

The Regents of the University of California

**COMMITTEE ON COMPENSATION**

July 21, 2016

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

Members present: Regents Island, Kieffer, Lansing, Ortiz Oakley, Pattiz, Ramirez, Reiss, Sherman and Varner; Ex officio members Lozano and Napolitano; Advisory member Chalfant

In attendance: Regents Blum, Brody, De La Peña, Makarechian, Pérez, Schroeder, and Zettel, Regents-designate Lemus, Mancía, and Monge, Faculty Representative Hare, Secretary and Chief of Staff Shaw, General Counsel Robinson, Chief Compliance and Audit Officer Vacca, Chief Investment Officer Bachher, Provost Dorr, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Senior Vice President Henderson, Vice Presidents Brown, Budil, Duckett, and Humiston, Chancellors Block, Blumenthal, Dirks, Hawgood, Khosla, Leland, Wilcox, and Yang, Acting Chancellor Hexter, and Recording Secretary Johns

The meeting convened at 10:15 a.m. with Committee Chair Reiss presiding.

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

Upon motion duly made and seconded, the minutes of the meetings of May 12 and May 31, 2016 were approved.

**2. AMENDMENT OF REGENTS POLICY 7707: SENIOR MANAGEMENT GROUP OUTSIDE PROFESSIONAL ACTIVITIES**

The President of the University recommended approval of the proposed amendments to Regents Policy 7707, Senior Management Group Outside Professional Activities, as reflected in Attachment 1.

Implementation of the new policy will be prospective, meaning that it will apply to future Outside Professional Activities approval requests that do not involve a current activity undertaken by an existing Senior Management Group member.

[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 provided background information for this item. A few months earlier, a news media story reported that the Chancellor of the Davis campus was

being paid to serve on the board of a for-profit college that was under federal investigation. The Chancellor had accepted the offer to serve on this board without receiving permission from the President of the University, permission that is required under policy. The story also pointed out that the Chancellor served on the board of a textbook company, which service had been approved by former President Yudof. The story questioned whether serving on this second board was, if not a conflict of interest, then a perceived conflict of interest. Subsequently, the State Legislature held hearings on California public university policies on outside compensation. When the State Budget Act was passed, it included language directing UC to review and make appropriate changes to its policy on Senior Management Group Outside Professional Activities. The Board of Regents took this instruction very seriously and began reviewing this policy, examining policies of other universities in the U.S., and considering changes that should be made in order to maintain the public trust. No American university bans its senior managers from serving on boards and receiving outside compensation; universities believe that this activity brings value to their institutions. Very few universities impose a limit on the number of boards, but use conflict of time as a criterion. The view of the Regents is that an outright ban on outside board service would be excessive, could hurt UC's ability to attract talent, and would deprive UC of the benefits some of these affiliations bring. While even a single incident that could erode public trust is a matter of concern to the Regents, conflict of interest concerning senior managers serving on outside boards was not a prevalent or rampant problem at UC. Only three of UC's ten chancellors and only a small minority of the Senior Management Group (SMG) currently received compensation for service on outside boards. Yet a majority of SMG members served on nonprofit boards, with no compensation, on their own time, focused on health, art, science, climate change, and many other relevant issues. This work enhances the reputation of UC and brings benefits to society.

The Regents were now examining how to enhance the existing policy to demonstrate their commitment to the University's reputation, to restore public trust, and as evidence of their respect for their relationship with both State leaders and the public. The proposed amendments to Regents Policy 7707 would make the policy among the most careful and restrictive in the nation. The amendments concerned criteria used to approve service on boards, the review process, timeline, reporting, and transparency. Any proposed outside service must be shown to bring benefit to the University. Possible conflicts of time would be evaluated. The amendments would also reduce the total number of permitted compensated outside activities from three to two. If service on even one board would divert too much time from an SMG member's primary responsibility, it would not be approved. The amendments would add perceived conflict of interest and reputation as criteria.

Committee Chair Reiss acknowledged that some of these guidelines can be subjective, and for this reason two persons would be involved in the review process. Mid-year reporting to the Regents would be added to the current annual reporting. All SMG members would report their paid and unpaid outside professional activities, and the time spent on these activities. For the few SMG members who earn outside compensation from board service, only one was currently serving on three boards. There was a legal

question about requiring that this individual resign from one board to comply with the new limit of two boards, and a question of fairness, because when this individual was hired, service on these three boards was permitted. Committee Chair Reiss concluded by expressing her confidence in the commitment of the Board of Regents, President Napolitano, and the chancellors to the University's reputation and public trust.

Regent Pattiz asked if the review process for approval of outside professional activities would be reasonably quick, in order not to lose potential hires. Committee Chair Reiss responded that there would be a timeline of 30 days and that urgent reviews would be accomplished in less time.

Regent Zettel asked about the use of vacation time for board service. Committee Chair Reiss responded that this would be taken into consideration in the review process. The annual reports include both amount of time spent and where time is taken from.

Regent Pérez expressed concern about processes that are overly bureaucratic and may be an impediment to recruitment and retention of talented individuals. If there is no encroachment into an individual's work time commitment, the amount of vacation time used for outside service should not be a matter of concern to the Regents. He cautioned that there might be too much review of uncompensated board service, and that some outside activities might not rise to the level of outside professional activities. A member of the Legislature had conveyed to Regent Pérez the view that in the case of SMG employees whose appointments are approved by the Regents, the Regents should also ratify their compensated outside board service. Committee Chair Reiss responded that the proposed amendments would not add any impediments to uncompensated outside service. With regard to Board oversight, Executive Vice President and Chief Operating Officer Nava explained that with these amendments, if an SMG member reports to the President, his or her proposed outside professional activities must be reviewed by the President and the Chairman of the Board.

Regent Kieffer expressed support for the proposed amendments and urged the Regents to be mindful of the burdens placed on chancellors.

Regent Lansing remarked that this kind of review process is common in corporate life and can prevent unintentional errors. The guidelines being proposed had been well thought through and would not be cumbersome.

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

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

Recommendation

The Committee recommended approval of the salary adjustments for the individuals listed below, effective July 1, 2016.

