

The Regents of the University of California

GOVERNANCE AND COMPENSATION COMMITTEE

September 26-27, 2018

The Governance and Compensation Committee met on the above dates 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: Regents Anderson, Cohen, Estolano, Graves, Leib, Morimoto, and Tauscher, Regents-designate Simmons, Um, and Weddle, Faculty Representatives Bhavnani and May, Secretary and Chief of Staff Shaw, General Counsel Robinson, Executive Vice President and Chief Operating Officer Nava, Vice President Duckett, Chancellor Blumenthal, and Recording Secretary Johns

The meeting convened at 6:05 p.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 July 18, 2018 were approved.

2. **APPROVAL OF APPOINTMENT OF AND COMPENSATION FOR CLAIRE HOLMES AS SENIOR VICE PRESIDENT – EXTERNAL RELATIONS AND COMMUNICATIONS, OFFICE OF THE PRESIDENT AS DISCUSSED IN CLOSED SESSION**

Recommendation

The President recommended approval of the following items in connection with the appointment of and compensation for Claire Holmes as Senior Vice President – External Relations and Communications, Office of the President:

- A. Per policy, appointment of Claire Holmes as Senior Vice President – External Relations and Communications, Office of the President, at 100 percent time.
- B. Per policy, an annual base salary of \$360,000, partially or fully funded with State funds.
- C. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including eligibility for senior management life insurance and executive salary continuation for disability after five consecutive years of Senior Management Group service).

- D. Per policy, eligibility to participate in the UC Employee Housing Assistance Program, subject to all program requirements.
- E. For any outside professional activities related to her professional expertise, Ms. Holmes will comply with Outside Professional Activity (OPA) policies.
- F. This action will be effective on or about September 28, 2018.

The compensation described above shall constitute the University's total commitment until modified by the Regents or the President, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Background to Recommendation

The President of the University recommended that the Regents approve the appointment of and compensation for Claire Holmes as Senior Vice President – External Relations and Communications, Office of the President, effective on or about September 28, 2018, using the Senior Management Group (SMG) position of Senior Vice President – External Relations and the corresponding Market Reference Zone (MRZ) which was approved by the Regents in March 2018. As this is a Level One position in the SMG, this action requires the Regents' approval.

Following a nationwide open recruitment, Ms. Holmes emerged as the top candidate for this role. The President proposes a base salary of \$360,000, which is 2.2 percent above the 60th percentile (\$352,300) and 8.4 percent below the 75th percentile (\$392,800) of the MRZ for this position. Ms. Holmes is currently in this role as an interim appointee, and there is no previous career incumbent for this position. The proposed base salary is 12.5 percent over Ms. Holmes's salary as Interim Senior Vice President – External Relations and Communications of \$320,000.

The proposed base salary is consistent with Regents Policy 7701, Senior Management Group Appointment and Compensation, and reflects an appropriate placement within the MRZ for this position, taking into account the scope of responsibilities as well as Ms. Holmes's depth and breadth of experience and skill set.

Reporting directly to the President of the University, the Senior Vice President – External Relations and Communications (SVP) is responsible for developing, integrating, and executing successful public relations, governmental relations, and media relations strategies that support the research, education, and public service missions of the University of California campuses, academic medical centers, and UC-affiliated National Laboratories.

The SVP works with other senior University leaders to cultivate and strengthen relationships with State and federal government legislators and agencies, and with

alumni, donors, campuses, Regents, and other internal and external audiences. The SVP also monitors issues and areas that affect higher educational institutions and oversees teams that monitor and advocate for State and federal legislative proposals that may affect the University.

Ms. Holmes has been a leader in communications and public affairs in the UC system for ten years. Ms. Holmes joined the Office of the President in March 2017 as the Interim Senior Vice President – Public Affairs. In July 2018, Ms. Holmes was appointed as the Interim Senior Vice President – External Relations and Communications, which combines the executive responsibilities overseeing communications, media relations, alumni affairs, and government relations.

Ms. Holmes began her career with UC in 2008 as the Associate Vice Chancellor of Communications for UC Berkeley with a charter to transform the public affairs organization from a transactional, traditional organization into a strategic function focused on advocacy on behalf of UC Berkeley to its key stakeholders. She led the development of the first brand vision and positioning for UC Berkeley and managed a challenging but necessary reorganization of the department. In 2016, she joined UC Davis Health as the Associate Vice Chancellor of Public Affairs and Marketing, where she set a strategic communications agenda and framework and began to reorganize the department.

Throughout her career with UC, Ms. Holmes has worked alongside and collaborated routinely with government relations.

