

Connecticut State University System

Developing a State of Minds

BR#01-61



RESOLUTION

amending

POLICY ON CHANCELLOR/PRESIDENTIAL COMPENSATION
CONNECTICUT STATE UNIVERSITY SYSTEM

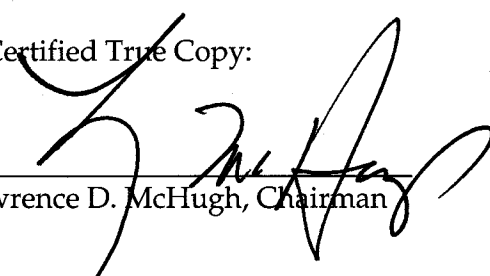
October 4, 2001

WHEREAS, In 2000 the Board of Trustees for the Connecticut State University System approved an amendment to the policy on compensation for the four University Presidents and the CSU Chancellor to provide for a Performance Recognition/Retention Fund, and

WHEREAS, An amendment to the policy is necessary in order to clarify the disposition of unawarded Performance Recognition/Retention funds, therefore be it

RESOLVED, That the Board of Trustees for the Connecticut State University System hereby amends BR#2000-69 as set forth in the addendum to this resolution, *Policy and Procedures for Chancellor/Presidential Compensation in the Connecticut State University System.*

A Certified True Copy:



Lawrence D. McHugh, Chairman

**POLICY AND PROCEDURES
FOR
CHANCELLOR/PRESIDENTIAL COMPENSATION
CONNECTICUT STATE UNIVERSITY SYSTEM
AMENDED JULY 14, 2000
AMENDED OCTOBER 4, 2001**

I. ESTABLISHMENT AND MAINTENANCE OF BASE LEVEL SALARIES

University Presidents:

The salary base for the University Presidents will be adjusted upward by 5% effective with the pay period that includes July 1, 2000 and each subsequent pay period that includes July 1 through 2003.

Chancellor:

The Chancellor's salary base is adjusted to 107.5% of the salary base of the University Presidents as determined above.

II. DIFFERENTIAL COMPENSATION

When new presidents are appointed at Western and Eastern, the new base for compensation for those presidents will be established at 5% less than the then-prevailing salary for University Presidents.

III. COMPENSATION FOR NEW PRESIDENTS

When a new president or chancellor is appointed, the salary at the commencement of the appointment will be \$5,000 less than the compensation as determined by the principles set out in Sections I and II above; on July 1 next succeeding the first anniversary of service of that president or chancellor—or on an earlier date if approved by the Executive Committee of the Board upon the recommendation of the Chancellor (or, for the Chancellor, the Chair of the Board)—the salary will increase to the level calculated in accordance with those principles.

IV. PERFORMANCE RECOGNITION/RETENTION (DEFERRED COMPENSATION) FUND

A performance recognition/retention (deferred compensation) fund equal to 10% of the total Chancellor and University Presidents' salaries for the prior fiscal year is established and will be awarded annually on the following basis:

Retention Award (Deferred Compensation):

On the pay period that includes January 1, 2001 and each subsequent pay period that includes January 1 thereafter, 10% of this fund shall be awarded as deferred compensation to each Chancellor and President who has performed satisfactorily during the preceding fiscal year, under such terms and conditions as are outlined below.

- Such awards shall be made as deferred compensation which the recipient shall receive at retirement from CSU, provided that such retirement is after the age of 62, or upon incapacity due to illness or injury to perform duties as Chancellor/President. In the event of death prior to attaining eligibility the total amount in any such account shall be paid to the deceased's estate.
- All such deferred compensation shall be forfeited in the event the Chancellor/President voluntarily or involuntarily leaves position, except for illness or injury.
- Deferred compensation awards for each eligible Chancellor/President shall be maintained in a separate account and invested under the direction of the CSU Board of Trustees Executive Committee, as permitted by state law. A report shall be made annually to each Chancellor/President on the status of his/her account and payment of the total Principal and Earnings in each account shall be made to the eligible recipient anytime within 12 months after his/her becoming eligible at the recipient's discretion.

Performance Recognition Award:

Beginning with the pay period that includes January 1, 2003 and each subsequent pay period that includes January 1, an amount equal to 12.5% of the fund will be awarded to a University President who has achieved 115% of his/her goal for any two of three critical, measurable areas as identified by the CSU Board of Trustees Executive Committee in the Presidents Letters of Priority for the most recent fiscal year. The award will given as a lump sum payment; it will not be built into the base salary.

Any portion of the performance recognition/retention fund for a particular fiscal year that is not awarded shall not be carried over to future fiscal years. The remaining funds shall be returned to the appropriate operating fund.

**V. SCHEDULE FOR PERFORMANCE RECOGNITION/RETENTION
(DEFERRED COMPENSATION) AWARD**

University Presidents:

In November, 2000 and in November of subsequent years, the Chancellor shall provide the Executive Committee of the Board of Trustees his/her evaluation of the performance of the university Presidents. If the Executive Committee accepts the Chancellor's evaluation that a President has performed satisfactorily, the deferred compensation award shall be paid to the President's account for that fiscal year.

In November, 2002 and in November of subsequent years, the Chancellor shall provide the Executive Committee of the Board of Trustees a report on the university Presidents' attainment of the critical, measurable goals as identified by the Executive Committee for the most recent fiscal year. If 115% of the goals have been exceeded in two of the three areas, the performance award shall be paid for that fiscal year.

Chancellor:

In November, 2000 and in November of subsequent years, the Chairman of the Board of Trustees shall provide the Executive Committee his/her evaluation of the performance of the Chancellor. If the Executive Committee accepts the Chairman's evaluation that the Chancellor has performed satisfactorily, the deferred compensation award shall be paid to the Chancellor's account for that fiscal year. The Chancellor is not eligible for the Performance Recognition/Retention Award.

ITEM

Revision to Policy on Chancellor/Presidential Compensation

BACKGROUND

In June 1996, the Board of Trustees adopted a formal policy on presidential compensation that provided for the establishment and maintenance of base level salaries and for performance recognition/retention compensation for the University Presidents and the CSU Chancellor.

In January 2000, the Executive Committee determined it would be prudent to examine the policy to determine what, if any, adjustment to the policy might be necessary for the maintenance of the base salary levels and any other portion of the policy. As a result, the policy was amended in July 2000 to ensure a more consistent maintenance procedure for base salary levels, and to revise the Performance Recognition/Retention Compensation Fund to include a deferred compensation component and beginning with performance in FY 2001-02, to provide an incentive for achieving critical, measurable goals.

ANALYSIS

Over the course of the past year it was determined that a technical amendment to the policy is necessary to clarify the disposition of Performance Recognition/Retention funds not awarded in a particular fiscal year. This amendment states that such unused funds shall not be carried over to future fiscal years but shall be returned to the appropriate operating fund.

CHANCELLOR'S RECOMMENDATION

Approve the technical amendment to the policy on Chancellor/Presidential Compensation.