<b>Last Name</b>	<b>First Name</b>	<b>Working Title</b>	<b>Current Annual Base Salary</b>	<b>Proposed Salary Increase %</b>	<b>Proposed Annual Base Salary</b>	<b>Funding Source</b>
Bachher*	Jagdeep	Chief Investment Officer and Vice President - Investments	\$633,450	3.0%	\$652,454	Non-State
Block	Gene	Chancellor	\$441,334	3.0%	\$454,574	Partial State
Blumenthal	George	Chancellor	\$383,160	3.0%	\$394,655	Partial State
Brostrom	Nathan	Executive Vice President and Chief Financial Officer	\$412,000	3.0%	\$424,360	Partial State
Budil	Kimberly	Vice President - Laboratory Management	\$365,650	3.0%	\$376,620	Non-State
Dirks	Nicholas	Chancellor	\$516,446	3.0%	\$531,939	Partial State
Dorr	Aimee	Provost and Executive Vice President - Academic Affairs	\$371,315	3.0%	\$382,454	Partial State
Gillman	Howard	Chancellor	\$485,000	3.0%	\$499,550	Partial State
Hawgood	Samuel	Chancellor	\$772,500	3.0%	\$795,675	Partial State
Henderson	Julie	Senior Vice President - Public Affairs	\$280,000	3.0%	\$288,400	Partial State
Khosla	Pradeep	Chancellor	\$436,120	3.0%	\$449,204	Partial State
Leland	Dorothy	Chancellor	\$383,160	3.0%	\$394,655	Partial State
Peacock	Nelson	Senior Vice President - Government Relations	\$280,000	3.0%	\$288,400	Partial State
Robinson	Charles	General Counsel and Vice President - Legal Affairs	\$441,334	3.0%	\$454,574	Partial State
Shaw	Anne	Secretary and Chief of Staff to the Regents	\$231,750	3.0%	\$238,703	Partial State
Stobo*	John	Executive Vice President - UC Health	\$615,322	3.0%	\$633,782	Partial State
Vacca	Sheryl	Senior Vice President - Chief Compliance and Audit Officer	\$429,665	3.0%	\$442,555	Partial State
Wilcox	Kim	Chancellor	\$383,160	3.0%	\$394,655	Partial State
Yang	Henry T.	Chancellor	\$389,340	3.0%	\$401,020	Partial State

\* These Senior Management Group members are eligible for incentive pay authorized by the Regents.

The base salary described above shall constitute the University's total commitment for base salary 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 to Recommendation

Consistent with the 2016 salary program for non-represented staff at all levels, the President of the University recommended approval of base salary adjustments for certain members of the Senior Management Group (SMG). The proposed adjustments apply only to Level One SMG members who were in their current role on or before January 1, 2016 and who have not received a salary increase on or after January 1, 2016.

Level One SMG members have had three general salary increases in the past nine years. Over this period, since 2007, wages within the Western region labor market increased by approximately 30 percent and the cost of living increased by more than 17 percent. The general lack of salary or merit programs during this period has had a detrimental impact on the University's competitive position, making it more difficult to recruit and retain employees for senior leadership and staff positions.

This year, consistent with past years' 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; please refer to Attachment 2. 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 organization-wide, non-represented staff salary program will allow the University to keep pace with general salary movement in the labor market. This program also aligns with President Napolitano's movement toward a more predictable salary program consistent with the budget agreement reached with the Governor that provided for four years of stable funding.

[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.

4. **AMENDMENT OF REGENTS POLICY 7712: SENIOR MANAGEMENT GROUP INCENTIVE AWARDS, TO CONFORM WITH CLINICAL ENTERPRISE MANAGEMENT RECOGNITION PLAN CHANGES**

The President of the University recommended approval of the proposed amendments to Regents Policy 7712, Senior Management Group Incentive Awards, as reflected in Attachment 3.

[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.

The meeting adjourned at 10:40 a.m.

Attest:

Secretary and Chief of Staff

University of California – Regents Policy 7707

# Senior Management Group Outside Professional Activities

Approved January 21, 2010



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

**Responsible Office:** Human Resources

**Effective Date:** ~~January 1, 2010~~ July 21, 2016

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

**Who Is Covered:** All employees whose position is designated to be in the Senior Management Group, inclusive of Officers of the University per Regents Standing Order 100.1.a, and non-SMG members appointed to an SMG position on an acting or interim basis. ~~Designation and to Whom Responsible~~ Regents Standing Order 100.1  
~~Designation and to Whom Responsible.~~

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## Senior Management Group Outside Professional Activities

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### I. POLICY SUMMARY

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Considerable benefit accrues to the University from Senior Management Group (SMG) members' association with external educational and research institutions, not-for-profit professional associations, federal, state and local government offices and private sector organizations. Such associations foster a greater understanding of the University of California and its value as a preeminent provider of education, research, public service, and health care. Such associations also may provide a stimulus for economic development and enhanced economic competitiveness.

While outside professional activities performed by SMG members are often mutually beneficial to the University and the members themselves, and are therefore encouraged, the primary commitment of University of California SMG members must be to the fulfillment of their regular University responsibilities.

This Policy applies to all University of California SMG members, including those who have underlying faculty appointments. During the period an SMG member possesses a dual academic and SMG appointment, his/her participation in outside professional activities will be subject to this policy and not that of the Academic Personnel Manual.<sup>1</sup> This Policy is intended to:

- Support and recognize the value of SMG members' outside professional activities to the University, such as contributing to their academic field, sharing their expertise with other institutions, and providing service to the community,
- Provide guidance about the limits of such activities in relation to fulfilling University responsibilities,
- Establish methods for seeking appropriate approval(s), monitoring, and reporting such activities,
- Protect against actual or apparent-perceived conflicts of interest and/or commitment when SMG members engage in such activities.
- Protect the University of California by assessing outside affiliations that could diminish the reputation of the institution or system.

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### II. POLICY DEFINITIONS

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<sup>1</sup> SMG members with faculty appointments who are participants in the HSCP need to report under **APM – 671, Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants**. SMG members with faculty appointments who are *not* members of the HSCP need to report under **APM – 025, Conflict of Commitment and Outside Activities of Faculty Members**. *APM – 670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants* and *SALARY ADMINISTRATION APM - 671 Conflict of Commitment and ... and APM – 025, Conflict of Commitment and Outside Activities of Faculty Members*.



## Senior Management Group Outside Professional Activities

**Approving Authorities:** The person or office to whom an individual reports plus the next higher level manager. For SMG members who report to another SMG member who reports to the Chancellor, Laboratory Director or President, the immediate manager and the Chancellor (for campus SMG members), the Laboratory Director, or the President will be the Approving Authorities. For SMG members who report directly to the Chancellor or Laboratory Director, the Chancellor or Laboratory Director and the President will be the Approving Authorities. For SMG members who report directly to the President, the President and the Chair of the Board of Regents will be the Approving Authorities. For SMG members who report directly to the Regents, the Vice Chair and Chair of the Board of Regents will be the Approving Authorities.

