

COMMITTEE ON UNIVERSITY AND FACULTY PERSONNEL

Executive Compensation

Presentation By

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Committee Chair

Charles B. Reed
Chancellor

Summary

Recommendations for executive compensation will be presented. Board Chair Roberta Achtenberg recommended the salary for Chancellor Charles Reed.

Background

Executive compensation policy for campus presidents and system executives, expressed by the trustees since the early 1990's, 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.

Item 2 of the Committee on University and Faculty Personnel meeting of September 18-19, 2007, set forth a rationale and a proposed policy on compensation. This item proposes implementation of one of the aspects of the policy pertaining to executive personnel by recommending salary adjustments to begin reducing the salary lag measured against the 20 California Postsecondary Education Commission (CPEC) comparison institutions, the same group of institutions used for faculty salary studies.

Mercer Human Resource Consulting, a consulting group that has conducted CSU presidential compensation surveys at the request of CPEC since 1995, noted in its July 2007 report that the average CSU presidential salary of \$259,435 lags behind the average \$378,774 CPEC comparison group salary by 46.0%. As in the past it would be extraordinarily difficult to take action to narrow the 46.0% salary lag in a single action, it is nonetheless critical that steps be taken to begin to address this serious salary lag. The competitiveness of the CSU's executive compensation program is being seriously eroded. Cognizant of the 15.2% lag in faculty salaries as reported by CPEC, the trustees approved a 6.2% compensation pool increase effective in 2006/07 and implemented through collective bargaining.

In addition to an annual salary, the university presidents receive other benefits approved by the trustees through past actions. These benefits have been validated in studies by Mercer and the predecessor consultant Towers Perrin as routine for university executives in the comparison institutions. These include either residing in a university residence when one is provided or receiving an annual housing allowance (either \$50,000 or \$60,000 depending on housing market of the region), an assigned university vehicle or a monthly vehicle allowance of \$1,000, vacation and sick leave, insurance, health plan coverage, and participation in the CalPERS retirement program. The chancellor receives the same benefits. The other system executives, namely the vice chancellors and general counsel, have been provided with these benefits, except there are no provisions for housing allowances.

The recommended average executive salary increase is 11.8%. This is less than what has been done for other groups proportionally to close the lag. Therefore, in accordance with the principles of the trustees' executive compensation policy, the following actions are recommended for trustee approval, effective July 1, 2007:

CSU EXECUTIVE SALARIES

<u>Campus</u>	<u>President</u>	<u>Salary</u>	
		<u>Current</u>	<u>July 1, 2007</u>
Bakersfield	Horace Mitchell	\$259,000	\$285,000
Channel Islands	Richard R. Rush	\$240,899	\$275,000
Chico	Paul J. Zingg	\$247,266	\$279,500
Dominguez Hills	Mildred García	\$295,000	n/a
East Bay	Mohammad H. Qayoumi	\$246,555	\$276,055
Fresno	John D. Welty	\$263,989	\$299,000
Fullerton	Milton A. Gordon	\$265,225	\$295,000
Humboldt	Rollin C. Richmond	\$270,791	\$297,870
Long Beach	F. King Alexander	\$291,208	\$320,329
Los Angeles	James M. Rosser	\$281,748	\$325,000
Maritime Academy	William B. Eisenhardt	\$228,921	\$258,680
Monterey Bay	Dianne F. Harrison	\$239,217	\$270,315
Northridge	Jolene Koester	\$265,225	\$295,000
Pomona	J. Michael Ortiz	\$247,266	\$292,000
Sacramento	Alexander Gonzalez	\$265,225	\$295,000
San Bernardino	Albert K. Karnig	\$246,555	\$290,000
San Diego	Stephen L. Weber	\$272,214	\$299,435
San Francisco	Robert A. Corrigan	\$271,590	\$298,749
San Jose	Don W. Kassing	\$265,225	\$305,008
San Luis Obispo	Warren J. Baker	\$298,372	\$328,209
San Marcos	Karen S. Haynes	\$239,441	\$270,568
Sonoma	Ruben Armiñana	\$263,066	\$291,179
Stanislaus	Hamid Shirvani	\$246,555	\$270,000