

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: 3:45 p.m., Tuesday, November 12, 2002
Glenn S. Dumke Conference Center

Martha Walda, Chair
William D. Campbell, Vice Chair
Robert G. Foster
Murray L. Galinson
William Hauck
Ricardo F. Icaza
Shailesh J. Mehta
Kyriakos Tsakopoulos
Anthony M. Vitti

Consent Items

Approval of Minutes of Meeting of September 17, 2002

Discussion Items

1. Executive Compensation, *Action*

**MINUTES OF MEETING OF
COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL**

**Trustees of The California State University
Office of the Chancellor
Glenn S. Dumke Conference Center
401 Golden Shore
Long Beach, California**

September 17, 2002

Members Present

Martha Fallgatter, Chair
William D. Campbell, Vice Chair
Debra S. Farar, Board Chair
Robert G. Foster
Murray L. Galinson
William Hauck
Shailesh J. Mehta
Charles B. Reed, Chancellor
Kyriakos Tsakopoulos
Anthony M. Vitti

Members Absent

Ricardo F. Icaza

Other Trustees Present

Roberta Achtenberg
Harold Goldwhite
M. Alex Lopez
Dee Dee Myers
Ralph R. Pesqueira
Frederick W. Pierce, IV
Erene S. Thomas

Chancellor's Office Staff

David Spence, Executive Vice Chancellor and Chief Academic Officer
Richard West, Executive Vice Chancellor and Chief Financial Officer
Jackie R. McClain, Vice Chancellor, Human Resources
Louis Caldera, Vice Chancellor, University Advancement
Christine Helwick, General Counsel
Karen Yelverton-Zamarripa, Governmental Affairs

Call to Order

Ms. Martha Fallgatter opened the meeting at 3:25 p.m.

Approval of Minutes

The minutes of July 16, 2002, were approved as submitted.

Proposed Revision of Title 5 Regulation, Catastrophic Leave Donation Program - Action

Vice Chancellor McClain stated the CSU recommends amending Section 42933 of Article 4.2, Subchapter 7, Chapter 1, Division 5 of Title 5 of the California Code of Regulations that addresses the catastrophic leave donation program for university employees not represented by a collective bargaining agent. The amendment would expand the number of hours that could be donated, clarify program eligibility and delete reference to CSU's former workers' compensation administrator.

The committee recommended adoption of the following resolution (RUF 09-02-04):

RESOLVED, By the Board of Trustees of the California State University, acting under the authority prescribed herein and pursuant to Section 89030.1 of the Education Code, that the board hereby amends its regulations in Section 42933, Article 4.2, Subchapter 7, Chapter 1, Division 5 of Title 5 of the California Code of Regulations as follows:

§42933. Donation.

- (a) Only vacation and sick leave credits may be donated. Employees may donate a maximum of ~~thirty two (32)~~ forty (40) hours of leave credits per fiscal year in increments of one hour or more. Donations are irrevocable. Donated leave credits may be used ~~only~~ to supplement Industrial Disability leave, Nonindustrial Disability Insurance or Temporary Disability payments ~~from the State Compensation Insurance Fund~~ upon the application for these benefit(s) by an eligible employee. The total amount of leave credits donated and used may not exceed an amount sufficient to ensure the continuance of the employee's regular monthly rate of compensation.
- (b) The total donated leave credits shall normally not exceed an amount necessary to continue the employee for three calendar months calculated from the first day of catastrophic leave. The appointing authority may approve an additional three-month period in exceptional cases. The leave shall not be deemed donated until actually transferred by the appointing authority's recordkeeper to the record of the employee receiving leave credits. Such transfer shall be accomplished at the end of a pay period, and credits shall be transferred in the order of the dates actually pledged.

- (c) For employees whose appointments have not been renewed, donated time may not be used beyond the employee's appointment expiration date in effect at the beginning of the disability.
- (d) Unused donated leave credits may not be used to receive service credit following a service or disability retirement.

