The Regents of the University of California

GOVERNANCE AND COMPENSATION COMMITTEE
March 14, 2018

The Governance and Compensation Committee met on the above date at the Luskin Conference Center, Los Angeles campus.

Members present: Regents Elliott, Lansing, Makarechian, Ortiz Oakley, Pérez, Sherman, and Zettel; Ex officio members Kieffer and Napolitano

In attendance: Regent Park, Regents-designate Anderson and Morimoto, Faculty Representatives May and White, Secretary and Chief of Staff Shaw, General Counsel Robinson, Executive Vice President and Chief Operating Officer Nava, Senior Vice President Gulbranson, Vice Presidents Brown, Budil, Duckett, and Humiston, Chancellors Block and Hawgood, and Recording Secretary Johns

The meeting convened at 11:55 a.m. with Committee Chair Sherman presiding.

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

Upon motion duly made and seconded, the minutes of the meeting of January 24, 2018 were approved.

2. **AMENDMENT AND RESCISSION OF CERTAIN REGENTS' AND OTHER POLICIES PERTAINING TO SENIOR MANAGEMENT GROUP COMPENSATION**

The President of the University recommended that the Regents:

A. Amend Regents Policy 7709: Senior Management Group Automobile Allowance, Regents Policy 7710: Senior Management Group Moving Reimbursement, and PPSM II-71: Senior Management Supplemental Benefit Program, as shown in Attachments 1 through 3; and

B. Rescind Regents Policy 7711: Senior Management Group Relocation Allowance, as shown in Attachment 4.

[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.]

Vice President Duckett explained that this item proposed changes to four Senior Management Group (SMG) policies, including the rescission of one policy. The proposed actions stemmed from recommendations made by the California State Auditor. The Auditor supported rescission of the policy on cash relocation allowances and the decision to eliminate future participation in the SMG automobile allowance and Supplemental Benefit Program. The State Auditor asked that the University memorialize these policy changes. Mr. Duckett noted that automobile allowances had not been included in SMG job offers since March 2017, and the Supplemental Benefit Program had not been offered since May 2017.

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

3. **APPROVAL OF MARKET REFERENCE ZONES FOR CERTAIN SENIOR MANAGEMENT GROUP POSITIONS**

The President of the University recommended that the Governance and Compensation Committee recommend that the Regents approve the revised Market Reference Zones (MRZs) for the Senior Management Group as shown in Attachment 5.

The MRZs described in this item shall constitute the University's total commitment regarding MRZs until modified by the Regents, 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 Sherman explained that the materials to be reviewed in this item represented the recommendations of the Regents Working Group on Executive Compensation formed by Chair Kieffer to gain a better understanding of the University's compensation practices and the practices of its competitors. Chair Kieffer had asked the Working Group to establish a new methodology and revised Market Reference Zones (MRZs) applying this methodology. Another important goal was to incorporate State and California State University (CSU) data in the MRZs, in order to reflect a range of competitive market pay to help guide individual compensation decisions. Committee Chair Sherman underscored that these objectives had been accomplished, and that the current recommendations did not propose any pay increases, but only changes to the MRZs.

The University's hiring and retention efforts are critical to maintain the excellence and competitiveness of the institution. The Working Group began its activity with a detailed review of Senior Management Group (SMG) positions, how current MRZs had been established, and the sources of data used to establish them. The Working Group examined how UC defines its competitive labor market and found that, in addition to public and private higher education institutions, the University competes for talent with companies like Google, Genentech, Kaiser Permanente, Amazon.com, and Apple Inc., among others. The Working Group also reviewed criteria for aligning UC campuses and establishing objective comparisons related to the competitive labor market, and chose to establish two categories for UC campuses; those with medical centers and those without. The Working

Group reviewed options for weighting public and private sector data, and agreed that a minimum of 50 percent weighting would be assigned to higher education data from public and private institutions of similar size. Of the higher education institutions whose data were included in the MRZs, approximately two-thirds were public institutions, and these included CSU. The second sector represented in the MRZs, with a weighting of 50 percent, would be general industry, including data from State agencies. Within this category, State data, when available, would make up a minimum of one-quarter of the 50 percent weighting, or a minimum of 12.5 percent of the total.

Committee Chair Sherman remarked that staff of the Office of Human Resources at the Office of the President had spent a significant amount of time working directly with the California Department of Human Resources, various State agencies, and CSU to review departmental structures and duties and scope of responsibilities for positions. This effort had been a success, resulting in approximately 85 percent of all SMG operational positions being matched to State and CSU positions. Fifty percent of academic SMG positions, such as chancellors and provosts, were matched with CSU positions. The Working Group's recommendations provided a real-time, data-driven construct for UC's competitive pay practices, and met and fulfilled the State Auditor's recommendations and timeframe for 2018 deliverables.

Vice President Duckett explained that the University had engaged a consulting firm, Sullivan, Cotter and Associates, Inc. (Sullivan Cotter), to help the Working Group with insight into competitive practices at institutions of higher education, as well as data and analysis regarding the talent marketplace in which UC competes, with an aim of keeping the University's practices rational, defensible, and competitive. It was important to note that the inclusion of State and CSU data was not a common practice among other Association of American Universities (AAU) institutions, but these data were included in order to respond to expressed concerns.

Regent Pérez referred to the fact that State and CSU comparators were not commonly used by other AAU institutions. He stressed that this step had been taken not only to be responsive to questions that had been raised by the State Auditor, but that Board members had been raising this question over time, and that there had been movement on the Board over time toward considering public entity comparators. Mr. Duckett concurred; this action responded to commentary received from the Board, the Legislature, and others.

Sullivan Cotter representative Warren Kerper began his presentation by briefly outlining the overall task and membership of the Working Group. In developing the MRZ methodology, the Working Group considered the University's mission, its research orientation, and the size of the campuses. He noted that in the view of compensation consultants and in the relevant literature, compensation is tied to the complexity of a particular campus in terms of size, which serves as a proxy for complexity, and to the research classification of a campus. The MRZs had been divided into two groups, campuses with and without Health Services. With regard to CSU, data from eight CSU campuses were considered; these were campuses with operating budgets greater than $300 million, the approximate size of the UC Merced budget. These CSU campuses were compared to

UC campuses without Health Services. In the Working Group's view, the UC campuses with Health Services positions were too large to be compared to CSU.

In comparing positions, the Working Group strove to match job content. About 69 percent of all the positions were matched to CSU and/or State data; 50 percent of the academic positions and 85 percent of the non-academic positions. Sullivan Cotter collected data from various survey sources, and these were presented for the 25th, 50th, 60th, 75th, and 90th percentiles. The survey market data were adjusted to a common effective date of March 1, 2018, by an annual adjustment factor of three percent. In their meetings, Sullivan Cotter and the Working Group discussed the wage differential for the campuses and their locations. Mr. Kerper explained that the wage differential did not reflect the cost of living, but the supply of and demand for labor. The wage differential for the campuses ranged from about 104 percent to 120 percent of the national average. The Working Group did not apply a wage differential because these are executive positions and the Working Group would have had to develop MRZs for each campus. Mr. Kerper recalled that the Regents had previously approved revised MRZs for Health Services positions.

A chart outlining the methodology showed that for campuses with Health Services, a blend of compensation data was taken from AAU and California Postsecondary Education Commission peers, other public and private institutions, general industry, and the State. For campuses without Health Services, a blend of compensation data was taken from these sources and from the CSU system.

As comparator compensation data for SMG positions at the Office of the President, the Working Group examined comparably situated higher education systems; the largest public systems, and a combined group of the largest public systems and private single-unit institutions. Comparison was based on budget size when this information was available. This comparison was difficult because UC is the largest public higher education system in the U.S., and a premium was applied to the market data to account for the size of the UC operating budget. CSU system data were also included in this comparator group. For positions with insufficient higher education sector market data at the system level, the data for the campuses with Health Services positions were used, with a premium for complexity and size. For MRZs at the Lawrence Berkeley National Laboratory, other market data were used.

Comparator data for academic positions were taken from higher education data sources, about two-thirds from public institutions, and one-third from private institutions. For non-academic positions, the market data were comprised of an equal blend of 50 percent higher education data and 50 percent general industry and State data. The State data were generally weighted 12.5 percent to 25 percent, depending on the number of data sources available.

Mr. Kerper then discussed how UC base salaries would compare to the marketplace. Overall, the proposed 2018 MRZs for campus positions increased at the median by 5.1 percent over the 2016 MRZs. If the Working Group had not used CSU or State data, the MRZs would have increased by approximately 7.1 percent. The most notable changes in methodology from the 2016 MRZs were the inclusion of State data and the separation into two categories of campuses with and without Health Services positions. The 5.1 percent increase also reflected base salary increase trends in the marketplace since 2016.

