

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: 3:45 p.m., Tuesday, September 14, 1998
Auditorium

Ralph R. Pesqueira, Chair
William D. Campbell, Vice Chair
Laurence K. Gould, Jr.
Eric C. Mitchell
Michael D. Stennis
Anthony M. Vitti
Stanley T. Wang

Consent Items

Approval of Minutes of Meeting of July 14, 1998

Discussion Items

1. Executive Compensation, *Action*

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

**Trustees of The California State University
Glenn S. Dumke Conference Center
400 Golden Shore
Long Beach, California**

July 14, 1998

Members Present

Ralph R. Pesqueira, Chair
William D. Campbell, Vice Chair
William Hauck, Chairman of the Board, ex officio
Charles B. Reed, Chancellor, ex officio
Michael D. Stennis
Anthony M. Vitti
Stanley T. Wang

Members Absent

Laurence K. Gould, Jr.
Eric C. Mitchell

Other Trustees Present

Jim Considine
Martha C. Fallgatter
Harold Goldwhite
Maridel Moulton
Joan Otomo-Corgel
Alice S. Petrossian
Ali C. Razi

Chancellor's Office Staff

June M. Cooper, Senior Vice Chancellor and Interim Chief of Staff
David S. Spence, Executive Vice Chancellor
Richard P. West, Senior Vice Chancellor, Business and Finance
Douglas X. Patiño, Vice Chancellor, University Advancement
Christine Helwick, General Counsel
Samuel A. Strafaci, Interim Senior Director, Human Resources

Presidential Liaisons

Robert L. Caret, President, San Jose State University, present
Norma S. Rees, President, California State University, Hayward, present

Chair Pesqueira called the meeting to order at 1:27 p.m.

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U&FP

Approval of Minutes

The minutes of the March 17, 1998, meeting were approved as submitted.

Chancellor Reed welcomed Dr. Herbert L. Carter, acting president of CSU Dominguez Hills.

Chancellor Reed presented an action item recommending that the annual salary for President Carter be set at \$168,000, effective July 1, 1998, the date of his appointment. The action item also recommends that President Carter receive an annual housing allowance of \$18,000 and an automobile allowance of \$750 per month.

The committee recommended approval of the proposed resolution (RUF 07-98-02).

Chancellor Reed presented an action item recommending that the Board of Trustees exercise its right to deviate from its presidential search policy and appoint Dr. Alexander Gonzalez as president of CSU San Marcos.

The committee recommended approval of the proposed resolution (RUF 07-98-03).

Adjournment

The meeting adjourned at 1:39 p.m.

BRIEF

Action Item

Agenda Item 1
September 15-16, 1998

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation

Presentation By

Charles B. Reed
Chancellor

Summary

Recommendations for executive compensation will be presented.

ITEM

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Agenda Item 1
September 15-16, 1998

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation

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 current CSU executives are under pressure to consider highly competitive offers from these same institutions.

At the January 1997 Board of Trustees' meeting, the trustees established a Blue Ribbon Committee to review the status of CSU executive compensation and develop a long-term strategy for program improvement with recommendations to be presented to the full board for consideration. 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; however, the goal of establishing the target for the average presidential compensation as being approximately the mean for comparable positions in the California Postsecondary Education Commission (CPEC) comparison group was not being met and continued to fall further behind.

The Executive Compensation Policy for campus presidents and system executives has the primary objective of providing a total compensation program that 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 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 (UC), since UC is not only developing our faculty, but its deans, and other senior-level administrators are often candidates for key CSU positions and indeed, increasingly, our strongest leaders are targeted for recruitment by UC.

William M. Mercer, Inc., a consulting group that has conducted CSU presidential compensation surveys at the request of CPEC since 1995, noted in its December 1997 report that the average CSU presidential \$156,089 salary lags the average \$191,426 CPEC comparison group salary by 22.6 percent. (Channel Islands is not included in the average. Including Channel Islands decreases the CSU average to \$155,360, a 23 percent lag.) It is important to emphasize that CPEC has urged the CSU to close existing gaps and place substantial priority on the retention of our current strong and competent leaders.

