MEMORANDUM OF UNDERSTANDING
PAYMENTS TO FACULTY MEMBERS FOR THE GRADUATE SCHOOL OF MANAGEMENT’S EXECUTIVE EDUCATION PROGRAMS

The Graduate School of Management’s (GSM) Executive Education Programs (EEP) provide non-degree executive education. EEP offers high-end executive education programs in business. EEP offers two primary types of classes: (a) customized programs and learning services to meet strategic objectives of specific institutions (including private and public clients, as well as departments within the University of California) and (b) open enrollment courses on topics believed to be of widely held interest. EEP classes are offered throughout the year, and are taught at client sites, at GSM leased space, and on the UC Davis campus. This MOU describes the control of payments to EEP instructors- ladder rank faculty, UC employees who are not ladder rank faculty, and individuals who are not employees of the University of California.

EEP Payments to Ladder-rank Faculty. Effective January 1, 2011, EEP payments fall under APM 025 as well as APM 662. Inasmuch as deans have been delegated approval authority and reporting responsibility for professional activities covered by APM 025, the GSM Dean is granted authority for approving EEP payments to ladder faculty. EEP compensates ladder-rank faculty for the following five types of service.

1. Program Development

   a. Program development for customized programs is defined as faculty working in close consultation with a client company to assess the client’s needs for executive education, and designing appropriate content for an executive education program that addresses those needs. Program development may also occur for existing or new open enrollment programs when significant new content has to be developed.

   b. Contracts for program development include a clear statement of deliverables and associated activities, including the days required to undertake the deliverables.

   c. Program development is compensated at the following rates: up to $500 per hour for a maximum of two hours for each teaching day for an open enrollment program and up to $500 per hour for a maximum of four hours for each teaching day for a custom program. For example, a faculty member would be compensated $2,000 if she taught both days in a 2-day open enrollment program and spent a total of 4 hours on program development. If she taught both days in a 2-day custom program and spent 8 hours on program development, she would be compensated $4,000. For APM 025 reporting purposes, 8 hours of program development equates to one consulting day.

   d. Any development contract must be reviewed and approved by the GSM Associate Dean, Academic Affairs before the contract is executed and before the development work begins.
2. **Academic Program Leader**

   a. For executive education programs featuring several different academic content areas typically for custom programs, EEP often appoints a faculty member as an Academic Program Leader to provide intellectual direction for the program content by serving as a liaison with the client and coordinating with participating faculty to integrate existing content into a cohesive program. The academic program leader may also provide facilitation on program days.

   b. Contracts for academic program leader services include a clear statement of activities.

   c. Academic program leaders are compensated at a rate of $1,500 per program day.

   d. For every program day that the faculty member serves as the Academic Program Leader, 0.5 consulting days will be reported in accordance with APM 025.

3. **Program Delivery**

   a. Program delivery, or instruction, is compensated at a rate of up to $1,000/hour, depending on faculty qualifications and market conditions. A day of program delivery consists of six podium hours. Program delivery may include not only podium time but also executive coaching for individuals or groups.

   b. A 6-hour day of instruction is equivalent to 1 consulting day, per APM 025.

4. **Follow-on Work**

   EEP occasionally has follow-on engagements with clients for whom EEP - cooperatively with GSM faculty- has developed custom programs. Where such contracts include payments to faculty, they shall include clear statements of program deliverables and work effort involved, in a manner similar to that described in 1.b. above, so that they can be monitored under APM 025. The daily rate for such activity will generally be that for program development, i.e., between $1,000 and $2,000 per day.

5. **Business Development**

   EEP sometimes requires faculty participation in reaching out to prospective clients to discuss potential new custom and open enrollment programs and/or communication with media outlets to publicize EEP activities. Where such contracts include payments to faculty, they shall include a clear statement of the work effort involved. Compensation will be at $1,000 for each teaching day of a new program. Business development involves attending at least two media events in support of the program (perhaps speaking at the events) and responding to (i.e., interviews) at least three media inquiries. This work is defined as 0.25 consulting days for every $1,000 of business development fees for the purposes of reporting under APM 025.

Each of the foregoing forms of payment is initiated through a “Program Instructional Agreement – University of California Faculty Member,” hereinafter “EEP Faculty Agreement.”

The following signatures on the EEP Faculty Agreement serve to document the separation of duties required for accounting controls:
Payment for EEP service is made via a One Time Payment Form. The GSM will report annually on all EEP payments to ladder-rank faculty. Annual reports will be issued for each academic year (July 1st through June 30th) and will be completed by October 31st for the preceding academic year. Reports will include copies of APM 025 Form II. The EEP Faculty Agreement includes the service provider’s certification that he/she is within the allowable consulting days and will surrender the appropriate number of consulting days for the contracted event, as well as noting that the faculty member is responsible for providing to the GSM a signed copy of form II for inclusion in our annual report of EEP.

**EEP Payments to University Employees Other than Ladder-rank Faculty.** APM 025-2 states, “This policy applies to full-time and part-time faculty members (as defined at APM 110-4-15). APM 110-4-15 provides a comprehensive list of “members of the faculty.” The list includes, among others, individuals in the following title series: professorial (including acting and visiting titles), lecturer and senior lecturer (including those with SOE or potential SOE).

Therefore, adhering to the terms or APM 025 and the spirit in which the campus has delegated to the Deans approval authority and reporting responsibility relative to APM 025, the GSM will control EEP payments to all faculty with titles listed in APM 110-4-15 in the same manner described above for EEP payments to ladder-rank faculty. Payment amounts will not exceed those specified for ladder-rank faculty.

**EEP Payments to University Employees without a Teaching Title.**

EEP payments to UC employees without a teaching title are permissible only when the work is for a non-UC client and subject to the following restrictions:

- The work must be beyond the employee’s UC job description. This case must be made in the contract.
- The employee must receive permission from three parties: his/her supervisor, the Human Resources manager for the unit, and the cognizant Dean. These signatures will appear on the contract and will serve as confirmation that the work is beyond the employee’s job description and that the unit is willing to release the employee for the time needed to perform the EEP work.
- The employee must use regularly scheduled time off, vacation leave, or leave without salary to prepare for and teach in an executive education program.
- The employee may not be paid for more than five days of work per fiscal year (July 1 to June 30), regardless of the amount of vacation leave, or other free time available.

**EEP Payments to Individuals Who Are Not UC Employees.** Contracts providing for EEP payments to individuals who are not UC employees are initiated via an “Agreement Between the Regents of the University of California and Independent Contractor,” hereinafter Independent Contractor Agreement. All such contracts are reviewed and approved by the campus Contracts Office. Responsibility for obtaining contracts office approval falls to the Assistant Dean for Executive Education Programs.
Payments to individuals who are not University employees are not made as honoraria and, hence, do not require review by the Vice Provost - Academic Personnel Office.

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Steven C. Currall
Dean and Professor
Graduate School of Management
Date:

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Barbara A. Horwitz
Vice Provost – Academic Personnel
Offices of the Chancellor and Provost
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