On average, chancellor positions at campuses with Health Services were below the 25th percentile by four percent, with a range from 20 percent below the 25th percentile to the 51st percentile. Chancellors at campuses without Health Services were also below the 25th percentile by approximately 14 percent. SMG Level II positions, generally direct reports to the chancellors, were at the 44th percentile at campuses with Health Services; at campuses without Health Services, these positions were at the middle of the market, at the 51st percentile. While it was not unusual to observe increases in MRZs since 2016, Mr. Kerper drew attention to a 4.5 percent decrease in MRZs for SMG Level II positions at campuses without Health Services. He attributed this decrease to changes in methodology: inclusion of State data, and grouping of campuses by presence or absence of Health Services functions.

The proposed 2018 MRZs for SMG positions at the Office of the President increased at the median by 6.6 percent over the 2016 MRZs; these MRZs would have increased by 10.9 percent without the inclusion of CSU and State data. SMG Level I positions, such as the President and Executive and Senior Vice Presidents, were at the 39th percentile of the market. SMG Level II positions, such as Assistant and Associate Vice Presidents, were at the 48th percentile, with a range from below the 25th percentile to the 82nd percentile. SMG positions at the National Laboratories were also at the middle of the market, at the 53rd percentile.

Committee Chair Sherman and Regent Lansing noted that the proposed MRZs had been thoroughly discussed and studied in great detail at four meetings of the Working Group.

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

4. **AMENDMENT OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE CHARTER**

The Chair of the Investments Subcommittee recommended that the Governance and Compensation Committee amend the Charter of the Finance and Capital Strategies Committee, as shown in Attachment 6.

[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 Sherman explained that the proposed charter amendment was related to investment policy amendments considered by the Investments Subcommittee the previous day. The amendment would provide the Board a role in consenting to recommendations of the Investments Subcommittee in determination of asset classes, asset and risk allocation policy, and selection of benchmarks.

Investment Director Susie Ardeshir reported that beginning in July 2017, the Office of the Chief Investment Officer had reviewed all Regents policies related to investment matters. The Office found that there was a need for greater clarity in the charter of the Finance and Capital Strategies Committee, especially regarding delegation of authority. The proposed amendment would replace delegated authority with consent responsibilities. The Committee would recommend actions which, on approval, would be placed on the consent agenda of the Board for approval without discussion, unless removed from the consent agenda by motion of any Regent for separate consideration. The area of consent responsibilities was expanded. The Committee's purview had previously included actions on asset allocation policy; this would now include asset and risk allocation policy. Ms. Ardeshir explained that in order to select the asset allocation, the Office of the Chief Investment Officer must understand the Regents' risk tolerance. The selection of benchmarks was also added to the consent responsibilities. The selection of benchmarks is a measure of how UC's investments may perform relative to the marketplace. Three areas had been added to the category of "other oversight responsibilities" for the Investments Subcommittee: endowment total return expenditure, which had been previously addressed in a separate policy, endowment administration cost recovery, and campus foundations investment reporting. The campus foundations report annually to the Office of the Chief Investment Officer in conjunction with a consultant; the Office then reports this information to the Investments Subcommittee and to the Board.

Upon motion duly made and seconded, the Committee approved the Chair of the Investments Subcommittee's recommendation.

5. **UPDATE ON UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT AUDIT OF ADMINISTRATIVE EXPENDITURES SALARY-RELATED IMPLEMENTATION WORKSTREAMS 1 THROUGH 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.]

Vice President Duckett briefly introduced the item. In response to recommendations made by the California State Auditor in April 2017, three cross-functional workstreams at the Office of the President (UCOP) had been developing salary-related recommendations. Based on the direction received from the Regents Working Group on Executive Compensation, mentioned earlier in the discussion of Market Reference Zones (MRZs) for certain Senior Management Group (SMG) positions, these workstreams were continuing to define UC's competitive labor markets and establish methodologies for weighting public and private compensation data, including that from the State and California State University (CSU). The weighting methodology for staff positions below SMG would mirror the weightings described in the earlier discussion. The workstreams would continue to gather and analyze data, engaging the California Department of Human Resources (CalHR), various State agencies, and CSU. This methodology would be applied systemwide to staff salary ranges under the Career Tracks classification, a relatively new classification system aligned with external market pay practices and similar to MRZs. All but three campuses had fully implemented Career Tracks, with full implementation expected by 2020.

Executive Director Dennis Larsen recalled the functions of these three salary-related workstreams. Workstream 1 related to staff salary structures at UCOP, Workstream 2 was focused on executive positions throughout the UC system, which had been discussed in the earlier MRZ item, and Workstream 3 pertained to salary structures for staff systemwide. All three workstreams were focused on establishing a methodology for weighting public and private salary survey data, to be completed by April 2018. Workstreams 1 and 3 had the additional task of determining how to restructure salary ranges for staff to make certain that the ranges encourage employee development and ensure pay equity. UCOP had been engaging compensation experts and chief human resource officers at various UC campuses to review options and work through implementation tasks, and working closely with CalHR, State agencies, and CSU to learn more about their organizational structures, positions, and compensation practices. The University had reviewed over 170 State agencies as part of this effort, and communicated with public and private institution members of the Association of American Universities to understand how they define competitive labor markets, their methodologies for including public, private, and other data, and the surveys they use for analyzing labor markets. The University had collected detailed information critical for understanding which market segments UC should target in collecting compensation data. Hundreds of State and CSU positions had been analyzed to compare job duties and scope of responsibilities to UC staff positions.

6. UPDATE ON UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT AUDIT OF ADMINISTRATIVE EXPENDITURES ON WORKFORCE PLANNING

[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.]

Executive Vice President and Chief Operating Officer Nava introduced the item, recalling that the State Auditor had asked the Office of the President (UCOP) to develop a workforce plan for UCOP.

Executive Director Nancy Pluzdrak stated that UCOP workforce planning efforts would identify gaps between the current workforce and future workforce needs. UCOP must take into account many external factors that affect talent availability and workforce expectations. The current constrained state of the job market, as evidenced by high levels of employment throughout California, and particularly in the San Francisco Bay Area, made competing for talent more difficult for UCOP. Workforce expectations also affected UCOP’s ability to attract and retain the best talent. UCOP currently had several generations of employees in its workforce, and different generations have different expectations. Increased external focus on the size of UCOP’s workforce played a role in the ongoing challenge of attracting, recruiting, developing, and retaining the best talent.

UCOP had discussions with the California Department of Human Resources (CalHR) and the Chief of its Workforce Development Programs and Special Projects Division and attended the CalHR Quarterly Statewide Workforce Planning Forum in October 2017. UCOP also evaluated workforce planning models used by peer institutions in the Association of American Universities and the Corporate Executive Board's Best Practice Analysis of 35 different companies. UCOP determined that it would adopt CalHR's best practice model. As of February 2018, UCOP had completed five steps of Phase I of the CalHR model. UCOP had obtained executive sponsorship; built a project team from all parts of the organization and received feedback from key stakeholders; reviewed available strategic plans; identified internal and external environmental factors influencing workforce needs; and analyzed the impact and future implications of these factors. UCOP had begun to analyze its demographic data, which would be further developed in Phase II.

Regent Ortiz Oakley requested clarification of the "constrained" state of the job market mentioned earlier that was creating challenges for attracting talent to UCOP. He asked why UCOP's situation would be different than that of the California State University (CSU), the California Community Colleges, or State agencies. Ms. Pluzdrak responded that some of the talent UCOP was competing for was also being attracted by Silicon Valley companies. There was a high demand in the information technology sector, a sector with different compensation structures. Another factor was the generational differences within UCOP and efforts to make UCOP an attractive place to work for a younger generation of employees. High employment rates made it harder to find available talent. CSU might be facing the same challenges.

Regent Makarechian asked if the University would consider moving UCOP to a different location. President Napolitano stated that relocating UCOP would result in work interruptions. Relocation of employees would be a daunting task.

Regent Makarechian noted that the UCPath Center had been located in Riverside, and recalled the need for changes in UCOP's organizational culture, outlined in the background materials. President Napolitano stated that UCOP was currently addressing these organizational issues; a physical relocation of UCOP might not be a solution. UCOP was the second- or third-largest employer in Oakland, and a move away from Oakland would affect the city. UCOP was in a competitive labor market, but the location also had the advantage of proximity to Sacramento and the northern UC campuses. From the perspective of the UC system, UCOP was in a good location. If the Regents wished UCOP to further analyze this possibility, this could be done, but President Napolitano expressed her conviction that the disadvantages of moving UCOP would outweigh the benefits.

Regent Makarechian reiterated that UCOP was in an expensive area where it was difficult to attract talent. Regent Ortiz Oakley suggested that locations in the Central Valley would welcome the presence of UCOP.

Regent Sherman asked if there was an embedded assumption about the growth rate of the overall organization in this workforce planning. Ms. Pluzdrak responded that at this point, UCOP had not included a growth rate assumption in these plans. In embarking on this kind of planning, it was most important to ensure the optimal deployment of employees, the right people in the right jobs, and that the organizational structure furthers achievement of the organization's goals. As UCOP proceeded with workforce planning, it would identify areas for growth or reduction.

