

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: **8:00 a.m., Wednesday, November 18, 2015**
 Glenn S. Dumke Auditorium

Hugo N. Morales, Chair
Silas H. Abrego, Vice Chair
Debra Farar
Lillian Kimbell
Peter J. Taylor

Consent Items

Approval of Minutes of Meeting of September 9, 2015

Discussion Items

1. Annual Report—Vice President Compensation, Executive Relocation, and Executive Transition, *Information*
2. Employee Compensation Policy and Reexamination of Policy on Presidential Compensation, *Action*

**MINUTES OF THE 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 9, 2015

Members Present

Hugo N. Morales, Chair
Silas H. Abrego, Vice Chair
Debra S. Farar
Lillian Kimbell
Peter J. Taylor
Timothy P. White, Chancellor
Lou Monville, Chair of the Board

Trustee Morales called the meeting to order.

Approval of Consent Agenda Items

The consent agenda items were approved as submitted.

Compensation Analysis for Employee Groups

Chancellor Timothy P. White and Vice Chancellor Lori Lamb provided information regarding compensation challenges facing the California State University (CSU) as background for the Board of Trustees as they consider future proposals, compensation plans, and the CSU budget.

Ms. Lamb presented information on progress made since the July 2015 Board of Trustees meeting on a compensation study including retaining Sibson Consulting as compensation consultants; preparing a request for proposal for consulting services to conduct a comprehensive total compensation study; looking broadly at factors affecting compensation; providing additional analyses on compensation issues and continuing to provide analyses and progress reports on development of an overall compensation program; and proposing a comprehensive discussion of a compensation policy that covers all employee groups as part of the September 2015 University and Faculty Personnel Agenda Item 3.

She further discussed factors affecting compensation that compensation decisions go beyond evaluating an employee's skills, experience and capabilities, that numerous factors including market competitiveness, recruitment and retention data, geographic differentials, and fiscal resources must be weighed.

Ms. Lamb then presented salary and turnover data on faculty, staff, Management Personnel Plan employees, and executives in the CSU. The data shows that the issues around salary and compensation are complex and cannot be addressed adequately without significant increases in resources available for salary, coupled with a robust analysis of total compensation. We will continue to refine and expand our analyses to include a review of total compensation as well as the impact of geographic differentials. The results will enable us to develop more effective compensation strategies, consistent with our compensation philosophy, and to develop thoughtful and strategic priorities.

Following the presentation, there was a brief discussion. Trustee Taylor inquired about the timing of the request for proposal and when data might be available. Ms. Lamb responded that we anticipate having some preliminary data available in spring 2016. Lieutenant Governor Newsom asked about the last compensation study that was conducted and the fact that the benchmark data was controversial. He wanted to be certain the new study would be objective. Ms. Lamb replied that the data from the last study was not thorough enough. Trustee Monville indicated that the new study will be a deeper analysis of the data, and Chancellor White stated that the new study will use a whole matrix of variables and will exclude non-variable items.

Trustee Garcia asked if the data presented was base pay only. Ms. Lamb indicated it was base pay and not total compensation.

Trustee Stepanek asked that the new study include a further breakdown of data by units and disciplines and Trustee Kimbell asked if the low turnover rate related to the fringe benefits provided. Ms. Lamb stated the new study will take a deeper analysis by discipline and include fringe benefits, and that the national turnover data was for all industries, not just higher education.

Trustee Monville and Trustee Eisen indicated that turnover should be reviewed more in depth because it is a cost to the system.

Employee Compensation Policy and Reexamination of Policy on Presidential ompensation

Chancellor White and Vice Chancellor Lamb discussed a proposed Employee Compensation Policy that covers all employee groups within the California State University (CSU). Also, the Policy on Presidential Compensation was brought back to the Board for reexamination per the directive of the Board at the time this policy was enacted in May 2012.

Ms. Lamb brought forth a new Policy on Compensation that would be applicable to all employee groups at the CSU. She indicated what was proposed is not new for the CSU, it is based in large part on provisions in the current policy on presidential compensation. The policy would call for compensating all employees in a manner that is fair, reasonable, competitive, and fiscally prudent in respect to system state budget and state funding; it would articulate the CSUs goal to attract, motivate, and retain the most highly qualified individuals to serve as faculty, staff and executives; it would emphasize compensation practices that are fair and equitable in design, application, and delivery; and it would provide that compensation must be administered in a

manner that complies with all applicable laws and is consistent with applicable administrative policies, rules and collective bargaining agreements.

