

Date of Hearing: April 17, 2012

ASSEMBLY COMMITTEE ON HIGHER EDUCATION

Marty Block, Chair

AB 1684 (Eng) – As Introduced: February 14, 2012

SUBJECT: California Community Colleges: chancellor compensation.

SUMMARY: Establishes compensation limits for California Community College (CCC) district chancellors. Specifically, this bill:

- 1) Would limit compensation of a CCC district chancellor to no more than two times the compensation of the most highly compensated faculty member in the CCC district.
- 2) Defines "chancellor of a community college district" to mean a CCC district's chief executive officer to whom power is delegated pursuant to existing law.
- 3) Defines "compensation" to include, but not be limited to, a salary, bonuses, a vehicle allowance, and a housing allowance.
- 4) Makes the provisions of this bill applicable only to CCC district chancellors who enter into or renew a contract for employment with the CCC on or after January 1, 2013.

EXISTING LAW provides that each CCC district shall be under the control of a locally-elected governing board responsible for establishing rules and regulations consistent with the laws of the state and the regulations of the statewide CCC Board of Governors.

FISCAL EFFECT: Unknown. This bill is keyed non-fiscal by Legislative Counsel.

COMMENTS: Background. Each of the 72 CCC district governing boards is responsible for setting the compensation of its chief executives. The compensation levels and the policies that guide the setting of compensation vary widely across the state. Presumably, these decisions are based upon financial conditions, performance, local living costs, and governing board prerogatives. Additional factors affecting compensation amounts include the organizational structure of the district and chief executives' responsibilities. There are three main organizational arrangements among the 72 CCC districts: (1) multi-college districts (administered by chancellors) where each district is composed of more than one college; (2) individual colleges (administered by presidents) who are part of and managed by the multi-college districts; and (3) single-college districts (administered by superintendents/presidents as chief executive officers). This bill would apply to CCC district executives in single and multiple college districts, but not presidents of colleges that are a part of a multi-college district. According to the December 2009 data from the CCC Chancellor's Office, of those executives responding to the executive compensation survey, the average salary for chancellors of multi-college districts was \$241,918, for college presidents in multi-college districts was \$184,695, and for presidents of single-college districts was \$200,889. In addition to base salaries, executives reported benefits including vehicle and business allowances, retirement contributions, educational stipends, and housing allowances.

Purpose of this bill. According to the author, "The current economic recession has resulted in funding being reduced from CCC budgets, forcing the colleges to endure tighter spending allowances and employee lay-offs. At the same time, enrollment increases have forced many CCCs statewide to do more with less, stretching their tight budgets even tighter as schools struggle to meet the needs of additional students. In spite of these concerns, some chancellors are still compensated high salaries regardless of their schools budgetary shortfalls." The author believes this bill establishes a reliable scale for determining executive compensation at CCCs in an effort to strive toward more uniformity, transparency and increase resources to assist in student success.

Differences among districts. The author argues that this bill seeks to solve a problem highlighted by recent news articles; that there exists a wide range of differences in salaries and benefits among CCC district executives. However, as noted by the CCC Chancellor's Office, there are major differences in the organizational structure and chief executives' responsibilities among CCC districts. It is difficult to identify the degree to which the salary/benefit differences among chief executives can be attributed to these organizational/responsibility differences, CCC districts are not required to report data on executive compensation. The CCC Chancellor's Office does conduct research on executive compensation within the CCC districts; however the surveys are voluntary, and in the most recent 2009 survey of chief executive salaries, not all CCC districts executives responded to the survey request.

Linking executive and faculty compensation. According to the author, while CCC chancellors continue to be compensated with high salaries, CCC faculty members have experienced work furloughs, reported paying higher costs for health and retirement benefits, and have not received cost of living increases. This bill would limit a CCC district chancellor's salary to no more than double the compensation of the highest faculty member in the district. The author has not provided a rationale for linking chief executive salaries to faculty salaries. Further, if the goal of the author is to reduce chief executive compensation levels, it is not clear that this requirement would achieve that goal. According to data provided by the author, in at least 25 of the 72 CCC districts, chief executive compensation could increase under this provision.

Lack of available information. The author notes that not enough is known about how much CCC funding is spent on executive compensation because such matters are controlled at the local level and not required to be made available to the public. The author argues that there is no single source on the internet to compare the salaries of CCC administrators. As previously noted, the CCC Chancellor's Office has conducted surveys to track this information, but not all CCC district executives have responded to requests for data. This bill would not increase public access to data regarding executive salaries. *If a goal of the author is to increase access to information regarding CCC executive salaries, Committee staff recommends adding a reporting requirement consistent with that goal.*

Defining faculty compensation. This bill defines compensation to include, but not be limited to, a salary, bonuses, a vehicle allowance, and a housing allowance. This definition appears aimed at the compensation of a chancellor. It is not clear how faculty compensation is intended to be defined. For example, in computing the chancellor compensation limits would the faculty compensation include summer courses, overload assignments or administrative duties? *Committee staff recommends adding a definition of compensation that would be used for computing faculty salaries.*

REGISTERED SUPPORT / OPPOSITION:

Support

California Teachers Association
California Federation of Teachers

Opposition

Antelope Valley Community College District
Association of California Community College Administrators
Community College League of California
West Kern Community College Districts

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