Prior to joining UC, Ms. Holmes worked as a consultant, preceded by ten years with Kaiser Permanente (KP) in communications leadership roles. In her last role with KP as the Vice President of National Media, Public Relations and Stakeholder Management, she led KP's national communications department which supported the Chief Executive Officer and his leadership team. Her achievements at KP included deploying the highly successful "Thrive" campaign. She also served as KP's Director of Communications and Organizational Change, gaining change management expertise.

Ms. Holmes received her Bachelor of Arts degree in journalism from San Francisco State University.

[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 briefly introduced the item.

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

3. APPROVAL OF MARKET-BASED SALARY ADJUSTMENT FOR SARAH LATHAM AS VICE CHANCELLOR, BUSINESS AND ADMINISTRATIVE SERVICES, SANTA CRUZ CAMPUS AS DISCUSSED IN CLOSED SESSION

Recommendation

The President recommended approval of the following items in connection with the market-based salary adjustment for Sarah Latham as Vice Chancellor, Business and Administrative Services, Santa Cruz campus:

- A. Per policy, a market-based salary adjustment of 7.3 percent, increasing Ms. Latham's base salary from \$298,335 to \$320,000, as Vice Chancellor, Business and Administrative Services, Santa Cruz campus.
- B. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including eligibility for senior management life insurance and executive salary continuation for disability after five consecutive years of Senior Management Group service).
- C. Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- D. Per policy, continuation of a monthly contribution to the Senior Management Supplemental Benefit Program because Ms. Latham retains her current position.
- E. As an exception to policy, this action will be effective July 1, 2018.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Background to Recommendation

The President of the University recommended approval of a market-based salary adjustment for Sarah Latham as Vice Chancellor, Business and Administrative Services, Santa Cruz campus, effective retroactively to July 1, 2018. The proposed adjustment will increase Ms. Latham's base salary to \$320,000, which is a 7.3 percent increase from her current base salary of \$298,335. The proposed salary is 4.3 percent above the 75th percentile and 17.1 percent below the 90th percentile of the position's Market Reference Zone (MRZ). Due to the proposed base salary exceeding the 75th percentile of the position's MRZ and the retroactive effective date of July 1, 2018, this action requires approval of the Regents.

Ms. Latham will remain eligible for consideration for a 2018 systemwide salary program increase in accordance with University-wide guidelines.

The proposed market-based salary adjustment will better align Ms. Latham's base salary with the criteria described in policy given her skills, experience, and contributions. The proposed base salary and position in the MRZ are appropriate, considering the breadth and complexity of Ms. Latham's responsibilities, as well as her unique skills, direct experience and demonstrated results in her role.

Chancellor Blumenthal conducted a compensation review of all UC Santa Cruz senior administrators, including Vice Provosts, Deans and Senior Management Group (SMG) members. As a result of that review, he identified four senior administrators, one of whom is Ms. Latham, for a market-based salary adjustment. Ms. Latham is one of the campus's longest serving SMG members, and she oversees the campus's largest division with a large portfolio and a complex, diverse mix of staff and functions. The campus reports that Ms. Latham has consistently demonstrated exceptional performance during her six-year tenure.

Prior to her appointment in September 2012 as Vice Chancellor, Business and Administrative Services at the Santa Cruz campus, Ms. Latham served as Vice President for Operations and Management at Samford University in Birmingham, Alabama. As Vice President, she successfully oversaw and managed the creation of a new division that resulted from an institution-wide restructuring. She managed a complex portfolio that included university master planning, research and effectiveness functions, construction, physical plant and grounds, safety and community services, transportation services, environmental stewardship, and student housing and residential life services. She also served as Samford University's Chief Compliance Officer and the university's liaison to city officials and citizens.

As the Vice Chancellor – Business and Administrative Services, Ms. Latham is responsible for all of the campus's critical business operational support functions: Risk and Safety Services, Internal Control and Business Services, and Physical Environment, Student Development and Auxiliary Services. This is the campus's largest division and includes units such as staff human resources, University police, physical plant, internal audit, and student housing. Ms. Latham is responsible for assuring the smooth functioning of campus support operations and for providing strategic vision and leadership to the Division based on campus strategies and goals set by the Chancellor and Campus Provost/Executive Vice Chancellor. The scope and responsibilities of Ms. Latham's position at UC Santa Cruz continue to expand as a result of her success in her role and strong leadership skills. In January 2017, Ms. Latham was charged with overseeing the campus Office of Physical Education, Recreation, and Sports (OPERS), which includes Athletics, six departments, two interdisciplinary programs, and three youth programs, all of which have benefited greatly from Ms. Latham's leadership.

Ms. Latham's leadership philosophy focuses on team, community, stewardship, quality, and safety, which has resulted in a record of simultaneously reducing operating budgets

while increasing constituent satisfaction. The campus reports that her emphasis on improvements, efficiencies, and staff engagement have had a tremendously positive effect, not only on her division, but also across the campus. Additionally, Ms. Latham plays a critical leadership role in the campus's Long Range Development planning process and leads the campus's Private Public Partnership project, which is necessary for increasing student enrollment. Additionally, Ms. Latham supports system and campus priorities through her service to seven campus committees, three community boards, and nine UC system committees.

