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ABSTRACT

In 1986, a study was conducted of the employment contracts of the chief executive officers (CEO's) of two-year colleges in the United States, Canada, and Puerto Rico. Questionnaires were mailed to the entire membership of the American Association of Community and Junior Colleges, totaling 1,110 colleges. Study findings, based on responses from 506 CEO's, included the following: (1) a 3-year term was the most popular length for 1986 contracts, as opposed to the 1-year term which was most common in 1981; (2) contract renewal based on an annual review gained popularity between 1981 and 1986; (3) almost 6% of the contracts were expressed as board resolutions, 6% as standard professional or state contract forms, and 59% as formal contracts; (4) a board-initiated termination provision was present in 25% of the contracts, up from 10% in 1981; (5) average salaries ranged from $49,853 for colleges with 1,000 students or less to $76,628 for colleges with more than 20,001 students; (6) the mean annual salary was $62,949 in 1986, representing an increase of 30% over 1981's mean of $48,402; (7) average salaries were highest in the far western United States, and lowest in the mountain states; and (8) 14.7% of the colleges provided homes for their CEO's, 88.3% provided paid medical coverage, 27% offered spouse tuition benefits, 67% provided between 10 and 14 paid holidays per year, 48% offered between 21 and 25 paid vacation days, and 71% provided life insurance and travel allowances. (AYC)

CHIEF EXECUTIVE OFFICERS

Contracts and Compensation

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CHIEF EXECUTIVE OFFICERS

Contracts and Compensation

A study of employment contracts of chief executive officers of two-year colleges, effective in 1986, including general provisions, and benefits and compensation data.

BY R. STEPHEN NICHOLSON

for
The Presidents Academy
of the
American Association
of Community and Junior Colleges

CONTENTS

TABLES

FOREWORD

The Presidents Academy of the American Association of Community and Junior Colleges (AACJC) continues to provide consistent leadership for the Chief Executive Officers of the nation's two-year colleges. Their attention to the development of stronger leadership is demonstrated in a variety of initiatives that have given the CEOs an opportunity to view and evaluate national trends and significant new programs and use these to give their local colleges a head start on solutions that keep all of America working well.

Compensation and contribution must balance if relationships are to be equitable and effective. The variety of local CEO compensation practices in the Presidents Academy 1981 study were evident as were some national trends. The current 1986 report follows much the same format as the previous study and gives an update on changes that have emerged.

While no set of data ever fully reflects reality, the benefits outlined in this study are small when contrasted with the ultimate compensation of college leaders. The realization that their actions as CEO of their colleges make a significant difference in the life of their communities, their colleagues, and that these enduring differences are worthwhile constitutes the ultimate compensation.

Professionals perform by their own standards of excellence without regard for the circumstances that to others would enhance or limit their achievement. The compensation that counts in the final analysis is the enduring sense of work well done that results when loyalty, responsibility, creativity, and persistence enable one to meet successfully the unique opportunities for leadership that only a community college CEO experiences.

—*R. Stephen Nicholson*

I

SCOPE OF THE STUDY

This report updates a 1981 study issued by the Presidents Academy of the American Association of Community and Junior Colleges (AACJC) concerning employment contracts—effective in 1981—of chief executive officers of 629 AACJC member colleges. nearly 61 percent of a total membership then numbering 1,049.

This follow-up study is an analysis of contract provisions effective in 1986. It is based on responses from 506 colleges to questionnaires sent to the entire AACJC membership, totaling 1,110 colleges in 1986.

The 506 responses came from colleges in 46 states, Puerto Rico, and Canada, with half the total originating in ten states—California, Texas, North Carolina, Illinois, Florida, New York, Michigan, Ohio, Maryland, and Virginia.

Regional and state distribution of respondents is itemized in Table 1, together with comparable data on 1981 contracts.

TABLE 1
NUMBER OF RESPONDING COLLEGES, BY REGIONAL COMPONENT

	1981		1986	
	Number of Respondents	Percent of Total	Number of Respondents	Percent of Total
I. *NEW ENGLAND, CANADA*				
Canada	3	0.5	2	0.4
Connecticut	10	1.6	5	1.0
Maine	1	0.2	3	0.6
Massachusetts	6	0.9	7	1.4
New Hampshire	-	-	-	-
Rhode Island	1	0.2	-	-
Vermont	4	0.6	2	0.4
II. *NORTHEAST*				
New Jersey	12	1.9	7	1.4
New York	29	4.5	20	4.0
Puerto Rico	4	0.6	2	0.4

TABLE 1—continued
NUMBER OF RESPONDING COLLEGES, BY REGIONAL COMPONENT

	1981		1986	
	Number of Respondents	Percent of Total	Number of Respondents	Percent of Total
III. *MID ATLANTIC*				
Delaware	-	-	1	0.2
District of Columbia	-	-	-	-
Maryland	10	1.6	15	3.0
Pennsylvania	14	2.1	10	2.0
Virginia	16	2.5	14	2.8
West Virginia	2	0.3	3	0.6
IV. *SOUTH*				
Alabama	18	2.8	8	1.6
Florida	22	3.4	20	4.0
Georgia	9	1.4	8	1.6
Kentucky	12	1.9	5	1.0
Mississippi	12	1.9	7	1.4
North Carolina	42	6.6	30	5.9
South Carolina	9	1.4	13	2.6
Tennessee	11	1.7	9	1.8
V. *UPPER MIDWEST*				
Illinois	35	5.5	30	5.9
Indiana	3	0.5	-	-
Michigan	17	2.6	19	3.8
Minnesota	8	1.2	13	2.6
Ohio	24	3.7	16	3.2
Wisconsin	13	2.0	14	2.8
VI. *SOUTHWEST*				
Arkansas	9	1.4	6	1.2
Louisiana	2	0.3	2	0.4
New Mexico	5	0.8	10	2.0
Oklahoma	12	1.9	9	1.8
Texas	39	6.1	35	6.9
VII. *MIDWEST*				
Iowa	15	2.3	10	2.0
Kansas	15	2.3	13	2.6
Missouri	9	1.4	9	1.8
Nebraska	9	1.4	7	1.4

TABLE 1—continued
NUMBER OF RESPONDING COLLEGES, BY REGIONAL COMPONENT

	1981		1986	
	Number of Respondents	Percent of Total	Number of Respondents	Percent of Total
VIII. *MOUNTAIN*				
Colorado	10	1.6	11	2.2
Montana	3	0.5	3	0.6
North Dakota	5	0.8	6	1.2
South Dakota	-	-	-	-
Utah	4	0.6	3	0.6
Wyoming	7	1.1	6	1.2
IX. *FAR WEST*				
Arizona	10	1.6	10	2.0
California	79	12.4	53	10.5
Guam	1	0.2	-	-
Hawaii	3	0.5	2	0.4
Nevada	4	0.6	1	0.2
Trust Territories	1	0.2	-	-
X. *NORTHWEST*				
Alaska	5	0.8	2	0.4
Idaho	1	0.2	1	0.2
Oregon	13	2.0	8	1.6
Washington	21	3.3	14	2.8

II

CONTRACTS

CEO CONTRACT FORM

Contract forms seem to be more varied than in 1981 when 72 percent reported a "document." Currently, these proportions remain about the same at 72 percent.

Local governance is nowhere more in evidence than in the variety of specific and general items the boards include in their CEO's contract.