**Activities Regarded as Outside Professional Activities:** Outside Professional Activities are those activities within the SMG member's area(s) of professional expertise for which they are employed by the University. Such activities include, but are not limited to: service on state or national commissions, government agencies and boards, committees or advisory groups to other universities, organizations established to further the interests of higher education, not-for-profit organizations, and service in an advisory capacity or on corporate boards of directors.

**Activities Not Regarded as Outside Professional Activities:** The following are **not** regarded as Outside Professional Activities:

- Activities unrelated to the SMG member's area of professional expertise for which they are employed by the University, such as involvement in religious or cultural organizations.
- Activities that the ~~approving authority~~ Approving Authorities confirms as part of the individual's job expectations. It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.
- For an SMG member with an underlying faculty appointment, activities that the ~~approving authority~~ Approving Authorities confirms as essential to remaining current in the SMG member's academic field. It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.

**Exception to Policy:** An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

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

**Governance responsibilities** ~~on a for-profit board are assumed with the appointment as a board member, but not assumed with the appointment as an advisor to the board or appointment to an advisory committee to a board unless such responsibilities are specified.~~

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

## Senior Management Group Outside Professional Activities

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

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### III. POLICY TEXT

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#### A. Responsibility and Accountability

##### 1. Guiding Principles

SMG members are individually responsible for ensuring that the Outside Professional Activities they perform, and compensation received for such activities, do not violate conflict of commitment and/or actual or perceived conflict of interest standards of the University. SMG members have a duty of loyalty to the University, as well as a primary fiduciary responsibility to the University.

Each SMG member's ~~approving authority~~ Approving Authorities ~~is~~ are personally responsible for monitoring, evaluating, and verifying that the SMG member's Outside Professional Activities comply with University policies and State of California law.

Ultimately, SMG members and their Approving Authorities are accountable to the President and the Regents for ensuring that conflicts do not occur and that any activities or affiliations do not diminish the reputation of the institution or system. ~~For SMG members who report directly to the Regents, the Chair of the Board of Regents will be The~~ the Approving Authority.

##### 2. Approval and Assessment

Documentation and approval request forms for any All-Outside Professional Activities, whether compensated or uncompensated, must be completed by the SMG member and submitted for review and approved by the Approving Authorities. All activities must be approved before the SMG member announces or engages in the activity.

The documentation and request for any new proposed activities where time commitment, compensation or reputational risk raise concerns will be reviewed by an independent advisory committee appointed by Office of the President, Systemwide Human Resources to assess the activity for conflicts of interest or commitment, or the appearance of conflicts, and to advise the Approving Authorities. The turnaround time for reviewing and approving or denying any new activity will be no more than 30 calendar days or less from the date the committee receives a complete packet of materials.

Each year, SMG members are also required to request approval for ongoing, recurring OPA prior to the beginning of the next calendar year. - The SMG member is responsible for providing sufficient details on any proposed activity that has changed materially from the preceding year. - Material changes must be disclosed and may include changes in compensation (form or amount) or, time commitment, changes in organizational status of the outside entity, e.g., mergers, acquisitions, relationships with the University or its entities, or changes (legal

## Senior Management Group Outside Professional Activities

~~challenges or other) that may impact its~~the entity's reputation in the community.  
~~The Approving Authorities may request review of any recurring activity by the independent advisory committee before considering the SMG member's request. For SMG members who report directly to the Regents, the Chair of the Board of Regents will be the Approving Authority.~~

An SMG member's ~~a~~Approving ~~a~~Authorities ~~are~~ is responsible for assessing whether a proposed Outside Professional Activity might create, or appear to create, a conflict of interest or commitment or reputational risk to the campus or system. In general, the proposed activity must be compatible with the SMG member's University duties. Other important factors for consideration include:

- Will the activity compete with the SMG member's regular and/or expected University duties?- An assessment of the SMG member's performance is an appropriate factor to be considered.
- Will the SMG member be precluded from making decisions within the scope of his/her University duties due to a financial conflict associated with the activity (e.g., a fiduciary responsibility to the external entity, payments received from the external entity)?
- Will the time necessary to successfully perform the activity interfere with the SMG member's ability to fulfill his/her University duties?

If the answer to any of these questions is "Yes," the ~~approving authority~~Approving Authorities ~~should~~ must seek written guidance from the ~~independent advisory committee~~ appropriate University office (e.g., Human Resources; Office of Ethics, Compliance and Audit Services; or legal counsel) in order to resolve the matter with the SMG member and, if resolution is not possible, deny the SMG member's request.

► The forms documenting the assessment/approval process for all Outside Professional Activities can be found at:

~~<http://policy.ucop.edu/files/smg-docs/opa-pre-approval.pdf>~~

~~<http://policy.ucop.edu/manuals/smg-hr-policies.html>~~

### ***B. Outside Professional Activities: Definitions and Limits***

#### **1. Uncompensated Outside Professional Activities**

Uncompensated activities are Outside Professional Activities for which the SMG member does not receive compensation or donates the full amount of the compensation to the University or a charitable organization.- Compensation donated to the University may not be returned to the individual.

#### **2. Compensated Outside Professional Activities**

Compensated activities are Outside Professional Activities for which the SMG member receives and retains compensation.

Reimbursement for reasonable travel expenses is not considered compensation for the purpose of this policy.

## Senior Management Group Outside Professional Activities

### 3. Limits on Compensated Outside Professional Activities

- a. In addition to considering the reporting guidelines set forth below, when assessing proposed activities, Approving Authorities must be mindful of the following limits:
  - i. An SMG member may ~~serve simultaneously on up to~~ participate in up to three two concurrent compensated activities including, but not limited to, any board memberships, consulting or advisory activity, for-profit boards that are not entities of the University of California for which s/he receives compensation and for which s/he has governance responsibilities. Service as a member of the Board of Directors would constitute governance responsibility. Service on an advisory committee likely would not constitute governance responsibility.
  - ii. An SMG member will be required to use his/her personal time to engage in compensated Outside Professional Activities, by either performing such activities outside his/her usual work hours or debiting accrued vacation time consistent with applicable leave policy.
  - iii. An SMG member who is appointed at 100 percent time ~~shall~~ must not receive additional compensation above his/her base salary for any work or services from an entity managed exclusively by the University, for any work or services, regardless of source or type of payment, except in the limited circumstances outlined in Regents Policy 7701, Senior Management Group Appointment and Compensation, which includes an with the exception, for payments for teaching of University Extension courses (UNEX). Additional restrictions pertaining to compensation from University entities, addressed in other SMG policies, are incorporated by reference into this policy. Regents Policy 7701 –SMG Salary and Appointment addresses this restriction.

