

## NORTH DAKOTA UNIVERSITY SYSTEM EXECUTIVE COMPENSATION

This memorandum provides information regarding North Dakota University System executive compensation, including information on the current evaluation and compensation process, current compensation levels, and recent actions of the State Board of Higher Education.

### CURRENT CHANCELLOR AND PRESIDENT EVALUATION AND COMPENSATION PROCESS

The following is a summary of the North Dakota University System's current process for evaluating and setting salaries for the chancellor and presidents of higher education institutions:

1. The chancellor and presidents of higher education institutions establish annual objectives consistent with the State Board of Higher Education's annual objectives for the period beginning July 1 and ending June 30. The presidents submit their objectives to the chancellor for approval, and the chancellor reports the presidents' objectives and his or her objectives to the board for approval.
2. In May and June of each year, the chancellor and presidents complete a self-assessment of their annual objectives for that period. The

chancellor prepares a written assessment of each president's performance and reviews the assessments with the president and the president of the State Board of Higher Education. The president of the State Board of Higher Education prepares a written assessment of the chancellor's performance with feedback from other board members.

3. Based on the presidents' performance assessments, the chancellor submits to the State Board of Higher Education recommendations regarding presidential contracts, including contract terms and compensation. The president of the State Board of Higher Education recommends contract provisions, including contract terms and compensation, regarding the chancellor. The board has the final approval authority over chancellor and presidential contracts and compensation.

### CURRENT CHANCELLOR AND PRESIDENT COMPENSATION LEVELS

The following is a summary of the compensation levels for the chancellor and presidents of higher education institutions for the 2007-08 fiscal year:

	Salary	Housing Allowance <sup>1</sup>	Vehicle Allowance <sup>1,2</sup>	Total
Bismarck State College Dr. Larry Skogen	\$126,000	\$10,000	\$11,000	\$147,000
Dickinson State University Dr. Lee Vickers	\$157,915	3	\$11,000	\$168,915
Lake Region State College Dr. Sharon L. Etemad	\$124,810	\$20,000	\$11,000	\$155,810
Mayville State University Dr. Gary Hagen	\$138,000	4	\$11,000	\$149,000
Minot State University Dr. David Fuller	\$156,280	\$20,000	\$11,000	\$187,280
North Dakota State University Dr. Joseph A. Chapman	\$211,686	3	\$11,000	\$222,686
State College of Science Mr. John Richman	\$134,000	4	\$11,000	\$145,000
University of North Dakota Dr. Charles E. Kupchella	\$211,686	3	\$11,000	\$222,686
Valley City State University Dr. Ellen Chaffee	\$152,845	\$20,000	\$11,000	\$187,280
Williston State College Dr. Joseph McCann	\$117,231	\$20,000	\$11,000	\$148,231
North Dakota University System Mr. William G. Goetz	\$170,000	\$20,000	\$11,000	\$201,000

<sup>1</sup>All housing and vehicle allowances are paid and taxed as regular payroll with retirement contributions accruing accordingly.

<sup>2</sup>All presidents receive a vehicle allowance of \$11,000, which is paid in lieu of mileage reimbursement for use of personal vehicles.

<sup>3</sup>The presidents at Dickinson State University, North Dakota State University, and the University of North Dakota have housing furnished on campus and are required to live in that housing with all costs, except for furnishing of private rooms, paid by the higher education institutions.

<sup>4</sup>The housing allowances historically provided at the State College of Science and Mayville State University were rolled into the base salary when determining a competitive market salary for the new presidents at those institutions.

## RECENT ACTIONS OF THE STATE BOARD OF HIGHER EDUCATION

In 2006 the State Board of Higher Education appointed a task force to review the chancellor's contract and the presidents' contracts. The following is a summary of the task force recommendations which were approved by the State Board of Higher Education in October 2007 and incorporated into State Board of Higher Education Policy 705.1, a copy of which is attached as an [appendix](#):

- **Foundation contributions and other income** - All contributions to a president's compensation by an affiliated foundation must be made directly to the employing institution and disclosed in an agreement approved by the State Board of Higher Education. A president's compensation for all services, including compensation from affiliated foundations, must be disclosed in an employment contract approved by the State Board of Higher Education. The employing institution is to account for and pay the president's entire compensation, including amounts contributed by an affiliated foundation, as provided in the employment contract.
- **Peer institutions and market review** - The chancellor recommends and the State Board of Higher Education establishes salary ranges for each of the institutional tiers--research (North Dakota State University and University of North Dakota), comprehensive (Minot State University), baccalaureate (Dickinson State University, Mayville State University, Valley City State University), and two-year institutions--based on the review of compensation data relating to the peer institutions from the University System long-term financing plan, available resources, cost-effectiveness, and internal equity. The salary ranges for the presidents of four-year institutions are to be based on salary only, and the salary ranges for the presidents of two-year institutions are to include salary and a housing allowance cash equivalent. **Other forms of compensation contributed by affiliated foundations may exceed the established salary ranges.** The following is a summary of the salary ranges for the chancellor and presidents as recommended by the task force and approved by the State Board of Higher Education:

Chancellor	\$205,000-\$260,000
North Dakota State University and University of North Dakota	\$275,000-\$325,000
Minot State University	\$165,000-\$195,000
Dickinson State University, Mayville State University, and Valley City State University	\$150,000-\$185,000
Bismarck State College, State College of Science, Lake Region State College, and Williston State College	\$130,000-\$165,000

The chancellor is to develop a plan to implement the new salary ranges over the next three years.

- **Contract terms** - The contract term for the chancellor may not exceed three years. The initial contract term for a president may not exceed three years and subsequent terms may not exceed five years. Prior to the end of a chancellor's or president's second-to-last year of a contract term, the State Board of Higher Education will renew or extend the contract for an additional term or provide notice that the contract will not be renewed or extended beyond the final year remaining in its term.
- **Contract termination** - The State Board of Higher Education may terminate without cause and at any time a chancellor's or president's contract with 30 days' written notice. The board may pay to the chancellor or president a sum equal to the current annual salary plus retirement plan contributions and health plan premiums if the term remaining on the employment contract is one year or greater or the board may pay a sum equal to the salary for the remaining term plus retirement plan contributions and health plan premium payments if the remaining term is less than one year.
- **Housing provisions** - The presidents of Dickinson State University, North Dakota State University, and the University of North Dakota will be provided on-campus housing. The presidents of Mayville State University, Minot State University, and Valley City State University will be provided a housing allowance in a uniform amount recommended by the chancellor. The current presidents of Bismarck State College, Lake Region State College, the State College of Science, and Williston State College will be given the choice of retaining the

housing allowance or including the housing allowance cash equivalent in base salary. New presidents appointed at those institutions will not receive a separate housing allowance but a housing allowance cash equivalent will be factored into the salary ranges for those presidents.

- **Vehicle provisions** - The current chancellor and presidents will be given the choice of

retaining the annual vehicle allowance or moving to a mileage reimbursement basis. New chancellors and presidents will receive mileage reimbursement.

ATTACH:1