Ms. Latham earned her bachelor's degree in Psychology from the University of Alabama at Birmingham and earned her master's degree in Higher Education and Ph.D. in Public Administration and Policy from Florida State University.

This position will continue to be funded partially or fully with State funds.

[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 noted that there had been a robust discussion of this item in the closed session meeting, with a range of opinions.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regent Elliott voting "no."

4. **APPROVAL OF MARKET-BASED SALARY ADJUSTMENT FOR M. ELIZABETH COWELL AS UNIVERSITY LIBRARIAN, SANTA CRUZ CAMPUS AS DISCUSSED IN CLOSED SESSION**

Recommendation

The President recommended approval of the following items in connection with the market-based salary adjustment for M. Elizabeth Cowell as University Librarian, Santa Cruz campus:

- A. Per policy, a market-based salary adjustment of 8.9 percent, increasing Ms. Cowell's base salary from \$229,468 to \$250,000 as University Librarian, Santa Cruz campus.
- B. Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits (including eligibility for senior management life insurance and executive salary continuation for disability after five consecutive years of Senior Management Group service).
- C. Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.

- D. Per policy, continuation of a monthly contribution to the Senior Management Supplemental Benefit Program because Ms. Cowell retains her current position.
- E. As an exception to policy, this action will be effective retroactively to July 1, 2018.

The compensation described above shall constitute the University's total commitment until modified by the Regents, the President, or the Chancellor, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Background to Recommendation

The President of the University recommended approval for a market-based salary adjustment for M. Elizabeth Cowell as University Librarian, Santa Cruz campus, effective retroactively July 1, 2018. The proposed adjustment will increase Ms. Cowell's base salary to \$250,000, which is an 8.9 percent increase from her current base salary of \$229,468. The proposed salary is 1.5 percent above the 75th percentile and 14.6 percent below the 90th percentile of the position's Market Reference Zone (MRZ). Due to the proposed base salary exceeding the 75th percentile of the position's MRZ and the retroactive effective date of July 1, 2018, this action requires approval of the Regents.

Ms. Cowell will remain eligible for consideration for a 2018 systemwide salary program increase in accordance with University-wide guidelines.

The proposed market-based salary adjustment will better align Ms. Cowell's base salary with the criteria described in policy given her skills, experience, and contributions. The proposed base salary and position in the MRZ are appropriate, considering the breadth and complexity of Ms. Cowell's responsibilities, as well as her unique skills, direct experience and demonstrated results in her role.

Chancellor Blumenthal conducted a compensation review of all UC Santa Cruz senior administrators, including Vice Provosts and Senior Management Group (SMG) members. As a result of that review, he identified four senior administrators, one of whom is Ms. Cowell, for a market-based salary adjustment. The campus reports that Ms. Cowell has consistently demonstrated exceptional performance as she enters her fifth year in her SMG position, showing creativity and vision in how she executes her responsibilities as the University Librarian. Ms. Cowell's efforts to expand the UCSC libraries, such as improving the content of the library collections and upgrading the climate and physical spaces, have achieved results beyond initial expectations during a time of financial constraint at both the campus and system levels.

Ms. Cowell was hired at UC Santa Cruz as the Associate University Librarian for Public Services in July 2008. She worked with administration and staff to absorb challenging budget cuts while maintaining core library services. She played an integral role in the

successful expansion and renovation of McHenry Library and led Library staff through a data-driven analysis of all public services, implementing strategic changes that resulted in a 70 percent increase in the use of library facilities. Through her leadership as part of the UC Libraries Advisory Structure, she has facilitated the UC Libraries systemwide working well together, collaborating to create and maintain innovative services. During Ms. Cowell's appointment as Interim University Librarian in 2013, the campus reports that she engaged library staff in developing new strategic directions and fostered successful cross-campus collaborations. Following a national search in 2014, Ms. Cowell was selected as the top candidate and appointed as the career University Librarian.

Ms. Cowell has 20 years of progressively responsible management experience in academic libraries with a strong record of accomplishment and evidence of strategic leadership in operations, fundraising, and innovation. The campus reports that she brings a high level of enthusiasm to her work in academic libraries, grasps the potential of strong library alliances, and effectively communicates the value of academic libraries to a wide variety of stakeholders.

