TO THE MEMBERS OF THE SPECIAL COMMITTEE ON COMPENSATION:

ACTION ITEM

For Meeting of May 17, 2006

REGENTS’ PLAN FOR REFORMS IN RESPONSE TO THE REPORT OF THE TASK FORCE ON UC COMPENSATION, ACCOUNTABILITY, AND TRANSPARENCY

Regents Hopkinson and Kozberg recommend that the Special Committee on Compensation recommend to The Regents that they adopt the actions shown in the attachment in response to the recommendations of the Task Force on UC Compensation, Accountability, and Transparency.

BACKGROUND

The Task Force on UC Compensation, Accountability, and Transparency was appointed in December 2005 by Chairman Parsky to conduct an independent review of UC’s policies and practices on executive compensation and on the release of public information about compensation and related matters. The Task Force was co-chaired by Regent Kozberg and former Assembly Speaker Robert Hertzberg and included Dede Alpert, former State Senator; James Duderstadt, President Emeritus, University of Michigan; Kip Hagopian, Managing Partner, Apple Oaks Partners, LLC; Jay Harris, former Publisher of the San Jose Mercury News and Wallis Annenberg Chair in Journalism and Communication, Annenberg School for Communication, University of Southern California; Regent Monica Lozano, Publisher and Chief Executive Officer of La Opinion; James Morley, Jr., President and CEO, National Association of College and University Business Officers; and John Oakley, Chair, UC Academic Senate.

At the April 13, 2006 meeting of The Regents, the Task Force presented its report of findings and recommendations. The report focused on four areas: disclosure and transparency; governance and accountability; specific policies and practices; and competitive compensation.

In order to address many of the issues identified by the Task Force, a complete rethinking of University compensation policies, practices, and procedures is required. The success of these reforms—as well as assurance that University policies and practices survive leadership changes systemwide—will depend on a new, comprehensive policy framework. It must be guided by the principles of public accountability and disclosure,
effective governance and oversight, individual and institutional accountability, and institutional competitiveness. It is anticipated that the conceptual basis for this new policy framework will be brought to The Regents for discussion at the July meeting, along with an implementation timeline.

In the longer term, in developing a new comprehensive policy framework, the University will also undertake an evaluation of all faculty and staff compensation policies and procedures, in consultation with the affected employee groups.

President Dynes has appointed an Implementation Committee and workgroups composed of campus, medical center, and Office of the President personnel. The committee and workgroups have begun meeting and are poised to implement those Task Force recommendations ultimately adopted by The Regents.

The attached table displays 23 recommended actions and estimated timelines for each of the Task Force recommendations.

(Attachment)

University of California
Board of Regents
May 17, 2006
Objective

Overall Objective:

Redesign the policies, procedures and control mechanisms for the compensation and benefit programs of the University of California.

Specific Objectives:
- Redesign UC’s compensation policies to align them with UC’s defined pay philosophy, harmonizing them with any business-critical local needs
- Design a governance process that appropriately recognizes the role of The Regents and appropriately segments local and system-wide decision rights
- Design appropriate business processes and supporting infrastructure, including technology, to manage compensation decisions, reporting and disclosure
- Include appropriate monitoring, compliance and enforcement mechanisms in the design of policies and processes
- Prioritize the policy, business process, and technology change recommendations based on impact and implementation issues
- Create appropriate tools and documentation to support the governance process, including decision rules, roles, and responsibilities
The end result should meet the following criteria:

- Enables competitive, fair and reasonable compensation and benefits
- Compares favorably to best practices of the University’s peer groups
- Is transparent, can be monitored and is enforced
- Reflects the University’s system wide philosophy while providing appropriate autonomy to meet the needs of campuses, medical centers and laboratories
Elements of an Effective Governance Structure

An effective, complete compensation and benefit governance structure for the University will require:

- An over-arching structure that describes guidelines and timing for an on-going system-wide review of policies
- A clear set of rules, roles and decision rights for each entity involved in making compensation policy decisions and for determining individual compensation decisions
- Business processes, technology and systems that request, collect and aggregate the appropriate information to enable monitoring and enforcement of system-wide guidelines
- Involvement and agreement from the appropriate stakeholders
Our Approach

We are recommending a three phased approach:

Phase I – Obtain agreement on broad approach; Form Advisory Committee; Review appropriate internal and external staffing for project

Phase II – Perform high level discovery and develop policy framework and timetable; Develop detailed project plans to ensure effective implementation of project

Phase III – Implement detailed project plans, perform all required analyses, and engage stakeholders to gain approval for, and to execute a new governance structure

More detail on the proposed major tasks for each Phase are shown on the following pages.
Phase I (May 17th Regents’ meeting and immediately following)

- Obtain agreement from The Regents on objectives, framework, and approach

- Create Advisory Committee that includes representatives of Academic Senate, staff, and the administration and includes representatives from OP and the campuses, medical centers and labs; Coordinate work with President’s Implementation Steering Committee and five work groups that have been chartered by the President

- Implement request for proposal and bring recommendation for consultant to assist in preparing the overall framework and the review of individual policies and procedures to July Regents’ meeting

- Evaluate whether an external consultant is needed to provide ongoing training for leaders and managers when the new policy compendium is in place
Approach

Phase II (four months):

- Create policy framework and timetable
- Understand in detail, current policies and procedures, system-wide and by entity, including review of reports and audits performed to date
- Develop a detailed project plan that specifies additional data needs, analyses, deliverables, benchmarking, stakeholder meetings and timing
- Review compensation and benefit policies for all employees with first emphasis on specific reporting and consideration for executive policies
- Determine stakeholders and their roles (inform, influence or decide) in developing a governance structure
Phase III (10 to 12 months):

- Execute the detailed project plan for fulfilling additional data needs, analyses, deliverables, benchmarking analyses, stakeholder meetings and timing

- Meet with appropriate multi-entity advisory groups to review appropriate consolidation of disparate policies and agree on appropriate governance constraints going forward

- Develop and gain approval from the President and The Regents for a revised governance structure and compensation and benefit policies

- Develop and gain approval for revised business processes and technology needs to support recommended structure and policies

- Develop a detailed implementation plan that considers the University’s priorities and budgetary constraints
Additional Considerations

- During the data gathering phase, we will review all variations of pay, benefits, leave, “perks,” e.g., parking, etc. We will review exceptions as well as current approval and control processes.

- When determining stakeholders, input or representation of the Academic Senate and the legislative and other appropriate agency representatives, and other internal consultative groups should be carefully considered.

- Design of governance structure, business processes and technology will, in the short term, have to reflect constraints of HR/Payroll infrastructure already in existence.

- Some processes and/or decisions may need to be centralized and all will require clear decision ownership and issue escalation processes.

- Compensation policies will need to be dealt with considering the best overall structure while immediate action may need to be taken in order to deal with issues of public concern.
Additional Considerations

- Effective controls need technology support, and decisions around resources to be devoted to technology improvements at UC will need to be agreed upon.

- Appropriate technology reviews will need to be undertaken, including the use of third-party technology providers or outsourcers.

- Timing and completion of the project will depend on timely participation during data gathering phase and access to key stakeholders throughout the process.
Next Steps

- Agreement on overall approach at May Regents’ meeting
- Report at July Regents meeting on progress and agree on policy framework and timetable
## Compensation Policies and Practices:
### Actions in Response to Task Force Recommendations

