

Office of the President

TO MEMBERS OF THE COMMITTEE ON COMPENSATION:

DISCUSSION ITEM

For Meeting of May 15, 2007

**COMPENSATION FOR LAWRENCE C. HERSHMAN AS SPECIAL CONSULTANT –
BUDGET MATTERS, OFFICE OF THE PRESIDENT**

RECOMMENDATION

The Committee on Compensation recommends to The Regents that the following be approved for Lawrence C. Hershman, in an advisory capacity, as Special Consultant –Budget Matters, Office of the President:

- (1) A total annual salary not to exceed \$150,000 for up to forty-three (43) percent time, for Lawrence C. Hershman as Special Consultant - Budget Matters, Office of the President
- (2) Effective June 4, 2007 upon approval by The Regents and to continue until June 30, 2008 or upon transition of budget responsibilities after the organizational structure is finalized. The contract provides for termination by either party with 60 days' notice.
- (3) Reimbursement of reasonable and actual business related travel and entertainment expenses

Additional Items of compensation include:

- Retirement income and retiree medical benefits.

The compensation described above shall constitute the University's total commitment until modified by The Regents and shall supersede all previous oral or written commitments.

BACKGROUND

Mr. Hershman retired from University of California on June 15, 2006. The University requested that he return to his position as Vice President for Budget, Office of the President, on a 12-month contract with a 60-day termination clause. That contract will terminate on May 31, 2007. The University has not been able to recruit for a replacement for Mr. Hershman because of the planned reorganization of the Office of the President. Mr. Hershman's expertise and knowledge of the University Budget is needed until the new Executive Vice President and Chief Financial Officer is hired and the organization structure is finalized. Mr. Hershman's contract will terminate when the transition is completed, or upon 60 days' written notice by either party, but will not extend beyond June 30, 2008 unless extended by mutual agreement of the parties.

[Compensation form attached]

COMPENSATION FOR THE APPOINTMENT OF LAWRENCE C. HERSHMAN AS SPECIAL CONSULTANT-BUDGET MATTERS

ITEM	RECEIVING		AMOUNT	EXCEPTION TO POLICY	APPROVAL REQUIRED
	YES	NO			
SALARY AND OTHER CASH PAYMENTS					
· Annual Salary (Up to 43%)	YES		\$150,000	NO	Regents
· Health Sciences Compensation Plan		NO			
· Additional Salary (Stipend, add-ons, etc.)		NO			
· Clinical Enterprise Management Recognition Plan		NO			
· Any other bonuses/Incentives		NO			
· Annual Incentive Plan (Treasurer's Office only)		NO			
· Senior Management Supplemental Benefit Program - eligible to receive % as contribution to retirement plan for total annual amount at current base salary		NO			
BENEFITS AND PERQUISITES					
· Standard Benefits Package (Health, UCRP, Vision, Dental, etc.)		NO			
· Automobile Allowance		NO			
· Leased Automobile		NO			
· Senior Manager Life Insurance		NO			
· Executive Business Travel Insurance		NO			
· Exec. Salary Continuation for Disability		NO			
· Mortgage Origination Program (MOP) Loan		NO			
· Supplemental Home Loan Program (SHLP)		NO			
· University-provided Housing (President/Chancellors)		NO			
· Educational Expenses		NO			
· Other Perqs - please list below*	YES				
* Reimbursement of reasonable and actual business related travel and entertainment expenses					
ONE-TIME PAYMENTS/REIMBURSEMENTS					
· Payment in Lieu of Sabbatical Pay		NO			
· Relocation Allowance		NO			
· Temporary Housing Allowance		NO			
· Payment in lieu of Vacation Pay		NO			
· Moving Expenses/Movement of Household Goods		NO			
· Other Payments - please list below		NO			

COMPENSATION FOR THE APPOINTMENT OF LAWRENCE C. HERSHMAN AS SPECIAL CONSULTANT- BUDGET MATTERS

Page 2 of 2

ITEM	RECEIVING		AMOUNT	EXCEPTION TO POLICY	APPROVAL REQUIRED
	YES	NO			
FUTURE BENEFITS					
· Post-retirement Employment Agreements		NO			
· Consultant/Independent Contractor Compensation Agreement		NO			
· Severance/Separation Agreement		NO			
· Sabbatical/Administrative Leave		NO			
· Special Health Benefits or Other Benefits		NO			
· Other Benefits - please list below		NO			
OTHER					
· Administrative Fund Allocation		NO			
· Corporate Board Service		NO			
· Other (Specify)		NO			
TOTAL ANNUAL EMPLOYEE COMPENSATION (Including, if applicable, Salary, Perquisites, One-time Payments, Future Benefits, and Other)			\$150,000		

[Please note that all payments, reimbursements, special benefits, etc. should be listed on this form in order to be authorized by the President and The Regents. This information will be released to the Public]

The only compensation permitted is what is listed on the summary page that accompanied the item.