One result of Ms. Cowell's engagement has been her successful fundraising for library expansion, obtaining a grant for \$5 million for the renovation of the Science and Engineering Library, a \$1.5 million planned gift to Stevenson College, and \$272,000 in additional gifts for library services. The renovations of the Science and Engineering Library will promote collaborative learning and support student success, providing active learning spaces that accommodate a diversity of learning styles and needs amidst the rich resources the Library offers. Through Ms. Cowell's leadership, the campus was selected by the California Digital Library to be the second of three pilot mass digitization projects. Additionally, she has most recently expanded the University archive through a gift of a historic photo collection, the works of Ruth-Marion Baruch and Pirkle Jones, valued at an estimated \$32 million.

Ms. Cowell provides innovative, positive, forward-focused leadership for the campus libraries, and she continues to take leadership roles at the systemwide level. She has served as vice-chair of the Council of University Librarians (CoUL) steering committee and will be chairing the committee this year.

Ms. Cowell earned her Bachelor of Philosophy in Interdisciplinary Studies from Miami University in Oxford, Ohio and earned a Master of Science in Library and Information Science from the University of Illinois at Urbana-Champaign.

This position will continue to be funded partially or fully with State funds.

[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 briefly introduced the item.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regent Elliott voting "no."

5. **APPROVAL OF MERIT-BASED SALARY INCREASES FOR CERTAIN LEVEL ONE SENIOR MANAGEMENT GROUP EMPLOYEES AND AUTHORIZATION FOR THE PRESIDENT OF THE UNIVERSITY TO APPROVE RETROACTIVE MERIT-BASED SALARY INCREASES FOR CERTAIN LEVEL TWO SENIOR MANAGEMENT GROUP AND MANAGEMENT AND SENIOR PROFESSIONAL EMPLOYEES AS DISCUSSED IN CLOSED SESSION**

Recommendation

The President recommended approval of the following:

- A. Salary increases for the Level One Senior Management Group (SMG) employees listed below. The increase for the Lawrence Berkeley National Laboratory Director will be effective October 1, 2018. As an exception to policy, the increases for all other individuals listed below will be effective July 1, 2018.

Title	Incumbent		Current Salary	Proposed Salary Increase	Proposed Annual Base Salary	Funding Source
Direct and/or Dual Reports to the Regents						
Chief Investment Officer and VP of Investments	Jagdeep	Bachher ¹	\$652,454	3.0%	\$672,028	Non State Funded
General Counsel and Vice President - Legal Affairs	Charles	Robinson	\$454,574	3.0%	\$468,211	Partially or Fully State Funded
Secretary and Chief of Staff to the Regents	Anne	Shaw	\$238,703	3.0%	\$245,864	Partially or Fully State Funded
Senior Vice President - Chief Compliance and Audit Officer	Alex	Bustamante	\$350,000	3.0%	\$360,500	Partially or Fully State Funded
Chancellors – Campuses With Health Services						
Chancellor - UCD	Gary	May	\$420,000	3.0%	\$432,600	Partially or Fully State Funded
Chancellor - UCI	Howard	Gillman	\$514,537	3.0%	\$529,973	Partially or Fully State Funded
Chancellor - UCLA	Gene	Block	\$468,211	3.0%	\$482,257	Partially or Fully State Funded
Chancellor - UCSD	Pradeep	Khosla	\$462,684	3.0%	\$476,565	Partially or Fully State Funded

Chancellor - UCSF	Sam	Hawgood	\$819,545	3.0%	\$844,131	Partially or Fully State Funded
Chancellors – Campuses Without Health Services						
Chancellor - UCB	Carol	Christ	\$531,939	3.0%	\$547,897	Partially or Fully State Funded
Chancellor - UCM	Dorothy	Leland	\$406,495	3.0%	\$418,690	Partially or Fully State Funded
Chancellor - UCR	Kim	Wilcox	\$406,495	3.0%	\$418,690	Partially or Fully State Funded
Chancellor - UCSB	Henry	Yang	\$413,051	3.0%	\$425,443	Partially or Fully State Funded
Chancellor - UCSC	George	Blumenthal	\$406,495	3.0%	\$418,690	Partially or Fully State Funded
Chief Executive Officers - Health Systems						
Chief Executive Officer - UCLA	Johnese	Spisso ¹	\$1,028,608	3.0%	\$1,059,466	Non State Funded
Chief Executive Officer - UCSD	Patricia	Maysent ¹	\$880,770	3.0%	\$907,193	Non State Funded
Chief Executive Officer - UCSF	Mark	Laret ¹	\$1,072,782	3.0%	\$1,104,965	Non State Funded
Lawrence Berkeley Laboratory Director						
Laboratory Director (LBNL)	Michael	Witherell	\$453,200	3.0%	\$466,796	Non State Funded

