

Office of the President

TO MEMBERS OF THE BOARD OF REGENTS:

ACTION ITEM

For Meeting of May 16, 2019

INTERIM APPOINTMENTS FOR LEADERSHIP CHANGES AT THE MERCED CAMPUS AND OFFICE OF THE PRESIDENT

EXECUTIVE SUMMARY

The President of the University recommends the appointment of and compensation for Nathan Brostrom as Interim Chancellor, Merced campus, effective August 15, 2019 through August 31, 2020 or until the appointment of a new chancellor, Merced campus, whichever occurs first. This request is due to the retirement of Chancellor Leland on August 15, 2019. Mr. Brostrom will arrive on the Merced campus on August 1, 2019 to ensure a smooth transition of duties and responsibilities from Chancellor Leland to Mr. Brostrom as the Interim Chancellor. Additionally, following the appointment of a new chancellor, Mr. Brostrom will assist the Merced campus with the transition of duties to the new chancellor for up to two months.

A competitive national search will be started with a target to appoint a new chancellor prior to the start of the 2020-21 academic year.

There is no proposed change to Mr. Brostrom's current annual base salary of \$437,100, which is 13.3 percent below the 25th percentile (\$504,200) of the Market Reference Zone (MRZ) for the position of Chancellor and 4.4 percent above the base salary of the current incumbent (\$418,690). Mr. Brostrom will remain eligible to participate in the 2019 merit program consistent with University-wide guidelines.

Mr. Brostrom intends to live on or near the campus in a furnished apartment as he would not relocate his primary residence for this interim appointment. As an exception to policy, the President recommends reimbursement of monthly housing costs (rent/lodging, utilities, and base phone charges) not to exceed \$2,500 per month. The reimbursement of housing costs for this purpose would be an exception to policy because it is not expressly provided for under policy. Regents Policy 7708: University-Provided Housing does not apply to chancellors serving in an interim capacity; however, no exception is being requested to have Mr. Brostrom live in the UC Merced University House, although University events will continue to be held there as appropriate.

The President also recommends reimbursement of actual and reasonable moving expenses associated with Mr. Brostrom's temporary relocation to Merced. As Mr. Brostrom is not relocating his primary residence, this constitutes an exception to policy.

Mr. Brostrom joined UC in 2006 as Vice Chancellor for Administration at the Berkeley campus, after which he joined the Office of the President as the Executive Vice President – Business Operations from 2009 to 2014. Mr. Brostrom is recognized as a seasoned and versatile University leader and has been serving as the Executive Vice President – Chief Financial Officer (CFO) for the University since 2014.

As the Merced 2020 cosponsor alongside Chancellor Leland, Mr. Brostrom has been directly involved in the planning and implementation of the campus's expansion as well as its budget and operations. As the systemwide CFO, Mr. Brostrom currently oversees all aspects of the University's financial management, including asset management, the operating budget, capital finance and planning, risk services, and procurement. Mr. Brostrom has been teaching an undergraduate higher education seminar at the UC Berkeley Goldman School of Public Policy for the past several years and also serves on the boards for the Thirty Meter Telescope, Fiat Lux, and Futures Without Violence, an international organization that works to reduce domestic abuse and violence against women and children.

At the conclusion of the interim appointment, Mr. Brostrom will return to his current position as Executive Vice President and Chief Financial Officer, Office of the President, and his compensation will revert to his compensation in effect as of August 14, 2019, plus any adjustments made under the Office of the President salary program during the interim appointment.

Mr. Brostrom holds a bachelor's degree from Stanford University and a master's degree in Public Policy from Princeton University.

The Interim Chancellor, Merced campus, position will be funded fully or partially by State funds.

Additionally, during Mr. Brostrom's tenure as Interim Chancellor, the President of the University recommends approval of the appointment of and compensation for Paul Jenny as Interim Executive Vice President – Chief Financial Officer, Office of the President, in addition to his existing appointment as Senior Vice Chancellor for Finance and Administration, San Francisco campus, with an annual base salary of \$429,452. This action will be effective August 15, 2019 through August 31, 2020 or until the appointment of a new chancellor, Merced campus, whichever occurs first. Additionally, this action proposes two transition periods for transfer of responsibilities, so that Mr. Jenny will receive compensation at the proposed interim rate from July 15, 2019 through August 14, 2019 and for the period of time that Mr. Brostrom is transitioning responsibilities and information to the new chancellor, Merced campus, after the appointment of the new chancellor.

