Executive Committee Meeting Minutes  
Monday, May 17, 2010

Committee Members Present  
Tom Buchanan (WY), chair  
Joe Garcia (CO), vice chair  
Jane Nichols (NV), immediate past chair  
Diane Barrans (AK)  
Leah Bornstein (AZ)  
Rico Munn (CO)  
Roy Ogawa (HI)  
Mike Rush (ID)  
Mary Sheehy Moe (MT)  
Dave Nething (ND)  
Viola Florez (NM)  
Carl Shaff (NV)  
Camille Preus (OR)  
James Hansen (SD)  
William Sederburg (UT)  
Klaus Hanson (WY)

Other Commissioners Present  
Duaine Espegard (ND)  
Debbie Hammons (WY)

Committee Members Absent  
Patricia Sullivan (NM)  
Ann Daley (WA)

WICHE Staff Members Present  
David Longanecker, president  
Erin Barber, executive assistant to the president and to the commission  
Demarée Michelau, director of policy analysis, Policy Analysis and Research  
Brian Prescott, director of policy research, Policy Analysis and Research

Chair Tom Buchanan called the meeting to order and asked Erin Barber to call roll. A quorum was confirmed.

Action Item  
Approval of the Executive Committee Teleconference Minutes of April 1, 2010

Chair Buchanan asked for a motion on the approval of the Executive Committee teleconference minutes of April 1, 2010. Commissioner Hanson moved TO APPROVE THE MINUTES OF THE APRIL 1, 2010 EXECUTIVE COMMITTEE TELECONFERENCE. Commissioner Sederburg seconded the motion. The minutes were approved unanimously.

Action Item  
Deferred compensation and salary proposal

The Executive Committee continued its discussion on a deferred compensation and salary proposal for the WICHE president. At the November 2009 commission meeting in Boulder, the Executive Committee considered a salary proposal presented by the Compensation Committee that would put a plan in place to bring the president’s salary more in line with other organizations in an effort to make WICHE competitive when the time came to seek a successor for Longanecker. Several suggestions came out of
the conversation in November regarding the salary proposal: 1) the salaries used for the comparison data should be more comparable to WICHE instead of using the salaries of national organizations such as NGA or AGB or even campus/institutional CEOs for comparison, 2) the target salary for the WICHE CEO should be higher than average to keep WICHE competitive, 3) the plan should be phased in over time beginning in 2011, and 4) the plan would be sensitive to current economic circumstances.

Chair Buchanan presented a proposed plan to be considered by the Executive Committee that would phase in incremental increases over five years beginning in FY 2011. The proposal uses the average of the median salaries of the WICHE-state SHEEOs, the CEOs of SHEPC, and the CEOs of MHEC, NEBHE, and SREB. The average median of these salaries is $193,753 (David’s current salary is $180,295). The 60th percentile for the three groups is $207,935. The plan would enable WICHE to be competitive when it’s time to hire Longanecker’s successor and would provide an incentive for Longanecker to remain with WICHE, presuming the Commission wishes him to do so. The proposal also gradually shifts the financial burden from the WICHE reserves to the general fund budget by the time the proposal is fully implemented in 2015.

Commissioner Nichols asked if the money being set aside for deferred compensation could also be used as a salary increase for the president’s current salary. Chair Buchanan replied that any or all of dollars set aside to make the president’s salary competitive could be used for deferred compensation or as a salary increase, however, if all of the resources are used today, there’s less incentive than if they were mostly used as deferred compensation over the next five years. Commissioner Barrans asked to clarify that even though this plan is being put in place to help WICHE be successful and competitive when it comes time to hire Longanecker’s successor that it does not preclude performance-based salary increases. Chair Buchanan said that it would not.

Commissioner Sederburg asked if there is a budget for increasing the president’s salary by $13,500 at the present time rather than closing the gap incrementally over a 5-year period. Longanecker told the committee that WICHE staff are not receiving salary increases for the second year in a row (third year for some staff) and felt that it would be a mistake to adjust his salary and not do anything for the staff. Commissioner Sederburg asked if equity adjustments were given for staff salaries. Longanecker said that adjustments are made only if promises were made to staff or if a staff member could demonstrate the need for an equity adjustment. Longanecker also said that he felt like it would be imprudent to provide WICHE’s CEO with a salary increase given what the states are going through with their budgets. He also commented that the proposed 5-year plan would help make the transition from funding the deferred compensation out of the reserves to the general fund, which would help work it in to the budget more comfortably. Commissioner Sederburg expressed his concern about keeping the CEO’s salary inequitable for another 5 years as a matter of fairness.

Commissioner Shaff asked if the proposed 5-year plan is put into place for Longanecker, how the rest of the WICHE staff will be affected and will there be a similar step-based program for the staff to catch up after the salary freeze. Chair Buchanan said that the committee’s charge was mainly to take action on Longanecker’s salary and that Longanecker would then need to work with his staff on salary issues.
Commissioner Nichols said that she was in favor of moving forward with the proposed 5-year plan that would move the president’s salary to the 60th percentile ($207,935) and clarified that the plan would not preclude deferred compensation in the future. Chair Buchanan said that it would not.