The meeting adjourned at 12:35 p.m.

Attest:

Secretary and Chief of Staff

Attachment 1

Regents Policy 7709: Senior Management Group Automobile Allowance

(Additions shown by underlining; deletions shown by strikethrough)

University of California – Regents Policy 7709

Senior Management Group Automobile Allowance

Approved February 9, 2009
Amended September 16, 2010 and September 18, 2013
Amended XX, 2018

Responsible Officer: Vice President–Human Resources

Responsible Office: Human Resources

Effective Date: ~~November 14, 2013~~Date

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: The following designated Senior Management Group members:[1]

- President
- Executive Vice Presidents
- Senior Vice Presidents
- Principal Officers of The Regents
- Chancellors
- Laboratory Director
- Executive Vice Chancellor or Chief Academic Officer
- Vice Chancellors for Development (or equivalent Vice Chancellor position)
- Medical Center Directors
- Individuals in an Acting Role for the President, Chancellors, or Laboratory Director positions

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[1] Includes all incumbent employees who currently receive an automobile allowance but whose title is not designated for an allowance under this policy.

I. POLICY SUMMARY

This policy provides direction and authority for granting automobile benefits to designated Senior Management Group (SMG) members.

II. POLICY DEFINITIONS

Acting Role: An individual assuming 100% of the role and responsibilities of one of the covered positions under this policy.

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, or Vice President – Agriculture and Natural Resources.

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.

III. POLICY TEXT

A. ~~Approval of Automobile Allowance by the Regents~~ Eligibility

~~Any SMG position that is recommended to receive an automobile allowance must be submitted by the President to the Regents for approval.~~ The University no longer offers automobile allowances to new SMG hires or new SMG appointees. Subject to the limitations under policy, designated SMG members who currently receive automobile allowances may continue to receive these allowances until they separate from their current positions or change positions within the University. To be eligible for an automobile allowance, a designated SMG member must currently hold an SMG appointment that was approved as required by policy before March 1, 2017.

B. Automobile Allowance

~~Designated SMG members[2] receive a monthly cash allowance from the University, the amount of which will be announced annually by the Vice President–Finance in accordance with changes in the Consumer Price Index. For the current maximum cash allowance, see *Maximum Amounts for University-Leased Vehicles and Monthly Cash Allowances*.~~ Any changes in the amount of the monthly cash allowance will be announced by the Vice President–Systemwide Human Resources. The cash

[2] ~~Includes all incumbent employees who currently receive an automobile allowance but whose title is not designated for an allowance under this policy.~~

allowance is paid to the SMG member as additional taxable wages~~ in accordance with the procedures contained in *Accounting Manual E-821, Senior Management Automobile Policy and Procedures, Section III*~~.

C. Reimbursement for Use of Privately-Owned Vehicle

Designated SMG members who receive an automobile allowance will not receive additional reimbursement for the first 12,000 business miles traveled in a calendar year. Only business miles in excess of 12,000 miles a year will be reimbursed. The SMG member must provide mileage log documentation that the maximum yearly mileage has been exceeded.

Bridge and road tolls, parking fees, and other expenses set forth in *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel* may be reimbursed.

Procedures for reimbursement of University business travel and mileage reimbursement rates, as well as procedures required for insurance coverage and the reimbursement of collision damage costs related to the use of a privately-owned vehicle for official University business, are set forth in *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel, Section VII.C.* and *Appendix A*.

D. Funding

Each location is responsible for funding its SMG automobile program. Laboratory SMG automobile allowances are provided by the ~~Laboratory Administration Office.~~office of the UC National Laboratories. General Funds (19900) may not be used to support the SMG automobile program.

E. Treatment for Benefit Purposes

Amounts that are treated as wages under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, Retirement Savings Program, or employee life insurance programs. A Description of Service (DOS) code of “EAA” has been established for paying automobile allowances approved in accordance with this policy.

F. Tax Treatment and Reporting

Under Internal Revenue Service (IRS) Regulations, payment of an automobile allowance 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 reportable on the employee’s Form W-2 in the year paid.

Any payments to SMG members under this policy will be reported to the President and the Regents in the *Annual Report on Executive Compensation.*

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

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

B. Revisions to the Policy

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

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

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

C. Approval of Actions

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

V. COMPLIANCE

A. Compliance with the Policy

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

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

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

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms, ensuring monitoring procedures are in place, approving the specified regular compliance reports (such as a monthly compensation compliance report), and sending notice of final approval for the reports to the Senior Management Compensation Office, Top Business Officer, and local resources.

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

B. Noncompliance with the Policy

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

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

REVISION HISTORY

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

- *Senior Management Group Automobile Allowance* (Regents Policy 7709), dated August 1, 2009

The following document was rescinded as of August 1, 2009, the original effective date of this policy, and is no longer applicable:

- *Revised University Policy Concerning Senior Management Automobiles*, issued by President Dynes on January 29, 2007

IMPLEMENTATION PROCEDURES

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.

RELATED DOCUMENTS

- ~~*Accounting Manual E-821, Maximum Amounts for University-Leased Vehicles and Monthly Cash Allowances* (referenced in Section III.B. of this policy)~~
- ~~*Accounting Manual E-821, Senior Management Automobile Policy and Procedures, Section III* (referenced in Section III.B. of this policy)~~
- *Business and Finance Bulletin G-28, Policy and Regulations Governing Travel*, and *Appendix A* (referenced in Section III.C. of this policy)
- *Principles for Review of Executive Compensation* (Regents Policy 7201) (referenced in Section IV.B. of this policy)
- *Senior Management Group Appointment and Compensation* (Regents Policy 7701) (referenced in Section IV.C. of this policy)
- *Guidelines for Corrective Actions Related to Compensation Practices* (referenced in Section V.B. of this policy)
- *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews* (referenced in Section V.B. of this policy)

Regents Policy 7710: Senior Management Group Moving Reimbursement

(Additions shown by underlining; deletions shown by strikethrough)

University of California – Regents Policy 7710

Senior Management Group Moving Reimbursement

Approved February 9, 2009
Amended September 16, 2010 and September 18, 2013
Amended Month Day, Year

Responsible Officer: Vice President–Human Resources

Responsible Office: Human Resources

Effective Date: ~~November 14, 2013~~ Date

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: Members of the Senior Management Group, including those with underlying academic appointments.

The Senior Management Group Moving Reimbursement policy and procedures do not apply to Senior Management Group employees at the Lawrence Berkeley National Laboratory (LBNL). See *LBNL Regulations and Procedures Manual §4.01- Relocation Assistance Policy*.

CONTENTS

I. POLICY SUMMARY

This policy describes requirements and process for the reimbursement of moving and/or relocation expenses for Senior Management Group members. It clarifies who is eligible to receive reimbursement of moving and relocation expenses, defines what types of expenses are reimbursable, and outlines the process for obtaining reimbursement. ~~The~~ This policy supports the University's objective to attract and retain talented individuals by offering competitive and fair benefits to help offset the costs associated with moving a Senior Management Group appointee to a new location.

II. POLICY DEFINITIONS

Common Carrier: A company that offers its services to the public to transport goods from one place to another.

Domestic Partner: An individual designated as an employee's domestic partner under one of the following methods:

1) Registration of the partnership with the State of California;
2) Establishment of a same-sex legal union, other than marriage, formed in another jurisdiction that is substantially equivalent to a State of California-registered domestic partnership; or
3) Filing of a Declaration of Domestic Partnership form with the University.

If an individual has not been designated as an employee's domestic partner by any of the foregoing methods, the following criteria are applicable in defining domestic partner:

- each individual is the other's sole domestic partner in a long-term, committed relationship with the intention to remain so indefinitely;
- neither individual is legally married, a partner in another domestic partnership, or related by blood to a degree of closeness that would prohibit legal marriage in the State of California;
- each individual is 18 years of age or older and capable of consenting to the relationship;
- the individuals share a common residence; and
- the individuals are financially interdependent.

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, ~~or the~~ Chancellor, Laboratory Director, or Vice President – Agriculture and Natural Resources.

Members of the Household: ~~The Internal Revenue Service (IRS)~~Treasury Regulation Section 1.217-2(b)(10) defines "members of the household" as other individuals who are members of the taxpayer's household, and who had the taxpayer's former residence and the taxpayer's new residence as their principal place of abode. A member of the taxpayer's household includes any individual residing at the taxpayer's residence who is neither a tenant nor an employee of the taxpayer.

Moving Expenses: Reasonable expenditures for transporting the appointee, members of his or her household, household goods and personal effects from his or her former primary residence to his or her new primary residence.

Primary Residence: The principal dwelling where the employee actually lives and is considered as the legal residence for income tax purposes.

Reasonable Costs (or expenses): Treasury Regulation Section 1.217-2(b)(2) includes as reasonable costs those costs or expenses that are reasonable under the circumstances of a particular move.

