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The California State University 2007 Presidents' Compensation Study

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Section I

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Section II

Study Purpose and Background

Mercer Human Resource Consulting (Mercer) was retained by the California State University (CSU) Office of the Chancellor to conduct an independent, third party survey of compensation and perquisites for the position of Campus President. The comparator set of 20 universities used for this survey is the same group used in both the California Postsecondary Education Commission (CPEC) studies (1995 – 2006) and in Mercer’s corresponding Presidential Compensation Studies for CSU. These include 15 public and 5 private leading educational and research institutions across the United States.

Pay data was obtained for all university campuses targeted by the study, including all 23 campuses for California State University. For the final report, we were able to obtain comprehensive survey data directly from 12 of the 20 participants. Supplemental salary data were used to fill in for the remaining 8 non-participants. Supplemental benefits data was unavailable.

Five categories of data were collected as of September 1, 2007:

Examples

- **Position Data** Name of campus, incumbent title, etc.
- **Organizational Data** Number of ranked faculty, enrollment, operating budget, etc.
- **Compensation Data** Current base salary, incentive compensation, etc.
- **Benefits** Deferred compensation, severance & retirement plans, etc.
- **Perquisites** Automobile allowance, housing allowance, supplemental life insurance, etc.



Section II

Study Purpose and Background

This study was coordinated by Mercer's San Francisco Human Capital Practice. Questions regarding the results or methods of this study should be directed to:

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All data have been treated as strictly confidential and are presented in aggregate to ensure no response can be associated with a specific participant. Only Mercer has access to individual university data.

Section III

Comparison Group

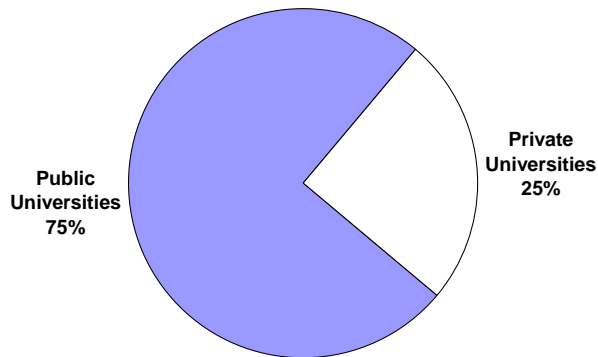
LIST OF PARTICIPANTS			
PARTICIPANT	PUBLIC/PRIVATE	CAMPUS	TITLE
Arizona State University	Public	Single	President
Bucknell University	Private	Single	President
Cleveland State University	Public	Single	President
George Mason University	Public	Single	President
Georgia State University	Public	Single	President
Illinois State University	Public	Single	President
Loyola University of Chicago	Private	Single	President
North Carolina State University	Public	Single	Chancellor
Reed College	Private	Single	President
Rutgers, The State University of New Jersey	Public	New Brunswick	President
State University of New York, Albany	Public	Albany	President
Tufts University	Private	Single	President
University of Colorado, Denver	Public	Denver	Chancellor
University of Connecticut	Public	Single	President
University of Maryland, Baltimore County	Public	Baltimore County	President
University of Nevada, Reno	Public	Reno	President
University of Southern California	Private	Single	President
University of Texas at Arlington	Public	Arlington	President
University of Wisconsin, Milwaukee	Public	Milwaukee	Chancellor
Wayne State University	Public	Single	President



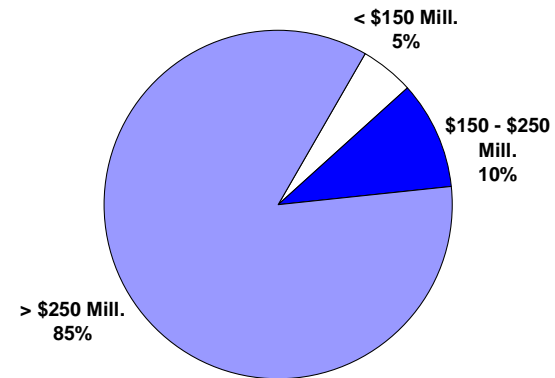
Section III Comparison Group

For matching data, the president position is defined as the principal administrative official responsible for all campus operations on either a specific campus of a higher education system, or the main campus of an independent institution.

