

**COMMITTEES ON COMPENSATION AND EDUCATIONAL POLICY
MARCH 2008**

**APPOINTMENT OF, AND TOTAL COMPENSATION FOR, MARK G. YUDOF AS
PRESIDENT OF THE UNIVERSITY OF CALIFORNIA**

RECOMMENDATION

- (1) The Chair of the Regents' Special Committee to Consider the Selection of a President (Selection Committee) intends to recommend at the March 27, 2008 special meeting of the Regents that Mark G. Yudof be appointed as President of the University, 100 percent time, effective no later than September 1, 2008. He also will hold an academic appointment, 0 percent time, on the Berkeley campus.
- (2) The Chair of the Regents' Special Selection Committee recommends that the Committee on Compensation recommend to the Regents that, contingent upon his appointment by the Regents as President of the University, 100 percent time, an annual salary of \$591,084 be approved, effective no later than September 1, 2008, along with the additional compensation related items listed below.

Additional compensation and related items include:

- Per policy, an automobile allowance of \$743 per month, (\$8,916 per annum).
- As an exception to policy, supplemental pension funding will be provided by the University that, in combination with normal UC Retirement Plan (UCRP) benefits, will produce a vested single life annuity at the end of each of the first seven years of employment of approximately the following amounts if Mr. Yudof retires at the end of those years: Year 1-\$29,554; Year 2-\$60,217; Year 3-\$92,029; Year 4- \$127,307; Year 5- \$230,000; Year 6- \$300,000; Year 7- \$350,000. In Year 8 of Mr. Yudof's employment and beyond, he will accrue additional vested pension benefits beyond the \$350,000 annuity amount at the normal UCRP accrual formula for individuals over age 60, which is 2.5 percent of the highest three-year average salary. In addition to the normal UCRP funding provided under UCRP for all members (16.35 percent of covered compensation, which in this case is approximately \$97,000), the University will make supplemental pension contributions for the first seven years, which are estimated to be: \$228,000; \$237,286; \$246,487; \$256,065; \$266,001; \$229,673; and \$229,673, respectively. For years 8 and beyond, funding will occur in accordance with the normal UCRP funding policy that is applicable to funding the benefits of all UCRP members.
- Per policy, Mr. Yudof would be eligible for a relocation allowance of up to 25 percent of base salary, which is \$147,771 and which he will not be receiving. An amount equivalent to this allowance will be used by the University to offset in part, the first year contribution to fund the supplemental pension benefit described above.
- Per policy, as a condition of employment and for the convenience of the University, Mr. Yudof would ordinarily be required to reside at Blake House, unless the housing is not suitable as a residence and for University-related events. In this event, the University will provide Mr. Yudof with suitable alternative housing for this purpose, with the terms to be approved by the Committee on Compensation.

- Per policy, The University will provide Mr. Yudof with temporary housing for up to 30 days until suitable long-term University housing is identified and Mr. Yudof can move in. If suitable housing is not identified by the University and the move cannot be accomplished within the 30 days, the Regents authorize extending temporary housing up to a total of 90 days, inclusive of the 30 days provided for within policy.
- In accordance with University policy, Mr. Yudof will be provided with reasonable lodging, transportation and other business related expenses associated with University business prior to his relocation.
- Per policy, actual costs for packing and relocation of household effects will be reimbursed (up to a maximum of \$25,000) to be completed within one year from the date Mr. Yudof assumes the Presidency in order for it to be nontaxable. The move may be accomplished in one or more stages.
- Per academic policy, actual costs will be reimbursed for packing and relocation of Mr. Yudof's library.
- Consistent with past practice, upon leaving the President position to assume a position on the Berkeley faculty, the University will arrange for the relocation of Mr. Yudof's personal belongings to a location of his choice within the greater San Francisco Bay Area near the Berkeley campus.
- Per policy, Mr. Yudof will be eligible for a Mortgage Origination Program (MOP) loan in order to purchase a primary residence in which to live after stepping down as President, if he assumes a tenured faculty position at Berkeley. The benefit will be available for 12 months after stepping down as President. If granted a MOP loan, Mr. Yudof will be entitled under policy to continue under the program during retirement as long as he remains in the home.
- Per policy, an Administrative Fund will be established. Adjustments may occur annually as allowed by policy.
- Per policy, Mr. Yudof will be eligible for standard UC Health and Welfare and Vacation and Sick Leave benefits and standard Senior Management benefits, including Senior Manager Life Insurance, Executive Business Travel Insurance, and Executive Salary Continuation for Disability.
- Per policy, ineligible to participate in the Senior Management Supplemental Benefit Program due to holding a tenured faculty position.
- Per policy, eligible to accrue sabbatical credits due to dual academic appointment.

[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. Board action will be taken in Open Session.]

BACKGROUND

BIOGRAPHICAL INFORMATION

Mark G. Yudof, one of the leading figures in American higher education, has served as chancellor of the University of Texas system since 2002. He heads one of the largest university systems in the country with nine academic campuses and six health facilities, 185,000 students and an annual operating budget of \$10.7 billion. Before being named chancellor of the University of Texas system, he served five years as president of the University of Minnesota, where he achieved particular success in building both state funding and private support for the university.