Relocation: A change in the location of a current employee or new appointee's primary residence due to a new appointment with the University. To be considered a qualified moving expense and not reportable as additional taxable income, the distance between an appointee's new primary place of work and his or her former primary residence must be at least 50 miles or more than the distance between the appointee's previous primary place of work and his or her former primary residence.

Relocation Expenses: Reasonable expenditures other than moving expenses incurred in the process of relocating the appointee and members of his or her household to the location of the appointee's new appointment (e.g. house hunting trips, return trips to the employee's former residence, etc.).

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.

III. POLICY TEXT

A. Eligibility for Reimbursement of Moving and/or Relocation Expenses

Reimbursement of moving and/or relocation expenses is at the sole discretion of the University. Reimbursement of moving and/or relocation expenses should be offered when necessary to attract a potential appointee to the University or to encourage a current employee to accept an appointment at a new location. Before offering reimbursement of moving and/or relocation expenses, the employing department must confirm the availability of funds and the presence of the specific determinative criteria cited in this policy. The appropriate approval authority should be consulted before the hiring unit offers such benefits.

Moving and/or relocation expenses that are not specifically addressed in this policy may be reimbursed or paid by the University only if approved by the Regents.

To be eligible for reimbursement of moving and/or relocation expenses, an appointee must meet *all* of the following criteria:

- The appointee must be a new hire or a current employee being assigned to a new location;
- The appointee must be qualified for and have accepted and intend to fulfill his or her new appointment for at least one year from the date the appointment commences;
- The appointee must be in active status in the payroll system prior to reimbursement of moving and/or relocation expenses, unless the appointee has been approved for an advance to cover anticipated expenditures pursuant to Section III.G (Advances) of this policy; and
- The appointee must be relocating his/her primary residence in order to accept the new appointment.

B. Reimbursable Moving Expenses

All or part of the following moving expenses may be reimbursed, subject to the required approvals and availability of funds:

1. Moving of Household Goods and Personal Effects

Household goods and personal effects are limited to one household move per appointee. However, if the University appoints both an individual and his or her spouse or domestic partner, both appointees may be eligible for reimbursement of moving expenses from a former primary residence to the new primary residence. All moves of the ~~employee~~appointee and members of his or her household should be completed within one year of the date an appointee first reports to the new job, even if his or her appointment date was effective prior to the report date.

The University will reimburse actual and reasonable expenses for common carrier transportation related to moving household goods and personal effects from the former primary residence to the new primary residence for the appointee and members of his or her household, including packing, crating, transporting, unpacking, and uncrating household goods and personal effects. The appointee must use a common carrier from the University's preferred vendors list. Assembly and disassembly of unusual items such as swing sets, swimming pools, satellite dishes, etc. may also be reimbursed if authorized by the hiring authority.

Expenses related to moving professional/scholarly books, records and equipment, including laboratory supplies, should be documented separately. Prior to incurring these expenses, the appointee should discuss with the appropriate hiring authority whether these expenses are reimbursable and what documentation is required for reimbursement.

If the appointee elects to move household goods and personal effects on his or her own, costs of renting a moving van, truck, or trailer and moving equipment (e.g., hand truck) are reimbursable, as are moving supplies (e.g., packing materials and boxes).

Costs associated with moving the following items are not reimbursable:

- Animals (except for household pets consisting of domesticated animals normally and ordinarily kept or permitted in the appointee's personal residence),
- Plants,
- Motorized recreational vehicles, including boats, kayaks, canoes, airplanes, camping vehicles, trailers, snow machines, jet skis,
- Canned, frozen, and bulk foodstuffs,
- Building supplies,
- Storage sheds,
- Farm equipment, and
- Firewood.

2. Transportation of Motor Vehicles

The University will reimburse actual and reasonable expenses related to moving two personal motor vehicles per household (which may include motorcycles but excludes vehicles listed in the preceding section). The vehicles may be shipped or driven. If the vehicle is driven by the appointee or a member of the appointee's household, the appointee will be reimbursed in accordance with *Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*.

3. Storage and Insurance

The University will reimburse actual and reasonable expenses related to:

- Insurance for the household goods and personal effects while in transit, if incurred within ~~any~~ thirty (30~~-day period~~) days after removal of the household goods and effects from the former primary residence.
- ~~The University will also reimburse actual and reasonable~~ Storage costs for household goods and personal effects for up to 90 days immediately after their removal from the former primary residence.

4. En Route Travel Expenses for the Appointee and Members of the Household

The University will reimburse actual and reasonable expenses related to traveling to the new primary residence by the appointee and members of his or her household.

Meals and lodging while en route to the new primary residence are reimbursable, including one day's lodging in the area of the former primary residence if the residence is not suitable for occupancy due to the move, and one day's lodging on the date of arrival to the new primary residence. Reimbursement of these costs is made in accordance with *Business and Finance Bulletin G-28, Travel Regulations*.

5. Household Pets

   The University will reimburse reasonable expenses related to transportation of household pets (consisting of domesticated animals normally and ordinarily kept or permitted in the appointee's personal residence) but not those associated with kenneling such pets.

6. Utilities

   The University will reimburse expenses for connecting and disconnecting utilities but not for associated refundable deposits.

7. Appointee's Passport Processing Expenses

   The University will reimburse the filing fee and cost of photos for a non-U.S. Citizen appointee when passport expenses are incurred in connection with the commencement of his or her work in the United States.

C. Reimbursable Relocation Expenses

The University may reimburse ~~limited~~the following relocation expenses actually and reasonably incurred by the appointee and his or her spouse or domestic partner~~.~~ ~~The following relocation expenses may be reimbursable:~~ after receiving appropriate supporting documentation (see section III.D., below):

1. House-Hunting Trips

   The University may reimburse actual and reasonable expenses associated with looking for new living accommodations for the appointee and his or her spouse or domestic partner for:

   - Cost of transportation (e.g., coach airfare, car rental, parking fees, tolls, gas),
   - Meals, and
   - Lodging.

   The appointee and his or her spouse or domestic partner are limited to two house hunting trips in total.~~each.~~ The maximum number of nights of reimbursable lodging is (10) ten. Travel must be in accordance with *Business and Finance Bulletin G-28, Travel Regulations*. ~~The maximum number of nights of reimbursable lodging is (10) ten.~~

2. ~~Limited~~Temporary Housing-Related Expenses

   The University may reimburse the following ~~limited~~temporary housing-related expenses, if actually and reasonably incurred while the appointee and/or members of his or her household seek permanent housing:

- ~~Penalty paid to terminate the contract (e.g. lease or mortgage) on the appointee's former primary residence if the termination was a result of relocation,~~
- Cost of furnished temporary lodging (e.g., hotel, apartment, short-term rentals), up to 90 days,
- Reasonable residential parking fees, up to 90 days, and
- Meals for the first 30 days of residence in temporary quarters that do not have cooking facilities.

Temporary lodging and meal expenses will be reimbursed in accordance with *Business and Finance Bulletin G-28, Travel Regulations*. ~~At the discretion of the University, the University may provide a temporary cash allowance to the relocating employee to offset limited housing-related expenses in lieu of reimbursement. This allowance would be paid through the University payroll system and would be subject to withholding for income and FICA taxes.~~

3. Return Trips to Former Primary Residence

The University may reimburse actual and reasonable costs of transportation if an appointee needs to return to his or her former primary residence to help with a move or because the appointee has been separated from household members for more than one month. The appointee is limited to two return trips.

Reimbursable expenses related to transportation costs may include coach airfare or other actual costs of transportation (e.g. car rental, parking fees, tolls, gas). Return trips made in an appointee's personal vehicle will be reimbursed in accordance with *Business and Finance Bulletin G-28, Travel Regulations*.

4. Professional Relocation Services

The University may reimburse actual and reasonable expenses related to professional relocation services which may include providing local destination information, home sale assistance, home search at destination, and location of rental or temporary housing.

5. Sale of Residence Costs

The University may reimburse actual and reasonable costs directly associated with the sale of the appointee's former primary residence, if the residence must be sold to relocate to the new assignment. The amount of the reimbursement will depend on prevailing practices within the area of the sale and subject to the limitations, below. The sale of the residence must occur within twelve (12) months of the appointee's start date.

Actual and reasonable selling costs may include:

- Brokerage commission, not to exceed 3% of the final sales price or $30,000, whichever is less.
- Non-recurring closing costs not to exceed 2% of the selling price, not to exceed $20,000, whichever is less.

- Mortgage prepayment penalties not to exceed $15,000,
- Miscellaneous seller's costs customary to the area that may be reimbursed if determined appropriate by the University, not to exceed $10,000.

The University will not reimburse income taxes, property taxes or assessments associated with the sale of the residence, or the cost of physical improvements intended to enhance salability by improving the condition or appearance of the residence.