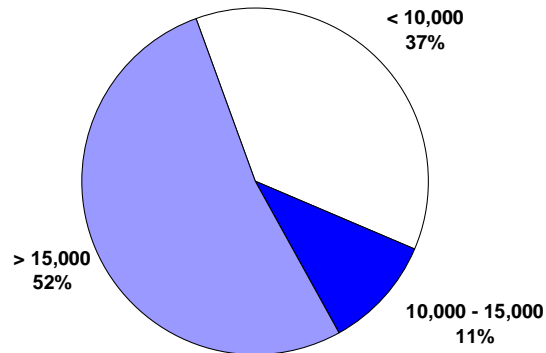
Campuses Reporting



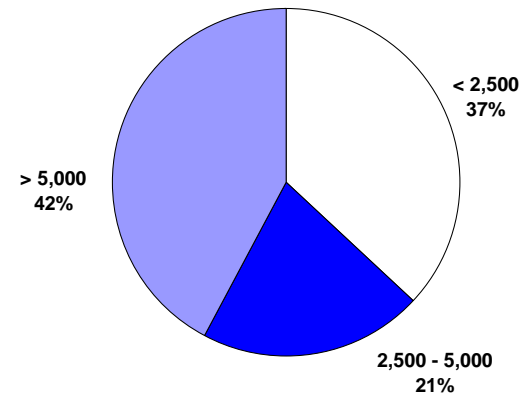
Operating Budget



Undergraduate Enrollment



Graduate Enrollment



Section IV

Executive Summary

Compensation

- The average base salary for presidents within the comparison group is **\$407,415**. The average CSU presidents' salary is **\$291,822**.
- The 2007 CSU average market lag decreased to **39.6%** from 46.0% in 2006.
- The CSU presidents' average salary increased by 12.5% in 2007, while survey salaries increased 7.6% on average.
- Three survey participants are eligible for a bonus. CSU presidents are currently not eligible to receive incentive compensation or other bonuses.
- The average years as president within the comparison group is 7.7. The average CSU years as president is 11.1.

CSU's Office of the Chancellor and CPEC have agreed that California State University presidents' salaries shall be compared to the survey participants' *average* salary.



Section IV

Executive Summary

Benefits

- CSU Presidents are eligible for the following benefits:
 - Tax-qualified defined benefit retirement plan (33%)⁽¹⁾
- CSU Presidents are ineligible for the following benefits:
 - Deferred compensation program (36%)
 - Tax-qualified defined contribution retirement plan (90%)

(1) Values in parenthesis reflect survey participant prevalence

Section IV

Executive Summary

Perquisites

- CSU Presidents are eligible for three perquisites offered by 65% or more of the survey participants reporting perquisite data. These include⁽¹⁾:
 - Automobile/automobile allowance (89%)
 - House/housing allowance (78%)
 - Entertainment fund (67%)
- CSU Presidents are also eligible for:
 - Club dues and memberships (62%)
 - Family educational aid (fee waiver) (58%)⁽²⁾⁽³⁾
 - Professional paid leave (58%)⁽⁴⁾
 - Transition program (10%, 50%)⁽⁵⁾ (Trustee Professor Program, Executive Transition Program, Executive Transition II Program)⁽⁶⁾
 - Physical examination (33%)
- CSU Presidents are ineligible for the following perquisites:
 - Employment contract (58%)
 - Paid supplemental life (58%)
 - Sabbatical (50%)

(1) Values in parenthesis reflect survey participant prevalence

(2) Survey participants indicated prevalence of some form of family educational aid

(3) Family educational aid is a core **benefit** offered to all CSU employees, however it may be a perquisite at some participant institutions

(4) Survey participants indicated prevalence of “other” paid leave

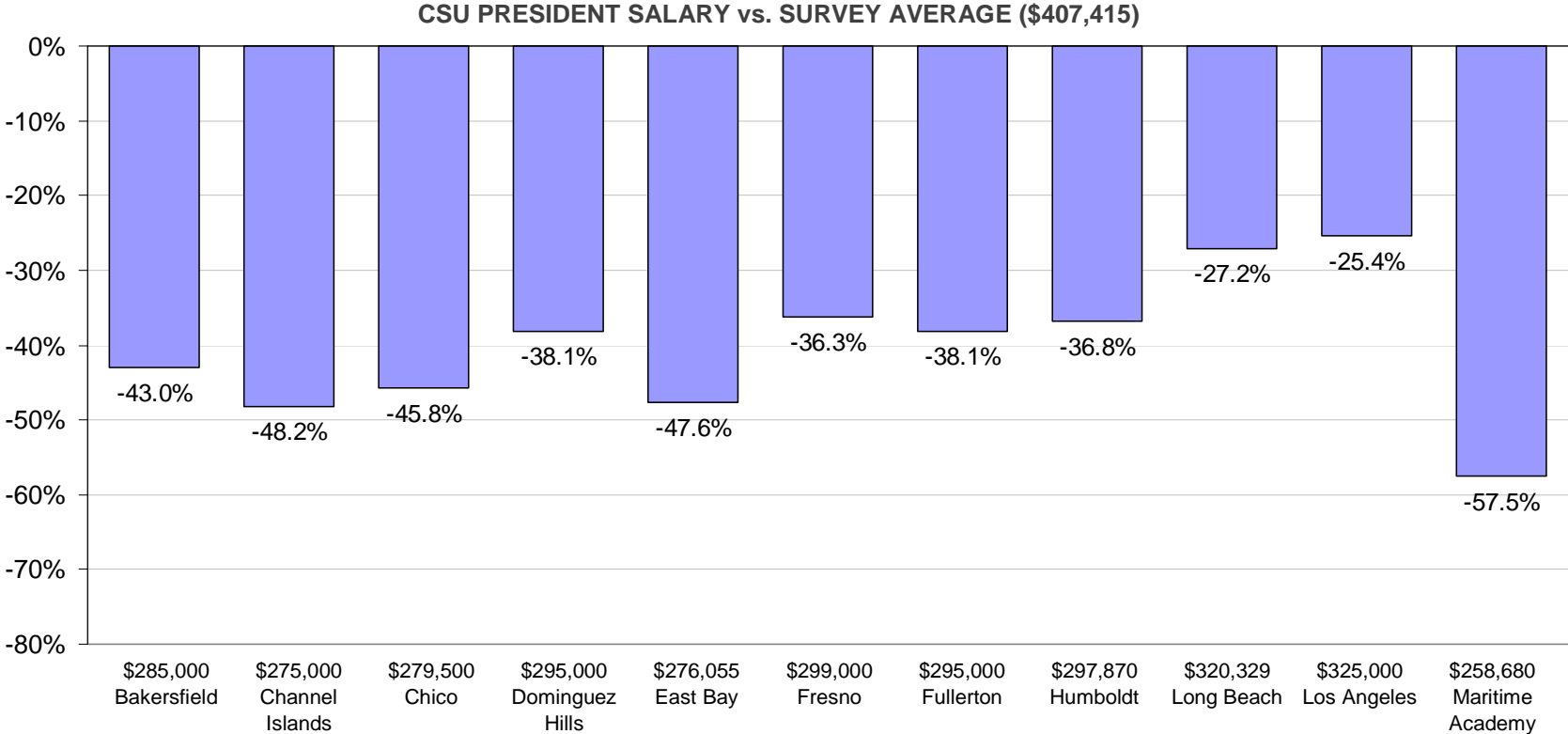
(5) Percentage of survey respondents eligible for severance pay program (10%) and tenured professorship (50%), respectively