### C. **Reporting Outside Professional Activities**

Each SMG member must file a report with his/her ~~a~~ Approving a Authorities ~~y~~ each year detailing all Outside Professional Activities (whether compensated or uncompensated) that were performed during the previous calendar year. ~~Service or compensation that inadvertently is not reported or is erroneously reported in the calendar year immediately following the activity shall be reported as soon as the omission or error is known to the individual and/or the approving authority~~ Approving Authorities. In addition, each SMG member must file a mid-year report of all new activity undertaken in the preceding six months. period. Templates for collecting details for these reports will be distributed by the Office of the President. The mid-year report will be distributed to the President and the Regents' Committee responsible for oversight of compensation.

- a. Employees who step down from their SMG appointment but remain employed by the University, are subject to this reporting requirement for the calendar year in which they served in a career SMG position.

## Senior Management Group Outside Professional Activities

- b. Employees serving in an acting or interim SMG capacity are ~~not also~~ subject to this reporting requirement, ~~unless they also possess a career appointment in an SMG position.~~
- c. Only activities that occurred once when an employee is became an SMG member shall be reported.

~~In addition, each SMG member must file a mid-year report of all new activity undertaken since the approvals were granted. Templates for collecting details for these reports will be distributed by Office of the President. The mid-year report will be distributed to the President and the Regents' Committee responsible for oversight of the Compensation Committee. The annual report will be distributed to the President and the Board of Regents.~~

### 1. Uncompensated Outside Professional Activities

As detailed in section III.C above, each SMG member must file separate annual reports with his/her ~~a~~Approving a~~Authorities~~sy detailing all Outside Professional Activities, including activities compensated as well as uncompensated.

A separate uncompensated annual report will be made to each of the Chancellors, the Laboratory Director and the Executive Vice President, Chief Operating Officer ~~Business Operations~~ of all uncompensated outside professional activities covered by this policy for SMG members at their respective locations that occurred the previous calendar year.

- ▶ A sample of the Annual Report by individual SMG members listing all uncompensated Outside Professional Activities can be found at:

[http://policy.ucop.edu/files/smg-docs/opa-sample\\_uncompensated\\_report.pdf](http://policy.ucop.edu/files/smg-docs/opa-sample_uncompensated_report.pdf)

The Chancellor, Laboratory Director or Executive Vice President, Chief Operating Officer ~~Business Operations~~ will assess and maintain the reports of all uncompensated Outside Professional Activities.

In an annual report to the President, ~~t~~The Chancellors, the Laboratory Director and the Executive Vice President, Chief Operating Officer ~~Business Operations~~ shall acknowledge receipt of a comprehensive set of reports that includes all employees who meet the criteria detailed in Section III.C. above, and confirm that no instances of actual or perceived conflict of interest or conflict of commitment were apparent within the reports of all uncompensated Outside Professional Activities for their location.

### 2. Compensated Outside Professional Activities

As detailed in section III.C above, each SMG member must file separate annual reports with his/her ~~a~~Approving a~~Authorities~~sy detailing all Outside Professional Activities, including activities compensated as well as uncompensated.

- ▶ A sample of the Annual Report by individual SMG members listing all compensated Outside Professional Activities can be found at:

## Senior Management Group Outside Professional Activities

[http://policy.ucop.edu/files/smg-docs/opa-sample\\_compensated\\_report.pdf](http://policy.ucop.edu/files/smg-docs/opa-sample_compensated_report.pdf)

Deferred compensation shall be reported in the year in which the compensation was known or granted, not received. If the amount of the deferred compensation is unknown during the year in which the service is performed, such as in the case of royalties, the compensation shall be reported when it is known.

The Chancellors, the Laboratory Director and the Executive Vice President, Chief Operating Officer Business Operations will make a separate report to the President, who will in turn report to the Regents all compensated Outside Professional Activities covered by this policy for SMG members that occurred the previous calendar year.

### **D. Conflict of Interest and/or Commitment**

#### 1. Conflict of Interest

No SMG member may make, participate in the making, or influence a governmental decision in which he or she has a financial interest as defined by the Political Reform Act. <http://www.ucop.edu/general-counsel/legal-resources/conflict-of-interest-code.html> <http://www.ucop.edu/general-counsel/legal-resources/index.html>

#### 2. Conflict of Commitment

Conflict of commitment is a subjective judgment made either by the SMG member or his/her ~~approving authority~~ Approving Authorities at the time approval is requested to pursue an outside professional activity. -This subjective judgment shall determine whether or not a conflict is created -- either by the time required to reasonably fulfill the outside professional activity, and/or by an incompatibility between the outside professional activity and the SMG member's responsibilities to the University.

#### 3. Actual or Apparent-Perceived Conflict of Interest and/or Commitment

Instances may occur in which there is an appearance of a ~~c~~Conflict of interest even though the SMG member does not have a financial interest in the decision as defined by the Political Reform Act. SMG members are expected to conduct themselves with integrity and good judgment and must avoid the appearance of favoritism in all of their dealings on behalf of the University.

The responsibility for determining and disclosing whether an actual or ~~apparent~~ perceived conflict of ~~i~~nterest and/or ~~c~~Commitment reasonably may occur rests first with the individual SMG member and then with his/her ~~a~~Approving authorities.

In the event the SMG member or his/her ~~a~~Approving authorities either anticipates an ~~apparent~~ perceived or recognizes an actual ~~c~~Conflict of interest and/or ~~c~~Commitment, a full written disclosure must be reviewed by the appropriate administrator.

### **E. Use of University Resources**

## Senior Management Group Outside Professional Activities

The University of California has a responsibility for the stewardship of University resources and is committed to compliance with University policies and procedures regarding the use of University resources.- See Business and Finance Bulletin BUS 29, Section XIII ~~Business and Finance Bulletin BUS 29, Section XIII~~ and UC Whistleblower Policies. ~~UC Whistleblower Policies.~~

The use of the name, logo, seal, or letterhead of the University of California or any University laboratory facility or entity in the conduct of any outside activity is prohibited at all times.