Title	Incumbent	Current Salary	Proposed Salary Increase	Proposed Annual Base Salary	Funding Source	Title
OP - Direct Reports to the President						
Executive Vice President - Chief Operating Officer	Rachael	Nava	\$370,000	3.0%	\$381,100	Partially or Fully State Funded
Executive Vice President - Chief Financial Officer	Nathan	Brostrom	\$424,360	3.0%	\$437,091	Partially or Fully State Funded
Executive Vice President - UC Health	John	Stobo ¹	\$633,782	3.0%	\$652,795	Partially or Fully State Funded
Provost and Executive Vice President - Academic Affairs	Michael	Brown	\$379,000	3.0%	\$390,370	Partially or Fully State Funded
Senior Vice President - Innovation and Entrepreneurship	Christine	Gulbranson	\$345,000	3.0%	\$355,350	Partially or Fully State Funded

Vice President - Agriculture and Natural Resources	Glenda	Humiston	\$287,000	3.0%	\$295,610	Partially or Fully State Funded
Vice President for UC National Labs	Kim	Budil	\$376,620	3.0%	\$387,919	Partially or Fully State Funded

¹Eligible for Incentive Pay (OCIO AIP or CEMRP)

- B. As an exception to policy, because the time period between the effective date and the approval date is greater than 45 days, authorization for the President to approve merit increases retroactive to July 1, 2018 for those Level Two SMG members and employees in the Managers and Senior Professionals (MSP) personnel program that require the President’s approval and would normally be within the President’s authority to approve.

The base salaries presented above shall constitute the University’s total commitment for base salary until modified by the Regents or the President, as applicable under Regents policy, and shall supersede all previous oral and written commitments. Compensation recommendations and final actions will be released to the public as required in accordance with the standard procedures of the Board of Regents.

Background to Recommendation

Consistent with the 2018 salary program for non-represented staff at all levels, the President of the University recommended approval of merit increases for certain Level One members of the Senior Management Group (SMG) who were in their current roles on or before January 1, 2018 and who have not received a salary increase on or after January 1, 2018. The proposed merit increases will be effective retroactive to July 1, 2018 as an exception to policy.

Additionally, the President requested approval to authorize her approval authority retroactive to July 1, 2018 for merit increases for certain Level Two SMG members and those employees in the Managers and Senior Professionals (MSP) personnel program that require the President’s approval and would normally be within the President’s authority to approve. All proposed merit increases are consistent with the 2018 salary program for non-represented staff at all levels. This is an exception to policy requiring Regental approval as the time period between the effective date and approval date is greater than 45 days; however, the action is needed to align the merit increases with the effective date established for the systemwide 2018 merit program.

Participation by the Level One SMG members in this organization-wide, non-represented staff salary program will allow the University to keep pace with general salary movement in the labor market.

Of the Level One SMG members, two Chancellors were appointed in 2017, therefore only eight of the ten Chancellors received merit increases effective July 1, 2017. Of the five Chief Executive Officers of the Health Systems, one is leaving UC on September 30, 2018 and one was newly appointed, therefore three of the four remaining CEOs received

merit increases effective July 1, 2017. The Lawrence Berkeley National Laboratory (LBNL) Director received a merit increase effective October 1, 2017 in line with LBNL's fiscal year. The remaining Level One SMG members did not receive merit increases in 2017.

[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 briefly introduced the item.

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

6. **DATES OF REGENTS MEETINGS FOR 2020**

The Chair of the Board and the President of the University recommended that the following dates of Regents meetings for 2020 be approved:

2020

January 21-23

March 17-19

May 19-21

July 14-16

September 15-17

November 17-19

[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 briefly introduced the item.

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

7. **SUSPENSION OF BYLAW 21.7 FOR THE LIMITED PURPOSE OF ENABLING THE LOS ANGELES CAMPUS TO REAPPOINT REGENT ESTOLANO TO PART-TIME TEACHING AND ADVISORY BOARD POSITIONS, PROVIDED THAT ANY SUCH POSITIONS ARE UNCOMPENSATED**

The President of the University recommended that Bylaw 21.7 be suspended for the limited purpose of enabling Regent Estolano to be eligible for reappointment to the following University-affiliated positions at the UCLA campus, provided that any such positions are uncompensated:

A. As a part-time faculty member in the UCLA Luskin School of Public Affairs;

- B. As a member on the Advisory Board of the UCLA Lewis Center for Regional Policy Studies.

[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 briefly introduced the item.

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

8. **PLAN FOR NARROWING UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT NON-REPRESENTED STAFF SALARY RANGES**

[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.]

Regent Tauscher briefly outlined this plan for narrowing non-represented Office of the President (UCOP) staff salary ranges. At the May meeting of the Compliance and Audit Committee, the Regents requested that UCOP develop this approach by the October deadline set by the California State Auditor. Earlier in the year, the Working Group on Executive Compensation had reviewed Market Reference Zones (MRZs) for Senior Management Group (SMG) employees, taking into account State and California State University (CSU) data. The same methodology had been adopted for non-SMG staff positions, with a minimum weighting of 12.5 percent for State data and CSU matches for UC positions. At a meeting in August, the Working Group on UC Office of the President Salary Ranges reviewed and endorsed an approach for narrowing non-represented staff salary ranges at UCOP with assistance from Sullivan Cotter. Implementation of the State Auditor's recommendation to narrow UCOP salary ranges was due by April 2019. In response to a question by Committee Chair Sherman, Regent Tauscher confirmed that UCOP was on track to implement this recommendation.