(6) Trustee Professor Program, Executive Transition Program, and Executive Transition II Program are CSU programs that may be considered a transition program

Section V

Compensation Analysis

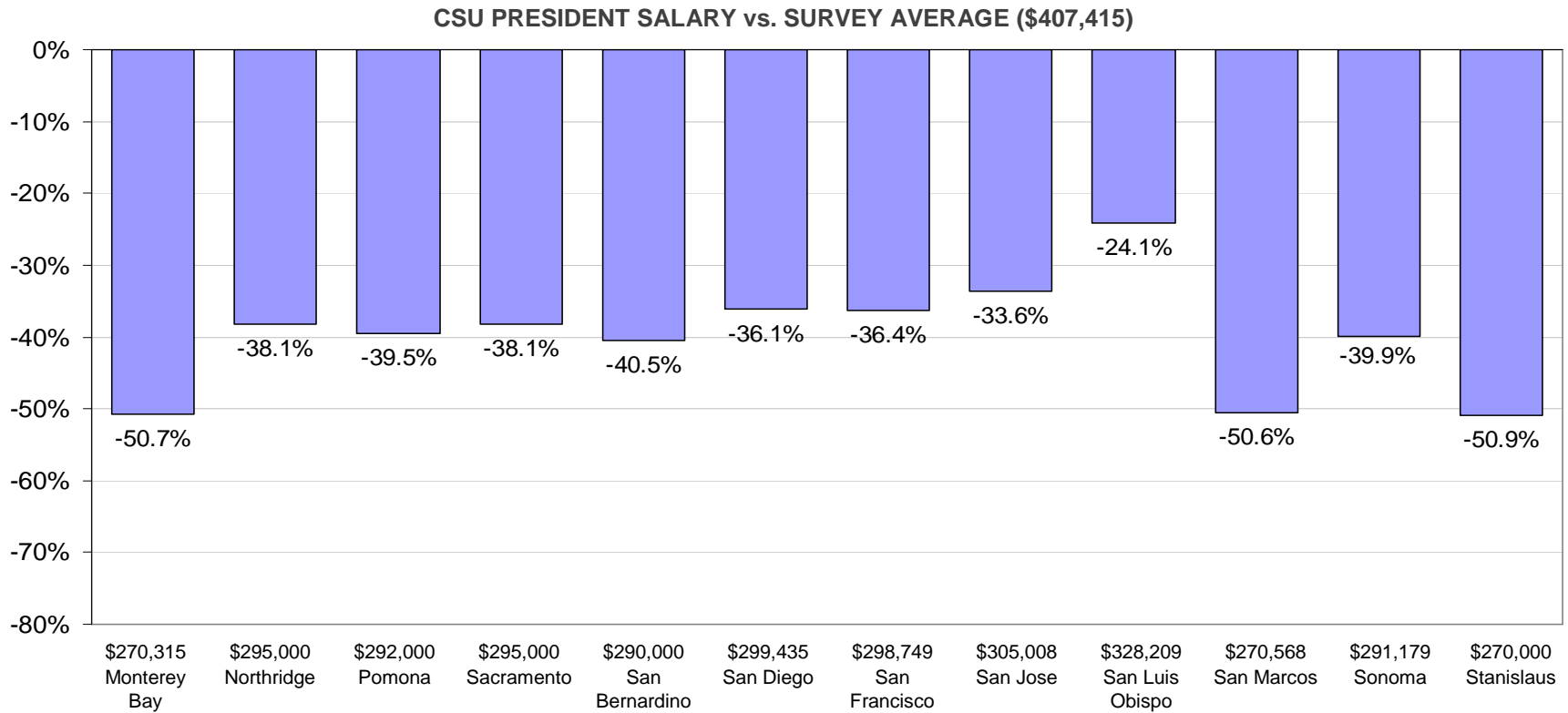
Mercer evaluated the presidents' compensation from each of the 23 California State University campuses. Each incumbent's pay was compared to the market average pay to determine if CSU presidents' base salaries led or lagged the market. Individual CSU presidents' base salaries vary from market average by a lag of 24.1% to 57.5%. The following illustration (continued on page 11) compares each CSU salary to the survey average to determine market lead or lag.



