicable in schools, departments or organized research units which operate under an Alternative Option, but are not required in schools, departments or units which operate under the University-wide Standard Requirement.~~

~~The University recognizes and supports a framework of diverse hours and schedules to accommodate teaching, research and creative work activity, University service, and University-related public service. Accordingly, these Guidelines do not provide a strict definition of a "day" of service, or of compensated outside professional activities. School Implementing Procedures or Guidelines may define a "day" more specifically. If school Implementing Procedures do not provide a more specific definition, then a "day" is defined on a case-by-case basis, using common sense and customary practice, and faculty members and Department Chairs or other appropriate administrators should exercise sound professional judgment, taking into account reasonable work schedules, when determining what constitutes a day of outside professional activity. Upon request from the Chancellor or the Chancellor's designee(s), faculty members should be prepared to provide an explanation of the definition of a "day" used in reporting outside activities (see also APM 025-4, Conflict of Commitment and Outside Activities of Faculty Members).~~

~~2) University-wide Standard Requirement~~

~~The University-wide Standard Requirement is that Plan participants shall be allowed to retain payments from 21 days of service (other than patient care)~~

~~per fiscal year to governmental agencies, to non-profit health or education-related organizations, to continuing health education programs administered by the University, or to University Extension, if such service has been approved by the Dean and the Chancellor.~~

~~3) **Alternative Options**~~

~~a) **General Overview**~~

~~Chancellors, after consultation with the appropriate division Academic Senate Committee(s), may submit to the President or the President's designee for review provisions in school Implementing Procedures which would modify the University-wide Standard Requirement (as described above in Appendix B-b-2) to allow Plan participants in all or selected departments or units to retain additional types of income and/or income from more than 21 days of compensated outside professional activities. If an Alternative Option is proposed, the school Implementing Procedures or Guidelines must meet minimum criteria, as described below, with regard to:~~

- ~~• a limit on the number of days devoted to compensated outside professional activity;~~
- ~~• a description of types of professional income that may be retained;~~
~~and~~
- ~~• mechanisms for addressing potential conflicts of commitment.~~

~~b) **Limit on the Number of Days Devoted to Compensated Outside Professional Activity**~~

~~School Implementing Procedures or Guidelines must specify the maximum number of days which Plan participants may devote to compensated outside professional activity. The maximum number of days allowed must not exceed the time limits established for compensated outside professional activities in APM-025. The school Procedures may allow departments or organized research units to set more restrictive limits, but such limits shall not be less than 21 days of compensated outside professional activity. Prior to implementing or revising a limit on the number of days devoted to compensated outside professional activities, affected Plan participants shall be provided an opportunity to review and comment on the proposed limit.~~

~~e) Description of Types of Professional Income that May be Retained~~

~~School Implementing Procedures or Guidelines must clearly describe the types of professional income that Plan members may be allowed to retain. Patient care activities must be provided within the University setting, or as part of an approved affiliation agreement or professional service agreement. All clinical income is due to the Plan. In no case will Plan participants be allowed to retain income from patient care activities. In addition to the types of income specified in the University-wide Standard Requirement, school Implementing Procedures or Guidelines may allow Plan participants in all or selected departments or organized research units to retain additional types of professional income, such as:~~

- ~~1) Consulting income from non-profit and for-profit entities, and/or~~
- ~~2) Income from consulting or testifying as an expert or professional witness.~~

~~School Implementing Procedures or Guidelines must also reference: 1) the University's Conflict of Interest Code, adopted pursuant to the requirements of the Political Reform Act of 1974, which requires designated University employees to disqualify themselves from participating in University decisions in which they have a personal financial interest; and 2) the Policy on the Requirement to Submit Proposals and to Receive Awards for Grants and Contracts through the University. Since a faculty member's compensated outside activities may create an obligation for the faculty member to disclose a financial interest before making or participating in certain University decisions, school Implementing Procedures or Guidelines should also specify where to obtain information on the disclosure and disqualification requirements of the Political Reform Act of 1974, including the Academic Decision Regulation.~~

~~d) Mechanisms for Addressing Potential Conflicts of Commitment~~

~~School Implementing Procedures shall include mechanisms to identify and resolve potential conflicts between a Plan participant's commitment to generating revenues within the Plan and his or her outside professional activities. These mechanisms shall apply to all departments or units in which the University-wide Standard Requirement on occasional professional activity (as described above in Appendix B b 2) has been modified to allow Plan participants to retain additional types of income~~