All contracts in some states will be virtually identical, while in other states little or no common language or boiler plate is found.

Variety in format and detail characterizes these documents, yet overall a consistent pattern emerges.

LENGTH OF CONTRACT

A three-year term was the most popular length for 1986 contracts, as opposed to the one-year term, which was the most frequent choice for 1981 contracts.

There has been little change in the institution that offers no contract to its CEO.

Two-year contract patterns remain stable.

Four-year, or more, contracts have shown a slight decrease. While no accurate data were available, this decline, based on a casual review of the sample and familiarity with the college, appears to have resulted from the retirement of many long-term CEOs and a pattern of replacement with new CEOs who begin their contracts with two-year terms.

TABLE 2
TERM LENGTH OF CEO CONTRACTS

	1981		1986	
	Number of Respondents	Percent of Total	Number of Respondents	Percent of Total
No contract	174	27.7	135	26.7
One year	163	25.9	122	24.1
Two years	76	12.1	57	11.3
Three years	138	21.9	136	26.9
Four years or more	78	12.4	56	11.1
Total responses	629	100.0	506	100.0

More of the contracts tend to have picked up the automatic renewal, which simply extends the contract by one year unless either party serves notice of its intention of nonrenewal.

The number of contracts that provide for other employment in the institution as a faculty has decreased. An increasing number of contracts allow two to five days for consulting relationships outside the college.

CONTRACT RENEWAL

Annual review has gained popularity since 1981. The Association of Community College Trustees programs stressing the significance of annual review appear to be making an impact. Contracts renewed only at the end of term have decreased significantly. Further questions need to be considered here so that we can determine the source of this change and its consequence for CEO evaluation and contract renewal.

TABLE 3
CONTRACT RENEWAL PATTERN

	1981		1986	
	Number of Respondents	Percent of Total	Number of Respondents	Percent of Total
Annual review	259	48.3	222	54.7
At end of term	213	39.7	134	33.0
No annual review	64	11.9	50	12.3
Total	536	100.0	406	100.0

CONTRACT TERMS AND PROVISIONS

One hundred and nine contracts were analyzed. This represents 21.5 percent of the sample, a slight increase over the 18.6 percent in 1981.

It is difficult to determine from the small response the extent of formal contracts. Evidence forwarded ranged from a single motion from board minutes to multiple-page, carefully drawn documents.

We may assume that written contracts have replaced "handshake" agreements, but the evidence is not present to support this leap of logic.

Reading the contracts seems to reveal varieties of concerns and past history that boards seek to avoid repeating. In contrast to 1981, there are more specifics on termination, evaluations, and tax-sheltered fund plans.

There is a new tendency in the western regions to include specific duties and responsibilities that fold the job description into the contract.

Some increase in automatic contract extensions is noted. Unless one of the parties serves a notice of nonrenewal, the term extends for an additional year.

More detailed language allowing specific numbers of miles for personal use of college vehicles has begun to appear.

BOARD RESOLUTION (5.5 percent)

Almost 6 percent of the contracts are expressed by this mode. For the most part, they are xeroxed copies of board minutes. There are usually no details of terms and conditions present.

STANDARD PROFESSIONAL FORM OR STATE CONTRACT FORM (6 percent)

These contracts generally represent a uniform treatment of all professional employees of a state or individual college system.

They further refer to specific college policies and personnel policies as a part of the contract. Several specify both present and future policies as expressions of the performance expected.

Frequently these contracts refer to state statutes and personnel laws as either disclaimers or binding aspects of the contract: "This contract is subject to all terms and provisions of the statutes of the State of ________, the rules and regulations of the ________ state board of education, and the rules and regulations of the ________ community college board of trustees."

Several contracts also contain the condition that compensation will be paid only when sufficient funds are available to the college: "If the total amount contracted for employees' salaries exceeds the amount hereafter budgeted for such purposes, any contract provision for payment of such excess shall be inoperative and void and all contracts shall be reduced proportionately."

Another series of "subject to" clauses in these contracts specifically names the sources of funds upon which the board of trustees expects to support the position and then clearly states that employees shall be paid, "subject to the continued allocation of funds for specific (federal, state, county) programs."

One contract contained the statement: "Payment for service under this contract shall be confined to the funds identified in the budget code or codes indicated." Several of the contracts included the specific codes from budget line items on the contract notice.

An additional provision of interest in more contracts is the condition that the CEO have no other contracts with other districts in the same state for professional services.

FORMAL CONTRACT FOR PRESIDENT (59 percent)

Of the contracts reviewed, most were unique documents, with multiple specific provisions applicable only to the CEO of the college issuing the contract.

Generally, the following sections are found in these contracts in varying order and specificity.

A. Term of contract
   1. Length of term
   2. Renewal provision
   3. Termination
B. Duties
   1. Performance review
   2. Physical or psychological
C. Salary
D. Benefits
E. Allowances
   1. Travel
   2. Housing
   3. Expenses
F. Leave, vacation, consulting, or professional association time allowed
G. Organization responsibilities
   1. Function—reports to whom, does what?
   2. Records
H. Conflict resolution
I. Unique items of interest
J. Ownership of files and documents

RENEWAL PROVISION

A renewal process tied to evaluation is present in slightly more than 50 percent of the contracts. Absence of any negative action or notice of nonrenewal results in the majority of the above contracts being extended automatically.

In contrast to 1981, the evaluation clause is much more explicit. Clearly, boards are more comfortable evaluating their CEOs than previously indicated.

TERMINATIONS
Board-Initiated Terminations

Again, a board-initiated termination layoff provision is present in 25 percent of the contracts, up from 10 percent in 1981.

Much more attention is given to board-requested physical examinations and the process for selecting a physician.

The process for determining when a CEO can be relieved in case of incapacitation appears much more frequently. Does this reflect on older CEO population?

Almost all contracts include termination for cause or automatic termination if a major legal offense is committed.

One contract cites "liability ignoring" board policy as a cause for dismissal.

Some require reasons and others clearly state that no reasons are to be given and no recourse is available for the CEO being terminated.

CEO-Initiated Terminations

Longer periods are now expected, if the CEO is terminated. Ninety days replaces 30 as the norm, with noticeably more six-month notices required.

DUTIES

Four percent of the contracts spell out the basic duties expected of the CEO. The following is the most specific.

> "The president shall be the chief executive officer, and shall be directly responsible to the board. The president shall act... within the statutes, rules and regulations of the U.S., the state, and the local board.... [T]he execution of decisions made by the board shall be delegated to the president and his powers and duties shall be,...as the official representative and spokesman of the college,... [responsibility] for the management, development, and coordination of all departments, divisions, functions of the college.... [The president] shall administer and supervise all personnel...have control and supervision of all buildings, grounds, and equipment,...provide professional leadership,... [and] do all things that are necessary or required to carry out full responsibilities of the office of the president."

Most contracts refer to an attached job description or established policies as expressions of the duties to be performed.

EVALUATION OF PERFORMANCE

Clearly, management by objectives and performance-based processes are growing trends in the contracts viewed for this analysis.

Mutual involvement in the evaluation process is the rule. It is noteworthy that both parties are paying attention to the same items.

Another trend is the specific mention of board/CEO performance. Many contracts require these sessions on a regular basis.

EXCERPTS FROM A SAMPLING OF CONTRACTS

The following excerpts are examples of contract language found in the various documents submitted. These are direct quotes from the contracts.