6. Settlement of a Residential Lease

The University may reimburse actual and reasonable costs directly associated with the settlement of an unexpired lease of a former primary residence if an appointee must settle that lease to relocate to the new assignment. The amount of the reimbursement will not exceed six (6) months of the lease or $25,000, whichever is less, including any penalty paid to terminate the lease.

The University will not offer reimbursement if the appointee knows or reasonably should have known that relocation was imminent prior to entering a lease agreement. The University will not reimburse the cost of physical improvements intended to enhance marketability of the leasehold by improving the condition or appearance of the residence.

D. Supporting Receipts and/or Documentation

~~In order t~~To be eligible for reimbursement, all expenses must be supported by ~~original~~ receipts and/or documentation. An appointee should submit supporting receipts and/or documentation as soon as is reasonably possible, but in all cases, receipts and/or documentation must be submitted within twelve (12) months of the appointee's start date.

E. Tax Treatment and Reporting of Moving and Relocation Expenses

~~IRS rules determine whether payment of moving and relocation expenses by an employer is includable as taxable income that must be reported. Some reimbursements and advances of "qualified moving expenses" are not reportable as additional income. To be considered a qualified moving expense and not reportable as additional taxable income, an expense must meet the following criteria:~~

- ~~The move must be made in connection with the commencement of work at a new job location and the moving expenses must be incurred within one year from the time the appointee first reports to the new job,~~
- ~~During the 12-month period immediately following the move, the individual must be employed full time for at least 39 weeks,~~
- ~~The distance between an appointee's new primary place of work and his or her former primary residence must be at least 50 miles or more than the distance~~

~~between the appointee's previous primary place of work and his or her former primary residence,~~

- ~~The expenses must be for transportation of household goods and personal effects, including packing, insurance and in-transit storage for periods of up to 30 days from the former primary residence to the new primary residence, and~~
- ~~The expenses must be for travel and lodging costs (but excluding meals) incurred in traveling from the former primary residence to the new primary residence.~~

~~Detailed IRS rules determine whether~~The Tax Cuts and Jobs Act (P.L. 115-97) was signed into law on December 22, 2017. The qualified moving expense reimbursement allowed under Internal Revenue Code Section 132(a)(6) and 132(g)(1) was modified with new Code Section 132(g)(2). Effective January 1, 2018, any fringe benefit that qualifies as a qualified moving expense reimbursement is suspended for taxable years 2018 through 2025. Thus, the University must report ~~certain~~ all moving-related expenses and reimbursements as taxable income. Taxable reimbursements made by the University are subject to withholding for payroll taxes, which will be deducted from the employee's regular wages. ~~For additional information regarding tax treatment and reporting requirements, please refer to the Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation.~~ Appointees should consult a personal tax advisor with questions about these requirements.

Any payments to SMG members under this policy will be subject to reporting to the President and the Regents in the *Annual Report on Executive Compensation.*

F. Repayment Provisions

An appointee who voluntarily separates from the position prior to completing one year of service, or accepts an appointment at another University of California location within 12 months from his or her initial date of appointment, will be required to pay back 100 percent of the moving and relocation expenses.

This provision will be included in the offer letter of the appointee.

G. Advances

The University, in its sole discretion, may elect to advance an amount to cover anticipated expenditures. Advances may only be used to cover reimbursable expenses and must be approved by the Executive Officer. An appointee receiving such an advance must sign an agreement for repayment ~~as described in the Implementation Procedures for this policy.~~in accordance with local procedures.

The hiring unit is responsible for ensuring that advances are accounted for within a reasonable period of time after the move is completed. See *Business and Finance Bulletin G-28, Travel Regulations* for procedures applicable to recording uncleared advances.

IV. APPROVAL AUTHORITY

A. Implementation of the Policy

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

B. Revisions to the Policy

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

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

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

C. Approval of Actions

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

V. COMPLIANCE

A. Compliance with the Policy

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

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

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

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

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Senior Vice President–Chief Compliance and Audit Officer will periodically monitor compliance to these policies, and 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* and *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews*.

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

REVISION HISTORY

Policy changes effective as of Month Day, 2018:

- To be added

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

- *Senior Management Group Moving Reimbursement* (Regents Policy 7710), dated February 9, 2009

As a result of the issuance of this policy, p~~P~~rovisions of this policy pertaining to SMG members which~~that~~ appear in the following document ~~shall~~ will be superseded by this policy, effective the date of this policy~~August 1, 2009~~:

- *UC Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*

IMPLEMENTATION PROCEDURES

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.

Attachment 3

PPSM II-71: Senior Management Supplemental Benefit Program

(Additions shown by underlining; deletions shown by strikethrough)

PPSM II-71 Senior Management Supplemental Benefit Program

Responsible Officer:	VP - Human Resources
Responsible Office:	HR - Human Resources
Issuance Date:	~~1/23/2006~~Date
Effective Date:	1/23/2006
Scope:	Members of the Senior Management Group.

Contact:	Christopher Simon
Email:	Christopher.simon@ucop.edu
Phone #:	(510) 987-0503

I. POLICY SUMMARY

This policy describes provisions by which University contributions can be made to the Retirement Savings Program Plans in lieu of the benefit provided under the Senior Management Severance Pay Plan.

II. DEFINITIONS

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.

Executive Officer: The University President, Chancellor, ~~or~~ Laboratory Director, or Vice President – Agriculture and Natural Resources.

Senior Management Group (SMG): 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 will ~~shall~~ be considered to possess a career appointment in the Senior Management Group.

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

III. POLICY TEXT

A. General

The Senior Management Supplemental Benefit Program (Supplemental Benefit Program) provides for contributions to be made to the Retirement Savings Program Plans (RSP Plans)[1] in lieu of the benefit provided under the Senior Management Severance Pay Plan (SMSPP) in effect as of December 31, 2004. The SMSPP has been amended to comply with requirements of the Internal Revenue Code and related guidance from the Internal Revenue Service.

B. Eligibility

The University no longer offers participation in the Supplemental Benefit Program to new SMG hires or new SMG appointees. Subject to the limitations under policy, current participants may continue to participate in the Supplemental Benefit Program until they separate from their current positions or change positions within the University.

~~Senior Managers~~An SMG member whose current ~~in~~ full-time (100%) SMG appointment~~s~~ was approved as required by policy before May 25, 2017 is ~~are~~ eligible to participate in the Supplemental Benefit Program. An ~~Senior Manager~~SMG member is not eligible to participate in the Supplemental Benefit Program if the ~~Senior Manager~~SMG member:

1. holds an SMG appointment that was approved as required by policy on or after May 25, 2017;
~~1.~~2. holds a dual tenured academic appointment;[2]
~~2.~~3. is appointed at less than full-time; or
~~3.~~4. is appointed in an acting or interim capacity.

Eligible ~~Senior Managers~~SMG members ~~automatically~~ participating~~e~~ in the Supplemental Benefit Program ~~and~~ are precluded from participating concurrently in the Health Sciences Severance Pay Plan Program.

C. Contributions

No participant in the SMSPP, other than an eligible SMG member~~Senior Manager~~ who separates from University-paid service in 2005, shall accrue additional pay-based credits under the SMSPP after 2004. In lieu of such pay-based credits, under the Supplemental Benefit Program the University will make a contribution to one or more of the RSP Plans on behalf of each eligible ~~Senior Manager~~SMG member equal to the

[1] The RSP Plans include the University of California Defined Contribution Plan, the University of California Tax-Deferred 403(b) Plan, and the University of California 457(b) Deferred Compensation Plan.

[2] A Senior Manager who was in the Executive Program and who held a dual academic appointment as of June 30, 1996 shall continue participation in the Supplemental Benefit Program, provided that the SMG member~~Senior Manager~~ is otherwise eligible pursuant to Section B.

percentage rate of compensation established for such manager's base salary and appointment level grade (3% for Grade A appointments; 5% for Grades B and higher), subject to any limitations in the applicable RSP Plans. If an individual resigns from an eligible Senior Management position, but continues employment with the University, the employee will no longer be eligible for a contribution to the RSP Plan in lieu of pay-based credits.

In addition, the University may make one or more contributions in a flat dollar amount (Fixed Contribution) on behalf of an eligible individual. A Fixed Contribution shall be in an amount designed to offset credits, if any, previously accrued under the SMSPP plus imputed interest and other adjustments determined by the Plan Administrator of the RSP Plans, in the administrator's sole discretion, as indicated in order to provide the individual a benefit reasonably equivalent to the benefit that would have been provided under the SMSPP formula in effect as of December 31, 2004, subject to the limitations of the RSP Plans. The amount of a Fixed Contribution, if any, shall be stated in the applicable RSP Plans. Any benefit accrued by an individual under the SMSPP shall be reduced to the extent offset by a Fixed Contribution in a corresponding amount made to the RSP Plans on the individual's behalf, and the individual shall have no further right or claim to a benefit under the SMSPP with respect to the offset amount.

