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*Executive Director*  
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*University of California*  
*1111 Franklin Street, 12th Floor*  
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October 9, 2009

CHAIRS OF SENATE DIVISIONS  
CHAIRS OF SENATE COMMITTEES

Dear Committee and Division Chairs:

I am writing to transmit for your review three proposed new SMG policies. These policies govern absence from work, including transition leave, outside professional activities, and termination of SMG appointments. They will be presented to the Regents for discussion in November and action in January and may be revised after the first presentation if necessary. Accordingly, I request that you complete your review no later than **December 15, 2009**.

In reviewing these policies, please note that the new APM 240, which the Senate reviewed twice last year, will be presented to the Regents for action in November, will remove academic deans from the SMG classification, with the result that the majority of individuals holding administrative and academic appointments will no longer be governed by SMG policies. In its April 2, 2009 response to APM 240, the Senate commented on transition leave salaries and time allotted for outside professional activities. The response can be viewed by clicking this [link](#) or by going to the Senate's website and searching the Reports and Recommendations page.

I am enclosing the proposed policies along with summaries of the proposed changes, which highlight new provisions and explain the relationship of the proposed policies to existing policies. Please note that although all committees are invited to comment on these policies, any committee may elect not to opine.

Thank you for your assistance in evaluating these proposed policies.

Sincerely,

Martha Kendall Winnacker  
Executive Director, Academic Senate

**Summary of Proposed Changes:**

- **Senior Management Group Termination of Appointment**
- **Senior Management Group Absence from Work (including Transition Leave)**
- **Senior Management Group Outside Professional Activities**

The proposed revisions to senior management group policies are intended to strengthen internal controls and facilitate greater transparency, compliance, and reporting. These are part of the overall framework of policies related to senior management compensation at the University that is being reviewed and revised in response to the findings of the April 2006 report of the Task Force on UC Compensation, Accountability and Transparency.

Existing Termination Policy	Proposed Termination Policy
<b>Approval Authority</b>	
Regents bylaws, standing orders and policies establish the authority to terminate appointments for certain SMG members and the authority to review and approve separation agreements.	Unchanged from existing policy. Proposed SMG policy includes references to applicable Regents bylaws, standing orders and policies.
<b>Severance Pay</b>	
"Financial assistance" may be provided at the discretion of the President, Chancellor, Lab Director or the Regents.	<p>Changed "Financial assistance" to "Severance pay"</p> <p>Added formula for the severance amount consistent with staff policies: up to six months of pay based on length of service.</p> <p>Severance is contingent on a written separation agreement with University</p> <p>Severance shall not be provided when termination has resulted from misconduct.</p> <p>Repayment of a portion of severance is required if the SMG member is reemployed at any University location in any capacity during the paid severance period.</p>

Existing SMG Absence from Work Policies	Proposed SMG Absence from Work Policy
<b>Format</b>	
Provisions for SMG absences from work and leaves are contained in various separate policies.	Leave policies that apply exclusively to SMG have been consolidated into a single, comprehensive policy using new policy template.
<b>Transition Leave</b>	
Not specifically described in current policy.	<p>Proposed policy parallels new transition leave policy proposed for Deans (APM-240-60e.)</p> <p>SMG appointment salary paid during transition leave.</p>

Existing OPA Policy *	Proposed OPA Policy
<b>Approval Authority</b>	
Pre-approval required	Pre-approval required by the person to whom the SMG reports. For SMG members who report directly to The Regents, approving authority will be the <b>Chair of the Committee on Compensation</b> .
<b>Definition/threshold of compensated activities</b>	
<p><b>Uncompensated</b> Service defined as &lt;\$1 or monies donated</p> <p><b>Compensated</b> Service defined as &gt;\$1</p>	Unchanged from existing policy
<b>Leave Status</b>	
<p><b>Uncompensated</b> Service – may occur during University workweek without debiting vacation time.</p> <p><b>Compensated</b> Service – must debit vacation time, <b>on an hourly basis</b>, if service occurs during University workweek.</p>	<p>Policy for <b>Uncompensated</b> Service remains unchanged</p> <p><b>Compensated</b> Service – must debit vacation time consistent with staff vacation leave policy. Currently, policy requires vacation leave to be taken in <b>one-day increments</b>.</p>
<b>Board Service</b>	
<p><b>Uncompensated</b> Service—No limit</p> <p><b>Compensated</b> Service—Board service limited to 3 compensated for-profit boards</p>	<p>Unchanged from existing policy</p> <p>Clarification added to define board service as a member of the Board of Directors and not as a member of an advisory committee serving the Board.</p>
<b>Reporting</b>	
<p><b>Uncompensated</b> activities reported by locations to the President</p> <p><b>Compensated</b> activities reported by the President to Regents annually.</p>	<p><b>Uncompensated</b> activities to be reported by the SMG member to the Chancellor, LBNL Director or EVP Business Operations. Executives certify their receipt and review of the reports to President and also confirm that there are no apparent or actual conflicts of interest or conflicts of commitment.</p> <p>Reporting process for <b>Compensated</b> activities remains unchanged</p>

\* Existing OPA policy, procedures and reporting requirements are reflected in a series of separate documents, including a set of guidelines and a letter of clarification. The proposed policy is intended to consolidate this information into a single, clear and comprehensive policy.