Incidental and occasional personal use of University equipment, services and supplies is permitted within the University, so long as such use does not disrupt or distract from University business (due to volume, frequency, or intent).

Approval of any proposed Outside Professional Activity that includes use of University facilities, equipment, services, or supplies will be conditioned upon reimbursement to the University for costs resulting from such use.

Incidental and occasional personal use of electronic resources is subject to local regulations and must comply with existing- University of California Electronic Communications Policy ~~University of California Electronic Communications Policy.~~

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## IV. APPROVAL AUTHORITY

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### A. *Implementation of the Policy*

The Vice President— Human Resources is the Responsible Officer for this policy and has the authority to implement the policy.- The Responsible Officer may apply appropriate interpretations to clarify policy provided that the interpretations do not result in substantive changes to the underlying policy.

### B. *Revisions to the Policy*

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

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

The Executive Vice President, Chief Operating Officer~~—Business Operations~~ has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Senior Management Group Compensation Policy Principles* and other governance policies.

### C. *Approval of Actions*

All actions within this policy must be approved by the Approving Authorities as described in Section II of this policy. ~~(the person or office to whom an individual reports).~~ For SMG members who report directly to the Regents, the Chair of the Board of Regents is the Approving Authority for actions within this policy. All actions that are exceptions to exceed this policy including retroactive actions or

## Senior Management Group Outside Professional Activities

~~those that are not expressly provided for under any policy applicable to SMG members must be endorsed by The President and shall be approved by the Regents.~~

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## V. COMPLIANCE

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### A. *Compliance with the Policy*

SMG members who are actively employed by the University and who have more than two concurrent compensated activities approved before the effective date of this policy, may continue those approved compensated activities that exceed the policy limit.

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

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant data and creating specified regular compliance reports for review by the location's Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

The Vice President, ~~xx~~–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President, ~~x~~–Chief Compliance and Audit Officer will periodically audit and monitor compliance to these policies, and results will be reported to senior management and the Regents.

### B. *Noncompliance with the Policy*

Noncompliance with the policy is handled in accordance with the Regents' Guidelines for Corrective Actions Related to Compensation Practices ~~Guidelines for Corrective Actions Related to Compensation Practices~~ and Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews.

Violations of the Outside Professional Activities policy and will be subject to corrective action, consistent with how the University addresses any policy violations. The action taken will depend on the nature and severity of the conduct. Remedies may include, but are not limited to, issuance of a letter in the personnel file, mandatory training, consideration in the performance review and related salary actions including loss of or reduction in a merit or equity increase, reassignment,



## Senior Management Group Outside Professional Activities

demotion, removal from the Senior Management Group position where there is an underlying academic appointment, or termination of employment.

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President, Chief Compliance and Audit Officer and the Regents at least three times per fiscal year.

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## REVISION HISTORY

As a result of the issuance of this policy, the following documents are rescinded:

- Interim Regental Policy on Outside Professional Activities for University Officers and Designated Staff, dated January 18, 2007
- Presidential Policy on Outside Professional Activities for University Officers and Designated Staff, dated July 1, 1995
- Guidelines for the Policy on Outside Professional Activities for University Officers and Designated Staff, dated June 1, 2000)
- Letter of Clarification Regarding Annual Reporting Requirements Under Both APM-025 and the University's Policy on Outside Professional Activities for University Officers and Designated Staff, dated December 1, 2005
- Regental Policy on Outside Professional Activities of the President, Principal Officers of the Regents, and Officers of the Regents, dated March 17, 1995

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**IMPLEMENTATION PROCEDURES** [to be developed as needed to support implementation]

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## RELATED DOCUMENTS

- ~~APM - 025, Conflict of Commitment and Outside Professional Activities of Faculty Members~~ APM—025, Conflict of Commitment and Outside Professional Activities of Faculty Members
- APM - 250, Deans ~~APM—240, Deans~~
- APM - 670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants
- ~~APM—670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants~~

**Senior Management Group Outside Professional Activities**

- ~~California Political Reform Act of 1974 , <http://www.ucop.edu/general-counsel/legal-resources/index.html>~~
- ~~University Conflict of Interest Code~~
- ~~no SMG member may make, participate in the making, or influence a governmental decision in which he or she has a financial interest as defined by the Political Reform Act. <http://www.ucop.edu/general-counsel/legal-resources/index.html> <http://ucop.edu/ogc/coi/econinterest.html>; <http://policy.ucop.edu/doc/3420344/BFB-BUS-78> <http://www.ucop.edu/ucophome/policies/bfb/bus78/>, <http://policy.ucop.edu/doc/1220367/BFB-G-39><http://www.ucop.edu/ucophome/policies/bfb/g39.pdf>~~
- ~~*Business and Finance Bulletin BUS 29, Section XIII Personal Use of Property*~~  
~~*Business and Finance Bulletin BUS-29, Section XIII - Personal Use of Property*~~

Senior Management Group Salary and Appointment (Regents Policy 7701)

