

STAFF AND COMPENSATION COMMITTEE MEETING

(Committee Members: Chair Regent John Mercer, Regent Stephen Barrett, and Regent Mark Semmens)

Ballroom A — Strand Union Bldg.

Thursday, November 17, 2005

8:15 a.m. – 9:45 a.m.

Note: *The Board of Regents may take action on any item on the committee agendas.*
(Public Comment is welcome during all meetings)

- a. Minutes of 9/21/05 committee meeting
- b. Discussion of draft guidelines for “Board of Regents employment contracts” and “Montana University System employment contracts.”
- c. Update on executive salary survey.
- d. ITEM 129-108-R1109 – Revision of Policy on Executive Compensation – Regent Semmens (pg. 431)
- e. Collective bargaining update.
- f. Other items
- g. Public Comment

November 16-18, 2005

ITEM 129-108-R1109

Proposed Policy Amendments Setting Salaries for the Commissioner of Higher Education, Presidents, Chancellors, and Deans of the stand-alone Colleges of Technology (in Helena and Great Falls)

THAT:

The Board of Regents adopts the attached amendments to **ITEM 128-114-R0905**, which the Board adopted September 23, 2005, to set forth a method for determining salaries for the commissioner of higher education, presidents, and chancellors.

BACKGROUND:

The State of Montana sets salary levels for chief elected officials and district judges at 100% of the average for comparable positions in Montana, North Dakota, South Dakota, Wyoming, and Idaho. The Board of Regents in September 2005 voted to adopt the same methodology for setting the salaries of the Presidents of the University of Montana (UM) and Montana State University (MSU), with a related formula for setting certain other executive salaries in the University System.

The best available data as of November 1, 2005 indicates that the Presidents at UM and MSU earn approximately 70% of the five-state average regional presidential salary (including Montana). CUPA data indicates that faculty members in Bozeman and Missoula earn approximately 98% and 99%, respectively, of the five-state regional average faculty salary. A recent salary survey by the Commissioner's Office indicates that UM and MSU vice presidents earn, on average, approximately 90% of their peers in the five-state region. Labor statistics indicate that Montana's per capita income is approximately 93% of the five-state average per capita income.

The accompanying policy amendment maintains the formulaic approach of the policy adopted in September, but includes three substantive revisions:

1. Instead of establishing pay for the UM and MSU Presidents at 100% of the average regional presidential pay (using the universities in North Dakota, South Dakota, Wyoming, Idaho and Montana), the policy establishes the pay at 90% of the regional average. The reason for this percentage is twofold: (i) sensitivity to internal pay equity

within the Montana University System; and (ii) sensitivity to market compensation levels within Montana generally.

2. The amendment proposes to continue the current practice by which the Regents directly establish the salary levels of only the Presidents and the Commissioner. Under the policy amendment, the Presidents of UM and MSU would continue to establish the individual salary levels of the Chancellors who report to them, with consideration given to relative responsibilities, performance, market considerations, and service to the University System. The policy does, however, provide for an acceptable range of salary levels, expressed as a percentage of the salaries of the Presidents, and further provides that any salary is subject to Regents' approval.

3. The amendment extends the policy to all campus CEOs, including the Deans of the Great Falls and Helena Colleges of Technology, with a lower range of compensation for those executives to reflect current relative compensation levels.

The amendment also includes some technical clarifications, including the use of an annual (rather than biennial) salary survey, and an effectiveness date of October 1 (rather than July 1) to coincide with the effectiveness date for salary changes of other employees serving under Board of Regents contracts.

ITEM 129-108-R1105 would amend ITEM 128-114-R0905 in the following manner:

SUBJECT: PERSONNEL

Section: 8xx.x Salaries of the Commissioner of Higher Education **and Campus Chief Executive Officers**, ~~Presidents and Chancellors~~

Board policy:

1. Prior to November 1, 2005, the Commissioner of Higher Education shall conduct a salary survey of the presidents of the following institutions of higher education: the University of Idaho, Idaho State University, the University of Wyoming, the University of North Dakota, North Dakota State University, the University of South Dakota and South Dakota State University. The Commissioner shall include the salaries of the presidents of the University of Montana (**UM**) and Montana State University (**MSU**) in determining the average regional presidential salary.