Note: Lead/lag percentages are expressed in terms of each individual incumbent's salary.

Section V Compensation Analysis

Continuation from previous page



Note: Lead/lag percentages are expressed in terms of each individual incumbent's salary.



Section VI

Competitive Scope Analysis

The table below presents aggregate scope statistics from the participating campuses.

PARTICIPANT SCOPE VARIABLES					
	CURRENT BASE SALARY	OPERATING BUDGET ('000s)	FACULTY (FTE)	UNDERGRADUATE ENROLLMENT (FTE)	GRADUATE ENROLLMENT (FTE)
75TH PERCENTILE	\$432,229	\$1,065,000	1,626	19,296	7,118
MEDIAN	\$387,918	\$538,000	998	16,391	4,789
AVERAGE	\$407,415	\$723,000	1,317	15,617	5,144
25TH PERCENTILE	\$362,653	\$328,000	705	8,916	2,182
SURVEY PARTICIPANTS	20	20	18	19	19
CSU CAMPUS AVERAGE	\$291,822	\$267,000	451	12,708	1,533

Section VI

Competitive Scope Analysis

The following tables compare individual CSU scope variables and both the survey and the CSU average scope variables.

CSU SCOPE VARIABLES vs. SURVEY AVERAGE					
CAMPUS	CURRENT SALARY	OPERATING BUDGET ('000s)	FACULTY (FTE)	UNDERGRADUATE ENROLLMENT (FTE)	GRADUATE ENROLLMENT (FTE)
SURVEY PARTICIPANTS	20	20	18	19	19
SURVEY AVERAGE	\$407,415	\$723,000	1,317	15,617	5,144
CSU CAMPUS AVERAGE	\$291,822	\$267,000	451	12,708	1,533
Bakersfield	\$285,000	\$106,091	221	5,755	650
Channel Islands	\$275,000	\$82,484	76	2,452	3
Chico	\$279,500	\$279,181	502	13,813	640
Dominguez Hills	\$295,000	\$153,288	259	6,528	1,440
East Bay	\$276,055	\$192,207	329	8,209	1,837
Fresno	\$299,000	\$331,327	542	16,496	1,664
Fullerton	\$295,000	\$394,361	710	23,646	2,405
Humboldt	\$297,870	\$135,402	267	6,107	411
Long Beach	\$320,329	\$473,863	822	24,683	2,798
Los Angeles	\$325,000	\$270,285	500	12,617	3,221
Maritime Academy	\$258,680	\$32,585	42	859	0
Monterey Bay	\$270,315	\$102,815	103	3,343	125

Section VI

Competitive Scope Analysis

Continuation from previous page

CSU SCOPE VARIABLES vs. SURVEY AVERAGE					
CAMPUS	CURRENT SALARY	OPERATING BUDGET ('000s)	FACULTY (FTE)	UNDERGRADUATE ENROLLMENT (FTE)	GRADUATE ENROLLMENT (FTE)
SURVEY PARTICIPANTS	20	20	18	19	19
SURVEY AVERAGE	\$407,415	\$723,000	1,317	15,617	5,144
CSU CAMPUS AVERAGE	\$291,822	\$267,000	451	12,708	1,533
Northridge	\$295,000	\$421,467	729	22,862	2,895
Pomona	\$292,000	\$310,660	549	16,334	823
Sacramento	\$295,000	\$392,554	708	19,510	2,491
San Bernardino	\$290,000	\$238,918	388	11,328	1,592
San Diego	\$299,435	\$667,975	809	24,731	3,295
San Francisco	\$298,749	\$371,195	768	19,831	3,093
San Jose	\$305,008	\$446,544	686	18,259	4,018
San Luis Obispo	\$328,209	\$341,140	643	16,770	722
San Marcos	\$270,568	\$129,486	217	6,225	336
Sonoma	\$291,179	\$141,653	254	6,670	367
Stanislaus	\$270,000	\$114,664	255	5,249	430

