Testimony
California Senate Education Committee
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TOPIC
University Compensation Systems
Good morning Mr./Madam Chair and members of the committee. For the record, I am David Longanecker, Executive Director of the Western Interstate Commission for Higher Education, and it is a great pleasure to appear before you today. I sincerely appreciate the invitation to do so. My goal today is quite simple: I have been asked to give you a brief primer on Higher Education Compensation, and to comment about how the University of California’s practices compare, in general terms, with the industry standards.
The Total Package
(A complex picture)

• Now, while that is a simple goal, it is not a simple task because the mix of tradition, market forces, other factors. Higher education has taken centuries to craft its convoluted compensation practices and describing them in ten minutes is not easy. But here goes:

• A Mix
  – Salary
  – Common Benefits
  – Uncommon benefits
  – Perks (or perquisites, if you want to get precisely accurate.)

• The challenging issue for you is how best to address the various Public Policy Issues -- being true to your responsibilities as the elected representatives of the states citizens, but also carefully guarding the roles of the Boards and leaders who have the legal responsibility for these precious institutions of higher education. The issues you face boil down to:
  – Amounts involved – How much is enough
  – Public knowledge – weighing privacy rights against public right to know
  – Aligning responsibility and accountability
  – Achieving fairness in an intentionally and legitimately unequal system
Salary & The Likes

• Salary, per se
  – The comparison eight – comparing unequals as equals
    • Two elements to this. I don’t want to offend anyone, but there is always a tendency to compare yourself to aspirational peers rather than actual peers. And a lot of that in the CSU peers and some in the UC comparison 26 as well -- from WICHE perspective things don’t look quite so bad across the board, but they do for the premiere campuses.
    • Which brings us to the second element. All institutions within the UC system are not the same
  – Percentages versus Amounts
• Deferred compensation (Severance pay in CU terms) I know; UC – this is usually offered only to executives and exceptional faculty. Usually comes with a quid pro quo – ie: completion of the contract or achieving explicit measurable outcomes. One of the reason that separation packages often look outrageous, but often aren’t – because they reflect previously earned salary. Partly why not always “reflected” in public disclosure – they are being earned, but only if . . .
• facilitated moonlighting – for faculty, often a significant part of remuneration. For administrators often comes in form of Corporate Boards.
• multi-sourcing for faculty, often “consulting”; for executives often “the foundation”. Whatever the second source, it creates multiple allegiances.
• Benevolence at the end
  – Separation agreements in most places called severance – it’s a “deal” to cut your loses.
  – The generous thank you The golden parachute.

• One thing I forgot to include is the tenured position on the faculty. It’s protected salary, albeit at a smaller amount and for faculty services, but it is job security with a decent salary.
Commonly Known Benefits

• Insurance: Health, Life, Disability, Etc.
• Retirement contributions:
  • *I did not include “relocation allowances”, but should have.*
    – *In the olden days this was payment of direct moving expenses.*
    – *Evolved to include expenses related to moving, like real estate fees.*
    – *In the extreme includes housing allowances on top of housing allowances, multiple trips, etc.*
    – *Has almost become, in some instances, to be a signing bonus.*
Other benefits common within Higher Education

- Housing assistance
- *The rationale:*
  - *Living in the academic community was necessary. Not unlike the minister’s parsonage.*
  - *In part justified because the CEO’s job is often not of a long duration. And, surely, the institution wanted a place that would be appropriate for entertaining on behalf of the institution.*
  - *But in the modern environment; it is a stretch, albeit one that virtually every CEO appreciates.*
  - The President’s Residence
  - Or assistance in lieu thereof
  - Preferred mortgage rates (executive management and exceptional faculty)
  - Mortgage sharing (executive management and exceptional faculty)
Other benefits common within Higher Education

• Dependents’ assistance
  – Tuition benefits (often all staff)
    • Within the institution
    • Outside the institution
  – Spousal benefits
    • Travel privileges (very limited) *Reasonable “family friendly” policy, if held within reason*
    • Job (CEO only) *A stretch today, where many higher education leaders are married to professionals. Expected a spouse to be a servant of the institution is hardly a modern concept. Yet the practice is quite common.*
Perceived Perks

• Sabbatical *Actually better thought of as professional development, albeit an expensive form.*

• Transportation
  – Auto(s) or allowance *a nice benefit, but taxable on non-business share*
  – Driver *(Not UC)*
  – Travel privileges (business class, etc.)

• Club membership(s)
  – Athletic
  – Social

• Expense Accounts
  – Business related expenses
  – Attire
Returning to The Total Package

• Public Policy Issues
  – Amounts involved – How much is enough
    • We’ve lost our way.
    • But, we’ve all lost our way.
  – Public knowledge – weighing privacy rights against public right to know
    • Public is private *(Frankly, I couldn’t comment on various benefits, because not part of the public record – should be)*
    • And our private partners have to accept that dictum - *private donations for this public purpose can’t be anonymous.*
    • The culprit: the seduction of the private market philosophy
  – Aligning responsibility and accountability
    • Let the institutions manage their affairs
    • But hold them accountable for their actions
  – Achieving fairness in an intentionally and legitimately unequal system
    • Recognize legitimate differences – It is inherently unfair not to do so.
    • Recognize the need to maintain both horizontal and vertical equity.