Perhaps inclusion of these excerpts will supply language to express board intentions and will be useful to colleges where a new or improved contract is being written.

The contract paragraphs are arranged in the following order:

- Appointment
- Term
- Reappointment
- Modification
- Arbitration
- Duties
- Extent of services
- Housing
- Of interest (provisions that are unique)
- Automobile
- Liability
- Sabbatical
- Evaluation
- Disability
- Physical exam
- Documents and ownership
- Discharge
- Termination
- Consulting/outside activities
- Annual vacation
- Moving expenses

APPOINTMENT

"THIS AMENDED EMPLOYMENT CONTRACT made and entered into this ____ day of May, ____, by and between the Board of Trustees of the Community Colleges, District No. ____, hereinafter called "the Board," and ________, President of the College District, hereinafter called "the President," amending the employment contract entered into by the parties under date of ________, as follows: The Board and the President for the consideration herein specified agree as follows: The Board hereby appoints effective ________, to be the president and chief executive officer of the college. This appointment shall run until ________, or until such later date as determined by the Board. Extensions to this contract may be made by resolution or motion duly passed by the Board or by an executed addendum, which action should be reflected by an attachment to this basic contract for employment."

* * *

"The term of this appointment shall be extended on an annual basis for an additional term of one year unless either party shall prior to ________ of the then current year notify the other party in writing that it does not desire the appointment to be so extended. This extension shall reoccur annually unless such notice is given."

TERM

"TERM: The Board, in consideration of the promises herein contained of the President, hereby employs, and the President hereby accepts, employment as President of Community Colleges, District No. ____, for a term of three years and two months commencing on the first day of ________, and terminating the ____ day of ________.

***

". . .[T]his contract is issued on a continuing basis and may be terminated by the Board of Education upon providing the party of the second part twelve (12) months advance written notice and is also subject to all provisions of the policies of the Board of Education covering administrative contracts."

REAPPOINTMENT

"The term of this appointment shall be extended on an annual basis for an additional term of one year unless either party prior to March 15 of the then current year notifies the other party in writing that it does not desire the appointment to be so extended. This extension shall reoccur annually unless such notice is given."

MODIFICATION

"The terms and conditions of appointment set forth herein may be amended or modified by mutual agreement of the Board and Interim President. Such modifications may be made by resolution or motion duly passed by the Board or by an executed addendum, which action should be reflected by an attachment to this basic contract of employment."

ARBITRATION

"Any controversy or claim arising out of or relating to this agreement or the breach thereof, shall be settled by arbitration. Such arbitration shall be governed by the rules of the American Arbitration Association, but the parties will not use the American Arbitration Association to obtain the arbitrator. Instead, the parties will first attempt to agree upon an arbitrator for a period of thirty (30) days. If no agreement is reached within such thirty (30) day period, either party may then petition a court of competent jurisdiction for appointment of an arbitrator. Expenses of such arbitration shall be borne fifty (50%) percent by each party. A judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. As a condition to invoking such arbitration procedure, a petitioning party shall first give ten days' written notice of its claim or grievance to the other party and requesting arbitration."

DUTIES

"a. *General Duties.* The CEO is employed as a CEO and shall perform the duties of CEO as prescribed by the laws of the State of California and the Board of Governors. The CEO shall be the chief executive officer of the District. The CEO shall have primary responsibility for execution of Board policy and responsibility for the duties prescribed pursuant to provisions of the Education Code.

"b. *Personnel Matters.* The CEO shall have primary responsibility in all personnel matters, including selection, assignment and transfer of employees, subject to the approval of the Board.

"c. *Administrative Functions.* The CEO shall: (1) review all policies adopted by the Board and make appropriate recommendations to the Board: (2) periodically evaluate or cause to be evaluated all District employees as provided by California law and Board policy: (3) advise the Board of all possible sources of funds that might be available to implement present or contemplated district programs: (4) endeavor to maintain and improve his or her professional competence by all available means, including subscription to and reading of appropriate periodicals and membership in appropriate professional associations: (5) establish and maintain community relations programs: (6) serve as liaison between the Board and the Board's representative with respect to all employer-employee matters and make recommendations to the Board concerning those matters: (7) recommend to the Board district goals and objectives for the ensuing school year: (8) unless unavoidably detained, attend all regular, special and closed session meetings of the Board."

***

"The administrative officer or administrative staff member agrees to enforce the rules and regulations of the College and to promulgate these rules and regulations, to conduct himself at all times in a manner which shall not bring reproach or criticism upon himself or the College, and to promote the principles and ideals for which the College stands."

***

"This contract of employment is executed by and between the Board of Trustees and the CEO with the mutual understanding that the Board of Trustees develops, formulates, and adopts policies of the institution, and the CEO carries out these policies. Both parties recognize that there must be a close working relationship not only administratively but philosophically concerning the operation of the institution and that the Board and the CEO will expend their best efforts to see that this is accomplished for the benefit of the students attending the college."

"The CEO will exercise his duties with the College as full time and on a full time basis. The responsibility of the President shall be to take active charge of the management and operation of the College, subject always to the control and direction of the Board of Trustees and the policies, regulations and directives of the Board duly adopted. During the term of this Agreement, the CEO will devote all of his time and his efficient and conscientious effort to the management and operation of the College and the promotion of its interests. The CEO covenants that during the term of this contract he will not directly or indirectly engage in or carry on any other business or profession."

* * *

"...[T]he college CEO will have freedom to organize, reorganize, and arrange the administrative and supervisory staff which in his judgment best serves the ________ Community College District;...the administration of instruction and business affairs will be lodged with the college CEO and administered by him with the assistance of his staff;...the responsibility for selection, placement, and transfer of personnel shall be vested in the college president and his staff; and...the Board of Education individually and collectively will refer promptly all criticisms, complaints, and suggestions called to its attention to the college CEO for study and recommendation."

EXTENT OF SERVICES

"The CEO shall devote his full time, attention and energies to the business of the college, and shall not during the term of this agreement or any renewal or extension hereof be engaged in any other business activity or accept any commitment outside his role as President which interferes with his duties and responsibilities or adversely affects his proficiency as Chief Executive of the college."

HOUSING

"The College has acquired a house as a residence for the College CEO, and it is agreed by and between the parties hereto that the CEO will be obligated to reside therein in accord with his performance of duties required by this Agreement, which residence will be provided to him by the College without rent or cost. As a part of the duties and responsibilities of the CEO of the College, it is understood that off-campus meetings, entertainment and general contacts with the patrons, students and citizens is required. In addition to affording a place of residence, it is agreed between the parties that the residency will be employed generally in the promotion and accomplishment of the activities and interests of the College."

OF INTEREST

"For these services, the 'BOARD' agrees to pay the 'CEO' as follows: Salary, ________ plus Maintenance Allowance, ________ for a total amount of ________, this sum to be paid in monthly installments. The 'CEO' will be furnished an automobile to use while on school business or will be paid mileage if he uses his personal automobile."

***

"The College shall pay the CEO for reasonable and necessary expenses incurred in moving the CEO's family, furniture, household goods and related personal belongings from ________ to ________. The CEO shall submit an itemized statement of the expenses incurred. In addition, the College shall reimburse the CEO for monthly house payments on his ________ home for a period not to exceed six (6) months. If the ________ home has not been sold at the end of six months, this reimbursement shall be extended for an additional six months. The monthly reimbursement amount shall be paid only upon submission by the CEO of a statement each month that the home has not been sold and that he has made the monthly house payment.