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<tbody>
<tr>
<td>RE-74a</td>
<td>All recommendations relating to policies and procedures</td>
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<td>GENERAL</td>
<td><strong>RECOMMENDED ACTION: CONCUR</strong></td>
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<td><strong>FUTURE ACTIONS:</strong></td>
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<td>1. CREATE POLICY FRAMEWORK &amp; TIMETABLE.</td>
<td>Policy framework &amp; timetable: Sept 2006</td>
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<td>All compensation policies and procedures will be examined, a new comprehensive framework created, and new policies and procedures developed. A timetable for these will be established as part of the framework, and individual items will come forward for approval in accordance with this framework and timetable. (Note: The framework would include an outline, or “table of contents,” of the subject matter of all policies.)</td>
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<td>2. CREATE ADVISORY COMMITTEE.</td>
<td>Advisory Committee: Create immediately</td>
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<td>The development of these items will be accomplished with an Advisory Committee that is composed of representatives from the administration, faculty, and staff at the campuses and the Office of the President.</td>
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<td>3. RETAIN CONSULTANT.</td>
<td>Consultant recommendation: July 2006</td>
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<td>An external consultant will be required to assist in preparing the overall framework and individual policies and procedures.</td>
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<td>4. ONGOING TRAINING.</td>
<td>Consultant recommendation: July 2006</td>
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<td>An evaluation will be made to determine if an external consultant is required to provide ongoing training for leaders and managers once a new comprehensive policy compendium is in place.</td>
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<td><strong>ACTIONS UNDERWAY:</strong></td>
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<td>1. IMPLEMENTATION COMMITTEE.</td>
<td>Implementation Committee and workgroups appointed: May 2006. Work is</td>
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| RE-74b        | #1 Disclosure and Transparency | 10           | The University should develop and broadly communicate a systemwide policy governing the disclosure of compensation information to the public. Such a disclosure policy must balance public access, personal privacy, and institutional competitiveness by defining what UC considers public versus private/protected information. UC must also provide ongoing training for its leaders and managers about its compensation disclosure policies and practices. | **RECOMMENDED ACTION: CONCUR**

**FUTURE ACTIONS:**

1. ESTABLISH NEW DISCLOSURE POLICY.
2. TRAINING ON POLICY. Provide on-going training for leaders and managers. An evaluation will be made to determine if an external consultant is required to provide ongoing training once a new disclosure policy is in place. | underway. |
| RE-74c        | #2 Disclosure and Transparency | 11           | UC must ensure that all relevant information about compensation packages is provided to The Regents in advance of approval. Following Regents’ approval, compensation information should be disclosed to the public in a timely manner. | **RECOMMENDED ACTION: CONCUR**

**ACTIONS UNDERWAY:**

1. NEW COMPENSATION DISCLOSURE TEMPLATE. A new template consistent with the sample template developed by the Task Force that includes all elements of total compensation for those employees whose compensation requires Regental approval will be used to present compensation information to The Regents prior to approval, as well as to disclose this information to the public following Regents’ action. | Disclosure policy: July 2006
Training recommendations: July 2006 |
| RE-74d        | #3 Disclosure and Transparency | 12           | The University should invest in a modern, comprehensive, integrated human resources information system that enables compensation data to be quickly examined and analyzed—at the campuses, medical centers, national laboratories, and systemwide—so that UC can meet its obligation of public accountability. | **RECOMMENDED ACTION: CONCUR**

**FUTURE ACTIONS:**

1. CONDUCT NEEDS ASSESSMENT AND PLAN. Undertake a needs assessment and develop a plan and timeline for implementing a systemwide, comprehensive, integrated human resources information system. Significant additional resources will be required to develop a new comprehensive system. | Needs assessment, implementation plan and timeline: Sept 2006 |
Because the new systems will require a major investment of time, money, and staffing, the University should phase in implementation, beginning first with systems that track senior management compensation.

### 2. PHASE IN IMPLEMENTATION OF NEW INFORMATION SYSTEM

**ACTIONS UNDERWAY:**

1. **PHASE ONE:** President Dynes has committed funding for the first phase of the new system (capturing and tracking senior management compensation data).

**RECOMMENDED ACTION: CONCUR**

The Regents unequivocally support full disclosure and public accountability. Nonetheless, in balancing disclosure with institutional competitiveness, additional analysis may be warranted on the proposed annual report on base salaries for all UC employees.

**FUTURE ACTIONS:**

1. **REVISE ANNUAL REPORTS.** The annual report on total compensation for UC executives will be revised to capture all elements of total compensation, once The Regents define "total compensation" (see RE-74g, #6 Disclosure and Transparency).

2. **DETERMINE GROUP UNDER REGENTS’ DIRECT OVERSIGHT.** For both this report and the annual report on outside compensated professional activities, The Regents also need to define the group of University employees (see RE-74n, #6 Governance and Accountability) and the time period (i.e., fiscal, calendar, or academic year) that the report will cover.

3. **COMPLIANCE.** Compliance with annual compensation reporting requirements to The Regents, the Legislature, and the California Postsecondary Education Commission and annual reviews of compensation policies and practices will be the responsibility of the newly proposed Regents’ Compliance Office.