D. Residual Benefits

An individual's residual benefit in the SMSPP shall be credited with earnings at the Short-Term Investment Pool (STIP) rate each calendar quarter until such time as the benefit is offset by a contribution to the RSP Plans or distributed to the individual. The STIP rate shall be at the most current quarterly rate used to calculate interest amounts except that the rate for the third calendar quarter shall also be used for the fourth calendar quarter. Contributions made to the RSP Plans shall be credited with earnings and reduced for losses as described in the RSP Plans, consistent with the individual's investment choices.

E. Payment of Residual Benefit

Any residual SMSPP benefit that is not offset in a year prior to, or during which, an individual separates from University-paid service will be paid in a lump sum to the individual when his or her University-paid service ends. Such benefits, to the extent not offset, also will be paid out if a ~~Senior Manager~~SMG member is granted a leave of absence without pay with no reappointment to the same position or appointment to another University position. A residual SMSPP benefit that has not been offset or paid out at the death of an individual will be paid in a lump sum to the deceased individual's statutory beneficiary.

Payment of the residual SMSPP benefit will be subject to federal and state withholding taxes. If an employee has Social Security coverage, contributions for Social Security will be deducted from the payment up to the Social Security wage base.

F. Authority

The Chancellor, Laboratory Director or Executive Vice President – Chief Operating Officer~~Senior Vice President—Business and Finance~~, as appropriate, designates the fund source(s) that the campus or Laboratory, or Office of the President accounting office shall use to make contributions under the Supplemental Benefit Program and to pay an individual's residual SMSPP benefit. General Funds shall not be used for either type of benefit.

G. Assignment

Neither the employee nor the beneficiary may assign or otherwise encumber an SMSPP benefit. Benefits provided under the RSP Plans are subject to the restrictions on alienation and assignment set forth in the plans.

H. Limitations

Except to the extent inconsistent with the terms of the Supplemental Benefit Program, any terms and conditions governing the benefit provided under the SMSPP in effect as of December 31, 2004 shall also govern the determination of an individual's benefit under the Supplemental Benefit Program.

IV. COMPLIANCE / RESPONSIBILITIES

A. Implementation of the Policy

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

The Chancellor is authorized to establish local procedures necessary to implement this policy. The Chancellor and the Vice President–Human Resources determine secondary administrative level responsibilities and authorities to establish such local procedures.

B. Approval of Actions

~~See Section III.F. for the authority to approve actions authorized by this policy.~~

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

C. Compliance with the Policy

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

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance.

The Executive Officer is accountable for monitoring and enforcing compliance mechanisms and ensuring that monitoring procedures and reporting capabilities are established.

The Vice President–Human Resources is accountable for reviewing the administration of this policy. The Director–HR Compliance may periodically monitor compliance to this policy.

D. Noncompliance with the Policy

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

E. Revisions to the Policy

The President is the Policy Approver and has the authority to approve policy revisions upon recommendation by the Vice President–Human Resources. The Regents is the Policy Approver for policy revisions that affect the compensation of Senior Management Group members.

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, updated, and consistent with other governance policies.

V. PROCEDURES

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.

VI. RELATED INFORMATION

- *Guidelines for Corrective Actions Related to Compensation Practices* (referenced in Section IV.D. of this policy)
- *Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews* (referenced in Section IV.D of this policy)

VII. FREQUENTLY ASKED QUESTIONS

Not applicable.

VIII. REVISION HISTORY

Administrative note: The President is no longer recommending or approving participation in the Senior Management Supplemental Benefit Program for new hires or new appointees. Subject to the limitations under policy, current participants may continue to participate in the Senior Management Supplemental Benefit Program until they step down from their current positions or change positions.

October 17, 2017: This Policy was remediated to meet Web Content Accessibility

Guidelines (WCAG) 2.0.

October 1, 2012: This policy was reformatted into the standard University of California policy template.

Attachment 4

Regents Policy 7711: Senior Management Group Relocation Allowance

(Deletions shown by strikethrough)

~~University of California – Regents Policy 7711~~

~~Senior Management Group Relocation Allowance~~

~~Approved February 9, 2009~~
~~Amended September 16, 2010 and September 18, 2013~~

~~Administrative note: The President is no longer recommending or approving cash relocation allowances for new hires or new appointees.~~

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

~~**Responsible Office:** Human Resources~~

~~**Effective Date:** November 14, 2013~~

~~**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:** Members of the Senior Management Group (SMG) and external candidates for Senior Management Group positions.~~

~~The Senior Management Group Relocation Allowance policy and procedures do not apply to Senior Management Group employees at the Lawrence Berkeley National Laboratory (LBNL) or candidates for Senior Management Group positions at LBNL. See *LBNL Regulations and Procedures Manual §4.01 – Relocation Policy.*~~

~~CONTENTS~~

~~I. POLICY SUMMARY~~

~~This policy provides the direction and authority for granting a relocation allowance to offset a portion of an external or internal Senior Management Group (SMG) candidate's costs associated with accepting the University's employment offer or with relocating at the request of the University. A relocation allowance supports the University's objective to attract and retain talented candidates who might otherwise decline the University's employment or relocation offer.~~

~~II. POLICY DEFINITIONS~~

~~**Executive Officer:** The University President or the Chancellor.~~

~~**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.~~

~~**Primary Residence:** The dwelling where the employee actually lives and is considered as the legal residence for income tax purposes.~~

~~**Relocation:** A change in the location of an appointee's primary residence due to a new appointment with the University.~~

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

~~III. POLICY TEXT~~

~~*A. Eligibility*~~

~~To be eligible for a relocation allowance, a candidate for a Senior Management Group position must meet the following eligibility conditions:~~

1. ~~The candidate must be a new hire or a current employee being assigned to a new location; and~~
2. ~~The candidate must be qualified for and have accepted and intend to fulfill his/her new appointment for at least one year from the date the appointment commences; and~~
3. ~~The candidate is expected to incur costs associated with accepting the University's employment offer or with relocating at the request of the University.~~

~~Consult the appropriate hiring authority before offering a relocation allowance. See Section IV. (Approval Authority) of this policy.~~

~~*B. Relocation Allowance Amounts*~~

1. ~~A relocation allowance is granted at the sole discretion of the University, is dependent on the availability of funds, is not guaranteed to be made available to all eligible candidates, and is not guaranteed to offer total reimbursement for all increased costs that may be incurred by the candidate's acceptance of the appointment and the candidate's relocation.~~

2. ~~Allowance amounts will vary based on specific circumstances including the following:~~

   ~~a. amount of costs associated with the appointee's relocation that are not covered by the policy, *Senior Management Group Moving Reimbursement*.~~

   ~~b. market prevalence for these allowances within specific occupations.~~

3. ~~The relocation allowance amount cannot exceed a maximum of 25% of the proposed starting base salary for the SMG position. If both a hiring bonus, as set forth in the policy, *Senior Management Group Hiring Bonus*, and relocation allowance are offered to a potential candidate, the combined amount cannot exceed 30% of the proposed starting base salary. Direct moving and relocation expenses are to be reimbursed in accordance with the policy, *Senior Management Group Moving Reimbursement*.~~

~~*C. Payment Provisions*~~

~~Granting of a relocation allowance is at the sole discretion of the University. Before offering a relocation allowance, the employing department must confirm the availability of funds and the specific determinative criteria cited in Section III.B.2 of this policy. Any relocation allowance amount granted along with payment and repayment provisions shall be detailed in the candidate's offer letter. By signing such agreement, the candidate agrees to all payment and repayment provisions of this policy.~~

~~The relocation allowance payments are payable in either a lump sum payment (e.g., within 30 days of hire date) or as installment payments spread over a period of two, three or four years. Installment payments are generally advisable. If a recipient separates from UC, all future installment payments will be forfeited. If a lump sum payment is provided, then repayment provisions are required, as described in Section D. of this policy.~~

~~*D. Repayment Provisions*~~

1. ~~The candidate's offer letter shall contain the specific details of the repayment provisions, including the number of years of service that must be completed and the amount (percentage or actual amount) of repayment if separation occurs prior to the completion of each year of service.~~

2. ~~If the employee receives a lump sum relocation allowance and separates from UC prior to completing the agreed upon period of service (at least two years), the employee will be required to pay back a pro-rata portion of the relocation allowance payment.~~

3. ~~Any unpaid relocation allowance amounts are forfeited at the time of separation of employment.~~

~~*E. Funding Sources*~~

~~Relocation allowance payments, if approved, are funded by the hiring department.~~

~~*F. Treatment for Benefit Purposes*~~

~~Relocation allowance amounts under this policy are not considered to be compensation for University benefit purposes, such as the University of California Retirement Plan, Retirement Savings Program, or employee life insurance programs. A Description of Service (DOS) code of "RIP" has been established for paying relocation allowances approved in accordance with this policy.~~

~~*G. Tax Treatment and Reporting*~~

~~Under Internal Revenue Service Regulations, payment of a relocation allowance must be included in the employee's income as wages subject to withholding in the year paid for federal and state income taxes and applicable FICA taxes. The payment is reportable on the employee's Form W-2 in the year paid.~~

