

AGENDA

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Meeting: 3:00 p.m., Tuesday, July 18, 2000
Glenn S. Dumke Conference Center

Bob Foster, Chair
Frederick W. Pierce IV, Vice Chair
William D. Campbell
Shailesh J. Mehta
Anthony M. Vitti
Stanley T. Wang

Consent Items

Approval of Minutes of Meeting of May 9, 2000

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**

May 9, 2000

Members Present

Ralph R. Pesqueira, Chair
Roberta Achtenberg
William D. Campbell
Martha C. Fallgatter
William Hauck, Chairman of the Board, ex officio
Dee Dee Myers
Ali C. Razi
Charles B. Reed, Chancellor, ex officio
Stanley T. Wang

Members Absent

Bob Foster, Vice Chair

Other Trustees Present

Debra S. Farar
Harold Goldwhite
Frederick W. Pierce IV
Anthony M. Vitti

Chancellor's Office Staff

David S. Spence, Executive Vice Chancellor and Chief Academic Officer
Richard P. West, Executive Vice Chancellor and Chief Financial Officer
Douglas X. Patiño, Vice Chancellor, University Advancement
Christine Helwick, General Counsel
Samuel A. Strafaci, Senior Director, Employee Relations, Human Resources

Chair Pesqueira called the meeting to order at 2:20 p.m.

Approval of Minutes

The minutes of the January 25, 2000, meeting were approved as submitted.

Trustee Pesqueira presented Agenda Item 1 recommending that Section 42723 (d) of Title 5, which addresses the Management Personnel Plan, be revised to delete the provision that states when possible, notice of termination shall be given one year prior to the employee's separation date.

2
U&FP

The committee recommended approval of the proposed resolution (RUF 05-02-00).

Adjournment

The meeting adjourned at 2:25 p.m.

BRIEF

Action Item

Agenda Item 1
July 18-19, 2000

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation

Presentation By

Bob Foster
Chair,
Committee on University and Faculty Personnel

Summary

Recommendations for executive compensation for all CSU executives will be presented, and additionally, official residences for presidents at San Diego State University and CSU Northridge will be addressed.

Recommendation

Adoption of the resolutions.

ITEM

2
U&FP
Agenda Item 1
July 18-19, 2000

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.

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 (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.

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. A review of the executive compensation policy also was to take place.

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 CPEC comparison group was not being met and continued to fall further behind. The Blue Ribbon Committee 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 1997, the second phase September 1998 and the third phase September 1999.

It is important to note that despite the good efforts of the trustees, the salaries for CSU presidents continue to lag the CPEC comparison group by 8.9%. William M. Mercer, Inc., a consulting group that has conducted CSU presidential compensation surveys at the request of CPEC since 1995, noted in its February 2000 report that the average CSU presidential \$197,206 salary lags the average \$214,811 CPEC comparison group salary by 8.9%. 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. This salary lag has been taken into consideration in the setting of salaries for CSU executives for the 2000/01 fiscal year. Again, competitive compensation programs are critical to CSU's success.

Therefore, in accordance with the principles of the Trustees' executive compensation policy, the following actions are recommended for trustee approval, effective July 1, 2000:

CSU EXECUTIVE SALARIES

<u>Campus</u>	<u>President</u>	<u>Current</u>	<u>Salary</u> <u>7/1/00 *</u>
Bakersfield	Tomás A. Arciniega	\$184,812	\$196,824
Channel Islands	J. Handel Evans	164,244	172,044
Chico	Manual A. Esteban	188,532	200,784
Dominguez Hills	James E. Lyons, Sr.	193,368	205,932
Fresno	John D. Welty	203,004	216,192
Fullerton	Milton A. Gordon	188,232	200,460
Hayward	Norma S. Rees	187,308	200,424
Humboldt	Alistair W. McCrone	186,948	199,104
Long Beach	Robert C. Maxson	222,240	236,688
Los Angeles	James M. Rosser	216,648	230,736
Maritime Academy	Jerry A. Aspland	162,012	172,548
Monterey Bay	Peter P. Smith	190,620	199,680
Northridge	Jolene Koester	200,004	200,004
Pomona	Bob H. Suzuki	188,196	197,136
Sacramento	Donald R. Gerth	212,568	227,448
San Bernardino	Albert K. Karnig	185,892	198,900
San Diego	Stephen L. Weber	218,556	222,924
San Francisco	Robert A. Corrigan	208,848	222,420
San Jose	Robert L. Caret	201,468	214,560
San Luis Obispo	Warren J. Baker	229,440	244,356
San Marcos	Alexander Gonzalez	183,336	195,264
Sonoma	Ruben Armiñana	202,284	215,436
Stanislaus	Marvalene Hughes	184,464	196,920

* Note: Increases recognize job performance; mission, scope, size, complexity, and programs of each campus; length of service; and, assistance given to the Chancellor's Office and trustees and national leadership.