Commissioner Moe moved to approve THE YEAR-BY-YEAR INCREMENTAL INCREASE OVER FIVE YEARS TO MOVE THE PRESIDENT’S COMPENSATION TO THE 60TH-PERCENTILE ($207,935, ADJUSTED ANNUALLY TO REMAIN CONSISTENT WITH THE COMPARISON GROUPS). Commissioner Preus seconded the motion. Commissioner Ogawa asked if this was a plan or a contractual commitment to Longanecker. Commissioner Moe said that it might not be contractual since the plan is focused on making the CEO position more competitive. Chair Buchanan said that the deferred compensation is a commitment to the employee which retains them for x number of years and then pays them x number of dollars after the retention commitment has been met. He said that the plan could be implemented on year to year basis where the dollars are used as an incremental salary increase or put aside as deferred compensation. Commissioner Nichols said that it seemed like the plan was a commitment to Longanecker that in 2015 he receives a certain amount in deferred compensation unless some of the resources are distributed before as a salary increase and that he receives nothing if he leaves before 2015. Commissioner Sederburg asked why the committee wouldn’t put a deferred compensation commitment in place. Commissioner Hanson also asked what happens if after 3 years the board changes and the new board decides to let Longanecker go, would WICHE still be obligated to its commitment to him? Longanecker commented that if some of the money was put into salary increases over the next five years, it would lessen the amount in deferred compensation. Chair Buchanan asked if it was the committee’s pleasure to put in place a year-by-year increase in salary or deferred compensation to adjust the president’s salary or is it their pleasure to create a multi-year contract to reach a date for retention and a certain salary amount. Chair Buchanan said that he could work with the legal counsel at the University of Wyoming to create such a contract.

Commissioner Moe withdrew her previous motion. Commissioner Barrans moved to approve THE YEAR-BY-YEAR INCREMENTAL INCREASE OVER FIVE YEARS TO MOVE THE PRESIDENT’S COMPENSATION TO THE 60TH-PERCENTILE ($207,935 ADJUSTED ANNUALLY TO REMAIN CONSISTENT WITH THE COMPARISON GROUPS). Commissioner Garcia seconded the motion. Commissioner Rush said that the committee could set up a goal to build up the budget over a certain period of time to get to a certain salary level for the CEO. Commissioner Nichols mentioned that fiscal year 2011 begins on July 1, 2010. Commissioner Sederburg commented that the economic situation will not be changing in the near future and that a deferred compensation plan should be set up now because conditions will be the same in 3 months. Commissioner Barrans expressed agreement that the committee needed to move forward with the proposed plan. The motion was approved by a majority of the committee except Commissioner Moe and Commissioner Sederburg both voted nay.
Discussion Item
May 2010 Meeting Schedule

Longanecker walked the committee through the meeting schedule and said that it would be a straightforward meeting.

Discussion Item
WICHE Dues

The Executive Committee discussed Longanecker’s proposal for FY 2012 and FY 2013 WICHE Dues. The plan proposes keeping FY 2012 dues at $125,000 and a 5 percent increase to $131,000 for FY 2013 dues contingent upon improved state budgets in at least one-half of the WICHE states. Commissioner Preus moved to RECOMMEND THE PROPOSED DUES PLAN TO THE COMMITTEE OF THE WHOLE.

Commissioner Nichols seconded the motion. David Longanecker discussed with the committee the need to consider staff salaries next year. WICHE staff will be entering their second year of flat salaries. Longanecker thought that he would have to start considering cutting staffing levels in an effort to increase resources for staff salaries. Commissioner Barrans asked if health benefits have increased, and Longanecker said that the cost of health benefits has increased and that staff are losing ground. Commissioner Hanson asked if cost of living adjustment were occurring in Colorado. Longanecker said that those adjustments have been flat. Commissioner Hanson added that perhaps the cost of health care should be considered in cost of living adjustments. Commissioner Nichols said that a bonus system might make sense. She commented that flat salaries are ok given that many states have faced salary decreases. Commissioner Nething asked about employment prospects for WICHE staff. Longanecker told the committee that many foundations are putting money into the policy environment and that employment opportunities could be a factor for retaining WICHE staff. The motion was approved unanimously.

Other Business

Chair Buchanan asked for other business. Commissioner Nichols told the committee that the Audit Committee met on Sunday prior to the commission meeting and that they considered the possibility of having Longanecker sign the President’s Code of Ethics as a way of indicating that he had received and read the document. Commissioner Nichols asked the committee for feedback on whether or not commissioners should also sign the Commission Code of Ethics. The committee discussed what happens if some commissioners chose not to sign the document. Commissioner Rush shared that in his experience when given the option of signing a document, it didn’t seem very optional.

Longanecker also brought before the Executive Committee a request to draw $38,000 from the undedicated reserves to cover the upfront cost of connecting WICHE to Internet2 with UCAR. The connection to Internet2 would significantly increase WICHE’s broadband capacity and would also be a cost-saving measure by providing the access and connectivity for a much more reduced cost than what is currently paid. Commissioner Nething asked whether or not SHEEO and NCHEMS would be sharing in
the cost of connecting to Internet2. Longanecker said that UCAR currently was interested in working with one organization. He wanted the option to pay for the connection and perhaps work something out with SHEEO and NCHEMS in the future. Commissioner Sederburg moved to APPROVE THE REQUEST TO DRAW UP TO $38,000 FROM THE RESERVES TO COVER THE COST OF CONNECTING TO INTERNET2. Commissioner Hansen seconded the motion. The motion was approved unanimously. The committee went into a closed session for the president’s evaluation.