**Timing:**

- Phase One: Operational by Dec 2006
- Timeline for new, clear protocols, procedures, and forms for reporting: July 2006
- Defined as part of overall policy review. Framework and timetable: July 2006 (See RE-74a, General).
- Approval of Compliance Office: May 2006
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| RE-74f       | #5 Disclosure and Transparency | 14            | The University should improve public information and ensure that this information is readily available, including creating a new, easily accessible Web site for posting UC compensation information consistent with the other recommendations in this report. | **RECOMMENDED ACTION: CONCUR**  
**ACTIONS UNDERWAY:**  
1. COMPENSATION WEBSITE. The President’s Office is designing a new website dedicated to providing compensation information, reports, and studies. Once the overall policy review and reform is completed, the website will also make available all University compensation policies, in an easily accessible and searchable format. | Preliminary website design: May 2006  
Further website development is underway. |
| RE-74g       | #6 Disclosure and Transparency | 15            | The Regents should reaffirm the definition of “total compensation” in the Regents’ 1992 Principles for Review of Executive Compensation and further clarify some missing elements to ensure consistency with accepted standards and practices. | **RECOMMENDED ACTION: CONCUR, and continue discussion in July**  
**FUTURE ACTIONS:**  
1. REAFFIRM PRINCIPLES.  
2. DEFINE “TOTAL COMPENSATION.” Further analysis and discussion of the definition of “total compensation” is required. Issues to consider include: What elements are missing? How to valuate in dollar terms “retirement and other benefits”? What elements are included in “any forms of compensation”?  
3. REVISE REPORTS, FORMS, POLICIES, AND PROCEDURES. Once The Regents have defined the elements of “total compensation,” all annual reports, disclosure forms and templates, and policies and practices will be made consistent with this definition and the Principles. | Reaffirm Principles: July 2006  
Define “Total Compensation”: July 2006  
Revised as part of overall policy review. Framework and timetable: July 2006 (See RE-74a, General.) |
| RE-74h       | #7 Disclosure and Transparency | 15            | The UC Office of the President should immediately assign to one person the Public Information Practices Coordinator role. This staff member should coordinate all Public Records Act (PRA) requests and develop clear protocols and timelines for processing these requests. | **RECOMMENDED ACTION: CONCUR**  
**ACTIONS UNDERWAY:**  
1. PUBLIC INFORMATION PRACTICES COORDINATION. President Dynes has appointed Gail Riley as the Public Information Practices Coordinator, on | Interim appointment made: April 2006 |
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<td>RE-74i</td>
<td>#1 Governance and Accountability</td>
<td>16-17</td>
<td>The Regents should examine specific aspects of the University’s compliance mechanisms, and if necessary, make changes or introduce new oversight mechanisms to ensure compliance. Specifically, the Regents’ Compensation Committee should have primary responsibility for setting compensation policies and providing necessary oversight to ensure compliance.</td>
<td><strong>RECOMMENDED ACTION: CONCUR</strong>&lt;br&gt;<strong>ACTIONS UNDERWAY:</strong>&lt;br&gt;1. COMMITTEE ON COMPENSATION: The charge of the Special Committee on Compensation is consistent with this recommendation that the Committee have primary responsibility for compensation policies, oversight, and compliance. This Committee should be made permanent, and its charge clearly articulated.&lt;br&gt;2. OVERSIGHT MECHANISMS. Further analysis is required to determine the most effective oversight mechanisms to ensure compliance with policies, some of which will occur as part of the overarching policy review.&lt;br&gt;3. LIAISON. President Dynes has designated, on an interim basis until a new senior administrative officer is named, Senior Vice President Bruce Darling as the administration’s liaison to the Special Committee on Compensation.&lt;br&gt;4. OVERSIGHT COMMITTEE. An Oversight Committee to provide guidance and direction for policy and procedure recommendations with representatives from UCOP, Campus Administration, Faculty and Staff shall be created by the Chair of the Regents, the Chair of the Special Committee on Compensation, and the President.</td>
<td>Special Committee on Compensation established: Jan 2006. Committee on Compensation to be established permanently: July 2006&lt;br&gt;Analysis as part of overall policy review. Framework and timetable: July 2006 (See RE-74a, General.)&lt;br&gt;Interim appointment made: April 2006&lt;br&gt;Permanent liaison: Upon filling position vacated by former SVP Mullinix.&lt;br&gt;Create Oversight Committee: June 2006</td>
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| RE-74j        | #2 Governance and Accountability | 17            | The Regents should clearly delineate the respective authority of the Regents, the President, and the chancellors in approving compensation decisions. They should also specify which decisions can be delegated, the conditions under which decisions can be delegated, and the review and approval process for delegated decisions. | **RECOMMENDATION: CONCUR**  
**FUTURE ACTIONS:**  
1. **DELINEATION OF AUTHORITY.** The clear delineation of authority on approving compensation decisions will occur as part of the overarching policy review.  
2. **REGULAR AUDITS.** The specific nature and content of the audit will be developed as part of the new policies and procedures. The Special Committee on Compensation and the Committee on Audit will work with the newly proposed Regents’ Compliance Officer and the University Auditor to perform annual audits of compensation decisions and approvals. | Implementation Committee and workgroups appointed: May 2006. Work is underway. |
| RE-74k        | #3 Governance and Accountability | 18            | Compensation policies should include specific guidance about when exceptions to policy are appropriate, who may grant them, and through which mechanisms. Exceptions should be subject to rigorous review and advance approval by the appropriate higher authority. To monitor compliance, all exceptions should be reported to a central office or individual. | **RECOMMENDED ACTION: CONCUR**  
**ACTIONS UNDERWAY:**  
1. **TEMPLATE.** As an immediate first step, the new compensation disclosure template (see #2 Disclosure and Transparency above) shows clearly any exceptions to policy for all new senior-level appointments that require Regental approval. Use of the template will be extended to other compensation actions for UC executives, including promotions, stipends, and other adjustments.  
2. **INFO SYSTEMS.** The proposed new human resources information systems (see Disclosure and Transparency 3) | New template: Completed and in use since March 2006 |

