

Audit criticizes executive pay at California State University

By **DON THOMPSON**

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A state audit Tuesday criticized excessive pay and perks given to California State University executives and urged the system's trustees to change their procedures and make future compensation decisions public.

While it revealed no legal breaches, the 115-page audit found that some CSU administrators received "questionable compensation after they were no longer providing services to the university or while they were transitioning to faculty positions."

It also found that a program to help pay moving costs for administrative employees and to buy or sell homes near universities "can result in questionable reimbursements of costs."

The report comes more than a year after it was requested by Assembly Speaker Fabian Nunez, who reacted to a San Francisco Chronicle report that departing CSU executives had been handed \$4 million over 10 years. In many cases, it was not clear what the outgoing administrators were doing in exchange for their so-called "consulting fees."

Others were given six-figure payouts for "transition pay" when they moved from an administrative post to a faculty position. In most cases, the payouts were not disclosed publicly.

"CSU clearly needs to establish vigorous standards and be more transparent when it comes to its hiring and retention practices," Nunez said in a statement. "This is public money we're talking about, and the CSU needs to ensure that it's used appropriately."

He said the Legislature will monitor the CSU's board of trustees to see if it implements the changes called for in the audit.

California State University is the nation's largest higher education system, with 23 campuses, 23,000 faculty and nearly 417,000 students.

Its faculty union has criticized the executive compensation practices, which came at a time of rising student fees, increasing class sizes and reduced course offerings.

The audit found that average executive compensation in the university system increased 25 percent between July 2002 and July 2007, a period during which faculty salaries increased about 6 percent.

The audit's findings "raise questions about the competency of the chancellor's office and administration," said Humboldt State University political science professor John Travis, a spokesman for the faculty union.

He said university administrators and trustees demonstrated "an unacceptable nonchalance about how the public's money is spent."

Roberta Achtenberg, chairwoman of the board of trustees, said trustees are "very sensitive, as a public body, to perceptions." But she said the university needs "degrees of flexibility" in awarding raises and benefits to keep talented administrators and professors.

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"We feel vindicated in that no violations of policy or law were brought to light as a result of this audit," Achtenberg said during a conference call with reporters.

The board will examine whether new policies are needed or existing policies need "clarification," she said.

Trustees have maintained that the salaries of CSU executives lag behind those in other university systems and have said the pay boosts were needed to attract and retain the best leaders.

But the state audit questioned how the CSU's 25-member board reached that conclusion. As recently as October 2004, the California Postsecondary Education Commission, the body responsible for studying executive compensation, said pay comparisons improperly omitted substantial executive benefits and perquisites.

In addition, the CSU does not collect enough information about employee compensation or how raises and benefits are awarded, auditors found.

The system should do a better job collecting that data, auditors said. Other recommendations call for more stringent guidelines for leaves of absence and reimbursement of expenses, as well as better oversight.

Assemblyman Anthony Portantino, D-La Canada Flintridge, criticized the CSU's board of trustees for fighting reforms and granting pay raises even as the audit was under way. In September, trustees granted retroactive pay increases to 26 top administrators.

"I don't believe they're spending the taxpayers' money wisely," said Portantino, chairman of the Assembly Higher Education Committee.

Richard West, the system's executive vice chancellor and chief financial officer, said a 2004 law authorizing a "golden handshake" for retiring employees resulted in a one-time shift in compensation figures that skewed the audit's salary comparisons.

Chancellor Charles Reed makes \$421,500 annually and is provided with a house, while salaries for his top aides range from \$232,000 to \$325,625 a year.

The salaries for CSU campus presidents range from \$270,000 to \$328,209, and they also are provided a house or housing allowance.

Base salary for a CSU full professor ranges from \$81,420 to \$144,828, according to the chancellor's office.

The audit shows the system should put more of its money into teaching instead of "creating a get-rich factory for executives," said state Sen. Leland Yee, D-San Francisco.

He authored a bill that was signed into law this year requiring public votes by trustees for all future executive compensation packages.

The law also requires public disclosure of the compensation and the reasons it is being awarded, allowing time for public comment.

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