# Senior Management Group Absence from Work



## **MANAGEMENT CONSULTATION DRAFT (9.13.09)**

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

**Responsible Office:** Human Resources

**Effective Date:** To be determined

**Next Review Date:** [The Responsible Officer will review the policy annually for update purposes and will conduct a full review at least every three years]

**Who Is Covered:** All employees whose position is designated to be in the Senior Management Group, inclusive of Officers of the University per [Regents Standing Order 100.1 Designation and to Whom Responsible](#).

[Note: an effort is underway by Academic Advancement to review compensation and related policies and to develop appropriate monitoring and reporting processes for Deans. A proposal to transfer certain Deans from the SMG program to academic titles is scheduled to be presented to the Regents for discussion in September 2009. This proposed SMG policy is intended to become effective after the Deans have been transferred to academic titles.]

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## Senior Management Group Absence from Work

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### I. POLICY SUMMARY

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This policy describes absence from work and leave provisions that apply exclusively to Senior Management Group (SMG) members and provides direction and authority for granting absences from work to SMG members.

SMG members are also covered by the leave provisions in the [Personnel Policies for Staff Members](#) (PPSM 40 Holidays, PPSM 41 Vacation, PPSM 42 Sick Leave, PPSM 43 Leave of Absence, PPSM 44 Work-Incurred Illness and Injury, PPSM 45 Military Leave, and PPSM 46 Administrative Leave). Work is underway to consolidate the various staff leave policies into a single, comprehensive Absence from Work policy.

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### II. POLICY DEFINITIONS

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**Exception to Policy:** An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

**Executive Officer:** The University President, Chancellor, or Laboratory Director.

**Senior Management Group:** Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% shall be considered to possess a career appointment in the Senior Management Group.

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

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### III. POLICY TEXT

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#### **A. Sabbatical Leave** [*replaces PPSM II-50*]

An SMG member who also holds an academic title which qualifies for accrual of sabbatical leave credit will accrue sabbatical leave credit during his or her administrative service and shall continue to be eligible to apply for a sabbatical leave in accordance with [Academic Personnel Policy \(APM\) 740 Leaves of Absence/Sabbatical Leaves](#).

The authority to approve a request for sabbatical leave is described in Section IV.C of this policy.

Sabbatical compensation will be based on the administrative salary of the SMG member unless some of the sabbatical leave credit was accrued as an academic appointee, in which case an appropriate fraction of the sabbatical compensation will be based on the salary of the academic appointment.

## **Senior Management Group Absence from Work**

### ***B. Transition Leave*** [parallel to proposed APM 240.60.c]

An SMG member who also holds an academic title that qualifies for accrual of sabbatical leave credit and who is returning to his or her faculty title immediately following the conclusion of the SMG appointment may be eligible to take a transition leave to provide an opportunity to redirect his or her primary efforts to scholarly activities. The authority to approve a request for transition leave is described in Section IV.C. of this policy.

Paid transition leave will result in corresponding deduction of sabbatical leave credits and is subject to the terms and conditions described in [APM - 740, Leaves of Absence/Sabbatical Leaves](#).

Transition leave will be paid at the current administrative salary of the SMG employee. If sabbatical leave credits are exhausted before the conclusion of a transition leave period, the Chancellor may approve a leave with pay at the faculty salary rate through the conclusion of the transition leave period. The individual is required to fulfill a return to active University service requirement (as stated in [APM - 740-16 d. Leaves of Absence/Sabbatical Leaves Restrictions](#)) equal to the total period of the transition leave.

Sabbatical leave credits do not accrue during transition leave periods. Sabbatical leave credit accrual resumes upon return to University faculty service. The combined total of transition leave and sabbatical leave taken during administrative service within the last five years may not exceed one year (12 months).

### ***C. Personal Leave Without Pay*** [replaces PPSM II-43]

#### 1. General

An SMG member may be granted an unpaid leave of absence for personal reasons of up to one year if it is in the best interests of the University and the SMG member. The authority to approve a request for personal leave without pay is described in Section IV.C. of this policy.

#### 2. Reinstatement

Upon expiration of a personal leave, an SMG member shall be reinstated to the same position or, at the discretion of the approving authority, a similar position. If the SMG member would have been terminated had the SMG member remained on pay status during the leave period, the SMG member will be afforded the same considerations afforded other SMG members who are terminated pursuant to the provisions of *Senior Management Group Termination of Appointment*.

#### 3. Effect on Benefits

Periods of personal leave are not counted as service for certain benefits as provided in these policies, e.g., holidays, vacation, and sick leave. For the effect of personal leave on retirement plans and on insured benefits, e.g., health, life, and disability insurance, refer to University benefit policies and retirement system regulations.