The Committee recessed at 6:10 p.m.

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The Committee reconvened on September 27, 2018 at 1:50 p.m. with Committee Chair Sherman presiding.

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

In attendance: Regents Anderson, Anguiano, Graves, Leib, and Park, Regents-designate Simmons, Um, and Weddle, Faculty Representatives Bhavnani and May, Secretary and Chief of Staff Shaw, General Counsel Robinson, Provost Brown, Executive Vice President and Chief Operating Officer Nava, and Recording Secretary Johns

9. REVIEW OF COMMITTEE STRUCTURE AND COMMITTEE CHARTERS

[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.]

In 2016, the Regents adopted new Bylaws and Committee Charters and revised their meeting structure. Chair Kieffer explained that this review of the Regents' committee structure and committee charters was an opportunity to receive feedback regarding how the new structure was working. He and Committee Chair Sherman would consider this discussion as well as input from other Board members who were not present for this discussion to gain a broad view of the Regents' positions on this matter.

Committee Chair Sherman stated that this would be an open-ended discussion about matters such as the number of committees and the number of committee members. He asked Secretary and Chief of Staff Shaw to provide an overview of the history of the Regents' committees.

Ms. Shaw recounted that in 150 years, since the founding of the University in 1868, there had only been about 50 standing committees. In 2016, when the Regents revised their Bylaws, it was the first time in about 40 years that there had been a comprehensive review of Regents' committees. As a result of the 2016 Bylaw revision, some committees were consolidated. The number of standing committees decreased from ten to eight and two subcommittees were added. When the Regents adopted this new structure, they made a commitment to review it after two years.

Chair Kieffer hoped that Board members would increase their expertise in their committee areas. The task of the Board is a very serious one, overseeing a University with a \$39 billion budget. Although the Regents do not manage at the campus level, they must have knowledge and competence.

Ms. Shaw noted that during the 2016 review of the Bylaws, the general view of the Regents was that ten committees were too many, and there was an effort to consolidate these into a smaller number. The average number of committees for public boards nationwide is five, but most public boards are much smaller than the UC Board of Regents. She then provided more historical information for the past 50 years. In 1965 the Regents had six committees: Agriculture, Audit, Educational Policy, Finance, Grounds and Buildings, and Investments. There was also a special committee, the Nominating Committee, reappointed each year by the Chair, which nominated committees and leadership. In 1975, there were six committees: Audit, Educational Policy, Finance, Grounds and Buildings, Investments, and Special Research Projects, which partially concerned the National Laboratories. There were two special committees, the Nominating Committee and the Committee on Regents' Procedures, which lasted for many years and was concerned with Board operations. In 1985 there were seven committees, the same six just mentioned with the addition of Hospital Governance. In 1995 there were the same seven committees with the seventh renamed "Oversight of the Department of Energy Laboratories." In 2005 there were seven committees: Audit, Educational Policy, Finance,

Grounds and Buildings, Health Services, Investments, and Oversight of the Department of Energy Laboratories. In 2015 the number of committees increased to ten: Educational Policy, Finance, Grounds and Buildings, Health Services, Investments, Oversight of the Department of Energy Laboratories, Audit, which was renamed “Compliance and Audit,” and three new committees, Compensation, Governance, and Long Range Planning. An important change in 2016 had been the shift to a concurrent meeting structure, allowing two committees to meet at the same time.

Committee Chair Sherman expressed his view that the most significant change was the shift to concurrent meetings, a positive move. With a large board, it is almost impossible to have in-depth discussions of some of the issues that come before the Regents, especially finance, capital projects, and compensation issues. The concurrent meeting structure allows a smaller group of Regents to examine important issues in detail. These issues are then brought before the full Board.

Regent Pérez observed that the new committee structure had clarified the distinction of which Regents serve on a committee and which do not. In addition, there had been greater involvement by the chancellors in committee discussions.