- ~~Senior Management Group Salary and Appointment (Regents Policy 7701)~~

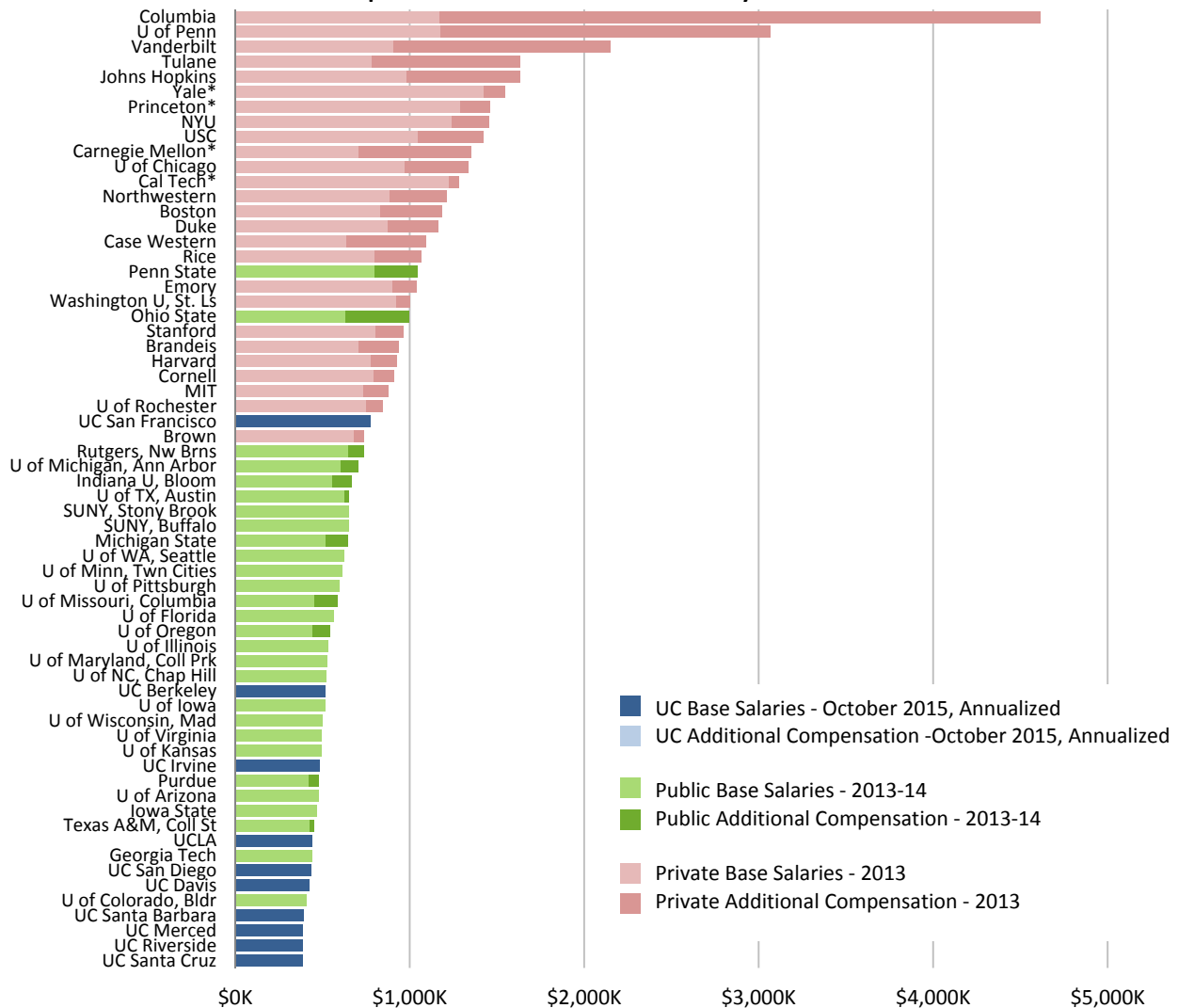
University of California Electronic Communications Policy

- ~~University of California Electronic Communications Policy~~
- ~~University Whistleblower Policies~~ ~~University Whistleblower Policies~~

UC chancellors place among the lowest-paid when compared to their Association of American Universities (AAU) peers despite recent UC salary increases

With the recently published updated compensation data for private institution leaders, UC chancellors continue to place among the lowest-paid university leaders when compared with their AAU peers. This placement of UC chancellors remains unchanged from the previous analysis in June 2015 despite recent salary increases. Nine UC chancellor salaries fall among the lowest third in this comparison group. UC San Francisco, an exclusively graduate health science campus, is the only exception. Seven UC chancellors are among the ten lowest-paid leaders within this comparison group.

Base Salaries and Additional Compensation for UC and AAU University Leaders



Data source: *The Chronicle of Higher Education Executive Compensation Report* and institutional data sources. Base salary is the minimum salary an employee receives. Additional compensation includes other pay (e.g., bonus & incentive, severance and deferred-paid out). It does not include deferred compensation-set aside. UC chancellors do not receive additional compensation. As per *Chronicle* instructions, auto allowances are not included.

\*Due to change of leadership at four private institutions, the reported partial-year compensation was annualized for this report.

## APPENDIX

# UC and AAU Member Public and Private Institutions Chancellor/President Salaries

Private institutions: Calendar Year 2013

Public institutions: Fiscal Year 2013-14

UC campuses: October 2015, Annualized

Institution Name	Base Salary	Total Compensation
	Pub: FY 13-14 Priv: CY 2013	
Columbia University in the City of New York	\$1,170,200	\$4,615,230
University of Pennsylvania	\$1,175,307	\$3,065,746
Vanderbilt University	\$904,469	\$2,147,452
Tulane University of Louisiana	\$784,000	\$1,634,000
Johns Hopkins University	\$981,325	\$1,629,325
Yale University (started July 2013)*	\$1,423,490	\$1,543,974
Princeton University (started July 2013)*	\$1,289,032	\$1,461,262
New York University	\$1,242,636	\$1,452,992
University of Southern California	\$1,047,563	\$1,422,458
Carnegie Mellon University (started July 2013)*	\$706,528	\$1,353,798
University of Chicago	\$974,462	\$1,337,869
California Institute of Technology (interim started July 2013)*	\$1,226,196	\$1,280,590
Northwestern University	\$883,747	\$1,211,285
Boston University	\$828,861	\$1,182,534
Duke University	\$873,792	\$1,159,855
Case Western Reserve University	\$635,668	\$1,092,979
Rice University	\$802,175	\$1,067,362
Pennsylvania State University, Main Campus (Started April 2014)**	\$800,000	\$1,047,538
Emory University	\$902,865	\$1,039,772
Washington University, St. Louis	\$924,335	\$1,004,194
Ohio State University, Main Campus (Interim)	\$634,572	\$996,169
Stanford University	\$805,963	\$963,248
Brandeis University	\$709,821	\$938,759
Harvard University	\$779,283	\$929,584
Cornell University	\$790,839	\$907,191
Massachusetts Institute of Technology	\$737,241	\$878,324
University of Rochester	\$753,772	\$846,890
University of California, San Francisco***	\$772,500	\$772,500
Brown University	\$682,500	\$739,681
Rutgers University, New Brunswick	\$649,624	\$739,624