System Officers

Chancellor	Charles B. Reed	\$285,360	\$305,340
Executive Vice Chancellor, Academic Affairs	David S. Spence	215,508	230,592
Executive Vice Chancellor & Chief Financial Officer	Richard P. West	211,944	230,592
Vice Chancellor Human Resources	Jackie R. McClain	190,572	202,008
General Counsel	Christine Helwick	180,540	188,664
Vice Chancellor, University Advancement	Douglas X. Patiño	171,900	182,208

Where available, university presidents are required to live in an official university provided residence. CSU provides official university residences at Dominguez Hills, Fresno, Fullerton, Long Beach, Maritime Academy, Monterey Bay, Northridge, Pomona, and San Luis Obispo. Where official residences are not available, the Board of Trustees provides CSU presidents assistance with their housing in recognition of their broad responsibilities for institutional advancement and development. The presidents' residences are used for university business including an executive office, university meetings, university-related entertainment, social functions, and fund raising.

Housing assistance has been reassessed this year in view of equity, housing maintenance costs and services, real estate market changes, and housing market relationships. The last comprehensive change was made in fall 1998 when a three-tiered approach was introduced that resulted in an increased allowance for many of the presidents. California's housing market continues to be heated by the strong economy. The California Association of Realtors (C.A.R.) reports the median price of a house increased by 12.5% from March 1999 to March 2000. C.A.R. reported median price increase of 10.1% for the period of March 1998 to March 1999. Particular regions increased by as much as 43% (Silicon Valley communities). Once limited to several well-regarded communities in the Los Angeles area and the San Francisco peninsula, substantial prices now exist in regional markets. For example, the Rohnert Park, Santa Rosa, and Napa region increased by 21.1% (as reported by C.A.R.) in one year and is now an extension of the San Francisco market, thus it is recommended that Sonoma be placed in Tier III.

In recognition of the factors cited in the two preceding paragraphs, the housing allowance program is being recommended for adoption, effective July 1, 2000.

**ANNUAL HOUSING ALLOWANCES
GENERAL FUND**

<u>Current</u>	<u>July 1, 2000 (1)</u>
Tier I - \$20,004	\$23,004
Bakersfield	
Chico (1)	
Humboldt	
San Bernardino (1)	
Stanislaus	
Tier II - \$25,008	\$28,752
Channel Islands	
Hayward	
Los Angeles	
Sacramento	
San Marcos	
Sonoma	
Tier III - \$32,004	\$36,804
San Diego	
San Francisco	
San Jose	
<u>Sonoma</u>	

(1) When the presidents of Chico and San Bernardino were selected, their housing allowances were set at \$24,000. Action of the Board in 1998 establishing the three tier structure for housing allowances recognized that Chico and San Bernardino exceeded the \$20,004 amount for Tier 1 and continued both at \$24,000. To recognize the increased costs for maintenance, repairs, and services of the last seven and three years respectively for these two individuals, the housing allowances for the Chico and San Bernardino presidents will increase to \$27,000.

In addition, the San Diego State University's Campanile Foundation is securing a home, located at 4545 Yerba Santa Drive in San Diego, which will serve as the official University House and effective with the transfer of the title to the University or its auxiliary, the president will be required to occupy the University House as a condition of his employment. The housing allowance will cease upon occupancy.

Finally, this item recommends that as a condition of employment, Dr. Jolene Koester, president of CSU Northridge, will be required to occupy the new official presidential residence for CSU, Northridge located at 18946 Tuba Street, Northridge.

The following resolutions are 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 July 18-19, 2000 meeting of the Committee on University and Faculty Personnel, be approved for implementation July 1, 2000, and, be it further

RESOLVED, that the July 1, 2000 annual housing levels recommended in Agenda Item 1 of the July 18-19, 2000 meeting of the University and Faculty Personnel, be approved, and be it further

RESOLVED, that as a condition of employment, Dr. Stephen Weber shall be required to occupy the San Diego State University House effective with the transfer of the title to the University or its auxiliary, and be it further

RESOLVED, that as a condition of employment, Dr. Jolene Koester shall be required to occupy the new official presidential residence for CSU, Northridge.