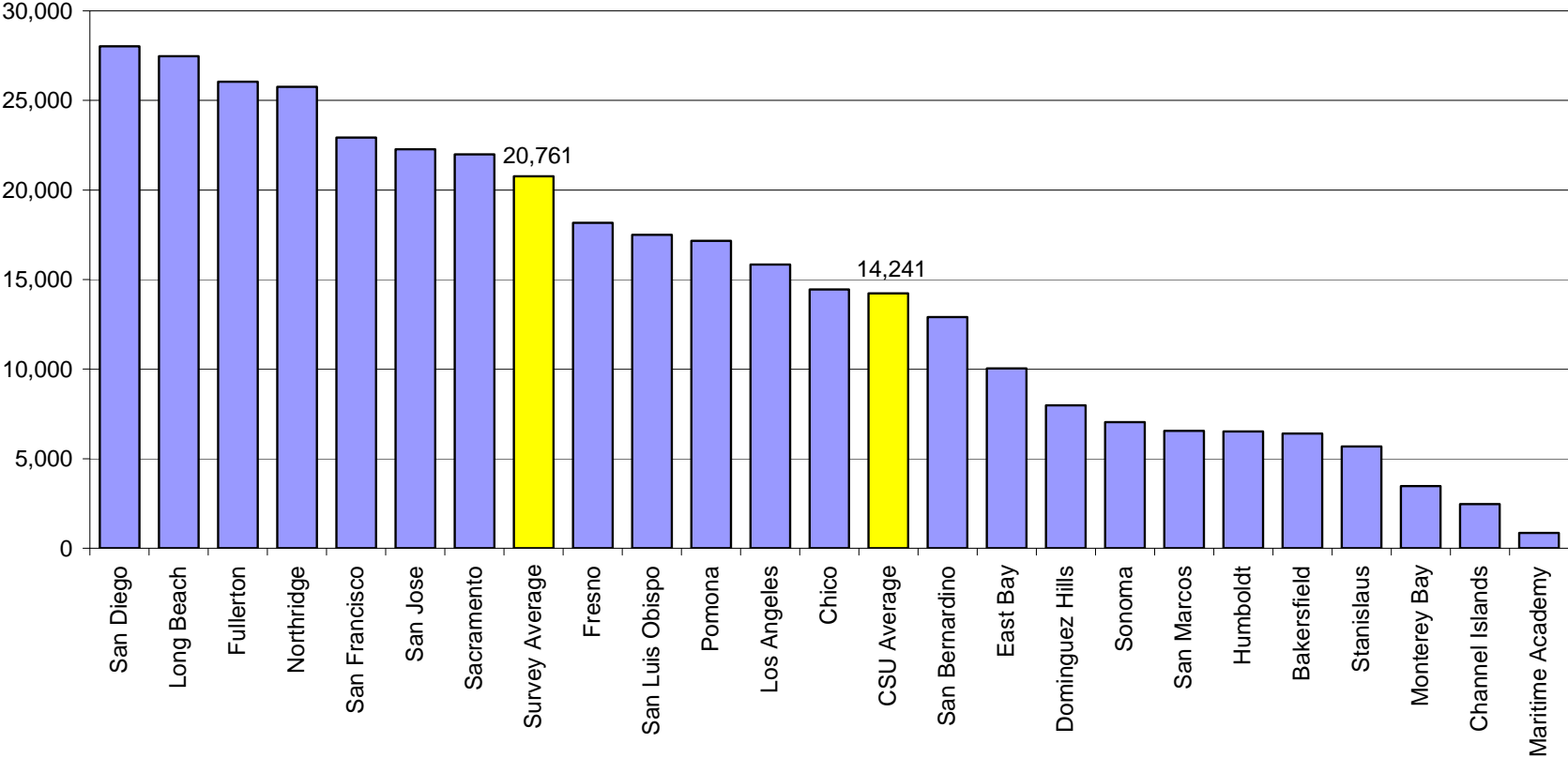


Section VI

Competitive Scope Analysis

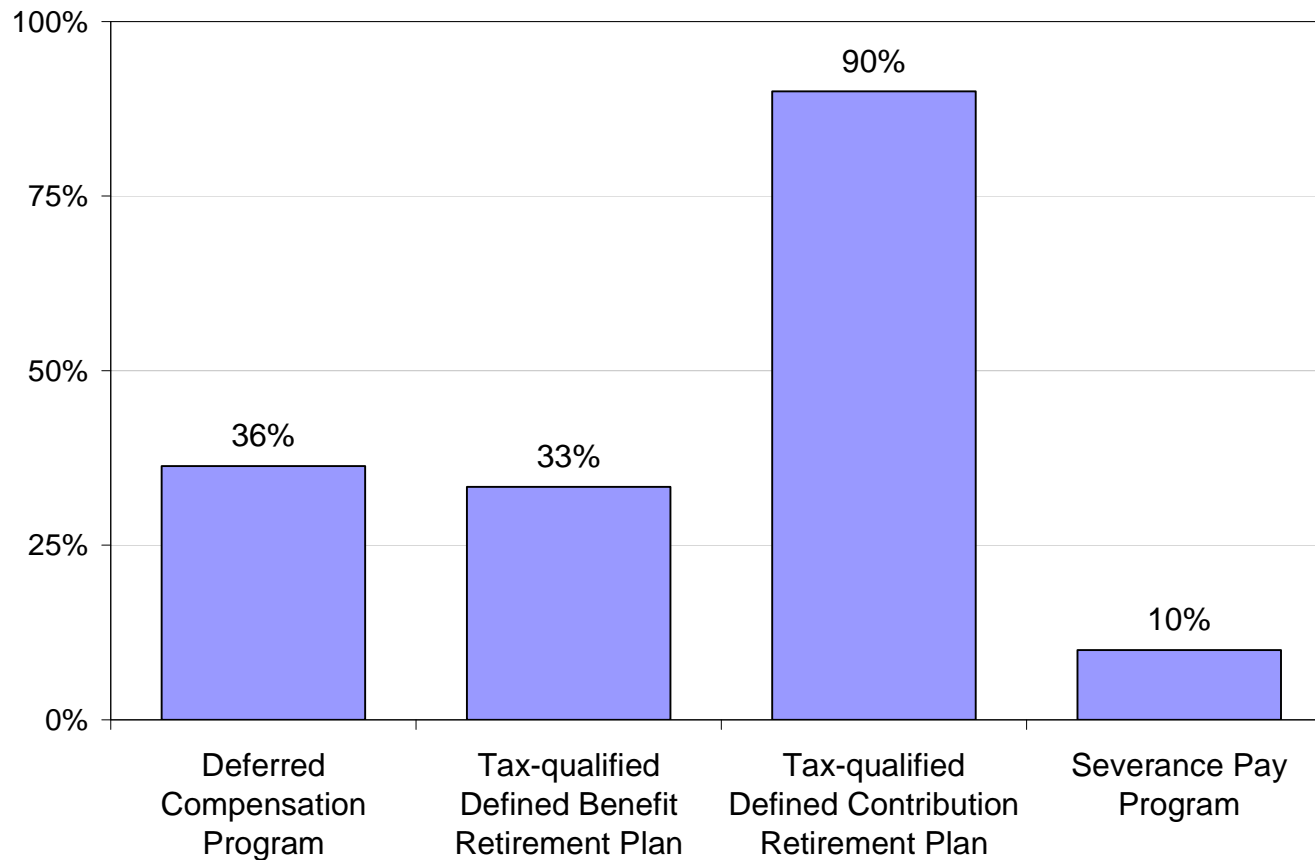
The table below compares the total enrollment of each CSU campus to the survey average enrollment. Total enrollment is defined as full-time equivalent undergraduate students plus full-time equivalent graduate students.

Total Enrollment vs. Survey Average



Section VII Benefits Summary

The following percentage of respondents offer the identified benefits to their campus heads. For 2007, increased clarity regarding the definition of individual benefits was included in the survey, a list of definitions is included in the appendix.



Plan Type	Benefit Range	# of Responses ⁽¹⁾
Deferred Compensation Program	\$20,000 - \$60,000	11
Tax-qualified Defined Benefit Retirement Plan	2.2% - 7%	9
Tax-qualified Defined Contribution Retirement Plan	6% - 10.5%	10
Severance Pay Program	n/a	10

(1) Out of 12 total survey respondents

Section VIII

Perquisite Summary

Mercer surveyed prevalence of executive perquisites offered to the president position. Perquisites are defined as benefits offered to the president which are not generally offered to other university employees. Data regarding the value of perquisites was not collected. The prevalence of general health and welfare benefits, such as medical or supplemental retirement plans, was not surveyed.