## APPENDIX

Institution Name	Base Salary	Total Compensation
	Pub: FY 13-14 Priv: CY 2013	
University of Michigan, Ann Arbor	\$603,357	\$703,357
Indiana University, Bloomington	\$555,745	\$666,893
The University of Texas, Austin**	\$624,350	\$650,952
State University of New York, Buffalo	\$650,000	\$650,000
State University of New York, Stony Brook	\$650,000	\$650,000
Michigan State University	\$520,000	\$645,000
University of Washington, Seattle	\$622,008	\$622,008
University of Minnesota, Twin Cities	\$610,000	\$610,000
University of Pittsburgh	\$597,500	\$597,500
University of Missouri, Columbia (Started February 2014)**	\$450,000	\$585,000
University of Florida	\$564,553	\$564,553
University of Oregon	\$444,004	\$544,004
University of Illinois, Urbana-Champaign	\$530,501	\$530,501
University of Maryland, College Park	\$526,590	\$526,590
University of North Carolina, Chapel Hill	\$520,000	\$520,000
University of California, Berkeley	\$516,446	\$516,446
University of Iowa	\$513,003	\$513,003
University of Wisconsin, Madison	\$499,950	\$499,950
University of Virginia, Main Campus	\$494,700	\$494,700
University of Kansas	\$492,650	\$492,650
University of California, Irvine	\$485,000	\$485,000
Purdue University, Main Campus	\$420,000	\$478,154
University of Arizona	\$475,000	\$475,000
Iowa State University	\$466,752	\$466,752
Texas A & M University, College Station (Interim)	\$425,000	\$451,818
University of California, Los Angeles	\$441,334	\$441,334
Georgia Institute of Technology	\$440,000	\$440,000
University of California, San Diego	\$436,119	\$436,119
University of California, Davis	\$424,360	\$424,360
University of Colorado, Boulder	\$406,505	\$406,505
University of California, Santa Barbara	\$389,340	\$389,340
University of California, Santa Cruz***	\$383,160	\$383,160
University of California, Riverside***	\$383,160	\$383,160
University of California, Merced***	\$383,160	\$383,160

## APPENDIX

Data Sources: *The Chronicle of Higher Education Executive Compensation Report* (private institutions CY 2013, data published 12/6/2015, public institutions FY 2013-14 data published 6/8/2015), UC campuses October 2015 (annualized), and institutional sources.

-Private institution information was obtained from IRS form 990. Public institution information was collected by exclusive survey conducted by The Chronicle and consultation with individual institutions.

### Private Institutions:

-Base salary is separate from bonus & incentive and other compensation. Base salary may include sick pay paid by the employer, employee contributions to a 401(k) or 403(b) plan.

### Public Institutions:

-Instructions for The Chronicle survey were to report Fiscal Year 2013-14 actual base pay.

-Salary for UC campuses is the annualized October 2015 salary

Deferred compensation-set aside is not included within the total compensation figure.

\*Due to change of leadership at four private institutions (Cal Tech, Carnegie Mellon, Princeton, and Yale), the reported partial-year compensation was annualized for this report.

\*\*Where necessary, the base salary was determined through research and communication with institutional representatives.

\*\*\*UC Merced, UC Riverside, UC San Francisco, and UC Santa Cruz are not members of AAU.

University of California – Regents Policy 7712  
Senior Management Group  
Incentive Awards

Approved July 15, 2010



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

**Responsible Office:** Human Resources

**Effective Date:** ~~July 1, 2010~~ July 21, 2016

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

**Who is Covered:** All employees whose position is designated to be in the Senior Management Group, inclusive of officers of the University per Regents Standing Order 100.1.a.

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## **I. POLICY SUMMARY**

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This policy provides direction and authority for the development and approval of incentive award plans that include Senior Management Group (SMG) participants.

Incentive awards are intended to motivate individuals or teams to produce results that have been pre-defined and communicated to the participants in advance in accordance with an incentive award plan, and to reward them for achieving the stated performance objectives. Plan performance objectives should require participants to stretch their performance beyond their normal duties and responsibilities so that the incentive award plan rewards exemplary performance.

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## **II. POLICY DEFINITIONS**

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**Exception to Policy:** An action that exceeds what is allowable under current policy or that is not expressly provided for under any policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

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

**Plan Document:** A document that provides specific detail and definitions governing the administration of the incentive award plan, including, but not limited to, defining the eligible population, the plan year, the award opportunity levels, the criteria for establishing the annual performance objectives for each participant, and the methodology for calculating award payouts.

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

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## **III. POLICY TEXT**

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### ***A. Plan Document***

Incentive award plans must be documented and approved prior to implementation and communication. An incentive award program Plan Document must be approved by the Regents if SMG members are included as eligible program participants. Incentive or bonus award plans that do not have SMG participants are subject to the President’s approval.

The Plan Document defines the key terms, conditions and design elements of the incentive award plan. The Plan Document will include the following elements:

- \_\_Plan purpose
- Governance and oversight responsibilities



## Senior Management Group Incentive Awards

- The process for plan approval and for making changes to the plan
- The plan year (performance measurement period)
- Eligibility criteria
- Award opportunity levels (e.g., threshold, target and maximum), when appropriate
- The criteria for establishing the annual performance objectives for each participant and, when appropriate, the weightings to be given performance objectives
- Funding and award formulas, if applicable
- The protocol for the review and approval of awards, as well as the schedule for award payouts
- Any contingencies and administrative rules governing payouts, including any mechanism for the deferral of award payouts

Incentive awards are at risk, meaning that whether they will be paid depends on the plan participant's achievement of predetermined objectives. Awards must be variable and directly correlate to each plan participant's actual accomplishment of stated performance objectives. Award amounts should be appropriate for the level of each participant's performance and contribution. Incentive awards are not a means of providing additional pay for performing normal duties and responsibilities, as described in the participants' respective job descriptions. Nor are they meant to be a replacement or substitute for a merit, promotion, equity, or retention increase as described in the policy on Senior Management Group Salary and Appointment Policy Appointment and Compensation (Regents Policy 7701).

### **B. Plan Review and Approval**

Independent Administrative Oversight Committees (AOCs), comprised of senior executives and subject matter experts, will be established to oversee the creation and annual review of each incentive award plan. Incentive award plans that include SMG participants are first subject to the review and approval of the President. After the President approves such plans, Chair of the Regents' Committee on Compensation may consult with other Chairs of the applicable Regents' Committees, as appropriate, prior to presentation to the appropriate Regents' committee or full Board, as appropriate, for approval.

Once such a plan has been approved by the Board, the applicable AOC will be responsible for its administration. The Chief Audit and Compliance Officer will assure that periodic auditing and monitoring will occur, as appropriate.

