3-8-2005

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Recommended Citation
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Faculty Senate Resolution to the Georgia Board of Regents re Foundation Funds as bonuses

Submitted by: Debra Sabia
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681-5725

3/8/2005

**Motion:**

The Faculty Senate requests that the Georgia Board of Regents fund raises and bonuses for university Presidents through the State budget process and not by making requests or suggestions to University foundations.

**Rationale:**

The recent decision by the GSU Foundation to provide a salary supplement to the president in a time of economic hardship raises concerns about the current and future general welfare of the University community.

The salary supplement takes away from resources that might be used to meet other academic and institutional needs and it contributes to the escalating disparity that already exists between administrative, faculty and staff salaries. The use of Foundation monies for supplementing administrative salaries may have long-term negative effects, undermining future fund-raising efforts.

**SEC Response:**

The Agenda Request of Debra Sabia for Faculty Senate Resolution to the Georgia Board of Regents was discussed at length. On a Cook/Edwards motion that passed unanimously it was determined that, as written, the first part of the request is addressed in Section 208 of the Board of Regents Handbook and is thus moot. The second part of the request “…not making requests
or suggestions to University foundations” was thought to be overly broad and the SEC members present voted to return the request to Dr. Sabia for revision or withdrawal.

**Senate Response:**

3/25/2005: Debra Sabia (CLASS) submitted an agenda request for a Faculty Senate resolution to the Georgia Board of Regents. That request sought to ask the Board of Regents (BOR) to fund salary increases and bonuses for University Presidents through the state budget process and not by making requests or suggestions to University Foundations. Section 208 of the BOR Policy Manual, Compensation of Presidents states “that salaries and associated fringe benefits for University System Presidents and the Chancellor shall be paid exclusively from state appropriations allocated to each institution.” As a result of Section 208, the SEC determined that the first part of Senator Sabia’s request was moot.

With respect to the wording of the second portion of the agenda request, the SEC determined it to be sufficiently broad such that any resolution sent up by Georgia Southern would have to be applied to the entire University System and this was determined to be outside the scope of Georgia Southern University’s authority.

Minutes: 4/5/2005: “In approximately June of 2003, UGA President Michael Adams denied the request of University of Georgia Athletic Director Vince Dooley to retract his decision to retire, and extend his contract an additional four years. This angered many alumni who contributed to the UGA Foundation and resulted in the Foundation threatening to withhold the approximately $300,000 they contributed to supplement President Adams’ salary. Clearly the supplement to the UGA Foundation had been providing to their minds gave them a measure of control over the actions of President Adams. In May 2004, in a special session of the BOR the Regents recognized the impropriety of this perception and began to question the propriety of foundations supplementing presidential salaries. This resulted in the Regents directing President Adams to give notice that UGA would terminate its memorandum of understanding with the UGA Foundation, and no longer recognize it as a cooperative organization. At the same time, the Regents discussed paying presidential salary strictly with state dollars to eliminate any doubt as to where the presidents report and to whom they are responsible. The Chancellor was asked to bring such a policy back to the Board in June 2004. In June 2004, the Board approved the addition of a new Policy Section 208, Compensation of Presidents to the BOR Policy Manual, which requires that salaries and fringe benefit expenses for all University System of Georgia presidents and the Chancellor be funded exclusively from state appropriations effective July 1, 2005. In executive session at this same meeting the Chancellor presented his recommendations for presidential salaries, which were then discussed, moved upon, and unanimously approved. The action taken at the June meeting transferring all presidential salaries to state funds was the first of its kind in the country. Due to the new ground that was being covered and the complexity of the issue, Chancellor Meredith contacted consultant Raymond D. Cotton, Vice President for Health and Higher Education for ML Strategies LLC, Washington, D.C. Mr. Cotton presented the August meeting with a two-phase report. The first was an overview of national trends, and the
second was guidance on how to best implement the newly adopted section 208. Regent Chair Joel Wooten summarized the outcome of Mr. Cotton’s report and the Board actions as follows:

1. The total compensation of the 34 presidents in the University System will stay the same with one exception.

2. Foundations who had been supplementing presidential salaries will be asked to give the same or similar amounts that they would otherwise have been paying for the respective president's supplemental compensation to the respective institution's general fund in support of the general mission of the institution. That money will not be directly used or allocated to pay for presidential compensation.

3. No state dollars can be used for entertaining, civic clubs, etc.

4. As a result of number 3, the Board will ask the foundations to continue to make funds available to assist the presidents in doing their jobs, i.e. providing funds for items in #3 that cannot be provided by state dollars.

