

MISSOULA — Cars, houses, bonuses, deferred compensation.

Many presidents of public universities get those perks, along with significant salaries, such as the \$316,819 base pay for the leaders of the flagships in Montana, according to a survey of 2015-2016 compensation released this week by the **Chronicle** of Higher Education.

The hefty pay comes with the significant and varied responsibilities those CEOs carry these days — and a competitive field.

One day, a president is meeting with the head of a hospital; another week, handling major donors; later still, managing a public relations disaster related to sexual assaults, said **Dan Bauman**, a lead author of the **Chronicle's** survey.

"Certainly, they (governing boards) have a lot of leeway from the taxpayers to determine what to pay, and it's tough to know what that salary should be or what the compensation should be for someone with all of those responsibilities," Bauman said.

Higher education officials have long said Montana isn't competitive when it comes to salaries for presidents, and the **Chronicle's** survey puts the pay at Montana's flagships at 73 percent of the median. The average salary is \$501,398, up 5.3 percent from the previous fiscal year, according to the **Chronicle**.

To compete for talent, the Montana Office of the Commissioner of Higher Education has offered deferred compensation since 2010, a trend in higher education, according to the **Chronicle**.

However, another move in the industry is requiring top paid leaders to hit benchmarks, and the Commissioner's Office in Montana has not set quantitative goals in hiring contracts, at least so far.

In Arizona, one regent discussed goals the system had set for a president in terms of graduation rates and research dollars, Bauman said. He said such performance benchmarks are starting to appear and are becoming more common in higher education.

"Given the public skepticism of these high salaries, they're increasingly becoming a feature of CEOs' arrangements with boards of trustees," Bauman said.

A recruitment search is underway to hire a permanent president for the University of Montana.

Kevin McRae, deputy commissioner for communications in the Commissioner's Office in Montana, has said the contract offered will depend on the individual's qualifications. Montana historically has paid relatively lower salaries, so it has offered deferred compensation packages to compete in the marketplace, according to the Commissioner's Office.

At Montana State University, for example, President Waded Cruzado potentially will be paid \$1 million in deferred compensation, in addition to an annual salary. She already earned \$500,000, to be paid in \$50,000 annual installments from age 65 to 75, for serving five years, and the Montana Board of Regents renewed the contract in November 2015.

In salary, Cruzado earns far less than her peers at other similar institutions, McRae said. Deferred compensation allows Montana to pay her enough to recruit and keep her, but at a lower cost for the university system, he said.

That's because the system invests some \$20,000 a year now, he said, and as the pool accrues over time, it's able to make the larger payment later. He said the money comes from foundation funds, university funds and state funds.

## No performance benchmarks

The Montana Board of Regents and officials in the Commissioner's Office have been paying close attention to outcomes such as graduation rates and retention at their campuses, and a small portion of funding for a school is tied to its performance.

However, the most recent contract for a UM president identified a salary, house, car, country club membership and other perks, but it didn't set specific requirements for performance.

Last summer, UM hired a vice president for enrollment and student affairs, and the regents approved an historic bonus of \$70,000. The board didn't make the bonus contingent on any enrollment achievements, even though policy sets a typical award at \$5,000 or 10 percent of the annual salary, whichever is lower, and UM has been hemorrhaging students.

At the time, a couple of regents, Casey Lozar and Martha Sheehy, voted against it, but the majority approved the bonus.

McRae said the bonus was needed to recruit Vice President Tom Crady in the first place, so it wouldn't have been tied to specific goals.

"Without that compensation, he would not pick his family up and move and put a house on the market in Minnesota," McRae said.

So far, he said the Commissioner's Office has not set quantitative performance benchmarks for its leaders. He said he understands how those goals can be linked to incentives or bonuses, but he also said performance criteria as a requirement can be a dangerous trap for an individual leader.

For example, a college may have the best person at the helm doing the best job possible, but enrollment still falls. In that case, he said, being forced to get rid of that leader may mean making things even worse at the school and an even steeper drop in student enrollment.

"We are strictly looking at data for institutional performance," McRae said. "We haven't reached the point of holding one singular person responsible for those numbers."

The leader is responsible for improving the numbers, he said, but the evaluation is subjective. McRae also said that setting one goal for a university might upend another desired outcome. For example, UM could push up enrollment, but then reduce graduation rates if it isn't paying attention to students in the interim.

"If the directive or the reward is for a particular number, then the system will be gamed toward that number," McRae said.

## Disparities between states

Although pay at Montana's flagships is relatively low, the presidents at the state flagships also direct schools that have lower enrollments than some institutions. Some presidents also are paid about the same, but they manage schools with more students.

For instance, the head of the University of Missouri at St. Louis earns \$350,307 with no deferred compensation, according to the **Chronicle**. However, the school counts 13,569 undergraduates, according to U.S. News and World Report; it puts UM's undergraduate count at 8,732, though MSU's is at 13,707.

The president at Utah State University earned \$368,125 in salary and received \$18,000 in deferred compensation, according to the **Chronicle**. But that person oversees nearly three times the undergraduate enrollment that UM does, at 25,259, according to U.S. News and World Report.

"You see a lot of disparities between states," said the **Chronicle's** Bauman.

In California, for instance, student enrollment is high, but some of those presidents are paid half the amount

of leaders at large schools in Texas, he said.

A couple of factors that account for those disparities are the involvement of state legislatures and amounts that foundations contribute, Bauman said. So once enrollment gets taken into account, "you start to see a lot of dissonance."

#### Finding the right fit

McRae said officials in the Commissioner's Office are sensitive to the discussions around pay in higher education, but they also recruit nationally when they hire campus presidents. They aim to compete in the national marketplace, he said, but they also want to attract people who aren't solely driven by pay and appreciate the amenities Montana offers.

"We work very hard, given the scarcity of our precious state and tuition funding resources, to find public servants who want to be in Montana, want to serve Montana, and who love Montana for all of the non-monetary reasons we all do," McRae said.

Copyright (c) 2017 The Billings Gazette