

## SBHE Policies

**SUBJECT:** INTRODUCTION

**EFFECTIVE:** October 18, 2007

**Section:** 705.1 Executive Compensation - Chancellor and Presidents

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1. **Compensation Philosophy.** To attract and retain highly-qualified individuals able to lead the North Dakota University System and its institutions, the Board shall, within the limits of available resources and subject to satisfactory performance, compensate its chancellor and NDUS presidents at levels that are competitive in the market place, cost effective and, subject to market place variances related to differences in institution sizes and missions, internally equitable.
2. **Foundation Contributions and Other Income.** An affiliated foundation may contribute to, and a president may receive part of the president's compensation from foundation contributions, subject to the following:
  - a. All contributions made by an affiliated foundation or its officers or directors must be made directly to the employing institution and disclosed in an agreement between the institution and foundation as provided in Policy 340.2;
  - b. A president's compensation for all services, including compensation from affiliated foundations, must be disclosed in an employment contract approved by the Board; and
  - c. The institution shall account for and pay the president's entire compensation, including amounts contributed by a foundation or its officers or directors, as provided in the employment contract.
3. **Peer Institutions and Market Review.** The Board establishes a system under which there are salary ranges for each of the four institutional tiers or groupings, including research (NDSU and UND), comprehensive (MiSU), baccalaureate (DSU, MaSU and VCSU) and associate (BSC, LRSC, NDSCS and WSC), for comparison. The chancellor shall collect institution chief executive compensation data, including salary and housing or housing allowance data, from NDUS long-term finance plan institution peers. Considering the market compensation data, available resources, cost effectiveness and internal equity, the chancellor shall recommend and the Board shall establish salary ranges for each tier or grouping. Not later than July 1, 2010 and subject to satisfactory performance, salary shall be within established ranges. Ranges for presidents at all four-year institutions shall be based on salaries only; the range for BSC, LRSC, NDSCS and WSC presidents shall include salaries and housing allowances. A president's salary or, with respect to presidents at two-year institutions, salary plus housing allowance, may not exceed the ranges established under this subsection 3. Subject to compliance with subsection 2 of this policy 705.1, other forms of compensation contributed by foundations may exceed established salary ranges.
4. **Chancellor Peers and Market Review.** The Board establishes a system under which there is a salary range for the chancellor. The Board shall collect system chief executive salary data, using SHEEO data, for state systems of similar size and complexity. Considering the market salary data, available resources, cost effectiveness and internal equity, the Board shall establish a salary range for the chancellor. Subject to satisfactory performance, the chancellor's salary shall be within the established range. The Board may in its discretion and in consideration of job duties pay to the chancellor a housing/hosting allowance.

5. **Contract Term.** As provided in Policy 304.1, the contract term for the chancellor may not exceed three years; as provided in Policy 305.1, 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 president's or chancellor's second-to-last year of a contract term and provided the president or chancellor has not given notice of resignation or retirement, the Board shall, in conjunction with annual performance assessments, 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. In addition, and notwithstanding language in any other policy, the Board, without cause and at any time, may terminate a chancellor's or president's employment contract with 30 days written notice and payment of a sum as provided in this section 5. If the term remaining on the employment contract is one year or greater, the payment amount shall be the current annual salary plus retirement plan contributions and health plan premium payments for one year, less mandatory withholding. If the remaining term is less than one year, the payment amount shall be the salary for the remaining term plus retirement plan contributions and health plan premium payments for that term, less mandatory withholding.
6. For the necessity and convenience of the University of North Dakota, North Dakota State University and Dickinson State University, the presidents of those institutions shall be provided an unfurnished residence with a furnished public area, free of rent, with all utilities and maintenance paid by the university. The UND, NDSU and DSU presidents are required to reside in the residence and to use the residence for entertainment purposes designed to further the interests of the university. MaSU, MiSU and VCSU presidents are entitled to a housing allowance in a uniform amount recommended by the chancellor. BSC, LRSC, NDSCS and WSC presidents receiving a housing allowance prior to the effective date of this policy are entitled to continuation of that allowance or they may elect to have the housing allowance included in salary, effective July 1, 2008. Presidents appointed at BSC, LRSC, NDSCS and WSC on or after the effective date of this policy are not entitled to a housing allowance. As provided in section 3 of this policy, the compensation range for BSC, LRSC, NDSCS and WSC presidents shall include housing allowances in addition to salaries and amounts paid as separate housing allowances to those presidents shall be considered in making salary recommendations.
7. In lieu of mileage reimbursement for use of personal vehicles for official business, presidents or chancellor receiving a vehicle allowance prior to the effective date of this policy shall continue to receive the vehicle allowance until June 30, 2008 according to terms of their employment contracts. Further, those presidents or chancellor may elect to continue the vehicle allowance in lieu of mileage reimbursement beyond June 30, 2008, or until retirement, resignation or other termination of their employment, provided the election is made prior to July 1, 2008. Presidents or chancellor who do not elect to continue a vehicle allowance and presidents or chancellor appointed on or after the effective date of this policy are entitled to mileage reimbursement for use of personal vehicles and not a vehicle allowance.

**HISTORY:** SBHE Minutes, February 18-19, 1982, page 5003.  
Amendment SBHE Minutes, June 27-28, 1988, page 5731.  
Amendment SBHE Minutes, March 10, 1994, page 6454.  
Amendment SBHE Minutes, December 15, 1994, page 6524.  
Amendment SBHE Minutes, June 26, 1995, page 6568.  
Amendment SBHE Minutes, November 16, 2001.  
Amendment SBHE Minutes, June 17, 2004.  
Amendment SBHE Minutes, October 18, 2007.