NOTE: Authority cited: Sections 89030 and 89500, Education Code. Reference: Section 89500, Education Code.

And, be it further

RESOLVED, That the board of Trustees has determined that the adoption of the proposed revisions will not impose a cost or savings on any state agency; will not impose a cost or savings on any local agency or school district that is required to be reimbursed under Section 17561 of the Government Code; will not result in any cost or savings in federal funding to the state; and will not impose a mandate on local agencies or school districts;

And, be it further

RESOLVED, That the Board of Trustees delegates to the Chancellor of The California State University authority to further adopt, amend, or repeal this revision pursuant to the Administrative Procedure Act if further adoption, amendment or repeal is required and is nonsubstantial or solely grammatical in nature, or sufficiently related to the original text that the public was adequately placed on notice that the change could result from the originally proposed regulatory action.

Adjournment

The meeting adjourned at 3:27 p.m.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation

Presentation By

Martha Walda, Chair

Charles B. Reed
Chancellor

Jackie McClain
Vice Chancellor
Human Resources

Summary

Recommendations for executive compensation, including benefits, will be presented.

Background

The Trustees recognize compensation for presidents and system executives as a key element in the California State University's (CSU) success. The ability to offer a competitive compensation program is critical to the CSU's ability to recruit and retain key executives who are competent and visionary leaders. Higher education in California partakes in a national system that shares a very limited pool of qualified executives, and not only do we compete with these key institutions for new executives, but CSU executives are under pressure to consider highly competitive offers from these same institutions.

The executive compensation policy for campus presidents and system executives has the primary objective of providing a total compensation program, which recognizes individual performance and experience and addresses the need to maintain a competitive market position. When compensation levels are set for these executives, the mission, scope, size, complexity and programs of each campus are taken into consideration as well as system and national policy leadership. Merit assessments according to stated criteria are also essential ingredients as are recruitment and retention experience and regional cost-of-living differentials. The Policy establishes the target for the average cash compensation for presidents as being approximately the mean for comparable positions in the 20 California Postsecondary Education Commission (CPEC) comparison institutions, the same group used for faculty salary studies.

Finally, the Trustees are always sensitive to comparable levels of reward at campus and system levels of the University of California.

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At the January 1997 Board of Trustees' meeting, the Trustees established a Blue Ribbon Committee to review the status of CSU executive compensation, including the executive compensation policy, and develop a long term strategy for program improvement. A well-developed strategy for total executive compensation was needed as CSU executive pay continued to fall further behind the competitive market. The Trustees' Blue Ribbon Committee Report, presented at the September 1997 Board of Trustees' meeting, noted that CSU's executive compensation policy was adequate, but the goal of establishing the target for the average presidential compensation as being approximately the mean for comparable positions in the CPEC comparison group was not being met and continued to fall further behind. The Committee recommended that presidential salaries be adjusted as part of a three-year plan to bring executive salaries in line with those of the comparison group. Additionally, the Committee considered it critically important that system executive salaries be appropriately adjusted. The Board adopted these recommendations and the first phase of the multi-year recommendation was implemented September 1997, the second phase September 1998 and the third phase September 1999.

It is important to note that despite good efforts of the trustees, salaries for CSU presidents currently lag the CPEC comparison group by 21.2%. William M. Mercer, who has done CSU presidential compensation surveys for CPEC since 1995, notes in its December 2001 report that the CSU's average presidential salary is \$212,897, as opposed to the comparison group's \$257,908 average. The trustees continue to be concerned about the status of CSU executive compensation and consequently at the October 31, 2002, Board of Trustees' meeting, established an Ad Hoc Committee on Executive Compensation to review the CSU's executive compensation policy and practices. It is important to note that CPEC continues to support trustee efforts to ensure executive compensation is adequate to recruit and retain campus leaders.

