MINUTES

BOARD OF REGENTS COMMITTEE ON PERSONNEL AFFAIRS AND BOARD GOVERNANCE MEETING

OCTOBER 3, 2019

I. CALL TO ORDER

Committee Chair Michelle Tagorda called the meeting to order at 10:15 a.m. on Thursday, October 3, 2019, at the University of Hawai‘i at Mānoa, Information Technology Building, 1st Floor Conference Room 105A/B, 2520 Correa Road, Honolulu, Hawai‘i 96822.

Committee members in attendance: Committee Chair Michelle Tagorda; Committee Vice-Chair Kelli Acopan; Regent Simeon Acoba; Regent Michael McEnerney; Regent Ernest Wilson Jr.

Others in attendance: Regent Eugene Bal; Regent Wayne Higaki; Regent Randy Moore; Regent Robert Westerman (ex officio committee members); Vice President (VP) for Administration Jan Gouveia; Interim Vice President for Community Colleges Erika Lacro; Vice President for Legal Affairs/University General Counsel Carrie Okinaga; Vice President for Research and Innovation Vassilis Syrmos; Vice President for Budget and Finance/Chief Financial Officer Kalbert Young; Executive Administrator and Secretary of the Board of Regents (Board Secretary) Kendra Oishi; and others as noted.

II. APPROVAL OF MINUTES OF THE AUGUST 22, 2019 MEETING

Regent Acopan moved to approve the minutes of the August 22, 2019, seconded by Regent Wilson, and the motion carried unanimously.

III. PUBLIC COMMENT PERIOD

Board Secretary Oishi announced that the Board Office did not receive any written testimony and that no one signed up to deliver oral testimony.

IV. AGENDA ITEMS

A. Committee Goals and Objectives

Chair Tagorda stated that the bylaws had been distributed for the committee to review and that they would need to evaluate and discuss board effectiveness. She asked the committee for suggestions on topics for the committee to consider this year.

Regent Sullivan arrived at 10:18 a.m.

Regent Acoba suggested formalizing the board election procedure. He explained that there are many alternatives and that he preferred an open nomination and voting process.

Regent Acoba recalled a program where bylaws were reviewed on a regular basis and was unsure if that was a continuing policy. Regent Moore added that administration
proposed and the board agreed to review policies on three-year cycle and that it would be good for the committee to continue to do that work. Regent Moore noted that the second item in the bylaws should remove “statutes” because there are no board statutes. However, he suggested the addition of a review of administrative rules and that each committee should review its functions in the bylaws.

Regent Wilson noted the importance of ensuring that board education and board member development is provided and that there is a need for a richer program, particularly for new regents. He suggested a more structured orientation process to help new members onboard more expeditiously.

Regent Sullivan suggested reviewing and understanding the board’s position on Senate Resolution 149 (2019) and Regents Policy (RP) 9.214 relating to practices with regard to faculty classifications, research classifications, and instructional equivalencies. She suggested that a briefing be provided as to whether the policies are sound and thought the work belonged at the committee level rather than the full board. VP Young noted that VP Straney was the point person for this effort.

Regent Acoba suggested that the committee look at guidelines for permitted interaction groups. He expressed that the statute is very broad and felt it would be good to have guidelines for when and how to use these groups should be formed. He also suggested that there be guidelines on resolutions adopted by the board and how they are initiated and formulated.

Chair Tagorda noted that she would work with committee Vice-Chair Acopan on planning committee activities for the year.

**B. Recommend Board Approval of Delegation of Authority to the President to Indemnify, Defend, and Hold Harmless a County Agency, its Officers, Agents, and Employees, Pursuant to Section 46-71.5, Hawaii Revised Statutes (HRS), and Other Revisions to Regent Policy (RP) 8.201, Contracts and Official Documents**

VP Gouveia sought approval from the board on delegation of authority regarding the indemnification of the use of county facilities, which are used frequently by the university. She explained that in the mid-2000s, a law was passed allowing the state to indemnify county agencies for numerous reasons. She added that the process is lengthy one, requiring as many as seven signatures from the university level to the Governor, and that 50-60 of these are processed each year. This past session, a separate statutory provision was established to authorize the Board of Regents to indemnify and also authorized the board to delegate the authority to the President. VP Gouveia requested delegating this authority to the President to sign on indemnification memos. VP Gouveia also described related proposed minor amendments to RP 8.201.

Discussion was held on the statutory exceptions and where they could be found in the HRS, and whether the counties ever used university facilities. The use of University facilities by third parties requires indemnification and insurance. VP Okinaga clarified that
all of the delegations in the policy could be further delegated, except for execution of the county indemnifications, which lies with the President.

Regent McEnerney moved for approval, Regent Wilson seconded, and with all voting in favor, the motion carried.

C. **Executive and Managerial (EM) Compensation Update**

VP Gouveia opened by explaining that the administration provides an update on EM evaluations and salary adjustments to the board approximately once a year, typically at a personnel committee meeting. She explained that funds are made available by the legislature to make adjustments to EM salaries, and board policy requires the President to explain the methodology used to calculate such adjustments. She clarified that board policy authorizes the president to make salary adjustments for all EMs, except those EMs who report directly to the Board (i.e., President, Executive Administrator and Secretary of the Board, and Director of Internal Audit); the board is not required to approve either the methodology or the adjustments themselves. Instead, board policy only requires the President to explain to the Board the methodology he will use to made salary adjustments. However, board input and feedback was welcomed.