The proposed annual base salary of \$429,452 is 10.4 percent below the 50th percentile (\$479,300) of the MRZ for the Executive Vice President – Chief Financial Officer position. This

is 1.7 percent below the current incumbent's annual base salary of \$437,100 and ten percent above Mr. Jenny's current annual base salary of \$390,411. Mr. Jenny will remain eligible to participate in the 2019 merit program, consistent with University-wide guidelines.

Mr. Jenny is a seasoned executive with more than 20 years of experience in highly complex higher education environments with a high level of responsibility in the areas of finance and administration. He was appointed as the Senior Vice Chancellor for Finance and Administration, San Francisco campus, in June 2016. Prior to joining UCSF, Mr. Jenny served for eight years as the Senior Vice President – Planning and Management at the University of Washington. Mr. Jenny has also served as the Associate Vice Chancellor – Budget and Resource Planning at UC Berkeley, and has held financial and administrative leadership roles at the University of Alaska, the Brookings Institution, and Loyola University in New Orleans.

He has demonstrated experience and expertise in financial and treasury management, strategic planning and modeling, policy development, capital planning, and operating budgets as well as expert knowledge of financial management and administration for public higher education and not-for-profit entities, including operating budget development and implementation, capital project planning and budgeting, debt financing and treasury responsibilities, sponsored research administration, and general administrative and plant functions in collaboration with faculty, staff, students, deans, administrators, and Regents.

At the conclusion of the interim appointment, Mr. Jenny will continue in his current position as Senior Vice Chancellor for Finance and Administration, San Francisco campus, and following the second transition period, his compensation will revert to his compensation in effect as of July 14, 2019, plus any adjustments made under the UCSF salary program during the transition periods and/or the interim appointment.

Mr. Jenny earned his Master of Business Administration from Loyola University New Orleans and his Bachelor of Arts (Economics) from the University of Washington, Seattle.

The Interim Executive Vice President – Chief Financial Officer, Office of the President position will be funded fully or partially by State funds

RECOMMENDATION

The President of the University recommends that the Regents approve the following items:

- A. Appointment of and compensation for Nathan Brostrom as Interim Chancellor, Merced campus, as follows:
 - (1) Appointment of Nathan Brostrom as Interim Chancellor, Merced campus, at 100 percent time, effective August 15, 2019 through August 31, 2020 or until the appointment of a new chancellor, Merced campus, whichever occurs first.
 - (2) Per policy, continued annual base salary of \$437,100. Mr. Brostrom will remain eligible to participate in the 2019 merit program consistent with University-wide

guidelines. At the conclusion of the interim appointment, Mr. Brostrom's compensation will revert to his compensation in effect as of August 14, 2019 plus any adjustments made under the Office of the President salary program during the interim appointment.

- (3) Per policy, as Mr. Brostrom is not separating from his current position, continuation of monthly contribution to the Senior Management Supplemental Benefit Program.
- (4) Per policy, as Mr. Brostrom is not separating from his current position, continued annual automobile allowance of \$8,916.
- (5) Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (6) Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy, effective August 15, 2019 through August 31, 2020 or until the appointment of a new chancellor, Merced campus, whichever occurs first. Adjustments may occur annually as allowed by policy.
- (7) Per policy, continued participation in standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).
- (8) As an exception to policy, reimbursement of housing costs (rent/lodging, utilities, and base phone charges) not to exceed \$2,500 per month, effective August 1, 2019 and continuing until up to two months after the conclusion of Mr. Brostrom's appointment as Interim Chancellor, Merced campus, to facilitate Mr. Brostrom's transition of duties to the new chancellor, Merced campus.
- (9) As an exception to policy, reimbursement of actual and reasonable moving expenses associated with Mr. Brostrom's temporary relocation to Merced. This constitutes an exception to policy because Mr. Brostrom is not relocating his primary residence, but the reimbursement of these expenses is subject to all other limitations under Regents Policy 7710: Senior Management Group Moving Reimbursement.

