REPORT TO THE 2014 LEGISLATURE

Act 134, SLH 2013 (Section 134)

REVIEW OF CURRENT POLICIES REGARDING EXECUTIVE AND MANAGERIAL PERSONNEL

FEBRUARY 2014
Introduction

In 2013, the State of Hawai‘i legislature approved Act 134, Relating to the State Budget, SLH 2013. Within Act 134, various budget provisos were included for University response.

Section 134 of the Act 134, stated:

The University of Hawai‘i board of regents shall review and, if deemed necessary, recommend revisions to the current policies on the appointment and retention of, and compensation and prerequisites for, executive and managerial personnel in order to achieve a proper balance among the following factors:

(1) Attractiveness of the positions to qualified persons dedicated to promoting the best interests of the university and the State;
(2) Competitiveness with peer institutions;
(3) Affordability to state taxpayers and university students; and
(4) Comparison with other state agencies’ executive and managerial officers who have similar duties and responsibilities.

As part of the review, the board shall determine whether it should rescind any delegation of authority to the university president or other officer of the university to appoint a person to an executive or managerial position.

The board shall submit its findings and recommendations to the legislature before the convening of the regular session of 2014.

Policy Framework

Board of Regents Policy, Section 9-12, Executive and Managerial Personnel Policies, specifies the conditions of service applicable to individuals appointed by the Board of Regents to executive and managerial positions which are excluded from an appropriate bargaining unit as specified in Section 89-6, Hawai‘i Revised Statutes, due to top-level executive, managerial and administrative responsibilities. Board of Regents policy outlines the provisions for the recruitment, appointment, compensation and conditions of service of executive and managerial personnel.

Compensation Review

In June 2013, the University of Hawai‘i administration posted a request for proposals (RFP) no. 13-0414 to provide an executive/managerial compensation review. The scope of the work included:

1. A review of the University’s compensation policy and plan for executive/managerial personnel to include a review of the effectiveness of the compensation policy, salary structure, and approval process in meeting policy objectives;
2. An analysis of policies and best practices, both in higher education nationally and among local, Hawai‘i-based businesses, concerning executive/managerial recruitment, compensation and benefits;

3. Assistance with the review of survey tools to gather pertinent and timely information from peer and benchmark institutions and other relevant comparison groups;

4. An assessment, comparison and cost analysis of the value of the University’s employment benefits.

Upon completion of the proposal submittal, review and selection process and appropriate committee review and recommendation, MGT of America was selected to perform the services. MGT of America is a corporation founded in Tallahassee, Florida, and is a national management audit and consulting firm specializing in the provision of services to the public sector.

MGT of America has completed its review and has presented to the Board of Regents Committee on Personnel Affairs. In its presentation, the MGT of America outlined the process it completed in its review which provides data for the University administration and Board of Regents to review its Board policies related to appointment, retention, compensation and benefits and make necessary revisions to such Board policies.

1. MGT of America conducted interviews with key individuals and groups regarding the current compensation policy and approach to gain insight and an understanding of the perspectives of policy effectiveness, strengths, areas for improvement and issues/concerns. Individuals represented Board of Regents, University administration, University human resources, State legislature and Hawai‘i Employers Council.

2. An online survey instrument was developed and sent by MGT of America to peer and benchmark institutions of all 10 (ten) University of Hawai‘i campuses – University of Hawai‘i at Mānoa, University of Hawai‘i at Hilo, University of Hawai‘i – West O‘ahu, Hawai‘i Community College, Honolulu Community College, Kapi‘olani Community College, Kaua‘i Community College, Leeward Community College, Maui College and Windward Community College. MGT of America received and analyzed the responses from participating institutions on compensation and benefits related questions.

3. A modified online survey instruction was developed and sent by MGT of America to identified organizations in Hawai‘i, or “local” organizations, regarding the respective organization’s compensation and benefits.

4. MGT of America assessed the responses from the surveys along with the university’s current classification and compensation plans, state and university benefits, and available federal data to discern trends. The final report has been drafted which provides an analysis of the policies, best practices and recommendations on methods and practices to fairly compensate executive and managerial employees.

5. A presentation to the BOR Committee on Personnel Affairs was conducted by the representative of MGT of America on January 9, 2014 and February 6, 2014. MGT of America presented the findings of the analyses and recommendations for the University of Hawai‘i. The BOR Committee on Personnel Affairs accepted the MGT of America
report and tasked the President and his administration to review each of the recommendations and report back in April to the BOR Committee on Personnel Affairs regarding the University’s assessment of the recommendations and any proposed recommendations for revisions to existing policies and practices.

Pending steps

MGT of America is finalizing its report. The University administration is reviewing the findings of the analyses and recommendations provided in the MGT of America’s report. The University administration will make its recommendations to the BOR Committee on Personnel Affairs on necessary revisions for consideration to current policies and practices to achieve a balance in the attractiveness of positions to qualified persons considering the best interests of the University and the state, competitiveness with peer institutions, affordability to the taxpayers and students, and appropriate consideration of executive and managerial officers within other state agencies who have similar level duties. The Board can also determine if any delegation of authority needs to be reassessed and modified for appointments to executive and managerial positions.

In addition, the University of Hawai‘i is a member of the Hawai‘i Employers Council. As membership provides, the University requested the Hawai‘i Employers Council to assess the current implementation of the compensation policy as the Hawai‘i Employers Council was consulted when the current policy and approach was initially developed and implemented. This assessment has also been completed and provides the Board with additional information in determining the best policy and approach for executive and managerial personnel for the University moving forward.