~~and/or income from more than 21 days of service. Responsibilities of the Department Chair that are discussed below shall be assumed by the Dean with respect to oversight of the outside professional activities of Department Chairs.~~

~~1) Reporting of Outside Professional Activities~~

~~Each Plan participant shall be required to submit to his or her Department Chair an annual report describing the previous year's outside professional activities from which the Plan participant retained income and an attestation of adherence to procedures implementing these Guidelines. It is the responsibility of the Plan participant to bring to the attention of his or her Department Chair those activities which require advance approval pursuant to APM-670-10.~~

~~2) Annual Outside Professional Earnings Approval Threshold~~

~~An annual outside professional earnings approval threshold shall be established at the school, department or organized research unit level. A Plan participant who has satisfied the Good Standing Criteria established in accordance with APM-670-10, who has not exceeded the limit on the number of days devoted to compensated outside professional activities established in accordance with Appendix B-b-3(b), and whose annual earnings from all outside professional activities will be less than the approval threshold is allowed to engage in outside professional activities (other than patient care) in accordance with all applicable University policies without having to request prior approval from his or her Department Chair. The approval threshold must not exceed the maximum approval threshold set by the Provost. Effective with the issuance of these Guidelines, the maximum annual outside professional earnings approval threshold set by the Provost shall be \$40,000 or 20 percent of the Health Sciences Compensation Plan Salary Scale for an individual faculty member's rank, step, and APU, whichever is greater.[†] This approval threshold may be adjusted for inflation on a periodic basis by the Provost in accordance with the California Consumer Price Index (CPI). The adjusted threshold will be published in the Academic Salary Scales and campuses may adjust~~

[†] For example, under this provision, using the salary scales effective on 10/1/2011, a Professor, Step IX, on the Health Sciences Compensation Plan salary scale 9 (the highest salary scale) could be permitted to earn and retain up to \$76,320 (20 percent of \$381,600) before having to request approval to engage in outside professional activities.

~~their local thresholds accordingly. The maximum approval threshold may also be re-evaluated periodically by the Provost in consultation with campus management. Prior to implementing or revising a school, department or unit approval threshold, affected Plan participants shall be provided an opportunity to review and comment on the proposed threshold.~~

~~Each Plan participant shall be responsible for maintaining a running total of his or her annual earnings from all outside professional activities. If the Plan participant wishes to engage in an activity that might reasonably be expected to cause his or her total annual earnings from all outside professional activities to exceed the approval threshold established for his or her school, department or organized research unit, then the Plan participant must request approval to engage in the activity. To request approval, the Plan participant is required to provide to his or her Department Chair, in writing, relevant details about the engagement including: the nature of the services to be provided; the person or entity who will receive and/or pay for the service²; the anticipated period of service and/or days to be devoted to the activity; the total expected income from the activity; and the amount by which the participant's total annual earnings from outside activities are expected to exceed the threshold. Department Chairs shall forward to the Dean any request which requires review by the Dean and/or Chancellor in accordance with school Implementing Procedures and Guidelines. If a request is not approved, the Department Chair will advise the Plan participant whether: 1) the activity may be undertaken, but with all related income accruing to the Compensation Plan; or 2) the activity may not be undertaken at all. After a Plan participant has received approval to engage in an activity which may cause his or her total annual earnings from outside professional activities to exceed the established approved threshold, he or she must request the Chair's approval for any subsequent engagement(s). If such engagements are allowed, they shall be undertaken with all related income accruing to the Compensation Plan unless an exception is approved in writing in accordance with school Implementing Procedures or Guidelines.~~

~~Department Chairs and/or Deans may approve Plan participants' requests to engage in outside professional activities in accordance with school Implementing Procedures or Guidelines. However, school Implementing Procedures or Guidelines shall state that only the Chancellor has authority to approve any request which involves a~~

²~~When required to ensure appropriate patient confidentiality, the person or entity to be reported as recipient/payer for professional witness activities is the attorney or law firm requesting the services.~~

~~Plan participant retaining earnings that exceed the maximum annual outside professional earnings approval threshold set by the Provost [see above in Appendix B b-3(d)(2)].~~

~~Plan participants shall notify Department heads immediately if they inadvertently exceed the dollar threshold or if any of the information they provided in an approval request changes or is found to be inaccurate; for example, a participant should immediately notify his or her Department Chair if the initial estimate of earnings from an outside professional activity turns out to be understated. Plan participants are subject to corrective action and disciplinary measures as outlined below in Appendix B d for violation, neglect or manipulation of Compensation Plan requirements.~~