2. Effective ~~July~~ **October** 1, 2006, the salaries of the Commissioner of Higher Education, **the UM and MSU Presidents, the and Chancellors, and the Deans of the Great Falls and Helena Colleges of Technology will be established as follows:** ~~of the Montana University System will be set as follows:~~ The salaries ~~ies~~ of the Presidents of **UM and MSU** The University of Montana and Montana State University will be **90% of** the average **regional presidential** salary determined by means of the survey. The salary

of the Commissioner of Higher Education will be 105% of the salaries of the UM and MSU Presidents, presidents' salaries. The respective salaries of the Chancellors and the Deans of the Great Falls and Helena Colleges of Technology will be 85% of the presidents' salaries. established on an individual basis at the discretion of the President of the affiliated university, in view of the President's assessment of relative responsibilities, performance, market factors, and service with the University System, subject to Board of Regents approval. The salaries of the Chancellors will be established within a range of 75% to 90% of the salaries of the UM and MSU Presidents. The salaries of the Deans of the Great Falls and Helena Colleges of Technology will be established within a range of 60% to 75% of the salaries of the UM and MSU Presidents.

3. Thereafter, prior to ~~June~~ September 30 of each ~~even-numbered~~ year, the Commissioner of Higher Education shall conduct a similar survey by which to set the salaries of the Commissioner of Higher Education and the Presidents of UM and MSU, effective October 1, ~~presidents and chancellors.~~ Beginning ~~July 1~~ of the year following the year in which the survey is conducted, ~~the salaries of the commissioner, presidents and chancellors will be set in accordance with the formula set in subsection 2 of this policy, using the most recent salary survey information.~~ Prior to each October 1, the Presidents shall establish the salaries of the Chancellors and the Deans of the Great Falls and Helena Colleges of Technology within the ranges provided for in paragraph 2, subject to Board of Regents approval.

4. An intent of this policy is to establish the salaries of the chief executive officers of the Montana University System and its campuses with consideration for external market competitiveness and internal pay equity within the System.

For ease of readability, an unmarked version of the proposed policy as amended above is included here:

SUBJECT: PERSONNEL

Section: 8xx.x Salaries of the Commissioner of Higher Education and Campus Chief Executive Officers

Board policy:

1. Prior to November 1, 2005, the Commissioner of Higher Education shall conduct a salary survey of the presidents of the following institutions of higher education: the University of Idaho, Idaho State University, the University of Wyoming, the University of North Dakota, North Dakota State University, the University of South Dakota and South Dakota State University. The Commissioner shall include the salaries of the presidents of the University of Montana (UM) and Montana State University (MSU) in determining the average regional presidential salary.
2. Effective October 1, 2006, the salaries of the Commissioner of Higher Education, the UM and MSU Presidents, the Chancellors, and the Deans of the Great Falls and Helena Colleges of Technology will be established as follows: The salaries of the Presidents of UM and MSU will be 90% of the average regional presidential salary determined by means of the survey. The salary of the Commissioner of Higher Education will be 105% of the salaries of the UM and MSU Presidents. The respective salaries of the Chancellors and the Deans of the Great Falls and Helena Colleges of Technology will be established on an individual basis at the discretion of the President of the affiliated university, in view of the President's assessment of relative responsibilities, performance, market factors, and service with the University System, subject to Board of Regents approval. The salaries of the Chancellors will be established within a range of 75% to 90% of the salaries of the UM and MSU Presidents. The salaries of the Deans of the Great Falls and Helena Colleges of Technology will be established within a range of 60% to 75% of the salaries of the UM and MSU Presidents.
3. Thereafter, prior to September 30 of each year, the Commissioner of Higher Education shall conduct a similar survey by which to set the salaries of the Commissioner of Higher Education and the Presidents of UM and MSU, effective October 1 of the year following the year in which the survey is

conducted. Prior to each October 1, the Presidents shall establish the salaries of the Chancellors and the Deans of the Great Falls and Helena Colleges of Technology within the ranges provided for in paragraph 2, subject to Board of Regents approval.

4. An intent of this policy is to establish the salaries of the chief executive officers of the Montana University System and its campuses with consideration for external market competitiveness and internal pay equity within the system.