### ***D. Administrative Leave With Pay*** [replaces PPSM II-46]

An SMG member who does not also hold an academic title which qualifies for accrual of sabbatical leave credit may be granted administrative leave with full or partial pay. The

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authority to approve a request for an administrative leave with pay is described in Section IV.C. of this policy.

### ***E. Disability Leave*** [replaces PPSM II-42]

An SMG member who has served at least five years in an SMG appointment (including equivalent service as a Department of Energy-sponsored Laboratory Director, Deputy Director, Associate Director, or Chief Financial Officer, and service as a member of the Executive Program prior to July 1, 1996) may elect to use SMG Disability Leave in lieu of requesting extended sick leave described in [PPSM 44 Work-Incurred Illness and Injury](#). SMG Disability Leave may be taken for work-related and non-work-related injuries and illnesses.

#### **1. Permanent Disability**

If a full-time SMG member becomes totally and permanently unable to perform the essential functions of his or her position (with or without reasonable accommodation) because of ill health or other medical reason, he or she will receive full salary during any continuing period of such disability up to twelve (12) months, less any disability payments received under the California Workers' Compensation Act or non-occupational disability payments.

#### **2. Medical Documentation**

An SMG member must submit medical evidence of the permanence and degree of his or her disability from a physician approved by the University. The Vice President-Human Resources, as Responsible Officer for this policy, has the authority to establish the process for reviewing claims for SMG disability leave.

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## **IV. APPROVAL AUTHORITY**

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### ***A. Implementation of the Policy***

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

### ***B. Revisions to the Policy***

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

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

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Senior Management Group Compensation Policy Principles* and other governance policies.

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**C. Approval of Actions**

Actions within this policy must be approved by the authorities as provided in the following table.

<b>SMG Member</b>	<b>Authority to Approve Actions Within Policy</b>
President  Principal Officers of The Regents: Secretary and Chief of Staff, Chief Investment Officer and Vice President for Investments, General Counsel and Vice President for Legal Affairs, Senior Vice President - Chief Compliance and Audit Officer  Chancellor, Laboratory Director, General Counsel and VP Legal Affairs, University Auditor	The Board of Regents
Other Officers of the University	The President
Other SMG members	The President, the Chancellor or the Laboratory Director, as appropriate, for SMG members under their authority.

All actions that exceed this policy or that are not expressly provided for under any policy must be approved by the Regents.

**V. COMPLIANCE**

**A. Compliance with the Policy**

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

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

The Top Business Officer establishes procedures to collect and report information, reviews the specified regular compliance reports (such as a monthly compensation compliance report) for accuracy and completeness, reviews policy exceptions and/or



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anomalies to ensure appropriate approval has been obtained, and submits a copy of the compliance report to the Executive Officer for signature.

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

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

### **B. Noncompliance with the Policy**

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

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

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## REVISION HISTORY

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

- *Personnel Policies for Senior Managers II-42 Disability Leave*
- *Personnel Policies for Senior Managers II-43 Personal Leave*
- *Personnel Policies for Senior Managers II-46 Administrative leaves with Pay*
- *Personnel Policies for Senior Managers II-50 Sabbatical Leave*

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## IMPLEMENTATION PROCEDURES [to be developed as needed to support implementation]

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## Senior Management Group Absence from Work

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### RELATED DOCUMENTS

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- [APM 740 Leaves of Absence/Sabbatical Leaves](#) (referenced in Section III.A. and Section III.B. of this policy)
- [Guidelines for Corrective Actions Related to Compensation Practices](#) (referenced in Section V.B. of this policy)
- [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#) (referenced in Section V.B. of this policy)
- [PPSM 40 Holidays](#) (referenced in Section I. of this policy)
- [PPSM 41 Vacation](#) (referenced in Section I. of this policy)
- [PPSM 42 Sick Leave](#) (referenced in Section I. of this policy)
- [PPSM 43 Leave of Absence](#) (referenced in Section I. of this policy)
- [PPSM 44 Work-Incurred Illness and Injury](#) (referenced in Section I. and Section III.E. of this policy)
- [PPSM 45 Military Leave](#) (referenced in Section I. of this policy)
- [PPSM 46 Administrative Leave](#) (referenced in Section I. of this policy)
- [Regents Standing Order 100.1 Designation and to Whom Responsible](#) (referenced in the **Who is Covered** section of this policy)
- *Senior Management Group Compensation Policy Principles* (referenced in Section IV.B. of this policy) [the policy is under development]
- *Senior Management Group Termination of Appointment* (referenced in Section III.C. of this policy) [the policy is under development]

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### FREQUENTLY ASKED QUESTIONS [to be developed as needed to support implementation]

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# Senior Management Group Outside Professional Activities



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

**Responsible Office:** Human Resources

**Effective Date:** January 1, 2010

**Next Review Date:** [The Responsible Officer will review the policy annually for update purposes and will conduct a full review at least every three years]

**Who Is Covered:** All employees whose position is designated to be in the Senior Management Group, inclusive of Officers of the University per [Regents Standing Order 100.1 Designation and to Whom Responsible](#).

