MINUTES

BOARD OF REGENTS’ COMMITTEE ON PERSONNEL AFFAIRS MEETING

SEPTEMBER 2, 2015

I. CALL TO ORDER

Committee Chair, Coralie Matayoshi, called the meeting to order at 2:30 p.m. on Wednesday, September 2, 2015, at the University of Hawai‘i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A, 2420 Correa Road, Honolulu, Hawai‘i 96822.

Committee members in attendance: Committee Chair Coralie Matayoshi; Regent David Iha; Regent Michael McEnerney; Regent Ernest Wilson, Jr.

Committee members excused: Committee Vice Chair Lee Putnam.

Others in attendance: Board Chair Randy Moore; Board Vice Chair Eugene Bal; Regent Wayne Higaki; Regent Jeffrey Portnoy; Regent Michelle Tagorda; Regent Stanford Yuen (ex officio committee members); President David Lassner; Vice President for Academic Affairs Risa Dickson; Vice President for Administration Jan Gouveia; Vice President for Legal Affairs and University General Counsel Carrie Okinaga; Vice President for Research Vassilis Syrmos; Vice President for Information Technology & Chief Information Officer, Garrett Yoshimi; UH Mānoa (UHM) Interim Chancellor Robert Bley-Vroman; UH Hilo (UHH) Chancellor Don Straney; Executive Administrator and Secretary of the Board of Regents Cynthia Quinn; and others as noted.

II. APPROVAL OF THE MINUTES OF THE AUGUST 6, 2015 MEETING

Regent Wilson moved for approval of the minutes of the August 6, 2015 Meeting, Board Chair Moore seconded the motion, and the minutes were unanimously approved.

III. PUBLIC COMMENT PERIOD

Executive Administrator and Secretary of the Board Cynthia Quinn announced that the Board Office received no written testimony, and two individuals signed up to give oral testimony:

1. Joe Ramos, Professor and Director, Clinical & Translational Research Program, University of Hawai‘i Cancer Research Center of Hawai‘i, testified on the importance of having a permanent director to maintain National Cancer Institute (NCI) P30 designation.
2. James Turkson, Professor and Director, Natural Products & Experimental Therapeutics, University of Hawai‘i Cancer Research Center of Hawai‘i, testified that having a permanent director would improve faculty morale and regarding the importance of the center to the State.
IV. AGENDA ITEMS

1. Review of the Bylaws

Committee Chair Matayoshi explained the committee charter, as derived from the board bylaws, contained mandates to: (1) review and consider policies and practices relating to university personnel; and (2) consider matters pertaining to collective bargaining. The board polices need to be amended to properly reflect the policy and oversight role of the board, and the implementation of these policies should be set forth in executive policy, which the committee will be discussing moving forward.

2. Setting Goals and Objectives

Committee Chair Matayoshi shared the following ideas for committee goals based on her experience as a committee member for 4 years, and chair for 3, and asked committee members to share their thoughts as well.

Executive/Managerial (E/M) Salaries

a. Although Executive and Managerial employees (E/Ms) represent only 2.8% of all UH employees, they are the most visible and their salaries set the tone for the rest of the salaries. However, how salaries are set is still a problem.

b. Legislative Budget Proviso on E/M compensation oversight. Two years ago the Legislature included a proviso in the Budget Bill (section 134) requiring the board to review, and if deemed necessary, recommend revisions to the current policies on appointment and retention of, and compensation and perquisites for E/Ms to achieve a proper balance among:

- Attractiveness of positions
- Competitiveness with peer institutions
- Affordability to State taxpayers and students
- Comparison with other State agencies’ executive and managerial officers who have similar duties and responsibilities

c. Status of board policy on approving E/M salaries over $150,000. In August 2013, the board amended its policies to require board approval of E/M salaries over $150,000. A legislative budget proviso used the governor’s salary as the benchmark, which is a bit lower. When the biennial budget year ended, the proviso expired, and the board extended board approval requirement for E/M salaries over $150,000 to December 31, 2015 to allow more time to come up with a satisfactory solution to holding the administration accountable for high salaries.

The policy is making a positive impact as a result of the committee oversight. Between 2006 and 2013:
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- 40% of new E/M employees were hired between the median and maximum of the College & University Professional Association (CUPA) salary survey, and since the board started reviewing E/M salaries over $150,000, that number decreased to 27% as of February 2015.

- 17% of new E/M employees were hired above the maximum of the CUPA salary survey, and since the board started reviewing E/M salaries over $150,000, that number has decreased to 8.7% as of February 2015.

d. Salary Survey review. The committee was already looking into this prior to the budget proviso, and commissioned a study. The results were presented in April 2014. MGT of America, the consultant, interviewed key stakeholders (including legislators, Regents, UH Administrators, and Hawaii Employer Council representatives). The survey revealed that:

- 40% thought that hiring at the median was too high given the economic climate, and that we are offering salary levels higher than necessary to recruit qualified applicants.