~~e. **Limitations on Use of University Resources in Connection with Outside Professional Activities**~~

~~The use of University staff, laboratories, facilities, or other University resources in connection with outside professional activities is subject to limitations. The Faculty Code of Conduct, Part II, C. lists the unauthorized use of University resources or facilities on a significant scale for personal, commercial, political, or religious purposes as a type of unacceptable conduct (see APM—015, Section II). In general, when faculty retain income from professional consulting or expert witness activities, particularly when the activities are conducted for third party for-profit entities or private individuals, the costs associated with the consulting or witness activities should be borne by the third party or the faculty member, not by the University. In addition, the University's liability coverage does not extend to certain faculty consulting and expert witness activities. For example, University malpractice/professional liability coverage does not generally extend to expert witness activities when the faculty member retains the related income. Questions about the appropriate use of University resources and coverage under University liability programs should be discussed with the faculty member's department or unit head, who may consult with the Dean. The Dean will, if necessary, refer the questions to other appropriate University officers.~~

~~d. **Monitoring and Enforcement**~~

~~The primary means of monitoring compliance will be review by Department Chairs of information provided by the faculty member in annual reports on outside professional activities. If a Department Chair has any concerns about whether a Compensation Plan member is meeting the established standards, the matter may be referred to the Dean of the appropriate School. The responsibility for oversight of the outside professional activities of Department Chairs shall reside with the Dean.~~

~~School Implementing Procedures or Guidelines shall clearly state that the University reserves the right to take corrective action and disciplinary measures toward any Compensation Plan member who fails to comply with Compensation Plan Implementing Procedures or Guidelines on outside professional activities. Situations where Compensation Plan members will be considered out of compliance include, but are not limited to:~~

- ~~● Failure to turn over income due to the Plan as required by school Implementing Procedures or Guidelines, and~~
- ~~● Failure to accurately disclose and describe the nature and scope of outside professional activities as required by school Implementing Procedures or Guidelines.~~

~~If the Department Chair or the Dean has reason to believe that a Plan member has not complied with the school Implementing Procedures or Guidelines on outside professional activities, the Dean may take appropriate corrective action. A procedure for hearing and resolving disputes about corrective action shall be provided in school Implementing Procedures. Corrective action refers to the discontinuation of certain privileges available only to Plan members, in particular the opportunity to earn and receive compensation above the fiscal year salary scale through the Compensation Plan, because of none compliance. For example, corrective actions may include:~~

- ~~● Incentive or bonus compensation (commonly referred to as Z compensation) may be suspended until such time as the Plan member complies with the Compensation Plan provisions, or~~
- ~~● Additional negotiated compensation (commonly referred to as Y compensation) may be set with consideration of the Plan member's prior performance, including compliance with guidelines on outside professional activities.~~

~~Compensation established in accordance with the specialized Health Sciences Salary Scales (commonly referred to as X, X' compensation) shall not be reduced as a corrective action unless the Plan member is placed, by Chancellorial exception, on the fiscal year salary scale.~~

~~Reductions in compensation are not always the result of corrective action and may also occur for other reasons such as insufficiency of current year income and contingency reserves (see Appendix C). Whenever reductions in compensation are the result of corrective action, faculty shall be so notified in writing.~~

~~In addition, corrective action will not preclude sanctions or disciplinary measures in accordance with the Faculty Code of Conduct and Academic Senate Bylaws. Violations by Plan members of either the time limits or approval thresholds on~~

~~outside professional activities represent an unauthorized use of University resources and/or retention of funds belonging to the University. Such violations are subject to discipline in accordance with the Faculty Code of Conduct. An Academic Senate member who is subject to corrective action has available a grievance process through the Privilege and Tenure Committee as described in Academic Senate Bylaw 335. Non-Senate faculty may grieve through the provisions of APM-140.~~

Appendix BC
Campus Accounting and Budgeting Methods

a. **Management and Reporting of Professional Services Income and Expenses**

1) University Management

All professional services income generated by Compensation Plan members shall be considered revenue of the University; the only exception to this requirement shall be income which the Plan participant is allowed to retain in accordance with APM - 670-19. All compensation paid by the University to Plan members will be subject to Federal and State withholding and reported on a W-2 form as wages in accordance with Internal Revenue Service (IRS) Regulations and University policies and procedures. All compensation must be included in the employee's income as wages subject to withholding for applicable Federal, State and FICA taxes. Eligibility and withholding for benefits (such as the University of California Retirement Plan, Retirement Savings Programs and employee life insurance programs) will be determined based upon the University's policies and procedures. School Implementing Procedures shall include billing and accounting procedures necessary to assure accountability for all funds. All financial transactions shall be approved, documented, and otherwise processed or executed in accordance with University policies, procedures and delegations of authority.