[Note: an effort is underway by Academic Advancement to review compensation and related policies and to develop appropriate monitoring and reporting processes for Deans. Until those policies and processes are developed and approved by The Regents, Deans remain in the Senior Management Group and are covered by the applicable SMG polices and procedures.]

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### I. POLICY SUMMARY

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Considerable benefit accrues to the University from Senior Management Group (SMG) members' association with external educational and research institutions, not-for-profit professional associations, federal, state and local government offices and private sector organizations. Such associations foster a greater understanding of the University of California and its value as a preeminent provider of education, research, public service, and health care. Such associations also may provide a stimulus for economic development and enhanced economic competitiveness.

While outside professional activities performed by SMG members are often mutually beneficial to the University and the members themselves, and are therefore encouraged, the primary commitment of University of California SMG members is the fulfillment of their regular University responsibilities.

This Policy applies to all University of California SMG members, including those who have underlying faculty appointments,<sup>1</sup> and is intended to:

- Support and recognize the value of SMG members' outside professional activities to the University, such as contributing to their academic field, sharing their expertise with other institutions, and providing service to the community,
- Provide guidance about the limits of such activities in relation to fulfilling University responsibilities,
- Establish methods for seeking appropriate approval(s), monitoring, and reporting such activities,
- Protect against actual or apparent conflicts of interest and/or commitment when SMG members engage in such activities.

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### II. POLICY DEFINITIONS

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**Approving Authority:** The person or office to whom an individual reports. For SMG members who report directly to The Regents, the Chair of the Regents Committee on Compensation will be the approving authority.

**Activities Regarded as Outside Professional Activities:** Outside Professional Activities are those activities within the SMG member's areas of professional expertise for which they are employed by the University. Such activities include, but are not limited to: service on state or national commissions, government agencies and boards, committees or advisory groups to other universities, organizations established to further

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<sup>1</sup> During the period an SMG member possesses a dual academic and SMG appointment, his/her participation in outside professional activities will be subject to this policy and not that of the Academic Personnel Manual. Outside activities for SMG members who are also members of the Health Sciences Compensation Plan are subject to this policy as well as [APM – 670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants](#).

## **Senior Management Group Outside Professional Activities**

the interests of higher education, not-for-profit organizations, and service on corporate boards of directors.

**Activities Not Regarded as Outside Professional Activities:** The following are **not** regarded as Outside Professional Activities:

- Activities unrelated to the SMG member's area of professional expertise for which they are employed by the University, such as involvement in religious or cultural organizations.
- Activities that the approving authority confirms as part of the individual's job expectations. It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.
- For an SMG member with an underlying faculty appointment, activities that the approving authority confirms as essential to remaining current in the SMG member's academic field. It is expected that the individual would not receive additional compensation for such activities beyond the individual's normal University salary.

**Exception to Policy:** An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by The Regents.

**Executive Officer:** The University President, Chancellor, or Laboratory Director.

**Governance responsibilities** on a for-profit board are assumed with the appointment as a board member, but not assumed with the appointment as an advisor to the board unless such responsibilities are specified.

**Senior Management Group:** Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% shall be considered to possess a career appointment in the Senior Management Group.

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

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## **III. POLICY TEXT**

### ***A. Responsibility and Accountability***

#### **1. Guiding Principles**

SMG members are individually responsible for ensuring that the Outside Professional Activities they perform, and compensation received for such activities, do not violate conflict of commitment and/or conflict of interest standards of the University.

Each SMG member's approving authority is individually responsible for monitoring, evaluating, and verifying that the SMG member's Outside

## Senior Management Group Outside Professional Activities

Professional Activities conform with University policies and State of California law.

Ultimately, SMG members and their approving authorities are accountable to the President and The Regents for ensuring that conflicts do not occur. For SMG members who report directly to The Regents, the Chair of the Regents Committee on Compensation will be the approving authority.

### 2. Approval and Assessment

All Outside Professional Activities, whether compensated or uncompensated, must be approved by the person or office to whom an individual reports before the SMG member engages in the activity. For SMG members who report directly to The Regents, the Chair of the Regents Committee on Compensation will be the approving authority.

An SMG member's approving authority is responsible for assessing whether a proposed Outside Professional Activity might create, or appear to create, a conflict of interest or commitment. In general, the proposed activity must be compatible with the SMG member's University duties. Other important factors for consideration include:

- Will the activity compete with the SMG member's regular and/or expected University duties? An assessment of the SMG member's performance is an appropriate factor to be considered.
- Will the SMG member be precluded from making decisions within the scope of his/her University duties due to a financial conflict associated with the activity (e.g., a fiduciary responsibility to the external entity, payments received from the external entity)?
- Will the time necessary to successfully perform the activity interfere with the SMG member's ability to fulfill his/her University duties?

If the answer to any of these questions is "Yes," the approving authority should seek written guidance from the appropriate University office (e.g., Human Resources or legal counsel) in order to resolve the matter with the SMG member.