"The College shall provide the CEO with a housing allowance of ________ per month, to be paid monthly. In addition, the College shall pay the difference between the amount of interest upon the mortgage on the ________ house at eight per cent (8%), and the rate upon the mortgage in ________ for the same amount obtained by the CEO for the house that he is purchasing. Additionally, the College shall pay the interest on any interim financing upon a principal amount not to exceed that amount that may be necessary as an equity down payment upon the house the President is purchasing in ________.

"If the Chairman of the Board of Regents believes the CEO is misusing sick leave, or requesting sick leave for purposes other than illness, the Chairman may request proof of illness for periods of less than three days. If the proof is not provided, or is unpersuasive, the Chairman may deny the request for sick leave."

***

"Uniqueness of Position. The parties acknowledge and agree that the position and responsibilities of the CEO are unique, in that they require special education, training and experience, and further, in that the position and office of CEO occupy a separate and distinct professional status within the field of public education. For these reasons, the CEO desires that he be provided uninterrupted opportunity to continue and to advance in his chosen profession during his term of service to the District under this agreement: similarly, the District recognizes this unique professional status and agrees that any termination or attempted termination of the CEO's employment for alleged material breach of this agreement, may cause substantial damage to the CEO in his career as a professional public school president, as a direct and foreseeable consequence of such termination or attempted termination."

* * *

"The College shall provide, in addition to the annual salary, a tax-sheltered annuity in an amount equal to six point four percent (6.4%) of his annual salary.

"The College shall pay the premium to pay for life insurance coverage in an amount two and one-half (2-1/2) times the annual salary, comparable to the policy in effect for administrators at the time of this agreement. The College shall also pay the premiums to provide long-term disability coverage comparable to the group long-term disability coverage plan provided for administrators at the time of this agreement, and accident and health insurance coverage for himself and for his family, comparable to the medical group health insurance plan provided for administrators at the time of this agreement."

* * *

"Compensation. The base annual salary shall be as established by the Board and shall be subject to such increase at the end of each contract year as the parties may mutually agree upon, provided, however, that any salary increase shall not be less than the cost of living increase for the preceding contract year applied to the first Fifteen Thousand ($15,000) Dollars of the salary. The increase in the cost of living shall be determined by the Consumer's Price Index for Urban Wage Earners and Clerical Workers—Revised (United States, All Items) published by the Bureau of Labor Statistics, United States Department of Labor (1967 = 100)."

AUTOMOBILE

"AUTOMOBILE ENTITLEMENT: In light of the unique nature of the professional duties of the CEO, the Board shall provide to the CEO an automobile for use during the three-year and two-month term of this contract. The automobile during that term shall be fully maintained by the Board, including, but not limited to, keeping the automobile in safe, usable condition, and providing for all expenses incidental to automobile usage.

"At the end of the term of this contract, the CEO shall have the option of purchasing the said District owned automobile at the wholesale blue book price of the automobile at that time."

* * *

"There shall be an automobile allowance of ________ for the ________ fiscal year, payable in monthly installments of $500 which shall be complete reimbursement for university-related travel within 100 miles, one way, of appointee's office."

"In addition to the compensation herein provided for, District shall furnish CEO for his use in the performance of his duties for the District an automobile owned or leased by the District; such automobile shall not be more than three years in age; and the District shall pay for all expenses incident thereto, including repairs, gas and oil, and insurance."

LIABILITY

"PROFESSIONAL LIABILITY: The Board agrees to defend, hold harmless, and indemnify the CEO from any and all demands, claims, suits, actions and legal proceedings brought against him in his individual capacity, or in his official capacity as agent and employee of the Board of Trustees, provided the incident arose while the CEO was acting within the scope of his employment and excluding criminal litigation, to the extent such liability coverage is within the authority of the Board to provide under State law. Except that in no case will individual Board members be considered personally liable for indemnifying the President against such demands, claims, suits, actions and legal proceedings."

***

"The Board of Trustees shall not, however, be required to pay any costs of any legal proceedings in the event the Board and the CEO have adverse interests in such litigation."

***

"Liability insurance coverage will be provided for the acts or omissions of the CEO of the College under existing policy of the Board with insurance company or any other insuror which might be selected by the Board for such coverage."

SABBATICAL

"After completion of his third year of service, the CEO may take a sabbatical leave equivalent to 60 non-service days. Dates of the leave are to receive Board approval. During this sabbatical period, he shall receive full salary and benefits as provided in the contract, but if the CEO does not serve as CEO for a period of at least one year following his return from sabbatical, he shall repay the College a percentage of his sabbatical salary based upon the ratio of his subsequent service to the time served on sabbatical."

***

"The CEO is entitled to one half year (twenty-six weeks) of full salary or its equivalent for sabbatical study not to exceed in actual time three summers of six (6) weeks each. The Board further approves one semester of sixteen (16) weeks subject to appropriate administrative coverage as determined by the Board of Trustees. Sabbatical studies are subject to all conditions of sabbatical leave as authorized in policy 4.11.11 by the Board of Trustees. The Board will provide up to $2,000 per summer for tuition and reasonable expenses."

***

EVALUATION

"In May of each year the CEO shall be evaluated by the Board on his ability and accomplishments since the last evaluation. At least two weeks prior to such evaluation, the CEO shall submit an outline of accomplishments along with a schedule or outline of the CEO's short-term and long-term objectives. The Board and the CEO recognize that by law, the State Board of Community Colleges shall specify by rule procedures to be used by the Board in periodic evaluations of the CEO. The Board and CEO recognize that pursuant to law, the Board of Trustees will no later than ________, adopt by rule, procedures governing the employment and dismissal of the CEO. Such rule will be incorporated into this contract. The Board and the CEO recognize that pursuant to law, the Commissioner of Education may suspend the CEO for cause, with State Board of Education approval.

"The Board may suspend or dismiss the CEO for good cause pursuant to Section 240.313, F.S. and for the reasons set forth in 6A-14,411(6)F.A.C."

***

DISABILITY

"In the event the CEO suffers a long-term illness (physical or mental) or other disabilities as certified by a physician, and has exhausted his sick leave, he/she shall continue to receive his/her full salary at the regular rate until the ninetieth (90th) day after the inception of the illness or disability.

"After the ninetieth (90th) day, the Board shall pay the CEO sixty percent (60%) of his base annual salary rate during the shortest of these two periods: one year, or the time during which he is unable to perform the duties of the CEO because of his illness or disability. The Board may reduce this sum by the amount of social security, the Disability Salary Continuation Plan of the ________ Teachers' and State Employees' Retirement System and any other disability income accruing to the CEO during this period."

***

"Should the CEO be unable to perform any or all of his duties by reason of illness and said disability exists for a period of more than 120 calendar days during any contract year, the Board may at discretion make a proportional deduction from the salary stipulated for the period beyond the aforesaid period: and if such disability continues more than six months, or if said disability is permanent, irreparable, or of such nature to make the performance of his duties impossible, the Board may at its option terminate this agreement whereupon the respective duties, rights, and obligations hereof shall terminate."

* * *

"If in the good faith opinion of the CEO conflict exists as regards the defense to such claim between the legal position of the President and the legal position of the Board, the Board shall indemnify the CEO for the costs of such legal defense to the extent permitted by the State law.