Unfortunately, this year's 1.68% compensation pool does not provide adequate funds to be able to address the 21.1% salary lag. While it is important to note that presidents' salary increases are based on several factors, including job performance, campus mission, scope, complexity, and programs, length of service, assistance to the Chancellor's Office and trustees and national leadership, since funds are not sufficient to address adequately these factors this year, it is recommended that effective July 1, 2002, 1.68% be distributed across the board as noted below:

CSU EXECUTIVE SALARIES

<u>Campus</u>	<u>President</u>	<u>Salary</u>	
		<u>Current</u>	<u>7/1/02</u>
Bakersfield	Tomás A. Arciniega	\$200,772	\$204,156
Channel Islands	Richard R. Rush	200,004	203,376
Chico	Manual A. Esteban	204,804	208,248
Dominguez Hills	James E. Lyons, Sr.	210,060	213,600
Fresno	John D. Welty	220,524	224,232
Fullerton	Milton A. Gordon	204,480	207,924
Hayward	Norma S. Rees	204,444	207,888
Humboldt	Rollin C. Richmond	230,016	230,016
Long Beach	Robert C. Maxson	241,428	245,484
Los Angeles	James M. Rosser	235,356	239,316
Maritime Academy	William B. Eisenhardt	185,004	188,124
Monterey Bay	Peter P. Smith	203,676	207,108
Northridge	Jolene Koester	204,012	207,444
Pomona	Bob H. Suzuki	201,084	204,468
Sacramento	Donald R. Gerth	232,008	235,908
San Bernardino	Albert K. Karnig	202,884	206,304
San Diego	Stephen L. Weber	227,388	231,216
San Francisco	Robert A. Corrigan	226,872	230,688
San Jose	Robert L. Caret	218,856	222,540
San Luis Obispo	Warren J. Baker	249,252	253,440
San Marcos	Alexander Gonzalez	200,004	203,376
Sonoma	Ruben Armiñana	219,756	223,452
Stanislaus	Marvalene Hughes	200,868	204,252
<u>System Officers</u>			
Chancellor	Charles B. Reed	\$311,448	\$316,692
Executive Vice Chancellor, & Chief Academic Officer	David S. Spence	235,200	239,160
Executive Vice Chancellor & Chief Financial Officer	Richard P. West	235,200	239,160
Vice Chancellor, Human Resources	Jackie R. McClain	206,052	209,520
Vice Chancellor, University Advancement	Louis Caldera	210,000	213,528
General Counsel	Christine Helwick	192,432	195,672

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Additionally, employee benefits are an important component of the university's executive compensation program and select benefit changes are recommended for trustee adoption. These benefit changes are comparable to those provided to nonrepresented Management Personnel Plan and Confidential employees and some represented employee groups. First, it is recommended that bereavement leave be increased to five days of leave with pay for each death of an immediate family member or a significantly close relative. Next, it is recommended that Maternity/Paternity/Adoption Leave, which applies to birth of an employee's own child or placement of a child with the employee in connection with adoption or foster care, be increased to thirty days of paid leave commencing within 60 days of the child's arrival. Additionally, it is recommended that an executive be able to take Family Medical Leave to care for his/her domestic partner (registered through the Secretary of State) who has a serious medical condition, if applicable. Lastly, it is recommended that effective January 1, 2003, executives receive the same dependent fee waiver benefit provided to eligible members of the Management Personnel Plan.

The following resolution is recommended for adoption:

RESOLVED, By the Board of Trustees of The California State University, that the CSU executive salaries table in Agenda Item 1 of the September 17-18, 2002 meeting of the Committee on University and Faculty Personnel, be approved for implementation effective July 1, 2002; and be it further

RESOLVED, that bereavement leave for executives be increased to five days of leave with pay; and be it further

RESOLVED, that the maternity/paternity/adoption leave benefit for executives be increased to thirty (30) days of paid leave; and be it further

RESOLVED, that an executive may take Family Medical Leave (FML) to care for his/her registered domestic partner who has a serious medical condition; and be it further

RESOLVED, that effective January 1, 2003, executives receive the same dependent fee waiver benefit provided to eligible members of the Management Personnel Plan.