► The form documenting the assessment/approval process for all Outside Professional Activities can be found at: [\[link\]](#)

## ***B. Outside Professional Activities: Definitions and Limits***

### 1. Uncompensated Outside Professional Activities

Uncompensated activities are Outside Professional Activities for which the SMG member does not receive compensation or donates the full amount of the compensation to the University or a charitable organization. Compensation donated to the University may not be returned to the individual.

### 2. Compensated Outside Professional Activities

Compensated activities are Outside Professional Activities for which the SMG member receives and retains compensation.

## Senior Management Group Outside Professional Activities

Reimbursement for reasonable travel expenses is not considered compensation for the purpose of this policy.

### 3. Limits on Compensated Outside Professional Activities

- a. In addition to considering the reporting guidelines set forth below, when assessing proposed activities, approving authorities must be mindful of the following limits:
  - i. An SMG member may serve simultaneously on up to three for-profit boards that are not entities of the University of California, for which s/he receives compensation and for which s/he has governance responsibilities. Service as a member of the Board of Directors would constitute governance responsibility. Service on an advisory committee, likely would not constitute governance responsibility.
  - ii. An SMG member will be required to use his/her personal time to complete compensated Outside Professional Activities, by either performing such activities outside his/her usual work hours or debiting accrued vacation time consistent with applicable leave policy.
  - iii. An SMG member who is appointed at 100 percent time shall not receive additional compensation from an entity managed exclusively by the University, for any work or services, regardless of source or type of payment. Additional restrictions pertaining to compensation from University entities, addressed in other SMG policies, are incorporated by reference to this policy. [SMG Salary and Appointment](#) addresses this restriction.

### **C. Reporting Outside Professional Activities**

Each SMG member must file a report with his/her approving authority each year detailing all Outside Professional Activities (whether compensated or uncompensated) that were performed during the previous calendar year. Service or compensation that is inadvertently not reported or erroneously reported in the calendar year immediately following the activity shall be reported as soon as the omission or error is known to the individual and the approving authority.

- a. Employees who step down from their SMG appointment but remain employed by the University, are subject to this reporting requirement for the calendar year in which they served in a career SMG position.
- b. Employees serving in an acting SMG capacity are not subject to this reporting requirement, unless they also possess a career appointment in an SMG position.
- c. Only activities that occurred once an employee became an SMG member shall be reported.

► The form documenting the assessment/approval process for all Outside Professional Activities can be found at: [\[link\]](#)

## Senior Management Group Outside Professional Activities

### 1. Uncompensated Outside Professional Activities

As detailed in section III.C above, each SMG member must file an annual report with his/her approving authority detailing all Outside Professional Activities, including activities compensated as well as uncompensated.

- ▶ A sample of the Annual Report by individual SMG members listing all compensated and/or uncompensated Outside Professional Activities can be found at: [\[link\]](#)

A separate annual report will be made to each of the Chancellors, the Laboratory Director and the Executive Vice President Business Operations of all uncompensated outside professional activities covered by this policy for SMG members at their respective locations that occurred the previous calendar year.

- ▶ A sample of the Annual Report by SMG members' approving authorities to Chancellors, Laboratory Director and Executive Vice President Business Operations of all uncompensated Outside Professional Activities can be found at: [\[link\]](#)

The Chancellor, Laboratory Director or Executive Vice President Business Operations will assess and maintain the reports of all uncompensated Outside Professional Activities.

In an annual report to the President, The Chancellors, the Laboratory Director and the Executive Vice President Business Operations shall acknowledge receipt of a comprehensive set of reports that includes all employees who meet the criteria detailed in Section III.C. above, and confirm that no instances of conflict of interest or conflict of commitment were apparent within the reports of all uncompensated Outside Professional Activities for their location.

### 2. Compensated Outside Professional Activities

As detailed in section III.C above, each SMG member must file an annual report with his/her approving authority detailing all Outside Professional Activities, including activities compensated as well as uncompensated.

- ▶ A sample of the Annual Report by individual SMG members listing all compensated and/or uncompensated Outside Professional Activities can be found at: [\[link\]](#)

Deferred compensation shall be reported in the year in which the compensation was granted, not received. If the amount of the deferred compensation is unknown during the year in which the service is performed, such as in the case of royalties, the compensation shall be reported when it is known.

The Chancellors, the Laboratory Director and the Executive Vice President Business Operations will make a separate report to the President, who will in turn report to the Regents all compensated Outside Professional Activities covered by this policy for SMG members that occurred the previous calendar year.



## Senior Management Group Outside Professional Activities

### ***D. Conflict of Interest and/or Commitment***

#### 1. Conflict of Interest

No SMG member may make, participate in the making, or influence a governmental decision in which he or she has a financial interest as defined by the Political Reform Act. <http://ucop.edu/ogc/coi/econinterest.html>, <http://www.ucop.edu/ucophome/policies/bfb/bus78/>, <http://www.ucop.edu/ucophome/policies/bfb/g39.pdf>

#### 2. Conflict of Commitment

Conflict of Commitment is a subjective judgment made either by the SMG member or his/her approving authority at the time that the requested leave, for purposes of pursuing outside professional activities, creates a conflict with the time required to reasonably fulfill or is incompatible with the SMG member's responsibilities to the University.