"The Board shall not, however, be required to pay any costs of any legal proceedings in the event the Board and the CEO have adverse interests in such litigation."

* * *

"Continuation of Salary

"If the Employee becomes disabled during the employment term because of sickness, physical or mental disability, or for any other reason, so that he is unable to perform his duties hereunder, the Board agrees to supplement the amounts Employee receives from disability insurance or the retirement systems to one hundred (100%) percent of his salary during such disability but not beyond the date specified herein for the end of the employment term."

* * *

"Total disability for a period of ninety (90) consecutive days after exhaustion of available paid sick leave shall be a basis for termination of employment.

"The term 'total disability' means sickness or illness, regardless of cause, physical or mental, which results in the CEO being substantially unable to effectively perform his duties as CEO and his duties pursuant to this Agreement. CEO shall submit to physical or mental examination or both at the request of the Board, provided that such examinations shall be performed by licensed medical doctors."

PHYSICAL EXAM

"The CEO shall be required to have an annual physical examination by a licensed physician. The expense of such an examination, not reimbursed by the DISTRICT insurance program, will be borne by the DISTRICT."

". . . [T]he college CEO does hereby agree to have a comprehensive medical examination each year;. . . a statement certifying to the physical competency of the college CEO shall be filed with the Board of Education and treated as confidential information by the Board of Education, the cost of said medical report to be borne by the college district."

* * *

"The Administrator, at his expense, agrees to submit to the Board, if required, prior to the effective date of this contract written evidence of good health based on a medical examination, including a negative report of a Tuberculosis examination. The Administrator, at the expense of the Board, further agrees upon the request of the Board at any time during the term of his contract to submit to medical examination by a qualified physician or physicians to be selected by the Administrator from a list consisting of not less than three names approved by the Board, and to allow the report of this examination to be submitted to the Board with a copy being forwarded to the Administrator."

DOCUMENTS AND OWNERSHIP

"Work Products

"All correspondence, papers, documents, reports, files, films, work products, and all copies thereof received or prepared by the CEO in the course of performing, or as an incident thereto, his duties and responsibilities hereunder shall immediately, upon such receipt and preparation, become the exclusive property of the college for any and all purposes. All items described above shall be provided to and left with the college upon termination of this appointment."

DISCHARGE

"Discharge for Cause

"The Board may discharge President during the term of this contract for cause. Cause for removal of President includes, but is not necessarily limited to, immoral or disreputable conduct, insubordination, and failure or refusal to perform the duties of his office as required by law. President shall be entitled to receive a notice of the charges in writing and a hearing before the Board. He shall have the right to be present at the hearing, to be represented by counsel, and to have a transcript made of the hearing. The hearing shall be conducted in executive session. If President elects to appeal the decision of the Board, he shall be entitled to receive a transcript of the hearing at no charge."

"Dismissal for cause shall be effective no less than thirty (30) days from the delivery to Employe of a reasonable specific statement of the grounds and facts on which the District relies for such dismissal; provided, however, the District Board may suspend Employe from his duties, with pay, or prior to the effective date of such dismissal. Employe shall be entitled, upon his request, to be heard, either in public or in private, in his own defense or extenuation at a formally-convened hearing of the Board, convened for that purpose only. Any such hearing shall extend due process to Employe, including confrontation and cross-examination of witnesses as in a judicial proceeding."

* * *

"Nothing appearing in this contract shall affect the legal rights and privileges of either party in respect to a claim for breach of contract."

* * *

"The President may be discharged for cause by the Board. A discharge for cause shall be deemed a dismissal of the President for conduct which is seriously prejudicial to the College, and may include, without limitation, incompetency, violation of law, material breach of this Agreement, cruelty, negligence, immorality, or for other sufficient reason or cause under the laws of the State.

"Upon a majority vote of the Board to dismiss for cause, the President shall be given written notice of the Board's decision. The President shall be entitled to appear before the Board to discuss the notice of his dismissal. Such meeting may be in public session or executive session, at the option of the Board."

* * *

"... [T]hroughout the term of this contract the college President shall be subject to discharge for good and just causes, provided, however, that the Board of Education does not arbitrarily or capriciously call for his dismissal and that the college President shall have the right to service of written charges, notice of hearing, and a fair hearing before the Board of Education. If the college President chooses to be accompanied by legal counsel at the hearing, said legal expenses will be incurred by the college President."

TERMINATION

"Termination of Contract.

"This contract shall be terminated under the following events and conditions:

"(a) Upon death or incapacity of the President;

"(b) Upon retirement;
"(c) Upon voluntary termination by the President with not less than six (6) months' written notice;
"(d) By agreement of the parties;
"(e) By the Board giving written notice of termination to the President without cause and without hearing, but upon payment of six (6) months' severance pay;
"(f) For just cause, but without notice and hearing before the Board upon written request of the President."

"Termination of Employment Contract

"This employment contract may be terminated by mutual agreement of the parties, death or permanent disability of President. In case President shall be deemed to be permanently and totally disabled, the Board may terminate this contract on the date of certification of disability, subject in all events to partial pay provided under Section ______ hereinabove."

* * *

"Unilateral Termination by Board

"If the Board shall terminate this employment contract with caus , the Board shall pay to President, as severance pay, all aggregate salary he would have earned under this employment contract from the actual date of termination date to the termination date set forth in this employment contract. In consideration of the severance pay, the requirement for a hearing of the reasons for termination as set forth in Paragraph ______ above shall be waived. In addition, the Board may pay the said severance pay in a lump sum or in equal annual, semi-annual or monthly installments not to exceed the term of this contract."

* * *

"The college's financial commitment to the appointee in the position of President of ______ Community College extends only for the term of this contract. No specific notice is required for non-renewal. The appointee may be relieved of his duties as President at any time at the pleasure of the Board of Trustees with payment of the salary and benefits for the remainder of the contract period. The notice provisions of the Code are applicable to the appointee's tenured position as a member of the faculty of ______ Community College."

"Termination

"(a) Without Cause

"Neither the Interim President nor the Board shall have the right to terminate this contract without cause unless both parties agree to the conditions and terms of the termination.

"(b) With Cause

"In the event the Interim President fails to carry out the duties and responsibilities set forth in this ' ntract or fails to carry out the duties and responsibilities as requested by the Board, the Board may terminate the contract during the period in which it is in effect by giving the Interim President notice of his failure to perform and granting him a hearing concerning those failures before the Board. During any such proceeding, the Interim President's duties may be reassigned, and he may be given other functions or projects, but the salary may not be diminished."

***

"The Board shall have the right, at any time during the term of this agreement or any renewal term hereof, to immediately terminate Employe without cause, by the payment or tender to him in lump sum, of all salary, accumulated vacation benefits, and retirement benefits that would be payable to Employe during the remainder of the current contract period.

"Upon tender to the Employe of such lump sum, this contract will be deemed for all purposes terminated."

CONSULTING/OUTSIDE ACTIVITIES

"While the President shall devote his time, attention and energy to the business of ________, he may serve as a consultant to other educational agencies, lecture, engage in writing activities and speaking engagements, and engage in other activities which are of a short-term duration, at his discretion, subject to the approval of the Chairman and notice to the Board. Any activities which require the President to be absent from ________ for more than three (3) full work days shall be submitted to the Board for prior approval.