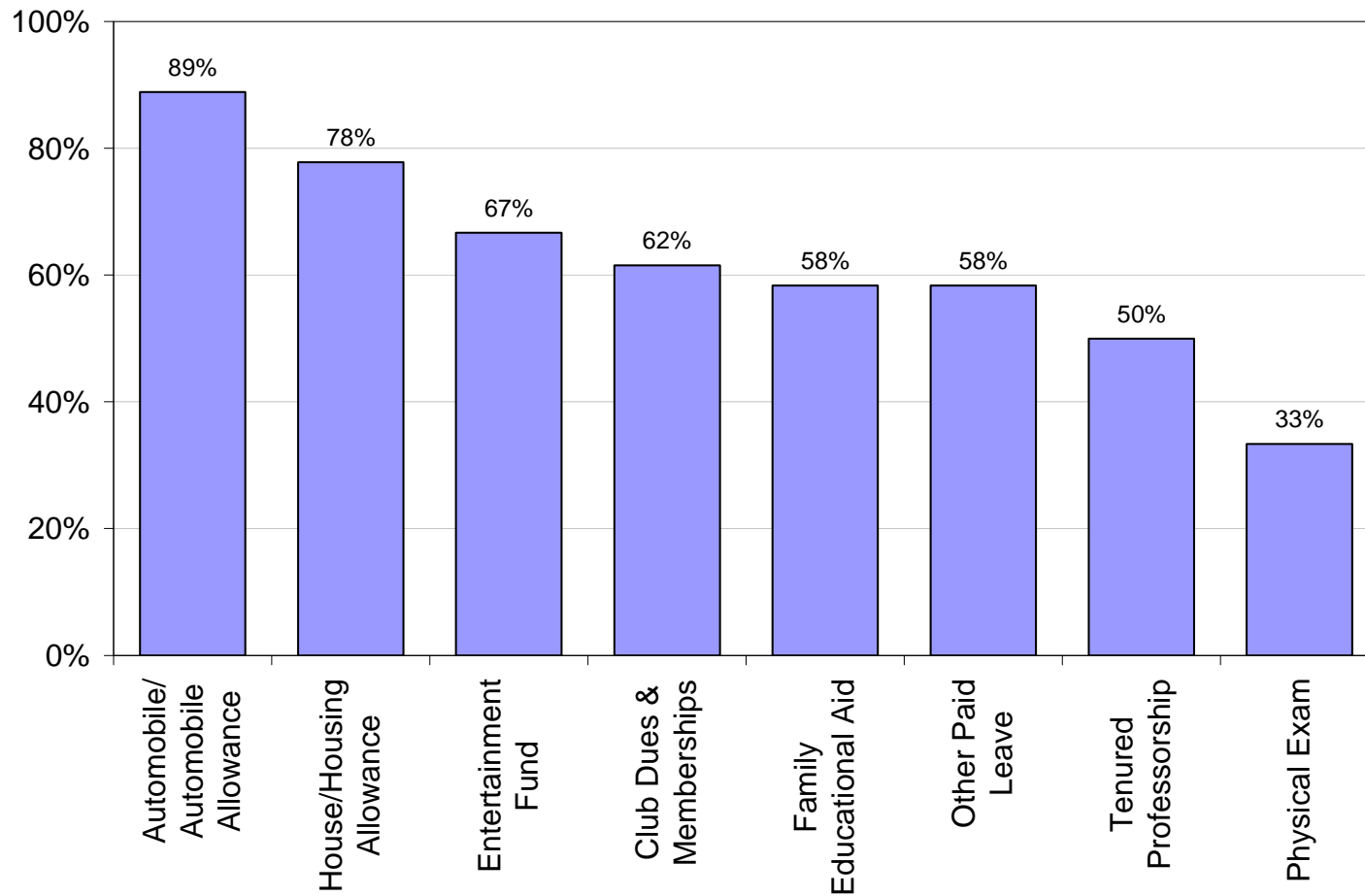
Perquisites included in the survey are as follows:

Automobile/Automobile allowance	Low-interest mortgage loan
Administrative/Paid leave	Physical exam
Driver available	Sabbatical
Club dues and memberships	Spouse benefits
Educational aid to family members*	Supplemental life insurance
Employment contract	Supplemental medical insurance
Entertainment fund	Supplemental vacation
Estate planning	Tax planning/preparation
House/Housing allowance	Tenured professorship