#### 3. Apparent Conflict of Interest and/or Commitment

Instances may occur in which there is an appearance of a Conflict of Interest even though the SMG member does not have a financial interest in the decision as defined by the Political Reform Act. SMG members are expected to conduct themselves with integrity and good judgment and must avoid the appearance of favoritism in all of their dealings on behalf of the University.

In the event the SMG member or his/her approving authority anticipates the appearance of a Conflict of Interest and/or Commitment, a full written disclosure must be reviewed by the appropriate administrator.

4. The responsibility for determining and disclosing whether an actual or apparent Conflict of Interest and/or Commitment reasonably may occur rests first with the individual SMG member and then with his/her approving authority. For certain named and designated SMG members, decisions regarding actual or apparent Conflict of Interest and/or Commitment, as outlined within this policy, will be recommended by the President or Chancellors to the Regents.

### ***E. Use of University Resources***

The University of California has a responsibility for the stewardship of University resources and is committed to compliance with University policies and procedures regarding the use of University resources. Business and Finance Bulletin BUS-29, Section XIII, <http://www.ucop.edu/ucophome/policies/bfb/bus29.html>. Regarding misuse of University property, see also: <http://ucwhistleblower.ucop.edu/policy.html>

The use of the name, logo, seal, or letterhead of the University of California or any University laboratory facility or entity in the conduct of any outside activity is prohibited at all times.

Incidental and occasional personal use of University equipment, services and supplies is permitted within the University, so long as such use does not disrupt or distract from University business (due to volume, frequency, or intent).

## **Senior Management Group Outside Professional Activities**

Approval of any proposed Outside Professional Activity that includes use of University facilities, equipment, services, or supplies will be conditioned upon reimbursement to the University for costs resulting from such use.

Incidental and occasional personal use of electronic resources is subject to local regulations and must comply with existing University policies regarding Electronic Communications. <http://www.ucop.edu/ucophome/policies/ec/>.

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## **IV. APPROVAL AUTHORITY**

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### ***A. Implementation of the Policy***

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

### ***B. Revisions to the Policy***

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

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

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Senior Management Group Compensation Policy Principles* and other governance policies.

### ***C. Approval of Actions***

All actions within this policy must be approved by the person or office to whom an individual reports. For SMG members who report directly to The Regents, the Chair of the Regents Committee on Compensation is the approving authority for actions within this policy. All actions that exceed this policy or that are not expressly provided for under any policy applicable to SMG members must be endorsed by The President and shall be approved by The Regents.

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## **V. COMPLIANCE**

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### ***A. Compliance with the Policy***

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

The Top Business Officer and/or the Executive Officer at each location will designate the local management office to be responsible for the ongoing reporting of policy compliance, including collecting all relevant compensation package activity, and

## Senior Management Group Outside Professional Activities

creating specified regular compliance reports (such as a monthly compensation compliance report) for review by the location's Top Business Officer.

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

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

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

### **B. Noncompliance with the Policy**

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

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

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## REVISION HISTORY

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As a result of the issuance of this policy, the following documents are obsolete:

- Interim Regental Policy on Outside Professional Activities for University Officers and Designated Staff, dated January 18, 2007
- Presidential Policy on Outside Professional Activities for University Officers and Designated Staff, dated July 1, 1995
- Guidelines for the Policy on Outside Professional Activities for University Officers and Designated Staff, dated June 1, 2000)
- Letter of Clarification Regarding Annual Reporting Requirements Under Both APM-025 and the University's Policy on Outside Professional Activities for University Officers and Designated Staff, dated December 1, 2005
- Regental Policy on Outside Professional Activities of the President, Principal Officers of the Regents, and Officers of the Regents, dated March 17, 1995

## Senior Management Group Outside Professional Activities

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### IMPLEMENTATION PROCEDURES [the Procedures are under development]

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#### **Forms: Reporting** (Policy Section III.C)

- ▶ Documenting the assessment/approval process for all Outside Professional Activities
  - ▶ Annual report by SMG members' approving authorities to Chancellors, Lawrence Berkeley Laboratory Director and Executive Vice President Business Operations of all uncompensated outside professional activities
  - ▶ Annual report by SMG member listing all compensated and/or uncompensated Outside Professional Activities
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### RELATED DOCUMENTS