The second portion of the item brought the existing policy on presidential compensation back for reexamination. In May 2012, the Board of Trustee Special Committee on Presidential Selection and Compensation recommended the existing policy. There are provisions in the policy that create the potential for inequity and for limiting the CSU's ability to attract and retain the most highly qualified individuals to serve as presidents of the campuses. The recommendation was to lift the categorical limitation on presidential compensation – specifically by deleting the phrase “the successor president’s base salary, paid with public funds, shall not exceed the previous incumbent’s pay.” This would remove the artificial limitation on salary setting for new presidents. It would not, however, limit or change the Board’s authority to set salaries. Title V continues to require that the Board of Trustees set presidential salaries. Thus, any recommendation for salary will be brought before the Board and the Board would determine what is appropriate for any new president. This is also the case for any executive in the Chancellor’s Office.

The second element of the policy that was recommended be lifted was the requirement that if any increase was granted it be limited to 10% and be paid with Foundation funds. This directive has created unintended and unforeseen inequities across campuses whose Foundations have a range of capacities and inclinations to provide such support. In addition, once presidents are hired, they sit on the Foundation Boards thus creating, at a minimum, the appearance of a conflict of interest.

With the removal of these provisions, the recommendation was to eliminate the existing policy on presidential compensation completely. This would mean that the system would have only one policy on compensation that would apply to all employee groups. This would be most efficient and effective from the standpoint of implementation and would demonstrate the Board’s commitment to treating all employees in the same manner with respect to compensation decisions. The Board will be asked to approve a new compensation policy at the November 2015 Board of Trustees meeting.

After the presentation, there was a brief discussion. Lieutenant Governor Newsom stated he understood the desire to change the presidential policy, but didn’t know if removing the 10% cap above the current incumbent’s salary would cause new salaries to be substantially higher, and asked what concerns prompted this change. Chancellor White detailed that in past presidential searches up to 30% of the candidates withdrew because of the salary constraints. He also mentioned that the new policy might be written to cap the salary at the market mean or some other measured mechanism. Trustee Monville said that he was comfortable in removing the artificial 10% cap because he believes that the Board is measured and rational in setting salaries.

Trustee Garcia declared she liked the idea for a policy to cover all employee groups and to tie the president’s salary to relevant factors such as a particular geographic market. Ms. Lamb stated that the Board would receive all of the elements of the recommendation of the proposed salary. Trustee Kimbell said she was nervous there would be an escalation of salaries, but that inversion and compression should be addressed.

Mr. Newsom asked if the total compensation study will not be completed until the following year and the 10% cap was removed from the policy, how the Board would determine the appropriate salary for a new president. Chancellor White stated the salary could be based on a variety variables such as indexing it to the market mean or length and breadth of experience. Mr. Newsom also asked if the new policy could address the possibility of the Foundations providing supplemental compensation. Chancellor White stated that would be taken under advisement. Trustee Monville stated that Ms. Lamb should consider these factors in the new policy.

Trustee Stepanek suggested that with the current presidential search another interim policy could be approved. Trustee Monville stated he hoped that the Board could approve a policy for all employee groups and not just put another interim policy in place.

Trustee Garcia wanted to know how the Board could approve a policy without the corresponding data and Ms. Lamb's comfort level in establishing such a policy. Ms. Lamb stated this was just the first step in an overall process to create a compensation policy that would include all employee groups. She said that the Board is only looking at a policy that covers 23 employees while there is no policy for the remaining 47,000 employees.

Mr. Newsom asked if the current policy is a hindrance for the current presidential searches being conducted. Trustee Monville stated that the current candidates will be looking at the outcome of the Board decision on changes to the compensation policy.

Trustee Eisen said that this is an important discussion because of the difficult challenges the president's face in their position and the Board should work hard on providing appropriate compensation.

Trustee Garcia volunteered to be a member of a special committee to review the compensation policy and Trustee Monville thought it might be helpful to convene a special committee.

Trustee Eisen mentioned that in previous Board decisions on presidential salary setting, according to Trustee Farar, there were some guidelines available. She asked if there was a need for a new policy or if removing the restrictions would suffice. Chancellor White confirmed that not only would the proposed policy remove the two restrictive sentences, but take elements of it being fair and applicable and apply those to all employees.

Trustee Morales adjourned the meeting.

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Annual Report – Vice President Compensation, Executive Relocation, and Executive Transition

Presentation By

Lori Lamb
Vice Chancellor for Human Resources

Summary

At the January 22-23, 2008 meeting of the California State University (CSU) Board of Trustees a resolution (RBOT 01-08-01) was adopted requiring the chancellor to provide an annual report on vice presidential compensation actions, executive relocation costs and executive transition programs. This reporting requirement was recommended by the Bureau of State Audits in 2007 following an audit on employee compensation management. There were no findings of violation of CSU policies and audit recommendations focused on strengthening guidelines and improved monitoring. Since then internal processes have improved and regular reporting has taken place. This agenda item will share the annual reports with the Board.