*Core benefit offered to all CSU employees

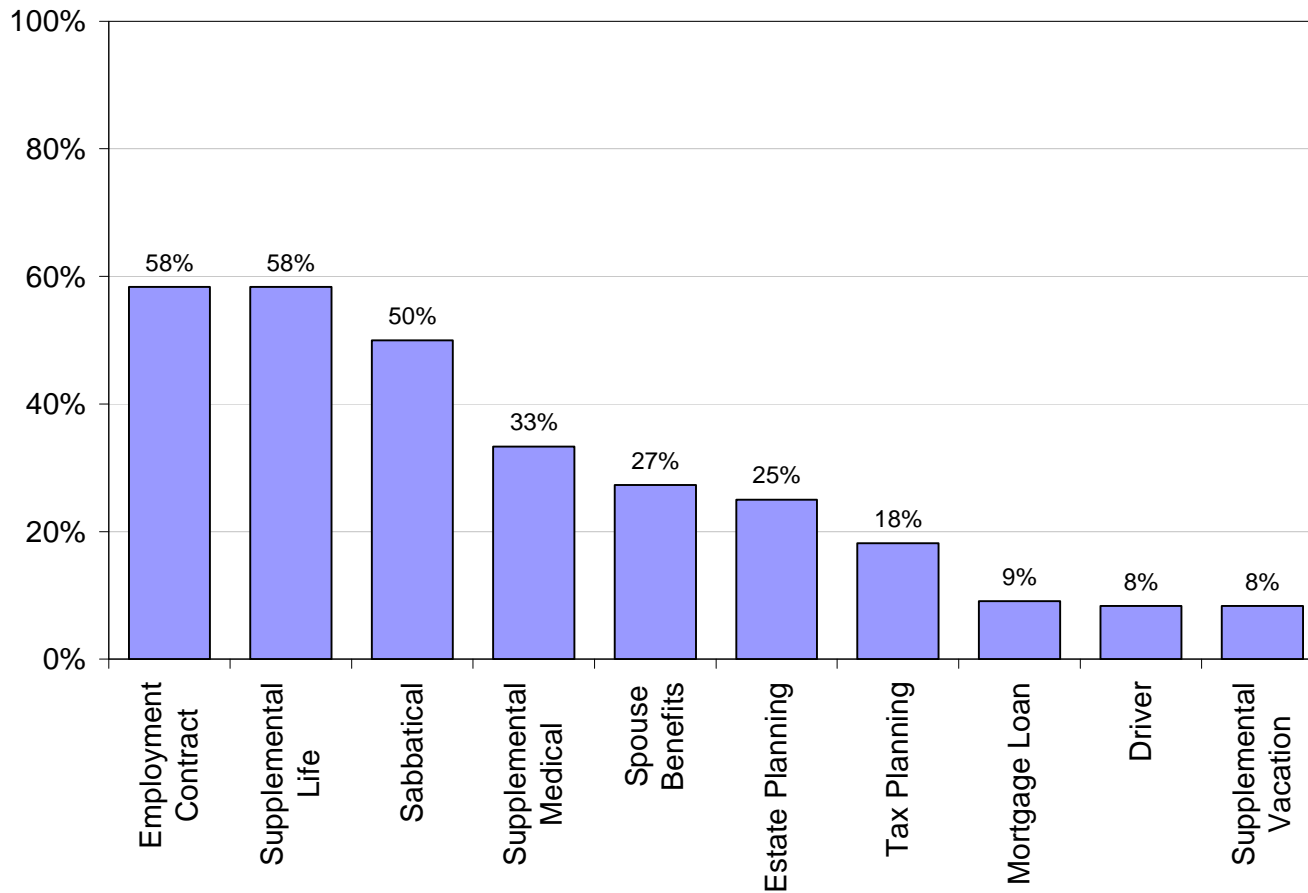
Section VIII Perquisite Summary

The following percentage of survey participants offer the identified perquisites for which California State University presidents are eligible.



Section VIII Perquisite Summary

The following percentage of survey participants offer the identified perquisites for which California State University presidents are **NOT** eligible.



Appendix: Glossary of Terms

Subject	Term	Definition
<i>University President Data</i>	Current Base Salary	Actual annual base salary for the incumbent.
	Market Lag/Lead	Percentage the CSU salary would have to be increased or decreased to equal the survey average.
	Perquisite	Benefits offered to the Chancellor which are not generally offered to other university employees.
	Total Years of Experience	Number of years chief campus officer has been in the top campus position at any university.
<i>Organization Data</i>	Employees (FTEs)	Number of full-time equivalent employees excluding faculty and students.
	Faculty (FTEs)	FTE for all ranked faculty: Instructors (if considered ranked faculty at your institution), Assistant Professors, Associate Professors, Associate Professors and Professors. Exclude visiting and adjunct faculty and non-tenured lecturers.
	Undergraduate Enrollment:	Total number of full-time equivalent undergraduate students enrolled at the institution.
	Graduate/Professional Enrollment:	FTEs for all graduate or professional programs. This includes all students working towards a Masters or Doctorate degree.
<i>Financial Data</i>	Operating Budget	Total operating budget for the entire institution, excluding any independently operated research facilities.
<i>Statistical Analysis</i>	75th percentile	The number or value which 75% of the cases fall below.
	50th Percentile	The number or value which 50% of the cases fall below.
	25th Percentile	The number or value which 25% of the cases fall below.
	Average	The simple average, calculated by dividing the sum of the cases by the number of cases.

Appendix: Glossary of Terms

Benefits Definitions

Subject	Term	Definition
<i>Deferred compensation</i>	Definition	Any of a number of compensation payments that are payable to an employee at some point in the future. These include voluntary deferral of earned incentives and mandatory deferrals of earned incentives as well as earnings and retirement plan vehicles.
	Examples of plan	Retention bonus, voluntary deferred, supplemental retirement program
<i>Defined benefit retirement plan</i>	Definition	A pension plan that specifies the benefits, or the methods of determining the benefits, but not the level or rate of contribution. Contributions are determined actuarially on the basis of the benefits expected to become payable.
	Examples of plan	CalPERS pension plan
<i>Defined contribution retirement plan</i>	Definition	A retirement plan that provides an ongoing contribution to an account that grows at some interest rate until retirement.
	Examples of plan	Pension plan, 401K, 403B
<i>Severance pay</i>	Definition	A continuation of an employee's salary after termination that is paid either in a lump sum or on a continuation basis. The amount usually is based on the employee's length of service.
	Examples of plan	Fixed dollar amount, formula, transition assistance
<i>IRC Section 401(a)(17) Supplement</i>	Definition	IRC Section 401(a)(17) limits the salary that can be used to determine qualified retirement plan benefits. The 2007 limit is \$225,000.

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