<p>| <strong>Delineation of authority as part of the overarching policy review. Framework and timeline: July 2006 (See RE-74a, General.)</strong> | | Delineation of authority as part of the overarching policy review. Framework and timeline: July 2006 (See RE-74a, General.) |
| <strong>Audits: Annual, beginning with FY 2006-07</strong> | | Audits: Annual, beginning with FY 2006-07 |
| <strong>Audit content: Jan 2007</strong> | | Audit content: Jan 2007 |</p>
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<td><strong>RE-74</strong> #4 Governance and Accountability</td>
<td><strong>RECOMMENDED ACTION: CONCUR</strong></td>
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**ACTIONS UNDERWAY:**

1. **SPECIFIC POLICY ON VIOLATIONS.** An initial policy on violation of University policy or law by individuals with negotiated separation agreements is required.  

**FUTURE ACTIONS:**

1. **COMPREHENSIVE POLICY ON VIOLATIONS.** A new comprehensive policy addressing the consequences for violations of policy will be developed.  

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<td><strong>RE-74</strong> #5 Governance and Accountability</td>
<td><strong>RECOMMENDED ACTION: CONCUR</strong></td>
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**FUTURE ACTIONS:**

1. **CLARIFY POLICIES, ELIMINATE CONFLICTS.** Undertake an overarching policy review to address conflicts in policy and to clarify which policies apply to whom.  