~~Any payments to SMG members under this policy will be reported to the President and the Regents in the *Annual Report on Executive Compensation.*~~

~~*H. Relation With Other Policies*~~

~~Senior Management Group appointees who hold an academic appointment and receive a relocation allowance under the terms of this policy are not eligible for *The Faculty Recruitment Allowance Program* as set forth in *Academic Personnel Manual (APM) 190 – Appendix E*.~~

~~IV. APPROVAL AUTHORITY~~

~~*A. Implementation of the Policy*~~

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

~~*B. Revisions to the Policy*~~

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

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

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

~~*C. Approval of Actions*~~

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

~~V. COMPLIANCE AND REPORTING~~

~~*A. Compliance with the Policy*~~

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

~~The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.~~

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

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

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

~~*B. Noncompliance with the Policy*~~

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

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

~~REVISION HISTORY~~

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

- ~~*Senior Management Group Relocation Allowance* (Regents Policy 7711), dated August 1, 2009~~

~~Provisions in the following document that are applicable to SMG employees were rescinded as of August 1, 2009:~~

- ~~*UC Business and Finance Bulletin G-13, Policy and Regulations Governing Moving and Relocation*~~

~~IMPLEMENTATION PROCEDURES~~

~~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.~~

Proposed 2018 Market Reference Zones
SMG Level I

- The table below provides the **proposed 2018 MRZs for the SMG Level I positions.**

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
President of the University	$600.2	$813.0	$884.9	$1,022.8	$1,372.1
Chancellor (Campuses with Health Services)	$577.2	$809.8	$921.4	$1,111.1	$1,479.8
Chancellor (Campuses without Health Services)	$504.2	$692.4	$778.3	$929.1	$1,234.6
Executive Vice President - Chief Operating Officer	$323.0	$409.5	$435.3	$498.3	$614.2
Executive Vice President and Chief Financial Officer	$326.8	$479.3	$511.1	$566.0	$659.6
General Counsel and Vice President - Legal Affairs	$330.8	$453.0	$481.5	$534.0	$616.3
Laboratory Director (LBNL)	$363.4	$456.6	$491.3	$543.4	$544.8
Provost and Executive Vice President - Academic Affairs	$356.3	$405.4	$459.9	$514.4	$607.9
Secretary and Chief of Staff to the Regents	$223.7	$274.0	$297.8	$333.7	$417.2
Senior Vice President - Chief Compliance and Audit Officer	$267.2	$320.7	$352.4	$399.1	$438.1
Senior Vice President - External Relations	$253.5	$330.4	$352.3	$392.8	$489.3
Senior Vice President - Government Relations	$245.1	$266.0	$276.6	$298.7	$373.3
Senior Vice President - Innovation and Entrepreneurship	$316.9	$383.4	$424.0	$490.8	$568.3
Senior Vice President - Public Affairs (Communications)	$224.2	$267.0	$286.4	$317.7	$364.6
Vice President - Agriculture and Natural Resources	$275.3	$299.8	$322.7	$356.7	$380.5
Vice President for National Labs	$265.5	$363.2	$396.9	$447.5	$562.8

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Proposed 2018 Market Reference Zones
SMG Level II

- The table below and on the following pages provides the **proposed 2018 MRZs for the SMG Level II positions**.

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
Assistant Vice President - Institutional Advancement	$207.0	$248.2	$270.7	$304.4	$327.4
Associate Laboratory Director	$325.3	$360.8	$405.2	$471.7	$570.7
Associate Vice President - Academic Programs and Strategic Initiatives (ANR)	$187.2	$221.5	$234.4	$254.3	$278.8
Associate Vice President - Budget Analysis and Planning	$204.1	$250.1	$264.2	$289.9	$334.8
Associate Vice President - Business Operations (ANR)	$212.2	$260.3	$272.1	$300.6	$379.6
Associate Vice President - Capital Financial Planning and Analysis	$228.8	$320.0	$337.0	$368.3	$433.4
Associate Vice President - Chief Procurement Officer	$225.2	$273.1	$297.0	$326.6	$381.8
Associate Vice President - Energy and Sustainability	$221.0	$245.8	$270.3	$307.1	$344.0
Associate Vice President - Federal Government Relations	$229.7	$281.8	$311.4	$355.6	$407.3
Associate Vice President for National Labs	$225.6	$308.7	$337.4	$380.4	$478.4
Associate Vice President - Systemwide Controller	$205.8	$271.6	$307.3	$362.0	$433.2
Associate Vice President and Director - State Government Relations	$203.4	$237.8	$253.1	$282.1	$312.1
Chief Campus Counsel (Campuses with Health Services)	$256.7	$325.9	$346.6	$386.9	$437.8
Chief Campus Counsel (Campuses without Health Services)	$224.1	$277.0	$293.5	$322.4	$381.3
Chief Financial Officer (LBNL)	$269.5	$363.4	$414.7	$491.7	$614.3
Chief Laboratory Counsel (LBNL)	$265.2	$333.2	$365.1	$413.0	$518.8

PRIMARY REPORT

Proposed 2018 Market Reference Zones
SMG Level II

- The **proposed 2018 MRZs for the SMG Level II positions** (continued).

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
Chief Operating Officer (LBNL)	$249.0	$320.6	$348.0	$389.1	$560.3
Chief Risk Officer	$214.7	$246.9	$260.6	$281.4	$380.7
Dean - University Extension (Campuses with Health Services)	$234.4	$261.9	$283.1	$321.7	$351.1
Dean - University Extension (Campuses without Health Services)	$203.2	$229.0	$241.4	$262.6	$301.3
Deputy General Counsel	$231.2	$281.4	$296.5	$329.3	$370.5
Deputy Laboratory Director (Research)	$321.7	$367.8	$393.3	$431.6	$466.3
Director - Contracts Management (National Labs)	$211.8	$224.0	$237.8	$258.6	$278.2
Executive Vice Chancellor and Provost (Campuses with Health Services)	$439.5	$466.8	$497.5	$604.1	$707.8
Executive Vice Chancellor and Provost (Campuses without Health Services)	$369.8	$407.0	$417.3	$472.5	$591.5
University Librarian (Campuses with Health Services)	$219.9	$249.7	$263.5	$285.7	$321.2
University Librarian (Campuses without Health Services)	$184.1	$213.6	$225.4	$246.3	$292.7
Vice Chancellor - Academic Personnel (Campuses with Health Services)	$218.2	$273.3	$282.6	$331.9	$358.3
Vice Chancellor - Academic Personnel (Campuses without Health Services)	$182.1	$221.2	$225.5	$258.8	$293.2
Vice Chancellor - Budget and Planning (Campuses with Health Services)	$192.7	$232.3	$248.6	$276.5	$320.0
Vice Chancellor - Budget and Planning (Campuses without Health Services)	$172.0	$204.0	$220.5	$246.6	$288.6
Vice Chancellor - Business Administration (Campuses with Health Services)	$225.6	$301.2	$324.3	$374.9	$463.0

PRIMARY REPORT

Proposed 2018 Market Reference Zones
SMG Level II

- The **proposed 2018 MRZs for the SMG Level II positions** (continued).

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
Vice Chancellor - Business Administration (Campuses without Health Services)	$191.9	$254.7	$271.9	$306.7	$385.9
Vice Chancellor - Chief Financial Officer (Campuses with Health Services)	$276.1	$345.3	$370.4	$412.0	$496.7
Vice Chancellor - Chief Financial Officer (Campuses without Health Services)	$240.4	$295.1	$312.9	$347.9	$418.8
Vice Chancellor - Development/University Relations (Campuses with Health Services)	$376.2	$460.2	$483.7	$543.8	$597.1
Vice Chancellor - Development/University Relations (Campuses without Health Services)	$312.1	$377.0	$402.0	$444.2	$501.8
Vice Chancellor - Equity and Inclusion (Campuses with Health Services)	$211.3	$258.0	$282.4	$321.8	$381.5
Vice Chancellor - Equity and Inclusion (Campuses without Health Services)	$188.6	$229.5	$251.3	$285.8	$335.1
Vice Chancellor - Graduate Studies and Dean - Graduate Division (Campuses with Health Services)	$227.6	$282.1	$292.7	$314.8	$356.8
Vice Chancellor - Graduate Studies and Dean - Graduate Division (Campuses without Health Services)	$195.2	$232.8	$248.9	$269.5	$306.7
Vice Chancellor - Information Technology (Campuses with Health Services)	$266.4	$307.9	$332.6	$372.9	$438.5
Vice Chancellor - Information Technology (Campuses without Health Services)	$251.7	$297.0	$316.7	$345.5	$390.4
Vice Chancellor - Marine Sciences and Dean - Graduate School of Marine Sciences (Campuses with Health Services)	$358.9	$368.7	$387.1	$414.7	$445.1
Vice Chancellor - Research (Campuses with Health Services)	$311.6	$366.1	$389.4	$426.1	$483.3
Vice Chancellor - Research (Campuses without Health Services)	$283.8	$334.2	$356.2	$391.8	$445.0
Vice Chancellor - Student Affairs (Campuses with Health Services)	$268.2	$310.2	$323.8	$339.4	$355.4
Vice Chancellor - Student Affairs (Campuses without Health Services)	$222.7	$252.4	$269.0	$288.3	$314.2

PRIMARY REPORT

Proposed 2018 Market Reference Zones
SMG Level II

- The **proposed 2018 MRZs for the SMG Level II positions** (continued).