"The President may, at his option and with the approval of the Board, continue to draw his salary while engaged in the outside activity as described above. In no case will the Board be responsible for any expenses incurred by the President in the performance of outside activities."

***

Outside Professional Activities

"With prior approval of the Board, the Superintendent/President may undertake outside professional activities including consulting, speaking and writing; said outside professional activities may be performed for consideration provided said activities do not interfere with the normal duties of the Superintendent/President."

ANNUAL VACATION

"The Superintendent/President shall be entitled to twenty-four (24) working days annual vacation. Vacation may be accumulated, but shall not exceed a total of forty-eight (48) days. In the event of termination or expiration of the contract, the Superintendent/President shall be entitled to compensation for the unused portion of his vacation at the current per diem rate."

***

"The President shall receive twenty-five calendar days of vacation annually in addition to legal holidays. Vacation shall be taken in the contract year in which it is earned. The time of the vacation shall be determined by joint agreement of the Chairman of the Board and the President."

***

"The President shall be entitled to twenty-four (24) days of vacation per year accumulative to a maximum of sixty (60) days. Upon termination of employment, should the President have accumulative vacation days, then he shall receive payment therefor, and in no event shall payment exceed 30 days."

***

"...[I]n addition to the annual twenty-two (22) working days vacation period granted the Second Party, an additional period of ten (10) working days annually will be granted the Second Party during the contract period in order to provide for study, travel, general professional development, and consultation. This time for study and travel must be used by the 30th of June following the end of the fiscal year in which it is earned."

MOVING EXPENSES

"Board shall pay or reimburse President for his and his family's moving expenses to the extent the same shall be incurred, in respect to the cost and expense of a professional moving company transporting his and his family's household goods, furniture, appliances and the like, from old address to his initial place of residence within the College District."

***

"In this regard, President shall use good faith efforts to obtain a minimum of three (3) estimates from moving companies, (one of which shall be, if possible, a company having its offices and facilities within this District). The President shall submit such estimates to the Board prior to his contracting with any such company.

"Board's obligation to pay or reimburse the President for such moving expense shall not exceed the lowest of the three (3) said estimates, or the actual cost thereof, whichever amount shall be lower."

III

FACTORS INFLUENCING COMPENSATION

Any compensation system is a decision that balances a variety of considerations. The interests of the public, the coilege, and the president are basic elements in this decision. Equity in the decision also involves the compensation of other positions in the college as well as the market price for similar services in other colleges for persons with similar backgrounds and responsibilities.

RESPONSIBILITY

The primary responsibility of the CEO is to give leadership and direct the planning for the future of the college. The CEO also is expected to organize, operate, and evaluate the college activities. A variety of skills or strengths in special areas characterize different individuals who serve as CEOs. Boards frequently seek to find a CEO whose experience is equal to the immediate tasks confronting the college and view his/her compensation as an investment in the future of the college.

Compensation is, unfortunately, an admixture of policy and reward: a statement of the board's view of the future direction and style of operation it seeks when a CEO is selected, and a statement about the worth of these services to the college and the community.

In our present culture, salary is a subtle series of messages sent to a variety of publics. The CEO may be tempted to believe that salary represents the ultimate value a board and community place on his effectiveness and service.

RELATIVITY

The variety of factors that legitimately influence compensation was best expressed in a recent AASA publication. The factors are:

- Equity
- Rationality
- Competitiveness
- Retention
- Job performance
- Responsiveness
- Career growth

While the compensation reported in this survey doubtless reflects all of these considerations, its weight in any single instance is shifted from year to year as the college evolves and changes bring new priorities into focus.

Unfortunately, the study sheds no light on the weighting assigned to these criteria by boards or CEOs. It would be of interest to have a more sophisticated analysis of these aspects of the CEO-board relationship.

REWARD

Boards often use salary to express their approval and appreciation for services to the college. Pressure by unions and/or opposition by students or community groups may result in a termination or an extravagant raise in compensation.

While this study did not address the time a CEO spends on the affairs of the college, it probably should have. The CEO who is almost totally involved in college activities has little or no time for his own family or home duties. Compensation may be needed to hire others to do the household or personal chores that usually are done by an average householder.

Because no overtime is involved with these positions, compensation may actually involve more than 3,000 hours a year for job performance. When this exceeds the 2,000-hour average by one-third or more, the CEO's hourly compensation may actually be less than other professionals' on the same campus.

RELATIONSHIPS AND EQUITY

Compensation takes into account the dynamics of both the college and the CEO. The organization grows in stages and it may require changes of leadership or leadership styles as it adapts to its changing internal and external milieu.

A CEO has both professional and personal growth experiences and his/her contribution to the college will reflect these experiences in his/her own life, its needs, and strengths.

These needs and services, as expressed in the contract, are balanced at the opposite ends of the scale by the compensation portion of the agreement. If these are not properly balanced, one or both parties will likely be displeased with the relationship.

If good fences make good friends in the rural setting, then good contracts make good working relationships between the CEO and the board in the college setting. The contribution, compensation, and expectations must be in balance if the relationship is to be productive.

TABLE 4
ENROLLMENT SIZE AND CEO SALARY

Full-time Enrollment	1981	1986-87
1,000 or less	$40,269	$49,853
1,001-2,000	44,553	55,245
2,001-3,000	47,151	58,137
3,001-4,000	48,394	59,926
4,001-5,000	48,789	60,498
5,001-10,000	52,643	64,224
10,001-15,000	55,662	68,464
15,001-20,000	59,639	73,654
20,001 +	61,301	76,628

Again, the difference between college size and CEO salaries is correlated. There seems to be no pattern of salary increases over the five-year period that favors any size category over another.

IV

SALARY

CEO MEAN SALARY

The mean salary for two-year CEOs in 1986 was $62,948.99. This is an increase of $14,546.90 over the $48,402.09, or 30 percent, reported for 1981. At an annual rate, this would be 6 percent over 1981. CPI increase for the five-year period totaled 16.4 percent, or 3.28 percent per year, for the five years 1982 to 1986.

When the reported salary increase of 6.87 percent for 1985 and 6.93 percent for 1986 are compared with the direct salary, raises or shifts to fringe benefits need to be explored.

Ranges of salary increases for 1985 indicated a significantly higher maximum level of 25 percent versus the highest reported increase for 1985 of 21 percent.

In the $60,000 to $75,000 range, 73.6 percent of the sample receive direct compensation, 15 percent in the $75,000 to $100,000 range, and 11 percent in the $30,000 to $60,000 range.

There was a significant drop in the larger colleges reporting in 1986, which has the effect of lowering these averages.

CEO SALARY BY REGIONS

TABLE 5
MEAN CEO SALARIES, BY REGION, 1986

Region		
I	New England	$60,675
II	Northeast	63,354
III	Mid Atlantic	61,242
IV	South	60,798
V	Upper Midwest	62,337
VI	Southwest	64,113
VII	Midwest	60,390
VIII	Mountain	57,014
IX	Far West	70,834
X	Northwest	62,312
	National Mean	62,948

When the colleges are assigned to their regions and salaries for CEOs reviewed by these categories, other differences become apparent.

The Far West, or Region IX (Arizona, California, Hawaii, Nevada, Trust Territories, and Guam), reports a mean of $70,834 for their CEOs' salaries, the highest for any area.

Region VIII, the Mountain states, reported the lowest mean salary at $57,014.