Vice President Compensation

Current trustee policy requires the chancellor to review and approve recommendations for vice presidential compensation at the initial appointment and subsequently. Additionally, the chancellor is to provide an annual report on vice president compensation if compensation actions have been taken.

Attachment A shows 31 vice presidents with compensation actions during the reporting period (September 1, 2014 – August 31, 2015). This includes the filling of 19 vacant positions and compensation changes to 12 existing vice presidents. As the Board heard last month, despite salary increases in the past three years gaps between CSU salaries and relevant markets persists. To address market and internal comparability issues, equity increases were approved for nine vice presidents.

As previously shared with the Board, Chancellor Timothy P. White authorized a two percent compensation pool for eligible unrepresented employees for fiscal year 2015-2016. This was in line with negotiated increases for our represented employees. As a result, vice presidents were eligible for merit salary increases from this compensation pool.

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Executive Relocation

It is recognized that the relocation of newly hired individuals may be required, and a relocation program is provided to assist in the relocation process. The annual report on relocation expenses, that were all within policy for CSU Executives, follows:

- Dr. Loren Blanchard
Executive Vice Chancellor for Academic and Student Affairs
From New Orleans, Louisiana
Relocation of household goods and property: \$16,700.00
Relocation travel expenses: \$2,395.04
- Dr. Soraya Coley
President, Cal Poly Pomona
From Bakersfield, California
Relocation of household goods and property: \$12,828.82
- Dr. Robert Nelsen
President, CSU Sacramento
From McAllen, Texas
Relocation of household goods and property: \$19,565.96
Relocation travel expenses, includes home search: \$5,406.86

Executive Transition

Trustee policy requires the chancellor to report annually on all existing transition programs. Currently, two individuals are in transition assignments, which are summarized below:

Executive Transition Program:

The executive transition program is available to executives appointed into an executive position between November 18, 1992 and November 14, 2006. The program provides an executive a one year transition after leaving executive office.

Dr. J. Michael Ortiz, President Emeritus
Effective: January 1, 2015 – December 31, 2015
Salary: \$231,528

Dr. Ortiz has continued to serve on the Board of the *Hispanic Association of Colleges and Universities* on behalf of the California State University. He assists at CSU San Bernardino at the request of President Tomás Morales with enrollment, academic and philanthropic matters.

Additionally, Dr. Ortiz has been available at the request of President Soraya Coley for advice and counsel on issues pertaining to Cal Poly Pomona.

Dr. Mohammad Qayoumi

Effective: August 18, 2015 – August 17, 2016

Salary: \$261,000

Having recently stepped down from the presidency, Dr. Qayoumi has been available at the request of Dr. Susan Martin, interim president, for advice and counsel on matters pertaining to San José State University. During his transition period Dr. Qayoumi is also serving as Chief Advisor to the President of his home country, Afghanistan.

Vice President Compensation Actions

Filled Vacancies

Campus	Name	Title	Effective M/Y	Appointment Salary	Supplemental Compensation
Bakersfield	Davis, Thomas	Vice President for Business & Administrative Services	4/2015	\$217,500	
Bakersfield	Zorn, Jenny	Provost and Vice President for Academic Affairs	7/2015	\$225,000	
Chico	Boura, Ahmad	Vice President for University Advancement	6/2015	\$198,000	Auto Allowance \$625/mo. Non General Funds
Dominguez Hills	Franklin, William	Vice President of Student Affairs	7/2015	\$193,008	
East Bay	Hauck, Tanya	Vice President, University Advancement	2/2015	\$210,000	Auto Allowance \$500/mo. Non General Funds
East Bay	Wong, Julie	Vice President, Student Affairs	1/2015	\$200,004	
Los Angeles	Mahoney, Lynn	Provost and Vice President for Academic Affairs	2/2015	\$235,008	
Maritime Academy	Arp, Robert	Vice President for University Advancement	6/2015	\$175,000	
Maritime Academy	Lozano, Franz	Vice President for Administration & Finance	7/2015	\$175,000	
Maritime Academy	Opp, Susan	Provost & Vice President for Academic Affairs	5/2015	\$202,668	
Northridge	Li, Yi	Provost & Vice President for Academic Affairs	7/2015	\$280,008	
Pomona	Alva, Sylvia	Provost & Vice President for Academic Affairs	8/2015	\$240,000	
Pomona	McIntosh, Bedford	Vice President for University Advancement	7/2015	\$226,008	
Sacramento	Mills, Edward	Vice President for Student Affairs	1/2015	\$205,008	
San José	Blaylock, Reginald	Vice President for Student Affairs	6/2015	\$215,004	
San José	Lanning, Paul	Vice President for University Advancement	6/2015	\$211,008	
San Luis Obispo	Vizcaino Villa, Cynthia	Senior Vice President for Administration & Finance	7/2015	\$270,000	Housing Allowance \$1,200/mo. Non General Funds
San Marcos	Prado-Olmos, Patricia	Vice President for Community Engagement	1/2015	\$170,004	
Stanislaus	Dawes, Douglas	Vice President for Business & Finance	7/2015	\$198,000	