Title	Proposed 2018 MRZs				
	P25	P50	P60	P75	P90
Vice Chancellor - Undergraduate Education (Campuses with Health Services)	$254.6	$306.6	$339.7	$408.0	$486.9
Vice Chancellor - Undergraduate Education (Campuses without Health Services)	$206.7	$226.7	$244.9	$285.2	$363.0
Vice Chancellor and Dean - School of Medicine (Campuses with Health Services)	$564.4	$775.6	$781.5	$804.3	$956.0
Vice Chancellor and Dean - School of Medicine (Campuses without Health Services)	$476.2	$628.4	$648.6	$693.9	$832.2
Vice President - Budget and Capital Resources	$224.0	$274.9	$290.4	$318.7	$368.6
Vice President - Information Technology and Chief Information Officer	$274.4	$369.2	$399.0	$437.9	$511.5
Vice President - Institutional Research and Academic Planning	$229.7	$279.9	$309.5	$346.2	$405.1
Vice President - Research and Graduate Studies	$373.9	$439.3	$467.3	$511.3	$580.0
Vice President - Student Affairs	$194.6	$281.3	$323.2	$346.2	$381.8
Vice President - Systemwide Human Resources	$237.3	$313.4	$348.9	$392.4	$461.5
Vice Provost - Academic Information and Strategic Services	$281.0	$306.3	$324.2	$390.9	$450.1
Vice Provost - Academic Personnel	$235.7	$295.1	$305.2	$358.4	$386.9
Vice Provost - Education Partnership	$281.0	$306.3	$324.2	$390.9	$450.1

Attachment 6

Additions shown by underscoring; deletions shown by strikethrough

<u>Appendix C - Charter of the Finance and Capital Strategies Committee</u>

A. <u>Purpose</u>. The Finance and Capital Strategies Committee shall provide strategic direction and oversight, make recommendations to the Board, and take action pursuant to delegated authority, on matters pertaining to the University's fiscal and financial affairs, business operations, land use, and capital facilities and strategies.

B. <u>Membership/Terms of Service</u>. The identity, appointment and terms of service of Committee members shall be as specified in Bylaws 24.4 through 24.6.

C. ~~Delegated Authority~~<u>Consent Responsibilities</u>. The Committee shall ~~have plenary authority to approve~~ <u>be charged with recommending action on</u> the following matters which, on approval ~~by the Committee or the Investments Subcommittee (see Paragraph F below)~~, shall <u>be placed on the consent agenda of the Board for approval without discussion, unless removed from the consent agenda by motion of any Regent for separate consideration.</u>~~require no further action or authorization from the Board or any other committee:~~

- o Determination of asset classes (exercised through the Investments Subcommittee)
- o Asset <u>and risk</u> allocation policy (exercised through the Investments Subcommittee)
- o <u>Selection of benchmarks (exercised through the Investments Subcommittee.)</u>

D. <u>Other Oversight Responsibilities</u>. In addition to the ~~authority delegated~~ <u>consent responsibilities assigned</u> to the Committee described above, and to the extent not otherwise within such authority, the charge of the Committee shall include reviewing and making recommendations to the Board with regard to the following matters and/or with regard to the following areas of the University's business:

- Expenditures and appropriation of funds
- Cash management
- Bank accounts and banking relationships
- External financing
- Capital Financial Plans (e.g. 10 Year Capital Financial Plan)
- Capital planning and capital budget requests
- University Budget and planning
- State Budget requests
- Review of operating and capital budgets on a campus by campus basis
- Indirect cost recovery
- Financial Performance of Insurance programs.

- Captive insurance affiliates and programs
- Procurement
- Significant financial programs (e.g. Fiat Lux, ~~Procurement,~~ asset management)
- Large-scale enterprise systems (e.g. UC PATH)
- Annual valuations for UCRP and the retiree health program
- University Investments
- Real estate sales, purchases and leases, easements, licenses, mineral rights
- Physical design framework
- Design approvals
- Facilities Operations
- Long Range Development Plans (LRDPs) and environmental policy matters
- Energy matters
- Sustainability matters

The ~~delegation and~~ assignment of responsibilities to this Standing Committee under Paragraphs C and D signifies that it is the Committee to which matters otherwise appropriate for Board consideration generally will be referred and does not create an independent obligation to present a matter to this Standing Committee or its Subcommittee, to the Board or to any other Committee.

E. Consultation with Other Committees. The Committee shall consult with the Chair of the National Laboratories Subcommittee in advance of, or concurrent with, consideration, recommendation, or approval, of projects of strategic importance to the National Laboratories. The Committee shall consult with the Health Services Committee on plans for improvements and capital improvement requests involving UC Health or any of its components prior to or concurrent with consideration, recommendation, or approval by the Finance and Capital Strategies Committee. This requirement applies only to those capital projects that are related to patient care or research, or are otherwise of strategic importance to UC Health.

F. Investments Subcommittee. The Committee hereby establishes the Investments Subcommittee to assist the Committee in discharging its oversight responsibilities with regard to University investments. The duties and responsibilities of the Subcommittee~~, and the plenary authority delegated to it by the Board and the Committee,~~ are set forth as follows.

1. Purpose. In support of the Finance and Capital Strategies Committee (the "related Standing Committee"), the Investments Subcommittee shall consider, make recommendations, and act pursuant to ~~delegated authority~~ consent responsibilities on matters pertaining to University investment strategy and operations, and pertaining to the review and reporting of investment results.

2. Membership/Terms of Service. The identity, appointment and terms of service of Subcommittee members shall be as specified in Bylaws 25.3 through 25.5.

3. Special Requirements for Members/Advisors. Except as specifically provided in this Charter, neither the Subcommittee nor any of its members or advisors shall direct or attempt to direct the University's internal or external investment managers with regard to the selection of specific investments, specific funds or specific investment managers. The role and authority of such members and advisors shall be limited to providing general direction though policy and to monitoring and reporting investment results.

4. Subcommittee consent Responsibilities. Unless otherwise specified in the Committee Charter, the Subcommittee shall be charged with recommending action on the following matters which, on approval, shall be placed on the consent agenda of the Board, on the terms specified in section C, above, as though approved by the Standing Committee, unless any Regent requests that the matter be taken up for discussion and/or action by the Standing Committee. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President or the Chief Investment Officer, within their respective jurisdictions.

   - Determination of asset classes
   - Asset and risk allocation policy
   - Selection of benchmarks

~~4. Delegated Authority. The Subcommittee shall have plenary authority to approve the following matters which, on approval, shall require no further action or authorization from the Board, the related Standing Committee or any other committee. Unless otherwise specified, any approval authority for these matters that falls outside parameters expressly reserved to the Board or a Committee is delegated to the President or the Chief Investment Officer, within their respective jurisdictions.~~

   - ~~Determination of asset classes~~
   - ~~Asset allocation policy~~

5. Other Oversight Responsibilities. In addition to the ~~authority delegated~~ responsibilities assigned to the ~~C~~Subcommittee described above, and to the extent not otherwise within such ~~authority~~responsibilities, the charge of the Subcommittee shall include reviewing and making recommendations to the related Standing Committee with regard to the following matters and/or with regard to the following areas of the University's business:

   - Investment policy and strategy
   - Physical asset management (e.g. real estate held as investments)

- Investment accounts/custodian relationships
- Retirement system investments
- Endowment funds investments
- Short term and liquidity investments
- Investment operations
- Investment results and reporting
- Endowment administration cost recovery
- Endowment total return expenditure
- Campus Foundations investment reporting
- ~~Annual valuations for UCRP and the retiree health program~~

6. Expert Advisors. The Subcommittee shall have the authority to retain independent investment experts and advisors, as necessary to conduct the business of the Subcommittee. The Subcommittee shall include at least three and no more than five non-voting advisory members (in addition to Chancellors) with expertise relevant to the work of the Subcommittee. One advisory member shall be a represented employee of the University of California with expertise in investments and one shall be from a campus foundation. Any advisors not otherwise subject to University policy, shall be subject to the laws and policies applicable to Regents governing compensation and reimbursement of expenses, and shall be subject to conflict of interest disclosure and recusal obligations as specified in the University's Conflict of Interest Code and other applicable policies.

7. Reporting. In addition to the reports required under Bylaw 25.8, the Subcommittee shall report to the related Standing Committee any material developments in the University's investments operation and in the University's investment portfolio.