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- [APM – 670, the Health Sciences Compensation Plan and Guidelines on Occasional Outside Professional Activities by Health Sciences Compensation Plan Participants](#)
  - California Political Reform Act of 1974, <http://www.ucop.edu/ogc/coi/econinterest.html>
  - Compensation, additional restrictions pertaining to compensation from University entities: SMG Policy 110 – Salary and Appointment: [http://atyourservice.ucop.edu/employees/policies\\_employee\\_labor\\_relations/personnel\\_policies/smg\\_salary.pdf](http://atyourservice.ucop.edu/employees/policies_employee_labor_relations/personnel_policies/smg_salary.pdf)
  - Conflict of Interest – no SMG member may make, participate in the making, or influence a governmental decision in which he or she has a financial interest as defined by the Political Reform Act. <http://ucop.edu/ogc/coi/econinterest.html>, <http://www.ucop.edu/ucophome/policies/bfb/bus78/>, <http://www.ucop.edu/ucophome/policies/bfb/g39.pdf>
  - Misuse of University property: <http://ucwhistleblower.ucop.edu/policy.html>
  - Personal Use of Property: Business and Finance Bulletin BUS-29, Section XIII, <http://www.ucop.edu/ucophome/policies/bfb/bus29.html>
  - University of California Electronic Communications Policy, <http://www.ucop.edu/ucophome/policies/ec/>
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### FREQUENTLY ASKED QUESTIONS

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## **Senior Management Group Outside Professional Activities**

**Q:** *An SMG member is actively involved in a professional association related to his/her University duties. Is the work the SMG member performs for the association, including attendance at quarterly meetings, considered an Outside Professional Activity?*

**A:** The SMG member's approving authority would have to make the determination based upon the specific facts and circumstances. For certain named and designated SMG members, determination may be recommended by the President or Chancellors to The Regents.

If the activities enhance the SMG member's ability to perform his/her University duties, then membership in that professional association and service to that association would not be considered covered. If the membership and service are merely related to the SMG member's University duties, then chances are greater that the activity will be considered an Outside Professional Activity.

**Q:** *If an SMG member leaves their SMG position for another non-SMG position at the University, are they required to report the OPA that occurred during the portion of the year during which they served in an SMG position?*

**A:** Yes.

**Q:** *If an SMG member is reimbursed for travel expenses does that constitute "compensated service"?*

**A:** Reimbursement for reasonable travel expenses does not, in itself, mean that the service was compensated. If the travel expense is regarded as excessive and far beyond expenses deemed appropriate by University policy standards, then the service could be regarded as compensated.

**Q:** *What constitutes being compensated?*

**A:** An SMG member is "compensated" when s/he is awarded and retains compensation. If the member refuses the compensation or gifts it to the University of California (so long as it is not used to pay the salary of that member) the activity is considered uncompensated.

**Q:** *If I am an SMG member, with a 100 percent appointment at UCB, may I engage in compensated OPA with the Los Alamos National Laboratory (LANL)?*

**A:** Yes, LANL is no longer an entity managed exclusively by UC. However, engaging in compensated OPA with the Lawrence Berkeley National Laboratory would not be permissible under policy, since it is an entity managed exclusively by UC.

# Senior Management Group Termination of Appointment



## **MANAGEMENT CONSULTATION DRAFT (9.13.09)**

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

**Responsible Office:** Human Resources

**Effective Date:** To be determined

**Next Review Date:** [The Responsible Officer will review the policy annually for update purposes, and will conduct a full review at least every three years]

**Who Is Covered:** All employees whose position is designated to be in the Senior Management Group, inclusive of Officers of the University per [Regents Standing Order 100.1 Designation and to Whom Responsible](#).

[Note: an effort is underway by Academic Advancement to review compensation and related policies and to develop appropriate monitoring and reporting processes for Deans. A proposal to transfer certain Deans from the SMG program to academic titles is scheduled to be presented to the Regents for discussion in September 2009. This proposed SMG policy is intended to become effective after the Deans have been transferred to academic titles.]

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### **I. Policy Summary**

### **II. Policy Definitions**

### **III. Policy Text**

### **IV. Approval Authority**

### **V. Compliance**

### **Revision History**

### **Implementation Procedures**

### **Related Documents**

### **Frequently Asked Questions**

## Senior Management Group Termination of Appointment

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### I. POLICY SUMMARY

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This policy provides direction and authority for the termination of appointments of Senior Management Group (SMG) members and specifies certain termination assistance available to SMG members at the sole discretion of the University.

For SMG members who hold concurrent academic and administrative appointments, this policy applies only to their SMG appointments. Termination of academic appointments is in accordance with [Academic Personnel Policy 240 Deans and Provosts](#).

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### II. POLICY DEFINITIONS

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**Exception to Policy:** An action that exceeds what is allowable under current policy or that is not expressly provided for under policy. Any such action must be treated as an exception and must be reviewed and approved by the Regents.

**Executive Officer:** The University President, Chancellor, or Laboratory Director.

**Senior Management Group:** Individuals whose career appointment is in the Senior Management Group personnel program. Employees with a dual academic appointment at 0% shall be considered to possess a career appointment in the Senior Management Group.

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

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### III. POLICY TEXT

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#### **A. At-Will Employment**

As provided in the [Senior Management Group Salary and Appointment Policy](#), an SMG member serves at-will and an SMG appointment may be terminated at any time with or without cause.

