

IMPLEMENTING PROCEDURES AND SENIOR MANAGEMENT GROUP⁽¹⁾ (SMG) APPROVAL AUTHORITY MATRIX

Base Salary Position within Applicable Market Reference Zone ⁽²⁾	Actions for SMGs		SMG Level Two ⁽³⁾	SMG Level One ⁽³⁾
All Percentiles	All Exceptions ⁽⁴⁾		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	Appointments 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: • 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 Adjustments 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 – not including Systemwide Merit	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 – not including Systemwide Merit	President	
	Stipends Within Policy	Sum of the Base Salary <i>plus</i> Stipend determines position within MRZ percentiles	President	
Below the 60 th Percentile	Appointments 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 ⁽⁵⁾	Regents
		That will result in a Base Salary for a New Hire that is: • 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%.		
	Base Salary Adjustments 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 – not including Systemwide Merit		
		That will result in a Cumulative or Annualized Increase in the Incumbent's Base Salary that is less than 10% in the Calendar Year – not including Systemwide Merit		
	Stipends Within Policy	Sum of the Base Salary <i>plus</i> Stipend determines position within MRZ percentiles		

- (1) References to Senior Management Group (SMG) members include those appointed on a career, interim, or acting basis into a position in the Senior Management Group, including those holding underlying academic appointments.
- (2) 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 listed in Attachment One as Level One SMG positions.
- (4) 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.
- (5) Until further notice, approval authority in Regents Policy 7701 is superseded for actions that would otherwise fall under the approval authority of the Chancellors, the EVP-COO (UCOP) and/or the Laboratory Director (LBNL). Therefore, the President's review and approval is required for any action involving a Level Two SMG.

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Any element of University compensation for an SMG must be approved by the proper authority, as reflected in the matrix above (with the exception of incentive awards, systemwide salary program increases, and payments pursuant to settlement or separation agreements, which are addressed 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 or (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 President. 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 are not available for Level 1 SMG. Stipends for Level 2 SMG 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.

Interim/Acting 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. 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 career, interim, or acting appointments, 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.

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, as necessary, to reflect the competitive market. The President will recommend adjustments to the Committee on Governance & Compensation and the full Board for approval.

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 the Governance Committee

Business/Working Title Changes:

- Major title changes require approval by the President and include title changes that are notably different than the MRZ Title.
- Minor title changes may be approved by the Chancellor, Laboratory Director, or Executive Vice President – COO, as applicable.

Reporting SMG Actions to the Regents:

SMG compensation details will be reported in the Annual Report on Executive Compensation (AREC).

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Attachment 1

SMG Level One Positions

Office of the President (UCOP):

- President
- Provost and Executive Vice President – Academic Affairs
- Executive Vice President and Chief Operating Officer
- Executive Vice President and Chief Financial Officer
- Executive Vice President – UC Health
- Vice President – Office of the National Laboratories
- Vice President – UC Agriculture and Natural Resources
- Senior Vice President – External Relations & Communications
- Vice President and General Counsel
- Vice President and Chief Investment Officer
- Senior Vice President – Chief Compliance and Audit Officer
- Secretary and Chief of Staff to the Regents

Campuses, Health Systems, and Lawrence Berkeley National Laboratory (LBNL):

- Chancellors
- Health System Chief Executive Officers
- Laboratory Director - LBNL