Mr. Yudof brings strong leadership, a commitment to academic excellence and diversity, and a deep appreciation of shared governance. A highly regarded legal scholar and the recipient of many professional awards, Mr. Yudof is an expert on constitutional law, freedom of expression and education law. He has continued to teach throughout his administrative career. His academic works include four editions of the book *Educational Policy and the Law*; one of the co-authors of the book is Professor David Kirp of the Goldman School of Public Policy at UC Berkeley.

Before serving as chief executive at Texas and Minnesota, Mr. Yudof was a faculty member and administrator at the University of Texas at Austin for 26 years. He began his career there in 1971 as an assistant professor of law and later served as dean of the School of Law from 1984 to 1994 and executive vice president and provost from 1994 to 1997, when he left for Minnesota.

Mr. Yudof, a native of Philadelphia, earned a bachelor's degree and an LL.B. degree from the University of Pennsylvania. He is a fellow of the American Academy of Arts and Sciences, a member of the American Law Institute and a member of The President's Council on Service and Civic Participation, an appointment President George W. Bush made in 2006.

[Compensation form attached.]

COMPENSATION FOR MARK G. YUDOF AS PRESIDENT, UNIVERSITY OF CALIFORNIA

ITEM	RECEIVING		AMOUNT	EXCEPTION TO POLICY	APPROVAL REQUIRED
	YES	NO			
SALARY AND OTHER CASH PAYMENTS					
• Annual Base Salary	X		\$591,084	NO	REGENTS
• Health Sciences Compensation Plan		X			
• Additional Salary (Stipend, add-ons, etc.)		X			
• Clinical Enterprise Management Recognition Plan		X			
• Any other bonuses/Incentives		X			
• Annual Incentive Plan (Treasurer's Office only)		X			
• Senior Management Supplemental Benefit Program		X			
BENEFITS AND PERQUISITES					
• Standard Benefits Package (Health, UCRP, Vision, Dental, etc.)	X			NO	
• Automobile Allowance	X		\$8,916	NO	
• Leased Automobile		X			
• Senior Manager Life Insurance	X			NO	
• Executive Business Travel Insurance	X			NO	
• Exec. Salary Continuation for Disability	X			NO	
• Mortgage Origination Program (MOP) Loan	X *1			NO	REGENTS
• Supplemental Home Loan Program (SHLP)		X			
• University-provided Housing (President/Chancellors)	X				
• Educational Expenses		X			
• Cost of Additional Pension Benefits	X		\$241,880 *2	YES	REGENTS
*1 - MOP loan available upon stepping down as President if continuing to serve as faculty member at UC *2 - Average funding over 7 years for supplemental retirement benefits, excluding funding for regular UCRP benefit (see description of benefits below). Funding offset by foregone relocation allowance of \$147,771.					
ONE-TIME PAYMENTS/REIMBURSEMENTS					
• Payment in Lieu of Sabbatical Pay		X			
• Relocation Allowance - 25%		X *3		NO	REGENTS
• Temporary Housing Allowance - 1 month per policy		X			
• Payment in lieu of Vacation Pay		X			
• Moving Expenses/Movement of Household Goods	X			NO	REGENTS
*3 In lieu of relocation allowance of \$147,771 available under policy, this amount will be added to the funding of an additional retirement benefit to be provided through UC's tax-qualified plans			{\$147,771}		

Additional retirement benefits: In addition to the regular funding of UCRP benefits, additional funding will be provided by UC in the first seven years to produce an annuity of the following amounts for the first seven years of approximately the following amounts, if the President retires at the end of those years: Year 1-\$29,554; Year 2-\$60,217; Year 3-\$92,029; Year 4- \$127,307; Year 5- \$230,000; Year 6- \$300,000; Year 7-\$350,000; Year 8 and beyond accruing at 2.5% of high three year average(normal formula). In addition to normal UCRP funding amounts, additional funding contributions for the first seven years will be: \$228,000; \$237,286; \$246,487; \$256,065; \$266,001; \$229,673; \$229,673. For years 8 and beyond, only normal UCRP funding.

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ITEM	RECEIVING		AMOUNT	EXCEPTION TO POLICY	APPROVAL REQUIRED
	YES	NO			
FUTURE BENEFITS					
• Post-retirement Employment Agreements		X			
• Consultant/Independent Contractor Agreement		X			
• Severance/Separation Agreement		X			
• Sabbatical/Administrative Leave	X			NO	REGENTS
• Special Health Benefits or Other Benefits		X			
OTHER					
• Administrative Fund Allocation		X			
• Corporate Board Service (Under review)	X				REGENTS
• Other (Specify)		X			
TOTAL ANNUAL EMPLOYEE COMPENSATION (Including, if applicable, Salary, Perquisites, One-time Payments, Future Benefits, and Other)			\$ 841,880		

[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.