#### **B. Notice Of Termination**

An SMG member who is separated by termination of appointment may receive, at the sole discretion of the University, up to sixty calendar days' notice or pay in lieu of notice.

#### **C. Termination Assistance**

An SMG member whose appointment is terminated may, at the discretion of the President, the Chancellor, Laboratory Director or the Regents, as required, receive assistance which may include one or more of the following:

## Senior Management Group Termination of Appointment

1. Assignment of the SMG member to another position if such a position is available, the individual is considered competent to perform the work, and the new assignment is in the University's best interests.
2. Career counseling or outplacement services.
3. Reasonable time off with pay for interviews for other positions both within and outside the University.
4. Severance pay, subject to approval by the Chancellor, Laboratory Director, the President, or the Regents as required. Severance pay may be granted in the amount of one month of pay, or less, for each completed year of continuous University service to a maximum of six months of severance pay. Payment of severance is conditioned upon the SMG member entering into a written Separation Agreement which is approved by the University in accordance with the [Regents' Policy on Settlement of Litigation, Claims, and Separation Agreements](#).

No severance pay will be provided when termination has resulted from misconduct, as determined by the Chancellor, Laboratory Director, the President, or the Regents.

An SMG member who is reemployed at any University location in any capacity during the paid severance period is required to repay to the University the severance pay received for the time period beginning with the date of hire in the new position to the end of the paid severance period.

In the event the monthly salary in the new position is less than the monthly salary used to calculate the severance pay amount, the SMG member is required to repay to the University an amount based on the monthly salary of the new position for the time period beginning with the date of hire in the new position to the end of the paid severance period.

A written repayment plan is to be agreed upon between the SMG member and the University before commencement of work.

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## IV. APPROVAL AUTHORITY

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### ***A. Implementation of the Policy***

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



**Senior Management Group Termination of Appointment**

**B. Revisions to the Policy**

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

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

The Executive Vice President–Business Operations has the authority to ensure that policies are regularly reviewed and updated, and are consistent with the *Senior Management Group Compensation Policy Principles* and other governance policies.

**C. Approval of Actions**

The following table summarizes the authorities to terminate the appointments of SMG members.

SMG Member	Authority to Terminate Appointment
Principal Officers of The Regents: Secretary and Chief of Staff, Chief Investment Officer and Vice President for Investments, General Counsel and Vice President for Legal Affairs, Senior Vice President - Chief Compliance and Audit Officer	The Board of Regents, in accordance with <a href="#">Regents Bylaw 20, Officers of the Corporation</a>
President	The Board of Regents, in accordance with <a href="#">Standing Order 100.2(a)</a>
Chancellor, Laboratory Director, General Counsel and VP Legal Affairs, University Auditor	The Board of Regents, in accordance with <a href="#">Standing Order 100.2(c)</a>
Other Officers of the University	The President, in accordance with <a href="#">Standing Order 100.2(d)</a>
Other SMG members	The President, the Chancellor or the Laboratory Director, as appropriate, for SMG members under their authority.

The [Regents’ Policy on Settlement of Litigation, Claims, and Separation Agreements](#) establishes the authority of the Regents, the President, and the General Counsel to

## **Senior Management Group Termination of Appointment**

enter into separation agreements and establishes reporting requirements for separation agreements.

All actions that exceed this policy or that are not expressly provided for under any policy must be approved by the Regents.

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## **V. COMPLIANCE**

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### ***A. Compliance with the Policy***

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

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

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

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

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

### ***B. Noncompliance with the Policy***

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

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

## Senior Management Group Termination of Appointment

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### REVISION HISTORY

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

- *Personnel Policies for Senior Managers II-64, Termination of Appointment*
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**IMPLEMENTATION PROCEDURES** [to be developed as needed to support implementation]

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### RELATED DOCUMENTS

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- [Academic Personnel Policy 240 Deans and Provosts](#) (referenced in Section I. of this policy)
  - [Guidelines for Corrective Actions Related to Compensation Practices](#) (referenced in Section V.B. of this policy)
  - [Guidelines for Resolution of Compensation and Personnel Issues Resulting from the Findings of Audits and Management Reviews](#) (referenced in Section V.B. of this policy.)
  - [Policy on Settlement of Litigation, Claims, and Separation Agreements](#) (referenced in Section III.C.4. and Section IV.C. of this policy)
  - [Regents Bylaw 20, Officers of the Corporation](#) (referenced in Section IV.C. of this policy)
  - [Regents Standing Order 100.1 Designation and to Whom Responsible](#) (referenced in the **Who is Covered** section of this policy)
  - [Regents' Standing Order 100.2 Employment Status](#) (referenced in Section IV.C. of this policy)
  - *Senior Management Group Compensation Policy Principles* (referenced in Section IV.B. of this policy) [the policy is under development]
  - [Senior Management Group Salary and Appointment Policy](#) (referenced in Section III.A. of this policy)
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**FREQUENTLY ASKED QUESTIONS** [to be developed as needed to support implementation]

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