Policy revisions as part of overall policy review. Framework and timeline: July 2006.  
(See RE-74a, General.)
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| RE-74n       | #6 Governance and Accountability | 19             | The Task Force recommends that the Regents retain direct authority to approve compensation for the President, senior vice presidents, vice presidents, associate/assistant vice presidents, the university auditor, the university controller, principal officers of the Regents, chancellors and vice chancellors, national laboratory directors and deputy directors, medical center CEOs, professional school deans, and the top five most highly compensated positions at each UC location. This currently yields 264 individuals. | **RECOMMENDED ACTION:** CONCUR, with the exception that the top five most highly compensated positions at each UC location be excluded at this time pending further study.  
**FUTURE ACTIONS:**  
1. MODIFY POLICIES. Modify all policies, procedures, and reports to include the recommended positions (excluding the “top five”).  
2. FURTHER ANALYSIS. Study further issues associated with including top five most highly compensated. | Further analysis of “top five” and revised policies, procedures, and reports as part of overall policy review. Framework and timeline: July 2006. (See RE-74a, General.) |
| RE-74o       | #7 Governance and Accountability | 20             | UC leaders should vigorously promote standards of ethical conduct and UC should continue to broadly communicate its whistleblower and anti-retaliation policies. | **RECOMMENDED ACTION:** CONCUR  
**ACTIONS UNDERWAY:**  
1. ETHICS PROGRAM. In September 2005, the Regents adopted the University’s Statement of Ethical Values and Standards of Ethical Conduct, and a program of implementation, including training for all UC employees. President Dynes committed funding in April 2006 to implement the training program.  
**FUTURE ACTIONS:**  
1. TRAINING. Full implementation of the training program | Program adopted Sept 2005. Broad communication and education of whistleblower and anti-retaliation policies ongoing. Content development for the training has begun. Estimated rollout to begin Fall 2006. |
| RE-74p       | #1 Specific Policies and Practices | 21             | The University should adopt specific limits on externally compensated activities to preclude conflicts of commitment on the part of senior executives. Based on leading best practices in governance from the public and private sectors, UC senior executives should be limited to | **RECOMMENDED ACTION:** CONCUR in principle that there should be a limit, but requires additional analysis.  
**FUTURE ACTIONS:** | |
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<tr>
<td>RE-74q</td>
<td>#2 Specific Policies and Practices</td>
<td>22</td>
<td>Policies governing outside professional activities and board service for senior managers who also hold faculty appointments should be revised so that the senior manager policy prevails.</td>
<td><strong>RECOMMENDED ACTION:</strong> CONCUR that policy needs revision for clarity and consistency, but requires additional analysis. A new policy governing outside professional activities and board service for senior managers with academic appointments should be developed in consultation with the Academic Senate, and brought back to The Regents.</td>
<td>New policy as part of overall policy review. Framework and timeline: July 2006. (See RE-74a, General.)</td>
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<td>RE-74r</td>
<td>#3 Specific Policies and Practices</td>
<td>22-23</td>
<td>The University should carefully review its policies on “administrative leaves in lieu of sabbaticals” for senior managers who also hold academic appointments, especially chancellors, and revisit the provision that these leaves be paid at the higher administrative salary rate rather than the faculty salary rate. The University must also revisit the questionable practice of honoring sabbatical credits earned at other institutions to ensure it is in accordance with both the letter and the spirit of sabbatical policies. Furthermore, the Regents should eliminate the practice of making payments, at the commencement of employment, to compensate for forfeited sabbatical credits accrued at other institutions.</td>
<td><strong>RECOMMENDED ACTION:</strong> CONCUR, and as part of overall policy review, explicitly include a policy provision that prohibits payments, at the commencement of employment, to compensate for forgone sabbatical credits accrued at other institutions; further analysis on other parts of recommendation is required. <strong>FUTURE ACTIONS:</strong> 1. POLICY REVIEW/REVISION. Both the salary rate of pay for “administrative leaves in lieu of sabbatical” and the recruitment practice of honoring sabbatical credits earned at prior institutions require further evaluation. Recommendations should be developed in consultation with the Academic Senate and brought back to The Regents. Some issues to consider: How do UC’s policies and practices compare with those at comparable institutions?</td>
<td>Policy analysis and recommended changes as part of overall policy review. Framework and timeline: July 2006. (See RE-74a, General.)</td>
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<td>RE-74s</td>