The national mean ($62,948) is bracketed by the Northeast region at $63,354 on the high side and the Upper Midwest region at $62,337 on the low side.

The Northeast region showed the largest standard deviation ($13,935), the South reported the highest single direct compensation ($99,475), with the highest figure at $96,000 for the Southwest.

TABLE 6

RANK ORDER FOR CEO SALARIES, BY REGION, 1986

Rank	Region	Mean
1	Far West	$70,834
2	Southwest	64,113
3	Northeast	63,354
4	Upper Midwest	62,337
5	Northwest	62,312
6	Mid Atlantic	61,242
7	South	60,798
8	New England	60,675
9	Midwest	60,390
10	Mountain	57,014

In 1981, the Far West salaries were 15 percent above the national mean, but in 1986 the Far West salaries were only 12.5 percent over the national level.

In 1981, the Midwest salaries were lowest at $43,768, or 8 percent below the national level. In 1986, the Mountain states were lowest at $57,015, or 9.4 percent below the national norm.

The Northwest region comprises Alaska, Washington, Oregon, and Idaho. Salaries there are skewed by the special economic conditions in Alaska. If Alaska is not included, the other states in this region are lower than the mean salary.

CEO SALARIES BY STATE

In addition to the size and regional variables, which strongly impact salaries, one must also look at the state mean. As the data from these three are compared, the geographic factor and its related economic resources' influence on equity can be compared.

TABLE 7
1986 MEAN SALARIES OF CEOS, BY REGIONAL COMPONENT

I. *NEW ENGLAND, CANADA*	
Canada	$88,685.00
Connecticut	64,915.60
Maine	47,575.33
Massachusetts	72,269.29
New Hampshire	*
Rhode Island	*
Vermont	46,000.00
II. *NORTHEAST*	
New Jersey	$74,321.00
New York	63,361.70
Puerto Rico	28,500.00
III. *MID ATLANTIC*	
Delaware	80,000.00
District of Columbia	**
Maryland	$63,526.20
Pennsylvania	58,633.00
Virginia	61,683.93
West Virginia	50,210.00
IV. *SOUTH*	
Alabama	$54,622.63
Florida	69,284.15
Georgia	61,200.00
Kentucky	51,094.60
Mississippi	54,249.29
North Carolina	62,190.86
South Carolina	60,327.62
Tennessee	53,023.11
V. *UPPER MIDWEST*	
Illinois	$61,813.70
Indiana	*
Michigan	65,222.74
Minnesota	59,717.62
Ohio	64,197.19
Wisconsin	60,063.07
VI. *SOUTHWEST*	
Arkansas	$54,690.67
Louisiana	52,575.00
New Mexico	53,198.00
Oklahoma	60,111.33
Texas	70,501.29
VII. *MIDWEST*	
Iowa	$60,958.90
Kansas	59,341.23
Missouri	67,187.00
Nebraska	54,706.29
VIII. *MOUNTAIN*	
Colorado	$60,273.00
Montana	47,620.33
North Dakota	50,235.17
South Dakota	**
Utah	61,906.00
Wyoming	60,616.33
IX. *FAR WEST*	
Arizona	$69,454.80
California	71,492.89
Guam	*
Hawaii	60,768.00
Nevada	69,875.00
Trust Territories	*
X. *NORTHWEST*	
Alaska	$66,170.50
Idaho	55,740.00
Oregon	57,402.38
Washington	65,046.29

*Not reported

**No community or junior colleges

V

BENEFITS

HOME PROVIDED

In 1981, 14.7 percent of the colleges provided homes for their CEOs. Figures for 1986 are slightly different, with 13.2 percent reporting homes provided.

Regionally the South and Southeast account for 50 percent of the homes provided. If New England and the Northeast are added, these four regions account for almost 70 percent of the 67 homes reported. In the West and Northwest only one college reports this benefit.

TABLE 8
HOME PROVIDED BY COLLEGE

	1981		1986	
	Respondents	Percent of Total	Respondents	Percent of Total
Home provided	94	14.7	67	13.2
No home (or no answer)	545	85.3	439	86.8
Total responses	639	100.0	506	100.00

MEDICAL BENEFITS

The vast majority of colleges provide some medical benefits to the CEO, though the value of the benefits and optional coverages vary significantly among the colleges. It is interesting to note that the value of medical coverage has risen dramatically in the intervening years between 1981 and 1986.

The incidence of "optional" coverages such as dental and optical has increased since 1981. In 1986, 57 percent of colleges offered dental benefits to CEOs, up from 41 percent in 1981.

Health Benefits

In 1986, 88.3 percent of the colleges provided CEOs with paid medical coverage. Most colleges provide benefits for the family as well, only 19.8 percent of the colleges do not provide medical coverage for the family of the CEO.

Regional differences again prove of interest. Sixty percent of the colleges that do not provide for family coverage are in the South and Southwest, where provision of homes and housing allowances are strongest.

In the 1981 study only 3.8 percent of the colleges paid more than $2,000 annually for medical insurance costs, in 1986, 32.2 percent exceeded this figure.

The mean cost in 1981 was $954, and $1,636.91 in 1986.

TABLE 9
MEDICAL INSURANCE COSTS

	1981		1986	
Cost	Responding	Relative Frequency (%)	Responding	Relative Frequency (%)
Less than $500	147	23.4	17	3.4
$ 500–$1,000	170	27.0	125	24.7
$1,000–$2,000	234	37.2	[illegible]	28.1
Greater than $2,000	24	3.8	[illegible]	32.2
No benefits (or no answer)	54	8.6	59	11.7
Total	629	100.0	506	100.0

TABLE 10
TYPE OF MEDICAL INSURANCE OFFERED

	1981		1986	
	Responding	Relative Frequency For All Colleges (%)	Responding	Relative Frequency For All Colleges (%)
Medical	575	91.4	447	88.3
Dental	255	40.5	288	56.9
Optical	102	16.2	122	24.1

Dental Insurance

In 1981, 40.5 percent provided CEO dental insurance. This has risen to 56.9 percent. The mean cost has risen from $259.00 in 1981 to $311.96 in 1986.

Again, we did not investigate scope of coverage, we only requested a yes/no on provision and a cost figure.

Optical Insurance

In 1981, this benefit was provided by 16.2 percent of the colleges and cost $92.53. Now 24.1 percent provide this at a cost of $119.56 per year.

Contracts that provide for optical expenses, in some instances, pay up to $2,000; in 70 percent of the sample they pay under $500 for annual insurance premiums.

TUITION BENEFIT

Spouse tuition benefits are almost the same for the two samples: 29 percent in 1981, 27 percent in 1986. Family benefits were 43 percent earlier and now report only 40 percent.

This is a limited benefit and its smaller representation now could reflect a "greying" of the CEO population and a move to other benefits as children's educations are completed.

PAID HOLIDAY PROVISION

Again, some lack of clarity between paid holidays (Christmas, Labor Day, etc.) and vacation days was evident. Since the original study used these comparisons, it would indicate a growth since 1981 in the 15- to 20-day holiday range and a move from the lower 1- to 9-day category. Now only 15 percent have as few as nine paid holidays.