Once approved by the Regents, an incentive award plan will be implemented each year upon the approval of the AOC if the plan is being implemented without changes. If a plan with SMG participants has been approved as outlined above, and the AOC recommends substantive or material changes to the plan, the applicable AOC will obtain the approval of the President and the appropriate Regents' Committee, before

### **Senior Management Group Incentive Awards**

implementing such changes. That Regents' Committee may consider and approve such changes in a single meeting. Reasonable efforts, given all circumstances, will be made to delay implementing substantive or material plan changes until after the end of the current plan year. However, if changes are implemented during the plan year that would affect the award calculations, changes will only be applied prospectively to the remaining portion of the plan year. Plan changes recommended by the AOC that are not material or substantive, or are deemed to be technical corrections, may be approved by the AOC after consultation with the President, ~~the Chair of the Regents' Committee on Compensation and the Chairs of other applicable Regents' Committees, as appropriate,~~ and will then be and implemented by the AOC at an appropriate time. The appropriate Regents' Committee will receive reports of all material or substantive changes to the plans.

All incentive award plans will be reviewed annually by the applicable AOC, generally in the spring, but dependent upon the appropriate review/plan cycle so that new or revised plans are in effect at the commencement of the applicable plan year, which will be the performance measurement period.

### **C. Plan Administration**

Each SMG member who participates in an approved incentive award plan will be notified in writing of: ~~receive an annual Terms and Conditions document that~~ (a) ~~identifies~~ the participant's individual performance objectives, (b) ~~defines the~~ performance standards to that will be used to determine the level of performance achieved for each objective, and (c) when appropriate, ~~assigns performance weightings applicable to the participant's objectives, and~~ (d) a copy of the applicable Plan Document.

The AOC will review and approve plan participants' performance objectives, as specified in the Plan Document for each incentive plan, prior to the start of the plan year or as soon as possible thereafter. The AOC will also review and approve all proposed awards. The AOC will consult the Chief ~~Audit and Compliance and Audit~~ Officer in an independent advisory capacity during its review of Plan participants' objectives and award recommendations. Any award for an employee who reports directly to the Regents and/or the President who holds one of the executive offices ~~identified in section 92032(b)(7)(B)(i) of the California Education Code~~ will also require the approval of the Regents. The AOC will provide the Chair of the applicable Regents' Committee on Compensation ~~with a listing of award recommendations before awards are scheduled to be paid.~~

### **D. Funding Sources**

Funding for awards may be provided by University-wide program sources and/or by local resources.

### **E. Treatment for Benefit Purposes**

Cash awards under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan or employee life insurance programs.

### **F. Tax Treatment and Reporting**

Under Internal Revenue Service Regulations (IRS), payment of such cash awards must be included in the employee's income as wages subject to withholding for federal and state income taxes and applicable FICA taxes. The payment is

**Senior Management Group Incentive Awards**

reportable on the employee's Form W-2 in the year paid.

~~Any payments to Awards made to any SMG members participants under this policy will be reported annually to the President and the Regents with appropriate detail, such as the range of awards and the percentage and amount of the award granted for each plan participant in the Annual Report on Executive Compensation.~~

**G. Conditions**

Incentive award plans may be terminated or replaced at any time for any reason upon the recommendation of the President and with the approval of the Regents. Reasonable efforts, given all circumstances, will be made to delay plan termination until after the current plan year has concluded.

The President, in consultation with the Chair of the Board of Regents and other Chairs of the applicable Regents' Committees, may defer payments from an incentive award plan for reasons specified in the applicable plan document. Once the contingency has been resolved, awards deferred for that reason will be processed as soon as possible thereafter.

A participant who has been found to have violated state or federal law or to have committed a serious violation of University policy will not be eligible for an award under an incentive award plan. If such allegations against a participant are pending investigation at the time of the award distribution, the participant's award for that plan year may be withheld pending the outcome of the investigation.

The University may require repayment of an incentive award that was made as a result of inappropriate circumstances.

The University does not allow any guaranteed awards of any level or of any nature under any incentive award plan. Plan participation in any one year does not provide any right or guarantee of eligibility or participation in any subsequent year. Participants in an incentive award plan may not participate in any other University incentive award plan or bonus plan, except in the event of a mid-year transfer within the University. Specifically, if a plan participant is eligible for only a partial year award under a plan because a mid-year transfer of position renders him or her eligible for plan participation for only a portion of the plan year, he or she may participate in a different University plan for the other portion of the plan year. Concurrent participation in more than one plan is not permitted.

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**IV. APPROVAL AUTHORITY**

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**A. Implementation of the Policy**

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

**B. Revisions to the Policy**

The Regents is the Policy Approver for this policy and has the authority to approve

**Senior Management Group Incentive Awards**

any policy revisions upon recommendation by the President.

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

The Executive Vice President–~~Business Operations~~–~~Chief Operating Officer~~ has the authority to ensure that policies are regularly reviewed and updated, and are consistent with University governance policies.

**C. Approval of Actions**

Authority to approve incentive award plans and individual incentive awards is described in Section III.B and III.C of this policy.

All actions that exceed this policy or that are not expressly provided for under any policy must be approved by the Regents.

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**V. COMPLIANCE**

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**A. Compliance with the Policy**

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

The Top Business Officer and/or the Executive Officer at each location will designate the local office to be responsible for the ongoing reporting of policy compliance, including collecting information regarding all relevant compensation package activity and creating specified regular compliance reports for review by the location’s Top Business Officer.

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports for accuracy and completeness, reviews policy exceptions and/or anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports, and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and Local Resources.

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically audit and monitor compliance with these policies, and results will be reported to senior management and the Regents.

**B. Noncompliance with the Policy**

**Violations of the Senior Management Group Incentive Awards policy will be subject to corrective action, consistent with how the University addresses any policy violations. The action taken will depend on the nature and severity of the conduct. Remedies may include, but are not limited to, issuance of a letter in the personnel file, mandatory training, consideration in the performance**

**Senior Management Group Incentive Awards**

**review and related salary actions including loss of or reduction in a merit, equity increase or incentive award, reassignment, demotion, removal from the Senior Management Group position where there is an underlying academic appointment, or termination of employment.**

Noncompliance with the policy is handled in accordance with the Regents' *Guidelines for Corrective Actions Related to Compensation Practices* and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*.

Noncompliance is reported in the monthly compliance report from each location as approved by the Executive Officer and reviewed by the Senior Vice President–Chief Compliance and Audit Officer and the Regents at each Regents' meeting.

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**REVISION HISTORY**

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As a result of the issuance of this policy, the following policy is no longer applicable for SMG members:

- *Personnel Policies for Staff Members 34 (Incentive Awards)*, dated July 1, 1996

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**IMPLEMENTATION PROCEDURES**

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