<td>#1 and #2 Competitive Compensation</td>
<td>24-25</td>
<td>The Regents should implement, in a vigorous and sustained manner, their compensation philosophy emphasizing the importance of competitive compensation as a means to maintain the quality of academic, management, and staff personnel.</td>
<td><strong>RECOMMENDED ACTION: CONCUR</strong>&lt;br&gt;&lt;br&gt;<strong>ACTION UNDERWAY:</strong>&lt;br&gt;&lt;br&gt;1. COMPENSATION PHILOSOPHY. Beginning November 2005, The Regents have begun to implement their compensation philosophy (as originally stated in RE-61), which states a goal of bringing employee compensation to competitive levels in 10 years. The Regents began to implement this goal in 2005-06 with a supplemental 1% funding availability for salaries.&lt;br&gt;&lt;br&gt;FUTURE ACTIONS:&lt;br&gt;&lt;br&gt;1. ADDITIONAL RESOURCES. The Regents must continue to find additional resources to bring compensation to comparable levels, from all sources – including state, federal, and private funds – The Regents will continue to do so in consultation with faculty, staff, and administrators.&lt;br&gt;&lt;br&gt;2. EXTERNAL BENCHMARKING. External benchmarking should be ongoing once compensation elements for review are agreed upon. Need to determine frequency of benchmarking.</td>
<td>Has begun but is ongoing.</td>
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<td>RE-74t</td>
<td>#3 Competitive Compensation</td>
<td>26</td>
<td>The Regents should examine the composition of UC compensation to determine if the balance between cash compensation versus health and retirement benefits is optimal for recruitment and retention purposes. The Regents should approach this examination with the understanding that the underlying issues may differ among employee groups and that some issues are subject to the collective bargaining process.</td>
<td><strong>RECOMMENDED ACTION: CONCUR</strong>&lt;br&gt;&lt;br&gt;** ACTIONS UNDERWAY:**&lt;br&gt;&lt;br&gt;1. ANALYSIS OF TOTAL COMPENSATION. A workgroup appointed by the President is assisting The Regents in analyzing the composition of UC compensation, mindful of underlying differences among employee groups. This work has begun and is ongoing.</td>
<td>Ongoing.</td>
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<td>Action Item #</td>
<td>Task Force Recommendation #</td>
<td>Report Page #</td>
<td>Task Force Recommendation</td>
<td>Recommended Action and Comments</td>
<td>Timing</td>
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| RE-74u        | #4 Competitive Compensation  | 26-27         | The Regents should regularly benchmark the University’s compensation against peer institutions to ensure that UC compensation remains competitive. | **RECOMMENDED ACTION: CONCUR**  
**ACTIONS UNDERWAY:**  
1. BENCHMARKING. UC currently benchmarks through participation in CPEC surveys on executive compensation and in national, third-party surveys.  
2. COMPENSATION PHILOSOPHY (RE-61). Recently, with the adoption of the compensation philosophy stated in RE-61, a total remuneration study was completed by UC that comprehensively benchmarked UC against peer institutions. | Timeline for implementation: Oct 2006 |
| RE-74v        | #5 Competitive Compensation  | 27            | The Regents’ Compensation Committee should identify and address as quickly as possible the key compensation challenges facing the University today, including the difficulties of competing for employees with better-funded institutions and the sometimes competing demands of market, merit, and equity. | **RECOMMENDED ACTION: CONCUR**  
**ACTIONS UNDERWAY:**  
1. COMPENSATION PHILOSOPHY (RE-61). Based on the comprehensive comparability study undertaken by UC, The Regents approved RE-61 in November 2005, setting the goal of reaching comparability within 10 years. An additional 1% of base compensation was provided in 2005-06 as a first step in closing the compensation gap. | Ongoing |
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<th>Action Item #</th>
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<th>Task Force Recommendation</th>
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<tr>
<td>RE-74w</td>
<td>Conclusion</td>
<td>28</td>
<td>Additionally, as a final step in this accountability process, the Task Force urges the Regents to authorize, in three years, a similar constituted, independent body to review and report back on the University’s progress in these areas. [bold emphasis included in report]</td>
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**Recommended Action and Comments**

**RECOMMENDED ACTION:** CONCUR

**FUTURE ACTIONS:**

1. The Regents pledge to commission, in three years’ time, a similarly constituted Task Force for this purpose.

**Timing**

Regents’ pledge: May 2006

Commission report: 2009

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2. ANNUAL REPORT. An annual report on progress needs to be made to The Regents.

3. LEGISLATIVE REPORT. As part of annual report to the Legislature, progress on overcoming the gap should be made.

4. COMPARABILITY STUDIES on compensation benchmarking should be regularly conducted.

5. ADDITIONAL FUNDING SOURCES. The Regents should consider other ways to focus on identifying and obtaining additional funding sources.

Progress reports: annual

See RE-74u, #4 Competitive Compensation.

Ongoing