- 70% did not feel that compensation policy was effective in meeting goals.

Some key findings and recommendations of the consultant were highlighted:

- MGT Finding #7 (p. 3-11) stated that
  “General best practice suggests that employees who have not performed the duties of the specific position to which they are being hired should be paid closer to the minimum of the range. The placement in the range between the minimum and midpoint is based on a variety of factors, including the difficulty in hiring into the specialty, current salary of the employee, years of experience in the area and other factors.”

  These are the kinds of factors that have sometimes been used to justify going above the maximum.

- MGT Recommendation #7 (p. 3-11) stated that
  “A new hire to the position does not automatically have demonstrated competency to the hiring organization in that specific position. As such, the policy is generally to bring new hires into the organization somewhere below the median/midpoint.”

- MGT Recommendation #18 (p. 24) highlighted consideration of the value of the rich benefit package as key component in total E/M compensation.

  Benefits for all State employees comprise an additional 44% of base salary, which is significantly higher than the average of UH’s peers. UH E/Ms also have additional benefits than other Hawai‘i State employees (e.g. tenure, professional improvement leave, tuition waiver, faculty housing, use of the UH library, athletic, and other facilities).
e. Challenges

- Use of CUPA surveys to set salaries self-perpetuate increases. Virtually all universities use CUPA salary surveys unless the institution can expend time and money for its own survey, and there is no guaranty that other institutions will provide information. The consequence is that with each raise or higher salary offer, all salaries likewise ratchet upward, creating self-perpetuating increases among the isolated higher education market.

- UH Control point tied to CUPA. Not many other institutions use a control point, and in an effort to establish salary parity for E/M positions comparable in scope, level, and complexity throughout the UH system, each position is assigned to an internal UH Grade and Range. However, the control point for a specific grade and range is developed from a weighted average of individual CUPA survey medians for positions within that particular UH grade and range, and many times the control point for the university fluctuates either higher or lower than the CUPA median, and experiences the same ratcheting effect.

- Local Market alignment. The board amended its policy to allow internal hires for managerial positions (instead of being required to recruit from mainland) largely because internal hires could be handled more quickly and less expensively. It now reads:

  *BOR Chapter 9, Part II, Section B.1 (p. 9-21):*
  
  "Managerial positions may be filled through an internal search process in which existing employees of the particular campus or within the University of Hawai‘i system can apply and be considered for the position.

  72% of E/Ms hired between 2007 and 2013 were from Hawaii (57% internal to UH and 15% other Hawaii). If Hawai‘i is the market for applicants, the question is whether or not salaries should be pegged to CUPA. Most internal hires typically come from faculty positions and should have a higher compensation, but not necessarily mainland salaries.

- Local market alignment for non-academic positions. Approximately half of the E/M positions (100 out of 220) are non-academic positions. The board policy should be amended to reflect local market consideration when setting salaries instead of using mainland-based CUPA salaries. The policy currently reads:

  *BOR Chapter 9, Part II, Section B.1 (p. 9-21):*
  
  "Executive and managerial positions which have supervision of or responsibility over administrative support, academic support, student services or community service programs normally do not require a terminal degree. Such positions may be filled through local recruitment."
Starting salaries clarification. Board policy needs further clarification on the
definition of starting salaries. The current language accommodated an
anomaly at our community colleges, whose professors were compensated
more than the CUPA median for E/Ms of their community college peers.
Consideration of a different classification for community colleges may remedy
this anomaly to allow further revision to the policy to make it clear that new
hires, without the same or equivalent experience for the job for which they are
applying, should start at the minimum salary.

The committee recognized that continuing oversight of the top tier salaries on an
individual basis may be needed on a permanent basis given the heightened interest at
the Legislature. Board oversight has produced positive outcomes, but has resulted in
a two stage process that has prolonged the hiring process. It was raised that reviews
may be beyond the role of the board, who should be able to rely on the chief executive
officer to understand the budget, constraints, and philosophy of the board. The
committee concurred that the goal is to clarify policy to enable the committee to step
back so long as there are sufficient safeguards in place to continue the positive
outcomes. The committee recognized the concerted effort by administration to find a
methodology to satisfy regents that the intent of the process can continue without the
delays.

Discussion ensued on whether philosophically the regents should be reviewing
employment of anyone other than the president. It was recognized that regents have
important policy issues to address and reviewing salaries is not an appropriate
business model. The committee needs to find a balance between the board’s
fiduciary responsibilities and allowing administration to run the university based on
policy guidelines provided by the board. The board should be focused on the strategic
direction of the system as a whole. It was expected that during the 6 month extension
of the policy, a permanent procedure would be developed that delegates the process
to administration and require reports back to the board so the regents can ensure the
delegation is being followed.