Regent Lansing remarked that when she first joined the Board, there were discussions about whether one wanted to be a generalist Regent or a specialist Regent. Before the concurrent meeting structure, all Regents would attend all committee meetings. She expressed support for the concurrent meeting structure; she trusted her fellow Regents and read the materials for the committees whose meetings she did not attend. The decisions that the Regents make are far too complex for each Regent to be an expert in every area. The Regents must trust one another and assume that the members of a committee have discussed matters in depth. The Regents have the right to ask questions when the committees report to the Board. All the Regents should become specialists. Regent Lansing expressed disappointment in the agendas of the Academic and Student Affairs Committee and the Public Engagement and Development Committee, noting that she was a member of both these committees and took some responsibility for this; her criticism was that these committees had fallen into a role of receiving reports, reading and listening, and congratulating UC administrators. Regent Lansing hoped that with the concurrent meeting structure, all committee members would have read the materials and be prepared for serious, in-depth discussions of major issues. In her view, this was not happening, and the Board could do better.

Regent Park observed that changing to the concurrent meeting structure involved a tradeoff, and in her view, the tradeoff had a net benefit at this point. She stressed the importance of understanding how the individual pieces, the detailed work of the committees, relate to the whole, the deliberations of the full Board. Not every Regent has to know the details of a capital transaction, but every Regent should understand how that transaction fits in with the overall direction being discussed by the Finance and Capital Strategies Committee. If the Regents decided to maintain the concurrent meeting structure, they must find a way to continually pay attention to that overall strategic direction, to focus on strategy.

Chair Kieffer noted that he had been working to give committee chairs more control over their committees. This was not easy, because Office of the President staff have matters that need to be addressed and put on the agenda, and staff need to brief the Regents and ensure that the Regents are informed of certain matters. Committee members and chairs needed to take responsibility and convey their opinion of what issues they want to discuss and learn about, and what the direction of their committee should be.

General Counsel Robinson recalled conversations with former Chair Lozano at the time the Bylaws were being reviewed. There were a few basic objectives. One objective was to be more strategic and less transactional, allowing more time for the Board to delve into matters more deeply. One action to pursue this objective was the establishment of the concurrent meeting structure, and another action was the delegation of more authority to the committees. In Mr. Robinson's view, the Board had not been successful in delegating more authority to the committees. Another objective was to ensure that there was sufficient expertise on each of the committees. The action taken toward this objective was to bring chancellors and advisors onto committees, although not all committees have taken advantage of the opportunity to have advisors.

Regent Ortiz Oakley expressed support for the new committee and concurrent meeting structure. One question was whether the current structure had achieved the right combination or balance and reflected the relative importance of the issues considered by the various committees. The issues discussed by the Public Engagement and Development Committee are not as critical to the Board as those discussed by the Health Services Committee. He suggested that meetings of the Public Engagement and Development Committee could be held off-cycle, while the Health Services Committee could meet during the regularly scheduled Regents meetings. Since such a large percentage of the University's revenue comes from the UC Health enterprise, every Regent should be engaged in Health Services issues. There was no question that the Regents trusted Regent Lansing as Chair of the Health Services Committee and the Regents who served on that committee, but some Regents may not be able to attend meetings of the Health Services Committee and engage with issues of high importance. The Board could do better in deciding how to make use of the final hours of meetings. It was a matter of making refinements, achieving a balance, determining which are the key committees making decisions relevant to the entire body, and making these key committees available to all the Regents.

Regent Lansing explained her sense of failure about the Public Engagement and Development Committee, which she had also chaired. She felt that it should have been one of the most important committees because everything the Regents do depends on the support of the Legislature, the public, and alumni. She reflected that her ambition to launch a campaign for the University might not have been possible to achieve within the format of a short committee meeting of only a few hours. A strategic session on a campaign for the University to change public opinion would require much more time and a smaller group. The Health Services Committee meetings were lengthier, with more time for discussion, and more time to consider ideas in a relaxed manner. In response to a question by Regent Lansing, Committee Chair Sherman responded that the Investments

Subcommittee had advisors, and that he carried on an ongoing dialogue with Chief Investment Officer Bachher and his team.

Faculty Representative Bhavnani asked what had happened to the Long Range Planning Committee, or where its work was now located. Chair Kieffer responded that the Regents could consider the Long Range Planning Committee again. The Long Range Planning Committee had been terminated with the idea that all the committees should have a long-range perspective. He and Committee Chair Sherman would consider this option.

Regent Graves stated that it was surprising, on a Board with 18 Regents, that certain Regents had multiple chairships and vice chairships. Responsibility and positions of power should be shared more broadly among the Board members. The selection process, the nomination of members, was not clear. Some Regents served on three or four committees, some only on two. In his view, because of their short terms of service, student Regents and alumni Regents did not have a fair opportunity to be a part of committee leadership or to be members of certain committees. Chair Kieffer responded that there was no effort to prevent a Regent from serving on a committee.

Regent Zettel expressed support for the concurrent meeting format. Regents receive information on all committees in the Board meeting packet, and this makes up for not being able to attend every committee. She concurred with Regent Ortiz Oakley's suggestion and proposed that the Investments Subcommittee could meet during the time slot currently reserved for Public Engagement and Development, while the Health Services Committee could meet on Tuesdays in the regular meeting cycle.

