



OFFICE OF THE PRESIDENT

Robert C. Dynes
President

1111 Franklin Street
Oakland, CA 94607-5200
Phone: (510) 987-9074
Fax: (510) 987-9086
<http://www.ucop.edu>

January 29, 2007

**CHANCELLORS
LABORATORY DIRECTORS
EXECUTIVE VICE PRESIDENTS
VICE PRESIDENTS
PRINCIPAL OFFICERS OF THE REGENTS**

Revised University Policy Concerning Senior Management Automobiles

The Policy Concerning Senior Management Automobiles has been revised to extend eligibility for a monthly cash allowance to those individuals who are appointed as Acting President, Acting Chancellor, or Acting Laboratory Director. The revised policy also provides a definition of American-made vehicles. The Policy, published as Appendix A of Accounting Manual Chapter E-821, supersedes the February 18, 1998 version and is effective immediately.

This Policy governs (1) the use by certain senior managers of automobiles leased by the University, (2) the availability of a monthly allowance in lieu of a leased vehicle, and (3) the reimbursement of expenses of specified senior managers for official travel associated with use of their privately-owned vehicles. The group of senior managers covered by this policy includes the President, Chancellors, Laboratory Directors, Executive Vice Presidents, Vice Presidents, principal Vice Chancellors, Vice Chancellors for University Affairs, Medical Center Directors, and Principal Officers of The Regents.

Recommendations by a Chancellor or an Executive Vice President to extend coverage to other senior managers, as exceptions to this Policy, should be directed to the President for consideration and approval.

Each Chancellor is responsible for funding the campus senior management automobile program. Within the Office of the President, the program will be funded by the separate budgets of the President, the Executive Vice Presidents, and the Principal Officers of The Regents, respectively. Laboratory senior management automobile allowances shall be provided by the Laboratory Administration Office. No General Funds may be used to support the senior management automobile program.

Eligible senior managers may choose from one of the following options, as noted:

Option I -- University-leased Vehicle

Option I is not available to Laboratory Directors or to individuals with an Acting Title.

The University will arrange to lease an American-made vehicle for eligible senior managers electing this option. Under the Buy America Act, American-made vehicles are defined as products manufactured in the U.S. that consist of more than 50% U.S. parts. The American Automobile Labeling Act provides that each car manufactured for sale in the U.S. must bear a label disclosing where the car was assembled, the percentage of equipment that originated in the U.S., and the country of origin of the engine and transmission. This label, commonly referred to as the MSRP label, may be used to determine the U.S. content.

The University will provide insurance coverage for leased automobiles, as well as a credit card for charging vehicle operating expenses. The maximum amount allowed for the lease of a new automobile will be approved by the President and announced annually.

Senior managers electing Option I will be required to annually report their business and personal use of the vehicle in accordance with the procedures contained in Accounting Manual chapter E-821. The value of all personal use, including commuting miles driven by the senior manager, will be treated as additional wages subject to withholding for FICA, but not income taxes.

At the end of the lease agreement, the senior manager may arrange through the University to purchase the vehicle.

Option II -- Privately-Owned Vehicle - Cash Allowance

Eligible senior managers electing this option will receive a monthly cash allowance from the University, the amount of which will be approved by the President and announced annually. The cash allowance will be based on a pro rata equivalent of the maximum annual lease value and will be paid to the senior manager as additional wages subject to withholding for both income and FICA taxes.

This option is also available to individuals who are appointed as Acting President, Acting Chancellor, or Acting Laboratory Director.

For senior managers to whom coverage has been extended as an exception to this Policy, the cash amount must be approved by the President upon recommendation of the Chancellor or Executive Vice President, and generally will fall between 50% and 100% of the monthly cash allowance.

Option III -- Privately-Owned Vehicle - Reimbursement

This option is available to all specified senior managers in lieu of Option I or II. It also is available as an additional option when the University-leased vehicle is not available for use, or when the senior manager has exceeded the maximum business miles (i.e., 12,000 per year) used to calculate the amount of the cash allowance. Procedures for reimbursement of University business travel and mileage reimbursement rates are set forth in Business and Finance Bulletin G-28, Policy and Regulations Governing Travel. This Bulletin also addresses the procedures required for insurance coverage and the reimbursement of collision damage costs related to the use of a privately-owned vehicle for official University business.

Amounts that are treated as wages under this Policy are not considered as compensation for University benefit purposes, such as the University of California Retirement Plan or employee life insurance programs.

Additional information concerning each option may be found in Accounting Manual Chapter E-821. Any questions should be directed to the Vice President--Financial Management.

Sincerely,



Robert C. Dynes

cc: Members, President's Cabinet
Principal Officers of The Regents
Associate Vice President Boyette
Associate Vice President Van Ness
Acting Assistant Vice President O'Rourke
Assistant Vice President Plotts
Controllers
Campus Materiel Managers
Manager O'Neill
Universitywide Policy Coordinator Capell