President Lassner expanded that administration would like to eliminate the two step
process, a move that requires confidence and trust with a reasonable set of
parameters so administration is not having to rescind offers that had already been
made, which undermines the authority of management to do its job. There was a set
of delegations that preceded the $150,000 policy, which was overlaid on an existing
approval system and the board reserved to itself the authority to make appointments
of the people who directly to the board, e.g., board secretary, president, internal
auditor, any direct reports of those individuals, any people classified as executives,
e.g., vice presidents, chancellors, vice chancellors, and deans and directors of the
Institute for Astronomy and the Cancer Center. There are other positions making
more than $150,000, e.g., assistant and associate vice presidents, but are not the
high-profile positions that attract the most attention. Under the current board policy,
the appointing authority was delegated authority up to the control point, the president
up to the maximum, and above the maximum required approval by the board; the
$150,000 was overlaid on top of the existing policy. Administration welcomes board
guidance on the salary range procedure so administration can implement a one-step
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step process by November and have a shared understanding of expectations to avoid surprises. He added that, by law, every E/M position must be posted with the agenda for public comment before the appointment takes effect.

The committee commented that budget justifications and formal software management systems would also help build confidence on how E/M appointments and salaries are managed. President Lassner explained that there were about 50 individuals who manage and make budgetary decisions who can share detailed information with the board, and the new quarterly reports can provide expenditures in the 15 categories across five sources of funding. The board will see how the personnel allotments were managed. Also, Administration developed and implemented salary analysis worksheets the board currently receives, and provide a deep level of information on every E/M appointment.

Committee Chair Matayoshi noted that as the regents get more comfortable with more detail and forthcoming budget information, it may provide a comfort level that things are being managed correctly. She recalled that the board originally received pie charts for system budgets, which was not acceptable. Everything is improving, and the idea is not to decide today whether to keep the policy, but to work through it, and she has held discussions with VP Gouveia regarding ways to address the issue.

Performance based E/M salary increases

Committee Chair Matayoshi indicated this topic was new for discussion. Current performance criteria include: quality, quantity, planning and timeliness, resource management, interpersonal impact, decision making, and commitment to Equal Employment Opportunity. It is unclear whether or not performance evaluations for all E/M employees have specific metrics tied to the strategic directions of the Hawai'i Graduation Initiative (HGI), 55 by 2025, keeping within budget, and 21st century facilities, e.g., deferred maintenance. If initiatives are not tied to job performance, it raises the question on how the initiatives will be achieved. The committee should consider whether initiatives should be considered as part of the E/M evaluation. She referenced an article in the Honolulu Star Advertiser suggesting linking UH raises to performance. At the last committee meeting $1 million went towards salary adjustments for the 220 E/M employees, which was palatable to the public because those individuals had not received any increase since 2008. However, it would be better to have performance based on metrics that are less subjective and linked to strategic directives.

There was concurrence as to the importance of having appropriate measurements in place, and to look into what appropriate metrics might be for E/M employees. Recognizing that some may not be involved in academic programs, the metrics would have to be tailored for these positions. Some members raised questions as to whether or not regents should be involved in evaluating any performance other than the president, and discussed that it may be more appropriate to set the policy and hold the president accountable if overall goals are not met to avoid micromanaging the university by being involved in which individuals receive bonuses. The issue is worth discussing, but some felt that it should be delegated to the president.
Committee Chair Matayoshi added that the current evaluation framework for the president is broad, subjective, and lacks specific metrics. With specific metrics for the president as the model, then metrics could flow down to individuals responsible for implementing strategic initiatives. There was consensus among committee members to include the item as a goal.

Faculty Workload & Teaching Equivalencies

Committee Chair Matayoshi noted that under board policy 9.214, the university’s highest priority is teaching. However, a March study showed that UHM and UHH faculty put in less student semester hours and have a lower student-to-faculty ratio than peers. Thus, the committee worked on reviewing faculty workload and teaching equivalencies because of concerns about the rising cost of education and wanting to ensure that faculty are teaching the credit hours required so that students can graduate on time.

Board policy and the University of Hawai‘i Professional Assembly (UHPA) contract set the credit hour requirements by campus:

- 24 semester credit hours per academic year or equivalent (UHM, UHH, UHWO)
- 27 semester credit hours per academic year or equivalent (community college F/T instructional faculty)

Teaching equivalencies are allowed but not well-defined, and are inconsistent across campuses and among units in campuses. UHM provided the information in multiple binders. When the committee requested an executive summary, the information provided was inadequate and in large part did not define what qualifies as a teaching equivalency. On the other hand, the community colleges, because they are largely more straightforward with no research, provided a matrix with every type of class and activity assigned an equivalency.