- a) Professional fee billing and collection activities shall be conducted by University billing groups, by external vendors with which the University has contracted, or as otherwise permitted by University procedures. All such fees shall be deposited upon receipt by the University or by an external vendor in a University bank account established in accordance with University delegations of authority.
- b) Contracts with external billing vendors shall be processed and executed in accordance with delegated authority and University purchasing policies and procedures. They shall contain standard University-approved clauses, be subject to audit, and provide for monthly transmission of billings and receipt information to the University. Specific University-wide regulations may be developed for such contracts as needed to assure that funds are accounted for, safeguarded, and appropriately managed.

2) Reports

The accounting standards specified in the University of California Accounting Manual must be used in reporting income and expenses in all compensation arrangements.

b. **Accounts and Sources**

Each campus shall establish one or more school Compensation Plan account(s) in the financial accounting records for the campus or, with the approval of the Chancellor on recommendation of the Dean, an account for each such unit participating in this Plan; may also be established at the department and divisional level. Plan income from the following sources should be recorded in these accounts:

- 1) Income from professional services.
- 2) Amounts paid by University hospitals or affiliated institutions for professional and managerial services rendered to the hospitals by participants in the Plan, excluding stipends in APM - 670-18-c(3).
- 3) Such other funds as are required by the Chancellor or President or the President's designee to be included in fund accounts.

Certain other sources of University income may be available to support faculty compensation and benefits but are not recorded in Compensation Plan accounts, such as:

- 1) Funds made available for salaries from University-administered grants and contracts.
- 2) Funds made available from unrestricted, non-State fund accounts within the school.
- 3) Gifts and other funds available for such purposes, as allocated by the Dean or Chancellor.

c. **Assessment of Professional Services Income**

To aid in the administration, budgeting, and allocation of professional services income, gross Plan income shall be assessed using a rate(s) annually recommended by the Dean and approved by the Chancellor for each school or department. The income categories specified in APM - 670-19 are not subject to assessment.

d. **Contingency in Event of Inadequacy of Health Sciences Fund Accounts**

School Implementing Procedures shall require the establishment of one or more reserve account(s) and shall specify whether such reserve account(s) will be established at the school, department, or division. The purpose of the reserve(s) is to

provide the funds necessary to pay Plan expenses, including the agreed-upon compensation to each Plan participant, in the event that the current year income of the Plan is insufficient to do so. If the funds in the appropriate reserve account are insufficient for the purpose, the Chancellor may seek support from another non-State account(s) within the school. If such support is not forthcoming, then the campus will reduce the participants' additional compensation in a uniform manner in accordance with any fund source restrictions across the school, department, or division, as determined by the Chancellor.

Although funds may be transferred from one account to another within a health sciences school in accordance with University accounting and budgeting policies and procedures, accounts on each campus shall be maintained as financially independent for administrative purposes.

e. **Budgeting**

Subject to approval by the Chancellor on recommendation of the Dean, each campus shall develop a process to annually budget for and monitor expenditures from the Health Sciences Compensation Plan accounts. Expenditures shall be budgeted for and funded in the following order of priority:

- 1) Clinical practice operating expenses, defined as costs incurred by the University for billing and collection of fees for clinical services; for faculty use of University-owned and/or -leased practice facilities; and for related professional operating activities.
- 2) To the extent that funds remain after expenditures for clinical practice costs indicated in 1), above, compensation may be paid to eligible participants in the Plan. Base salary and related benefits, including any required contribution on behalf of University of California Retirement Plan covered compensation, shall be funded before additional compensation.
- 3) To the extent that funds remain after the foregoing expenditures, benefits costs approved in accordance with APM - 670-20 may be paid.
- 4) To the extent that funds remain after all the foregoing expenditures, funds shall be contributed to the reserve(s) for contingencies in an amount recommended by the Dean and approved by the Chancellor.

- 5) When a health sciences account has accumulated a surplus beyond that required for expenditures and reserves as provided in all the above categories, the surplus shall be used as follows:
 - a) At least one-half may be used for academic purposes in the department or division of origin (including but not limited to salaries for support personnel) as recommended by the Chair and approved by the Dean; and
 - b) The remainder may be used for other purposes in the school or campus as recommended by the Department Chair and the Dean and approved by the Chancellor.