TABLE 1.1
CEO PAID HOLIDAYS

Paid Holidays	1981 Relative Frequency (%)	1986 Relative Frequency (%)
1–9	21.5	15.3
10–14	65.6	67.0
15–20	9.8	14.0
20 +	3.1	3.7
Total	100.0	100.0

VACATION PROVISION

Another expanding benefit is time for vacations In 1981, only 1.9 percent received more than 25 vacation days, now the figure is 7.5 percent. Five weeks of vacation appears to be the norm with 48.5 percent of the CEOs. Obviously, the growth of other than direct salary benefits is a trend that is sustained in this dimension.

TABLE 12
CEO PAID VACATION DAYS

Vacation Days	1981 Relative Frequency (%)	1986 Relative Frequency (%)
10 or less	6.1	.3
11–15	14.9	7.1
16–20	32.9	36.6
21–25	44.2	48.5
26 or more	1.9	7.5
Total	100.0	100.0

CONTRACT DAYS

The small response here indicates that this is not a significant concept or practice. Vacation and holidays are spelled out in the contracts.

Only a few contracts spell out contract days and only pay for days worked, and attempt to show no paid vacation time.

This concept is an effort to cope with faculty contracts that identify contract days and paid holidays but in effect pay no "vacation" days in the regular 180-day academic schedule.

RETIREMENT AND ANNUITY BENEFITS

Social Security

Apparently, the mix of social security and state benefits continues to be stable. In 1981, 54 percent reported on social security payments and CEOs in 1986. Fifty-five percent reported that they received social security from their boards.

Costs reported here are confusing, so the data cannot be evaluated beyond the comment that the federal top is still under $3,000, and 75 percent report this figure. Twenty-two percent believe their boards pay more!

State Retirement

Sixty percent—very near the 38 percent figure in 1981—reported that their boards paid an average $6,479 of their state retirement costs. This is 10.2 percent of the mean CEO 1986 direct compensation, up from 9.3 percent in 1981.

TIAA or CREF Annuities

In 1981, only 5 percent of the sample reported that the board paid TIAA-CREF payments, which in 1986 had tripled to 15.6 percent. The 1981 contribution of $4,162 has increased to $5,440. The 8.5 percent paid in

1981 is virtually unchanged at 8.6 percent now as a percentage of CEO direct compensation.

Other Annuity Contracts

The 6.2 percent figure reported in 1981 for this benefit has remained almost stable; it is now 7.5 percent. Again, this level is less than the TIAA-CREF and as a benefit provided $4,304 in 1986 as compared to $3,824 in 1981.

Life Insurance

The pattern of providing the CEO with life insurance is almost 70 percent in 1981, 72 percent in 1986. Policy values have increased from $56,824 in 1981 to $78,046. In 1981, the life insurance provided was about 15 percent more than the 1981 direct compensation of $48,402. In 1986, we find the $78,406 to be about 24 percent above the direct compensation.

Accident Insurance

Accident coverage for the CEO is provided by 18.7 percent of the sample. This almost parallels the 16.4 percent figure in 1981. Premium costs have gone up from $140 to $275 for the coverage.

Some selected follow-up indicates that this is a seriously underreported category. This may be due to college comprehensive policies that cover all employees and do not get mentioned in CEO contracts.

Other Insurance

Twenty-five percent of the colleges, more than double the 1986 figure, provide this unspecified coverage for their CEOs. Tax laws and other factors undoubtedly need to be explored for their impact, which has moved this additional compensation from $254 in 1981 to $4,715 in 1986.

ALLOWANCES

Travel and Transportation Allowances

These allowances are usually specified in the contracts as outlined in the categories below. One significant change has been the inclusion of $500 to $1,500 per year to provide for CEO spouse travel to professional meetings. This recognition of the significant contribution and the professional contribution spouses make to college operations is a new level of perception in building the professional leadership team.

Vehicle Provided

In 1981, 60 percent of the colleges provided vehicles for their CEOs. In 1986, only 32 percent reported this benefit.

Vehicle Expenses

Only about 20 percent of the colleges responded on this and reported they paid $3,702 for these expenses. Compared with 1981 at $2,362, this represents another significant benefit increase.

Vehicle Allowance

Allowances continue in the $300 to $600 monthly range. Contracts vary widely on practices, so no clear pattern emerges. Reported allowances for all automobile items cluster in the $2,000 to $5,000 range, with some exceptional cases at $1,000, while others go upward to $9,000.

In order to determine the practices for vehicles, a much more specific study will be necessary.

Travel Allowances

In contrast to the 1981 study, the responses for the 1986 study indicate that 70 percent of the CEOs have a clear contract provision for travel reimbursement.

The range is wide—$23,474 downward to $400 for an annual $4,980 mean, compared with the 1981 figure of $3,341.

Housing Allowances

Spotty reporting indicates that this is not clear. Consequently, the sample is small and confused, and results must be questioned. However, the available responses seem to indicate that when homes are provided, their values range upward to $500,000 with a mean of $96,000.

When cash allowances for housing are contracted, the annual average is $8,132 for 1986, compared to $4,779 in 1981.

Host Allowance

No change in the percentage (28) of colleges providing this type of support for their CEOs is reported. The 1986 mean is $3,329, in contrast to $2,231 in 1981. The range varies widely from $200 to $20,000.

Expense Allowance

Again, 14 percent report expense allowances (1981, 12 percent). This small sample undoubtedly fails to fully reflect the scope of actual practices. Contracts vary in specificity regarding these expenses. One may assume they are budget items often not included in the CEO contract but under the discretion of the CEO, subject to board policy guidelines.

This allowance ranges from $350 to $10,000 with an average of $3,881, which is 36 percent larger than $2,861 in 1981.

Professional Dues and Expenses

There has been an increase of six percentage points—from 28 in 1981 to 34 in 1986—in colleges reporting on this item. The range is very wide, from $12 to $20,000 reported. The 1981 average was $798, the 1986 average, $1,374.

A variety of practices here include service clubs, chambers of commerce, country clubs, and national professional organizations. These are unique to the college, its community, and its job expectations for the CEO.

OTHER BENEFITS

A slight increase from 9.8 percent in 1981 to 12.2 percent in 1986 emerges. This nonspecific category reports a range from $56 to $78,454, a further indicator of its various uses. In 1981, $8,225 was the average reported, while $3,114 was the reported 1986 average.

SUMMARY OF BENEFITS

Again, the cafeteria of items provided reflects the local control and unique strategies elected by the 506 colleges reporting. While there are standard profiles that include major items, Table 13 shows the frequency and comparisons with the earlier study.

TABLE 13
COLLEGE-PAID CEO BENEFITS, BY FREQUENCY AND DOLLARS

	Frequency Percent		Annual Mean Expenditures	
Benefit of Allowance	1981	1986	1981	1986
Medical Insurance Premium	61	88	$ 954	$1,636
Life Insurance	70	71	326	816
Travel Allowance	71	71	3,341	4,980
State Retirement Benefits	58	61	4,532	6,479
Social Security	54	56	2,221	4,792
Dental Insurance	31	48	993	311
Professional Dues	28	34	798	1,374
Car Expense	36	32	2,362	2,497
Host Allowance	28	28	2,231	3,329
Other Insurance	11	24	254	4,715
Accident Insurance	16	19	140	275
TIAA Retirement	5	15	4,162	5,440
Vehicle Allowance	14	15	3,001	3,880
Housing Allowance	10	14	4,779	8,132

Because of the complexity of the benefit packages and the spotty reporting, efforts to determine a reliable national mean for benefits in 1986 were suspect. Our best use of the data appears to be specific benefit means as reported.

42