

COMMITTEE ON COMPENSATION

ACTION ITEM

For Meeting of July 18, 2013

APPROVAL OF COMPENSATION FOR JANET NAPOLITANO AS PRESIDENT OF THE UNIVERSITY OF CALIFORNIA AS DISCUSSED IN REGENTS ONLY SESSION

Background

Following a nationwide search, Janet Napolitano has been nominated to become the 20th President of the University of California.

Ms. Napolitano is a distinguished public servant with a record of leading large, complex organizations at the federal and State levels. She has served as Secretary of Homeland Security since January 2009. She served as Governor of Arizona from 2003 to 2009, as Attorney General of Arizona from 1998 to 2003, and as U.S. Attorney for the District of Arizona from 1993 to 1997. Before that, Ms. Napolitano practiced at the law firm of Lewis & Roca in Phoenix, where she became a partner in 1989. She began her career in 1983 as a clerk for Judge Mary M. Schroeder of the U.S. Court of Appeals for the Ninth Circuit.

As the nation's third Secretary of Homeland Security, Ms. Napolitano heads a department comprised of 22 agencies and directorates whose missions include counterterrorism, border security, immigration, cybersecurity, and disaster response and recovery. The Department supports 12 Centers of Excellence, generating ideas for new security technologies through a consortium of hundreds of universities.

As Governor of Arizona, Ms. Napolitano focused on education, from pre-kindergarten through public higher education, and was the first woman to chair the National Governors Association. She was named one of the nation's top five governors by *Time* magazine, and *Forbes* magazine recently named her as one of the ten most powerful women in the world.

Ms. Napolitano has received numerous awards and honors, including the Woodrow Wilson Award for Public Service, given by the Woodrow Wilson International Center for Scholars at the Smithsonian Institution in 2006. In 2012, she received the Anti-Defamation League's William and Naomi Gorowitz Institute Service Award, given for outstanding achievements in combating terrorism, extremism, and injustice.

Ms. Napolitano earned a B.A. degree (summa cum laude in political science) in 1979 from Santa Clara University, where she was Phi Beta Kappa, a Truman Scholar and the university's first female valedictorian. She received her J.D. degree in 1983 from the University of Virginia

School of Law. Ms. Napolitano holds honorary degrees from several universities and colleges, including Santa Clara University, Emory University, and Pomona College. In 2010, she was awarded the prestigious Thomas Jefferson Foundation Medal (Law), the University of Virginia's highest external honor.

Recommendation

The Committee recommends that, contingent upon and effective with Ms. Napolitano's appointment by the Regents as President of University of California, the following items be approved in connection with that appointment:

- (1) Per policy, an annual base salary of \$570,000, which will be fully State-funded.
- (2) Per policy, a five percent monthly contribution to the Senior Management Supplemental Benefit Program.
- (3) Per policy, an annual automobile allowance of \$8,916.
- (4) Per policy, as a condition of employment and for the convenience of the University, Ms. Napolitano will be required to live in a University-leased house and later, if available, a University-owned home. If the leased house is not available when Ms. Napolitano moves to the San Francisco Bay Area, the University will provide Ms. Napolitano with suitable temporary accommodations until the leased home is ready.
- (5) Per policy, the University will provide Ms. Napolitano with two round trips (coach class airfare) including transportation, meals, and lodging for the purpose of organizing the move into the University-provided house or to secure suitable temporary housing, subject to the limitations under policy.
- (6) Per policy, a relocation allowance of \$142,500 (25 percent of annual base salary), which is intended to offset any additional personal, unreimbursed expenses associated with accepting the University's offer and relocating at the request of the University. It will be paid as a single lump sum, subject to a repayment schedule if Ms. Napolitano separates from the University in the first four years of her employment. The following repayment schedule will apply: 100 percent if separation occurs within the first year of employment, 60 percent if separation occurs within the second year of employment, 30 percent if separation occurs within the third year of employment, and ten percent if separation occurs within the fourth year of employment.
- (7) Per policy, the University will arrange for the packing and relocation of household goods and personal effects associated with the initial relocation to the San Francisco Bay Area and, if necessary, the move from the temporary accommodations to her University-leased home. The University will also arrange to pack and move Ms. Napolitano's personal library and other related materials, subject to the limitations under University policy.

- (8) Per policy, when Ms. Napolitano steps down as President, the University will arrange for the packing and relocation of her personal belongings, including her library and any other related materials, to a location of her choice in California.
- (9) Per policy, an administrative fund will be established for official entertainment and other purposes permitted by University policy. Adjustments may occur annually as allowed by policy.
- (10) Reimbursement of reasonable travel expenses, as defined by policy, for all business-related visits to the University prior to Ms. Napolitano's official start date.
- (11) Per policy, standard pension and health and welfare benefits and standard senior management benefits (including senior management life insurance and executive salary continuation for disability after five years of Senior Management Group service).

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: on or about September 30, 2013

Base Salary: \$570,000

Target Cash Compensation:* \$570,000

Funding: partially or fully State-funded

Budget &/or Current Incumbent Data

Title: President

Base Salary: \$591,084

Target Cash Compensation:* \$591,084

Funding: partially or fully State-funded

* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

COMPETITIVE ANALYSIS FOR SYSTEMWIDE PRESIDENT

Percentiles	MARKET REFERENCE ZONE FOR BASE SALARY				
	25 th	50 th	60 th	75 th	90 th
Market Data	\$619K	\$717K	\$787K	\$891K	\$951K
% Difference from Market	-7.9%	-20.5%	-27.6%	-36%	-40.1%

Survey Source: College and University Professional Association (CUPA) survey. CUPA reports base salary only.

The compensation described above shall constitute the University's total commitment until modified by the Regents 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: Chairman of the Board of Regents Varner
Reviewed by: Committee on Compensation Chair Kieffer
Office of the President, Human Resources