Regent Pérez expressed support for the concurrent meeting schedule, but suggested that mechanical improvements could be made, adjusting timing to avoid backups and delays. The Regents might consider adding committee time on Tuesday, in addition to the Wednesday and Thursday meetings. The process by which committees report to the Board could be improved. He praised staff for being diligent in trying to capture information, but these committee reports were generated in a very limited period of time. Committee reports did not always reflect nuances in the discussions. There needed to be an effective way to communicate to the whole Board the distinction between items with general unanimity and items on which a committee could not reach unanimity to ensure that the full Board played an appropriate role in these instances. With regard to long range planning, Regent Perez stated that this should be the responsibility of each committee. Each committee should take a long-range view of the subject matter for which it is responsible. The Regents should ensure that all committees are managing immediate, intermediate, and long-term perspectives, rather than assuming that one committee with that charge could adequately do that work in all subject matter areas.

Regent Anguiano expressed agreement with Regent Pérez on the need for all committees to take a long-term view. She reflected that the Regents cannot engage in long-term thinking about academic matters without also considering budget, finance, and capital matters. The concurrent meeting structure allows Regents to examine matters in greater

detail. At the same time, it would be difficult for two committees to engage in long-term strategic planning separately.

Chair Kieffer suggested that the Regents receive more information about the Division of Agriculture and Natural Resources, and consider establishing a Personnel Committee in order to be able to deal with direct reports and discuss matters in confidence. The committees on Finance and Grounds and Buildings had been combined; at some point in the future, the Regents might consider again having a separate Grounds and Buildings Committee. With regard to committee reports to the Board, he encouraged committee chairs to take the time they needed to report on discussions; they should not feel pressured. He stated his view that it is difficult to have a deep, detailed discussion of an important matter with a Board of this size.

Regent Graves reported that he and Regent-designate Weddle had communicated with Chair Kieffer about the possibility of establishing a special committee on UC basic needs. Meeting basic needs was an issue that UC campuses were grappling with, and a national issue for higher education institutions. This issue affected not just students, but staff and faculty as well. The special committee would meet and provide some guidance to staff and the campuses regarding a strategic vision for addressing needs for food, housing, childcare, and well-being. Regent Graves hoped that the Governance and Compensation Committee would take action on this at the November meeting.

Regent Pérez suggested that the special committee, at least initially, should focus on the issues of housing and food security for students. The basic needs of staff and other affiliates had completely different sets of implications, and the efforts of the special committee might be frustrated if they were overly broad. In response to a question by Regent Pérez, Regent Graves confirmed that the charge for the special committee would relate to basic needs on campus in general.

Regent Pérez cautioned that the moment the University started to engage with this issue beyond students, broader issues and challenges, such as the issue of pay equity, would arise. The Regents should consciously make a decision about the range of issues this special committee would address.

Regent Ortiz Oakley expressed appreciation for the proposal of this special committee, and the issue that it raised. The Regents should have the flexibility to come together and address issues that are relevant and weigh on the University at any given time, and this was clearly an issue weighing on the University. He concurred with Regent Pérez that the special committee should focus on students because extending the charge beyond students would give rise to challenges. He asked if the special committee would be ongoing or have a specific timeline to provide recommendations. Regent Graves responded that the special committee would not be a permanent committee. There would be a timeline to produce recommendations.

Regent Ortiz Oakley suggested that the special committee could be structured as the Total Cost of Attendance Working Group had been, and that it would best be affiliated with the Academic and Student Affairs Committee.

Chair Kieffer stated that he would confer with the Regents about the category and timeline of the proposed special committee.

Regent Leib raised the issue of students' lack of sufficient information about financial aid. If the Regents can have a positive influence on this issue, then this might be an issue for the special committee as well.

Regent Pérez noted that the challenge mentioned by Regent Leib was one experienced by all institutions, but the tools available to UC were different than those available to the California State University or private institutions. He suggested that new Regents should receive the report of the Total Cost of Attendance Working Group. The Working Group had discussed how progressive UC's financial aid approach would be and how progressive its concept with respect to self-help would be. The University was limited by the pool of available money and the approximately 33 percent return to aid. Maintaining flat tuition results in an unintended challenge. While the University can control for the factor of tuition, which accounts for less than 50 percent of attendance costs, the cost of housing and food keeps rising.

Faculty Representative May expressed support for the effort to address basic needs. This issue affects students' academic performance and is clearly related to financial aid, including more extensive aid to cover costs other than tuition. It was time for the Regents to respond to this concern and problem.

Committee Chair Sherman concluded the discussion, noting that he and Chair Kieffer would take all the observations that had been made into consideration and would return with recommendations.

The meeting adjourned at 2:40 p.m.

Attest:

Secretary and Chief of Staff