B. Appointment of and compensation for Paul Jenny as Interim Executive Vice President – Chief Financial Officer, Office of the President, as follows:

- (1) Appointment of Paul Jenny as Interim Executive Vice President – Chief Financial Officer, Office of the President, effective August 15, 2019 through August 31, 2020 or until the appointment of a new chancellor, Merced campus, whichever occurs first.

- (2) Per policy, continued appointment as Senior Vice Chancellor for Finance and Administration, San Francisco campus.
- (3) Per policy, an annual base salary of \$429,452 during the appointment as Interim Executive Vice President – Chief Financial Officer, Office of the President, during a transition period from July 15, 2019 through August 14, 2019, and during a second transition period while Mr. Brostrom is transitioning responsibilities and information to the new chancellor, Merced campus, which will be no more than two months following the appointment of the new chancellor, Merced campus. Mr. Jenny will remain eligible to participate in the 2019 merit program consistent with University-wide guidelines. At the conclusion of the second transition period, Mr. Jenny's compensation will revert to his compensation in effect as of July 14, 2019 plus any adjustments made under the UCSF salary program during the transition periods and/or the interim appointment.
- (4) Per policy, continuation of monthly contribution to the Senior Management Supplemental Benefit Program.
- (5) Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (6) Per policy, continued participation in standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability).

COMPARATIVE ANALYSIS FOR NATHAN BROSTROM

Recommended Compensation

Effective Date: August 15, 2019

Base Salary: \$437,100

Target Cash Compensation:* \$437,100

Funding: partially or fully State-funded

Budget and/or Current Incumbent Data

Title: Chancellor

Base Salary: \$418,690

Target Cash Compensation:* \$418,690

Funding: partially or fully State-funded

*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend. For participants in the Health Sciences Compensation Plan (HSCP), Target Cash Compensation also includes HSCP payments.

**COMPETITIVE ANALYSIS - INTERIM CHANCELLOR, MERCED CAMPUS
(MRZ TITLE: CHANCELLOR – CAMPUSES WITHOUT HEALTH SERVICES)**

MARKET REFERENCE ZONE FOR BASE SALARY					
Percentiles	25 th	50 th	60 th	75 th	90 th
Market Data	\$504.2K	\$692.4K	\$778.3K	\$929.1K	\$1,234.6K
% Difference from Market	-13.3%	-36.9%	-43.8 %	-53.0%	-64.6%

Survey Source: College and University Professional Association (CUPA) Administrators in Higher Education Salary Survey. CUPA reports base salary only.

COMPARATIVE ANALYSIS FOR PAUL JENNY

Recommended Compensation

Effective Date: July 15, 2015

Base Salary: \$429,452

Target Cash Compensation:* \$429,452

Funding: partially or fully State-funded

Budget and/or Current Incumbent Data

Title: Executive Vice Chancellor and Chief Financial Officer

Base Salary: \$437,100

Target Cash Compensation:* \$437,100

Funding: partially or fully State-funded

*Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend. For participants in the Health Sciences Compensation Plan (HSCP), Target Cash Compensation also includes HSCP payments.

**COMPETITIVE ANALYSIS FOR
INTERIM EXECUTIVE VICE PRESIDENT – CHIEF FINANCIAL OFFICER,
OFFICE OF THE PRESIDENT
(MRZ TITLE: EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER)**

MARKET REFERENCE ZONE FOR BASE SALARY						MARKET REFERENCE ZONE FOR BASE SALARY					
Percentiles	25 th	50 th	60 th	75 th	90 th	Percentiles	25 th	50 th	60 th	75 th	90 th
Market Data	\$326.8k	\$479.3k	\$511.1k	\$566.0k	\$659.6k	Market Data	\$353.8k	\$636.1k	\$711.4k	\$831.9k	\$1,037.0k
% Difference from Market	31.4%	-10.4%	-16.0%	-24.1%	-34.9%	% Difference from Market	21.4%	-32.5%	-39.6%	-48.4%	-58.6%

Survey Source: College and University Professional Association (CUPA) Administrators in Higher Education Salary Survey, Mercer Benchmark Database Executive Salary Survey, Willis Towers Watson Executive Compensation Survey, CA State and CSU data.

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.

Submitted by: **President Napolitano**
Reviewed by: **Governance Committee Chair Kieffer**
 Office of the President, Systemwide Human Resources