5. Future salary increases will continue to be based only upon the base state salaries, as is currently the case, and not on total compensation packages.

At the same August meeting, University of Georgia Foundation reps Lynda B. Courts, Chair of the Foundation, and James H. Blanchard, Foundation Trustee and Executive Committee member, spoke to the Regents expressing their eagerness to cooperate and reiterate their commitment to serving the best interests of the Regents and UGA, i.e., they kissed and made up. As mentioned, MCG President Daniel Rahn was found to be underpaid for what he does, and his salary was adjusted significantly to the tune of $180,000. On September 18, 2004, despite not being required to do so, as Georgia Southern was not an institution who’s Foundation had previously been supplementing presidential salary, the Foundation Board voted to contribute $40,000 to our University’s education and general fund. The funds never left Statesboro, were not channeled through Atlanta or the Board of Regents, and had the Board, not of the Foundation, not of Regents, not voted to make this gesture of goodwill it would not have affected the salary approved by the Regents in June 2004. In approximately February 2005 the Statesboro Herald picked up the story. All of this information was retrieved from publicly available information."

Rice Jenkins then asked if there was any other new business.

Debra Sabia (CLASS) made the following motion.

"'Be it resolved, that it is the expressed opinion of the Georgia Southern Faculty Senate that the Georgia Southern Foundation should no longer participate in providing funds for GSU presidential salary supplements."
The motion was seconded and Rice Jenkins asked for discussion.

Candy Schille (CLASS) voiced an “objection to consideration of the question.” Debra Sabia voiced a “motion to rescind.” Rice Jenkins stated that the “objection to consideration of the question” was first. This objection required no second, Rice Jenkins explained, and was non-debatable but must be ruled upon immediately. To pass the motion requires a two-thirds majority. She further explained that a negative vote would be in support of Senator Schille motion in response to a question posed by Virginia Richards (CHHS). Schille’s motion did not carry by hand count. Thus, the Senate then took up the Sabia motion.

Debra Sabia spoke in favor of the motion. She began by saying that her motion was not meant to disparage President Grube or the work that he has done here at Georgia Southern. She stated that the Georgia Southern Foundation initiated a conversation with the Chancellor of the Board of Regents (BOR) about raising the President’s salary. Sabia went on to say that the BOR requested that the Georgia Southern Foundation send $40,000 to Atlanta so that the money could be put into the operating budget of Georgia Southern University. This funding was then used to supplement the salary of the President. Sabia asserted that she had been told by a member of the BOR that this salary supplement was not initiated by the Board. That the salary increase was not allocated, or the money paid for the salary supplement was not paid from state funds, and that if we had a problem with that then what we needed to do was to speak to our Foundation.

Rice Jenkins asked Sabia if there were any public documents corroborating the meeting Sabia had with one of the Regents. Sabia stated that at least one other person in the room was at the meeting. Sabia further stated that the Regent asked them if it would be proper for the Regent to speak to President Grube about the fact that the meeting had taken place.

Bob Cook (CIT) called the question to limit debate. The motion failed by hand count and discussion continued. Annette Laing (CLASS) noted that the public perception of the President’s salary supplement being supplied by the Foundation was very negative. She further stated that it would negatively impact fund raising. The sentiment was echoed by Mike Nielsen (CLASS).

Candy Schille (CLASS) stated that it seemed to her that BOR Policy 208 stated exactly Debra Sabia’s position. Schille stated that it looked to her as if Dr. Sabia was saying that the BOR in congress with the Foundation did not honor their own decision. Then her next questions to Sabia were 1) how do she think passing this resolution was going to fix that duplicity and 2) did she have evidence that this is going to happen again next year, and if so, what is that evidence?

Sabia replied that the resolution would be a collective statement of the Faculty Senate that they do not approve of the practice of Foundation monies being used to supplement Presidential salaries. She noted that it does make a difference when people complain.
Jeanette Rice Jenkins noted that any resolution passed by the Senate would have to be approved by the President. This presented an ethical issue to ask the President to sign a resolution concerning a salary he has no control over.

Billy Griffis (Vice President for University Advancement) stated that he was not aware of any negative reaction to the Foundation’s action. Instead he said that the community was supportive of it. This assertion was met with some skepticism by Senate Laing.

Bob Cook (CIT) spoke in opposition to the motion by saying that the BOR has difficulty in finding and retaining University Presidents. He was against any motion that would restrict the Foundation’s ability to help the University.

Mark Edwards (COST) called the question and this time it passed by hand count. Rice Jenkins then asked the Senate to vote on the Sabia motion. Sabia moved that the vote be by secret ballot. The motion was seconded and the motion carried by hand count.