

IMPLEMENTING PROCEDURES AND Senior Management Group¹ (SMG) APPROVAL AUTHORITY MATRIX

Approval Authority Effective November 14, 2013

Base Salary Position within Applicable Market Reference Zone (MRZ) ²	Actions for SMGs		SMG Level Two ³	SMG Level One ⁴
All Percentiles	Exceptions to Policy ⁵		Regents	Regents
At or Above the 75 th Percentile	All Actions		Regents	Regents
At or Above the 60 th Percentile, but Less Than the 75 th Percentile	Appointment Actions (Within Policy)	That will result in a Base Salary for a New Hire that is 10% or More than the Previous Incumbent's Base Salary.	Regents	Regents
		That will result in a Base Salary for a New Hire that is either <ul style="list-style-type: none"> • At or below the Previous Incumbent's Base Salary, or • More than the Previous Incumbent's Base Salary, but with a difference of less than 10%. 	President	
	Base Salary Adjustment Actions (Within Policy)	That will result in a Cumulative or Annualized Increase in the Incumbent's Base Salary that is 10% or more in the Calendar Year.	Regents	
		That will result in a Cumulative or Annualized Increase in the Incumbent's Base Salary that is less than 10% in the Calendar Year.	President	
	Stipend Actions (Within Policy)	When the Sum of the Base Salary plus Stipend is at or above the 60 th Percentile Base Salary of the MRZ, but below the 75 th Percentile Base Salary of the MRZ.	President	
Below the 60 th Percentile	Appointment Actions (Within Policy)	That will result in a Base Salary for a New Hire that is 10% or more than the Previous Incumbent's Base Salary.	President	Regents
		That will result in a Base Salary for a New Hire that is either <ul style="list-style-type: none"> • At or below the Previous Incumbent's Base Salary, or • More than the Previous Incumbent's Base Salary, but with a difference of less than 10%. 	Chancellor (Campus)/ Executive Vice President – Business Operations (OP)/ Laboratory Director (LBNL)*	
	Base Salary Adjustment Actions (Within Policy)	That will result in a Cumulative or Annualized Increase in the Incumbent's Base Salary that is 10% or more in the Calendar Year.	President	
		That will result in a Cumulative or Annualized Increase in the Incumbent's Base Salary that is less than 10% in the Calendar Year.	Chancellor (Campus)/ Executive Vice President – Business Operations (OP)/ Laboratory Director (LBNL)*	
	Stipend Actions (Within Policy)	When the Sum of the Base Salary plus Stipend is below the 60 th Percentile Base Salary of the MRZ.	Chancellor (Campus)/ Executive Vice President – Business Operations (OP)/ Laboratory Director (LBNL)*	

***Until further notice, the President's review and approval is required for any action involving a Level Two SMG that would otherwise fall under the approval authority of the Chancellors, Laboratory Director, and/or Executive Vice President – Business Operations.**

¹ SMG: References to Senior Management Group members include those serving in an acting SMG capacity.

² Approved MRZs are posted on the SharePoint site here: <https://sp2010.ucop.edu/sites/hr/ExecComp/Shared%20Documents/Forms/AllItems.aspx>. If the employee's appointment percentage is less than 100%, the proposed base salary needs to be recomputed to reflect an appointment at 100% time. Where the base salary at 100% time falls in the applicable MRZ will determine the appropriate approval level for the action.

³ SMG Level Two positions consist of all SMG positions that are not in Level One. SMG Level One positions are listed on Attachment 1.

⁴ The following positions are in SMG Level One: President, positions that report directly to the Regents and/or President, and the five chief executive officers at the medical centers. (See Attachment 1.)

⁵ Any action not expressly authorized by policy is an exception to policy that requires Regental approval. **Retroactive actions** also constitute exceptions to policy. An action is retroactive if it is approved more than 45 days following the effective date of the action. For example, an action that is effective June 1 would not be retroactive if approved on July 15, but would be retroactive if approved on July 16 or after.

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Any element of University compensation for an SMG must be approved by the proper authority, as reflected in the first page (with the exception of incentive awards, systemwide salary program increases, and payments pursuant to settlement or separation agreements, which are addressed below). This includes payments for teaching University Extension course (UNEX), leaves with pay, the UC Home Loan Program, and payments to Academic Deans and Provosts for summer research, as explained below.

The Ten Percent Salary Increase Limitation for Actions Involving Level Two SMGs:

The ten percent salary increase limitation is triggered and requires review and approval by a higher level of approval authority when the proposed action will:

1. Result in an incumbent receiving an increase in base salary of ten percent or more in that position over the course of a calendar year, excluding any increases received as part of a systemwide salary program;
2. Result in a new hire receiving a base salary that exceeds the previous incumbent's base salary by ten percent or more.