VP Young explained that collective bargaining Unit 7 (UHPA) is currently in the second half of a four-year contract and the legislature appropriated funds for the contract beginning in 2017 for Unit 7 employees and their excluded counterparts. EMs at UH are associated to Unit 7 for appropriation purposes. Since 2017, the state budget has included the appropriation for annual scheduled increases for Unit 7 and the amounts for EM adjustments. The amount available for EM adjustments are aggregated but allocated based on review of performance. He added that VP Gouveia would be describing the methodology and that it would be applied only to the extent that funding is available.

VP Gouveia reviewed the materials provided and described the summary of the personnel categories, the current salary schedules and ranges for EMs, the performance evaluation process and rating schedule, and the proposed methodology for performance-related adjustments. In summary, all EMs are evaluated and rated with one of the following: Does Not Meet Expectations; Meets Expectations; Exceeds Expectations; and Exceptional. Based on these ratings, the President proposed adjusting salaries of EMs using the following methodology:

- **Adjustment to Base Salary**
  - Does Not Meet: No adjustment
  - Meets: Increase of $1,800 to annual salary
  - Exceeds: Increase of $1,800 to annual salary + 1% of annual base salary
  - Exceptional: Increase of $1,800 to annual salary + 1.5% of annual base salary

- **One-Time Payout**
  - Exceeds: One-time merit of 1% of annual base salary
  - Exceptional: One-time merit of 1.5% of annual base salary

Regent McEnerney asked how many of the over 200 EMs were placed in each of the performance categories and whether there were obvious trends. VP Gouveia replied that
she did not identify any trends but noted that it is always a challenge to ensure that consistent evaluation standards are applied because there is always a range between harsh and lenient graders. However, efforts have been made to make the standards clear.

It was clarified that the one-time merit-based payments do not increase the employee’s base salary. It was also clarified that VPs are eligible for the increases under this framework.

Regent Tagorda inquired about how the special adjustments were being done and how much was involved. VP Gouveia responded that she did not know the exact number of individuals receiving special adjustment but that there would only be a small number, less than ten, whose salary adjustments are not based exclusively on performance ratings; in addition to the ratings, the President will be making special adjustments to the salaries of a small number of EMs for equity, retention, new duties assigned and/or job growth due to changes over time.

VP Young added that the appropriated budget provides approximately $1.1 million for EM adjustments, although the total actual adjustments are less than the budgeted amount.

Regent Bal commented that the Research Corporation of the University of Hawaii (RCUH) recently went through a similar process and the RCUH board approved a salary increase for RCUH employees. He also referenced the Society of Human Resources Management and Hawai‘i Employees Council projection of private sector adjustments at 3%. HSTA’s multi-year agreement averaged 3.4%. The university appears in line with other organizations.

Regent Acoba asked if there was a surplus each year and if so, where does the extra money go. VP Young answered by saying that the University does not actually get enough general funds to cover all the employees that use general funds and that administration makes sure to not award more than is appropriated and available, but also that awards are made relevant to UHPA where balances can fund UHPA collective bargaining.

Chair Tagorda announced that in a few weeks all EM salaries will be posted for information. VP Gouveia noted that the salaries will take effect November 1st and will be posted with the October board meeting agenda.

### D. Board of Regents Committee Structure

Chair Tagorda led a discussion on committee structure, a continuation of previous discussions. Questions that need to be answered are, how does board evaluate itself and committee structure. She stated that AGB had recommendations for restructuring that could provide helpful and asked the committee to identify an impetus for change, particularly considering the decrease in number of regents measured against the board’s effectiveness.
Regent McEnerney asked if the Chair was going to prepare steps that need to be taken before reporting back in February, noting that the committee he chairs, the Independent Audit Committee, was a statutory committee that cannot be combined or changed. Regent Tagorda suggested that committees should have discussions built-in to their agendas and questioned the information needed to make a decision with regard to committee structure and gathering recommendations from committees.

Regent Higaki stated that they should be clear on the intent of the Board Chair with regard to his thoughts on the committee structure, which was likely focused on the workload of the reduced number of regents. He observed that individual regents did not seem concerned about the workload if committees were kept in the current structure.

Regent Wilson asked that the information that Chair Tagorda found from AGB be shared. Chair Tagorda stated that February would be a good timeline for committees to report back on workload and how we go forward.

Regent Westerman asked if there were any specific questions Chair Tagorda wanted each committee to answer. Chair Tagorda answered that all committees, other than Independent Audit, should look to create a structure to assess inefficiencies and effectiveness.

Regent Moore noted that for the Planning and Facilities Committee, he reviewed board policies, bylaws, and the committee’s accomplishments over the last five years. He suggested that there be a review of the bylaws and policies to identify board responsibilities and the committee jurisdiction. He also suspected that non-conformance and non-alignment exists.

Chair Tagorda noted that she would have a discussion with the Board Secretary on how to undertake this task and have a discussion on policies and bylaws.

V. ADJOURNMENT

There being no further business, Regent Acopan moved to adjourn, and Regent Wilson seconded, and with unanimous approval, the meeting was adjourned at 11:28 a.m.

Respectfully Submitted,

/S/

Kendra Oishi
Executive Administrator and Secretary
of the Board of Regents