In the September 1997 Board of Trustees' meeting, the Blue Ribbon Committee Report recommended that presidential salaries be adjusted as part of a three-year plan to bring executive salaries in line with those of the CPEC comparison group. Additionally, the committee considered it critically important that system executive salaries be appropriately adjusted. The board adopted these recommendations. The first phase of the multi-year recommendation was implemented September 16, 1997, retroactively to July 1, 1997. At this time, in accordance with the principles of the Trustees' Executive Compensation Policy, and in keeping with the Blue Ribbon Committee multi-year recommendations, the following actions are recommended for trustee approval, effective July 1, 1998:

CSU EXECUTIVE SALARIES

Campus	President	Salary	
		Current	7/1/98
Bakersfield	Tomas A. Arciniega	\$145,560	\$163,032
Channel Islands	J. Handel Evans	139,320	146,292
Chico	Manuel A. Esteban	147,084	164,736
Dominguez Hills	Herbert L. Carter	168,000	168,000
Fresno	John D. Welty	157,716	178,224
Fullerton	Milton A. Gordon	148,236	166,032
Hayward	Norma S. Rees	148,860	165,240
Humboldt	Alistair W. McCrone	151,368	166,512
Long Beach	Robert C. Maxson	175,032	196,044
Los Angeles	James M. Rosser	169,116	191,112
Maritime Academy	Jerry A. Aspland	132,324	142,920
Monterey Bay	Peter P. Smith	162,468	177,096
Northridge	Blenda J. Wilson	173,088	181,752
Pomona	Bob H. Suzuki	152,304	166,020
Sacramento	Donald R. Gerth	167,436	187,536
San Bernardino	Albert K. Karnig	145,008	162,420
San Diego	Stephen L. Weber	176,964	194,664
San Francisco	Robert A. Corrigan	163,032	184,236
San Jose	Robert L. Caret	157,284	177,732
San Luis Obispo	Warren J. Baker	180,708	202,404
San Marcos	Alexander Gonzalez	140,208	160,188
Sonoma	Ruben Armiñana	157,908	178,440
Stanislaus	Marvalene Hughes	146,592	162,720
System Officers			
Chancellor	Charles B. Reed	\$254,004	\$254,004
Executive Vice Chancellor	David S. Spence	190,008	190,008
Senior Vice Chancellor and Interim Chief of Staff	June M. Cooper	152,652	170,976

Senior Vice Chancellor, Business and Finance	Richard P. West	163,824	185,124
Vice Chancellor, University Advancement	Douglas X. Patiño	144,732	160,656
General Counsel	Christine Helwick	160,728	173,592
Vice Chancellor Human Resources	Vacant (1)		

(1) Samuel A. Strafaci, Interim Senior Director, Human Resources, is serving in an interim capacity.

A traditional perquisite of presidents is an official university provided residence. CSU provides official residences at Fresno, Fullerton, Long Beach, Maritime Academy, Pomona, and San Luis Obispo. Where official residences are not available, the Board of Trustees provides presidents assistance with housing in recognition of their broad responsibilities for institutional advancement and development. That assistance has been reassessed in view of equity, house maintenance costs and services, real estate market changes and housing market relationships; and effective July 1, 1998, the following three-tiered housing allowance program is being recommended for adoption:

**ANNUAL HOUSING ALLOWANCES
 GENERAL FUND**

Current	July 1, 1998 ⁽¹⁾	Campus
	Tier 1 - \$20,004	
\$19,000		Bakersfield
\$24,000		Chico
\$16,000		Humboldt
\$24,000		San Bernardino
\$19,000		Stanislaus
	Tier 2 - \$25,008	
\$22,000		Channel Islands
\$18,000		Dominguez Hills
\$22,000		Hayward
\$24,000		Los Angeles
\$22,000		Monterey Bay
\$26,400		Northridge
\$24,000		Sacramento
\$22,800		San Marcos
\$24,000		Sonoma
	Tier 3 - \$32,004	
\$30,000		San Francisco
\$24,000		San Jose
\$30,000		San Diego

⁽¹⁾ Housing allowances in excess of the new tiered structure will remain at their current levels for current presidents.

Last, it is recommended that effective October 1, 1998, or the first of any month thereafter, presidents shall receive the option of electing a \$750 per month automobile allowance in lieu of the university vehicle to support university related business travel requirements.

The following resolution is recommended for adoption:

RESOLVED, By the Board of Trustees of The California State University, that the executive compensation table in Agenda Item 1 of the September 15-16, 1998, meeting of the Committee on University and Faculty Personnel, be approved for implementation July 1, 1998, as part of a multi-year plan to compensate executives competitively; and, be it further

RESOLVED, That the July 1, 1998, annual housing levels recommended in Agenda Item 1 of the September 15-16, 1998, meeting of the Committee on University and Faculty Personnel, be approved; and, be it further

RESOLVED, That effective October 1, 1998, or the first of any month thereafter, a president may elect the option of receiving a \$750 per month automobile allowance in lieu of the university vehicle to support university related business travel requirements.