Systemwide Salary Program Increases (e.g., Merit Increases):

These increases are not subject to the Ten Percent Salary Increase Limitation for actions involving Level Two SMGs. Rather, for Level Two SMGs, such increases may be approved by the Chancellor, Laboratory Director, or Executive Vice President – Business Operations, as applicable, where the SMG's resulting base salary will be below the 60th percentile of the position's MRZ; the approval of the President will be required where the resulting base salary will be at or above the 60th percentile of the position's MRZ. For Level One SMGs, Regental approval is required.

New Hires:

Refers to external hires and also current UC employees who are being appointed into existing SMG positions, including acting or interim positions.

Stipends:

Stipends should be rare and may only be approved when the SMG remains in his/her own position and is temporarily assuming significant additional responsibilities for which the SMG will be held fully accountable. Stipends may initially be approved for a period up to 12 months. One extension of up to 12 months is allowed under policy. Any additional extension would be an exception to policy that would require Regental approval.

Acting/Interim Appointments:

These appointments must be assigned a base salary within the applicable MRZ, which will be used to determine approval authority using the matrix above. Such appointments may not exceed 12 months without being an exception to policy. Stipends may not be used for such appointments.

Incentive Awards:

Incentive awards will continue to be approved in accordance with *Regents Policy 7712- Senior Management Group Incentive Awards*.

Rehired Retirees:

The approval authority for the appointment and compensation of a rehired retiree being hired into an SMG position, including acting or interim positions, must be determined using the matrix on the first page. When a rehired retiree's appointment percentage is less than 100 percent and the retiree is being hired into an SMG Level Two position, the proposed base salary needs to be recomputed to reflect an appointment at 100 percent time; where the base salary at 100 percent time falls in the applicable MRZ will then determine the appropriate approval level for the action. Please consult *Reemployment of UC Retired Employees into Senior Management Group and Staff Positions* (Regents Policy 7706) whenever a retiree is being rehired into an SMG position. Any action that constitutes an exception to that policy will require Regental approval.

Payments for Teaching University Extension Courses (UNEX):

Payments for teaching UNEX courses require approval by the authority indicated in the matrix on the first page, and that approval should be obtained before the SMG undertakes any responsibilities for teaching the course. **Leaves with Pay:**

The approval authority for leaves with pay for SMG members will be determined based on the matrix on the first page. If the SMG is in a Level Two position, where his/her base salary falls within the applicable MRZ will determine the appropriate approval level for the action. Please consult your compensation consultant at OP for assistance if a leave with pay is being considered.

UC Home Loan Program: Please refer to Regents policy 7701, Section III.J for details of eligibility and approval requirements.

Payments for Summer Research by SMG Members Who Are Academic Deans and Provosts:

Such payments require approval by the authority indicated in the matrix on the first page.

Payments Pursuant to a Settlement or Separation Agreement:

Such payments are governed by the *Policy on Settlement of Litigation, Claims, and Separation Agreements* (Regents Policy 4105). Please contact your compensation consultant at OP for assistance if a separation or settlement agreement with an SMG is being considered.

Review of and Adjustments to the Market Reference Zones (MRZs):

The MRZs will be reviewed and adjusted annually, as necessary, to reflect the competitive market. The President will recommend adjustments to the Committee on Compensation and the full Board for approval.

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Adding or Eliminating SMG Positions:

- Regental approval will continue to be required for the addition of positions to the SMG and elimination of Level One positions from the SMG, upon the recommendation of the President.
- When an SMG title is being added at a particular location but already exists elsewhere in the University system, the approval of the President is required.
- The President may approve the elimination of Level Two positions from the SMG, after consulting with the Chair of Committee on Compensation.

Title Changes:

- Major title changes require approval by the President.
- Minor title changes may be approved by the Chancellor, Laboratory Director, or Executive Vice President – Business Operations, as applicable.

Reporting SMG Actions to the Regents:

SMG actions approved locally by the Chancellor, Laboratory Director, and/or President **must** be included in the Biannual Compensation Monitoring Report for the applicable reporting period regardless of total potential cash compensation. SMG actions approved by the Regents do not need to be reported in the Biannual Compensation Monitoring Report, but they will be captured in the Annual Report on Executive Compensation (AREC). The reporting criteria for the Annual Report on Executive Compensation remain unchanged.

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ATTACHMENT 1 SMG Level One Positions

- President
- Chancellors
- Senior Vice President – Health Sciences and Services
- Executive Vice President – Business Operations
- Provost and Executive Vice President – Academic Affairs
- Executive Vice President and Chief Financial Officer
- Vice President – Laboratory Management
- Vice President and General Counsel
- Secretary and Chief of Staff to the Regents
- Medical Center Chief Executive Officers
- Senior Vice President – Chief Compliance and Audit Officer
- Lawrence Berkeley National Laboratory Director
- Vice President and Chief Investment Officer
- Senior Vice President – External Relations