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Other Compensation Changes

Campus	Name	Title	Effective M/Y	Salary After Change or Amount Paid	Description of Change
Chico	Hoffman, Lorraine	Vice President for Business & Finance	6/2015	\$239,004	Equity Increase
Monterey Bay	Zappas, Barbara	Vice President for University Development	4/2015	\$168,576	Equity Increase
Monterey Bay	Higgs, Ronnie	Vice President for Student Affairs & Enrollment Services	4/2015	\$186,732	Equity Increase
Northridge	Watkins, William	Vice President for Student Affairs & Dean of Students	1/2015	\$220,740	Equity Increase
Sacramento	Sales, Vince	Vice President for University Advancement	6/2015	\$212,124	Equity Increase
San Marcos	Oberem, Graham	Provost & Vice President for Academic Affairs	1/2015	\$227,004	Equity Increase
San Marcos	Hawk, Linda	Vice President, Finance and Administrative Services	1/2015	\$215,004	Equity Increase
Los Angeles	Gomez, Jose	Senior Vice President and Chief Operating Officer	1/2015	\$220,008	Equity Increase (auto allowance eliminated)
San Luis Obispo	Enz Finken, Kathleen	Provost and Executive Vice President for Academic Affairs	4/2015	\$271,656	Equity Increase (auto allowance eliminated)
San Diego	Enwemeka, Chukuka	Provost & Senior Vice President for Academic Affairs	7/2015	Bonus Pymt \$26,104	MPP Merit Bonus Pgm - established goals met
San Diego	Carleton, Mary Ruth	Vice President, University Relations and Development	7/2015	Bonus Pymt \$24,432	MPP Merit Bonus Pgm - established goals met
San Francisco	Cortez, Ron	Vice President & CFO, Administration & Finance	9/2014	\$1,200/mo.	Housing Allowance Non General Funds

AMENDED

Action Item

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COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Employee Compensation Policy and Reexamination of Policy on Presidential Compensation

Presentation By

Timothy P. White
Chancellor

Lori Lamb
Vice Chancellor for Human Resources

Board of Trustees Policy on Compensation

Scope

This policy governs compensation for all California State University (CSU) employees.

Guiding Principles

It is the intent of the Board of Trustees to compensate all CSU employees in a manner that is fair, reasonable, competitive, and fiscally prudent in respect to system budget and state funding. The goal of the CSU continues to be to attract, motivate, and retain the most highly qualified individuals to serve as faculty, staff, and executives, whose knowledge, experience, and contributions can advance the university's mission.

The CSU adheres to compensation practices that are fair and equitable in design, application, and delivery.

Implementation

The CSU will consistently evaluate competitive and fair compensation for all employees based on periodic market comparison surveys and the depth of skill and experience of an individual employee. In addition, the CSU will maintain and update annually a tiered list of CSU comparison institutions for applicable employee groups. The list may take into account geographic location, enrollment, percent of Pell eligible students, budget, research funding, and such other variables as deemed appropriate. Compensation will be guided with reference to the mean and/or median of the appropriate tier of comparison institutions, together with an individual's reputation, and length, depth and effectiveness of applicable experience, and other meritorious achievement and contributions to the success of the CSU.

AMENDED

U&FP

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The compensation system for the CSU shall (a) be administered in a manner that complies with all applicable federal, state, and local regulations and laws, and (b) be consistent with applicable administrative policies, rules and collective bargaining agreements.

Presidential Compensation

When a presidential vacancy occurs, the successor president's salary should not exceed the incumbent's salary by more than 10%. Any amount in excess of the incumbent's salary shall be based upon criteria such as extraordinary circumstances, knowledge and/or experience or ability to contribute to and advance the university's mission.

The chancellor shall have authority to negotiate recommended starting salaries for presidents. The chancellor shall present the recommended salary to the Board of Trustees for approval.

Recommended Action

The following resolution is recommended for adoption:

RESOLVED, by the Board of Trustees of the California State University that the Board of Trustees Policy on Compensation, as stated in the Committee on University and Faculty Personnel, Agenda Item 2, at the November 17-18, 2015 meeting, as amended, is adopted; and be it further

RESOLVED, all previous versions of policies related to compensation for employees and presidents are superseded.