The committee wants more guidelines and uniformity to ensure evenhandedness and accountability.

Post-tenure review

Committee Chair Matayoshi noted that current board policy says that every faculty member shall be evaluated at least every 5 years, and delegates to chancellors the responsibility to develop evaluation procedures. Most research universities have performance based merit pay, but UHM does not. As a result, the committee was told there is less incentive to get evaluated. Implementation has been inconsistent and some campuses and departments do not have specific criteria or procedures, other than for severe deficiencies, which are considered disciplinary matters with separate due process.

The community colleges have developed an online system to manage these performance reviews. The committee suggested that all campuses have an online
system. Another suggestion was to have faculty provide yearly biography bibliographies or “bio bibs” that would show what each faculty accomplished every year to promote transparency, accountability, and make it easier to prepare for the 5-year review.

Committee Chair Matayoshi added that as a regent and committee chair, she repeatedly emphasized the importance of having regular evaluations, noting that E/Ms and most employees in the private and nonprofit sector are evaluated annually. Evaluations are helpful to the individual being evaluated, and ensure the public that their funds are being well spent. To the extent that the process can be computerized, it will be less burdensome. She offered that the committee consider shortening time between reviews if it can be negotiated with the union.

Regent McEnerney noted that he was told the reason the reviews are done every 5 years instead of annually was because faculty belonged to the UHPA, and having faculty do bio bibs could be something that would require union consultation. Committee Chair Matayoshi reiterated that board policy says the faculty should be evaluated at least every 5 years. President Lassner added that they need to make sure nothing is being done that violates the collective bargaining agreement, but they could consult with the union to have faculty do bio bibs.

Research faculty

Regarding research “R” faculty, the administration noted that most are state-funded for 9 months, and extramural funds cover their salaries for the other 2 or 3 months. The question raised by the committee was whether or not there should be a policy requiring researchers to bring in a certain percentage of their salary through extramural grants. Because of the union, this might only be able to be done prospectively with new hires.

Coaches – as union members?

Committee Chair Matayoshi indicated it was her understanding that UH may be one of the few, if not the only institution whose coaches belong to a union. President Lassner explained that the statute specifically identifies the categories of employees who are not covered by collective bargaining, and coaches are not included. At this point, excluding coaches would require Legislative action. He recognized there is room for improvement in sections of board policy. Member discussed whether it may be a better approach consider this holistically by asking the Legislature to consider removing coaches from collective bargaining. Regent Portnoy agreed that this is an important issue to revisit, noting that UH is the only Division I university whose coaches are members of the public employee union. He commented on the problems for the program and the university caused by this arrangement, and that in his mind coaches’ status should be determined by contract between the institution and the coach, rather than as members of unions, particularly for head coaches of major sports, e.g., football, basketball, volleyball, baseball.
Committee Chair Matayoshi suggested the matter be included in the goals for the Committee on Intercollegiate Athletics. Regent Portnoy concurred.

VP Gouveia added that fundamentally any change would require legislation. This represents a policy decision that is ultimately made at the highest level of administration, and cautioned that any such decision would be controversial. The matter was discussed, and it was determined the best approach was to begin with identifying a list of issues and meet with HGEA to see whether there is something informal or mutually beneficial to bridge that gap to avoid compromising the institution or the process.

Committee Chair Matayoshi asked if there is a need for a board policy decision that this matter be pursued. President Lassner noted some timing complications, given that coaches are members of the bargaining unit with whom the university is still currently involved in interest arbitration, and also noted that the coaches are the highest dues paying members, and other ongoing unionization efforts, e.g., GSOs. The university has a good relationship with HGEA and all parties are trying to work together on contract templates to prevent past issues from recurring. Committee Chair Matayoshi acknowledged that proper timing is important, and deferred to Regent Portnoy and the Committee on Intercollegiate Athletics to determine the right time to address the issue.

V. EXECUTIVE SESSION

Upon motion by Regent Wilson and seconded by Regent Iha, the committee unanimously approved convening in executive session, pursuant to HRS §92-5(a)(2) as indicated on the agenda. The committee convened in executive session at 3:39 p.m. Following a motion to come out of executive session by Regent Iha and seconded by Regent Wilson, by unanimous vote the executive session was adjourned at 4:55 p.m.

Committee Chair Matayoshi said that the committee discussed in executive session personnel matters, pursuant to HRS §92-5(a)(2), as indicated on the agenda.

VI. ADJOURNMENT

There being no further business, on the motion of Regent Wilson, seconded by Regent Iha, by unanimous vote, the meeting was adjourned at 5:00 p.m.

Respectfully Submitted,

/S/

Cynthia Quinn
Executive Administrator and
Secretary of the Board of Regents