AMERICAN ASSOCIATION OF COMMUNITY COLLEGES

ResearchBrief

AACC-RB-2012-1

Compensation and Benefits of Community College CEOs: 2012

By Rahel Tekle

Executive Summary

In an effort to gain a better understanding of the community college presidency, the American Association of Community Colleges (AACC) has periodically conducted surveys asking CEOs a range of questions about their tenure, demographic characteristics, and compensation and benefits. The results of three prior surveys were published as AACC research briefs (Larson, 2007; Shults, 2001). Results of research specific to the CEO contract were published by Community College Press (Wallin, 2007). Although the 2012 CEO compensation survey explores similar topics and draws on previous research for comparison, its focus is on compensation.

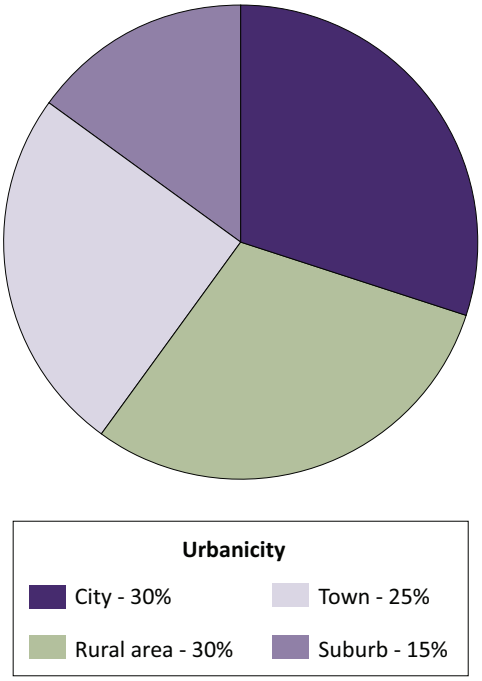
Highlights of the 2012 survey results are as follows:

- The reported median salary across all respondents was $167,000, and the mean base salary was $173, 983.
- Base salaries increased by 6.2% at single-campus colleges, by 4.3% at multicampus colleges, and by 4.1% at colleges in multicollege districts.
- Women's median base salaries surpassed those of men slightly, whereas men earned more in total cash compensation.
- Black and Hispanic CEOs earned more, on average, than White CEOs. The median total cash compensation was $210,000 for Black CEOs, $207,553 for Hispanic CEOs, and $176,300 for White CEOs. Further analysis revealed that Black and Hispanic CEOs were more likely to work at larger institutions and in urban areas, institutions that tend to offer higher total cash compensation.
- The most common type of retirement benefit plan was a "defined contribution plan" (e.g., 403(b), 401(k), TIAA-CREF), with 73% of the CEOs participating in these plans; 58% of CEOs indicated receiving defined benefits, such as a state pension, followed by 33% receiving health insurance plans. The median percentage of annual base salary that was contributed toward a retirement plan was reported as 10%, with an average contribution of 12%.
- About 75% of the respondents plan to retire within the next 10 years, and an additional 15% of the respondents plan to retire in the next 11–15 years.

Table 1. Community College CEO Employment by Institution Type: 2012

Institution Type	% of CEOs
Multicampus college	45%
Single-campus college	43%
College in a multicollege district	7%
Separately accredited 2-year campus in a university	4%
Multicampus college in a multicollege district (separate accreditation)	1%

Figure 1. Community College CEO Employment by Urbanicity: 2012



Note. Urbanicity classification is based on U.S. Census Bureau definitions.

Introduction

In an effort to gain a better understanding of the community college presidency, the American Association of Community Colleges (AACC) has periodically conducted surveys asking CEOs a range of questions about their tenure, demographic characteristics, and compensation and benefits. The results of three prior surveys were published as AACC research briefs (Larson, 2007; Shults, 2001). Results of research specific to the CEO contract were published by Community College Press (Wallin, 2007). Although the 2012 CEO compensation survey explores similar topics and draws on previous research for comparison, its focus is on compensation.

Methodology

In April 2012, AACC sent an e-mail invitation to participate in an online survey to members identified in the AACC database as current CEOs. The survey was open for data collection for 4 weeks. Two rounds of reminders were sent by e-mail. The survey instrument consisted of 37 questions, 29 of which related to issues such as cash compensation, allowances, raise, incentives, years of service in community colleges, and retirement. The salary information collected included current year base salary, previous year base salary, current year total compensation, and the source of the compensation (e.g., college, foundation, or other sources). Also collected was information about compensation from sources such as consulting, service on a board, and honoraria for speeches and presentations.

A total of 952 CEOs were invited to respond to the online survey. Valid responses were received from 370 presidents for a 39% response rate. Survey data were merged with data from other sources (i.e., the AACC database and Integrated Postsecondary Education Data System [IPEDs]) to allow analysis of results by parameters including demographics, institution type, enrollment size, region, and urbanicity. CEOs of multicollege districts were not surveyed due to logistical constraints.

Results

Compensation-Related Factors

Age and Ethnicity

The survey respondents were 72% men and 28% women, which is relatively consistent with the gender break-down of CEOs in AACC's member database. The median age of the respondents was 60 years, with about 50% of the respondents between the ages of 55 and 64, 23% between the ages of 65 and 75, 21% between the ages of 45 and 54, and 6% between the ages of 34 and 44. About 79% of the respondents identified themselves as White, 6% as Black, 3% as Hispanic, 11% other/unknown, and 1% Asian American or Pacific Islander — compared to AACC's demographic database as follows: 71% White, 7% Black, 5% Hispanic, 15% other/unknown, and 2% Asian American or Pacific Islander.

Institution Type, Areas Served, and Reporting Authority

Approximately 45% of the participants were CEOs of multicampus colleges, 43% of single-campus colleges, 7% of colleges in multicollege districts, and 4% of separately accredited 2-year campuses of universities (see Table 1). Respondents represented a range of service areas and a broad geographic distribution. Urban colleges were relatively well represented, with 30% of the respondents from cities, 30% from rural areas, 25% from towns, and 15% from suburbs (see Figure 1). The majority of CEOs (74%) stated that they report directly to their local board of trustees, 14% report to their state chancellor, 7% report to their district chancellor, and 1% report to their state board of trustees (4% specified "other").

Length of Tenure

Respondents were asked to indicate how long they had been employed in community colleges as CEOs and in other positions, both currently and formerly. The median tenure for current CEOs was approximately 5 years and the mean, 7 years. The majority (69%) of respondents indicated that their current presidency was their first, whereas a similar percentage of first-time CEOs (26%) had been serving in their current positions for 10 years or more. Of the 31% of respondents who had prior experience as a CEO, 26% had been serving in their current

Table 2. Length of Tenure of Current Community College CEOs by Experience: 2012

Years in Current Position	Experience as a CEO			
	First time		Prior experience	
	n	*%*	*n*	*%*
0–2	59	23%	30	26%
3–5	77	30%	37	32%
6–9	53	21%	24	21%
10–15	38	15%	15	13%
16+	27	11%	10	9%
% of all respondents		69%		31%

Figure 3. Current Community College CEOs' Years of Employment in all Community College Positions: 2012

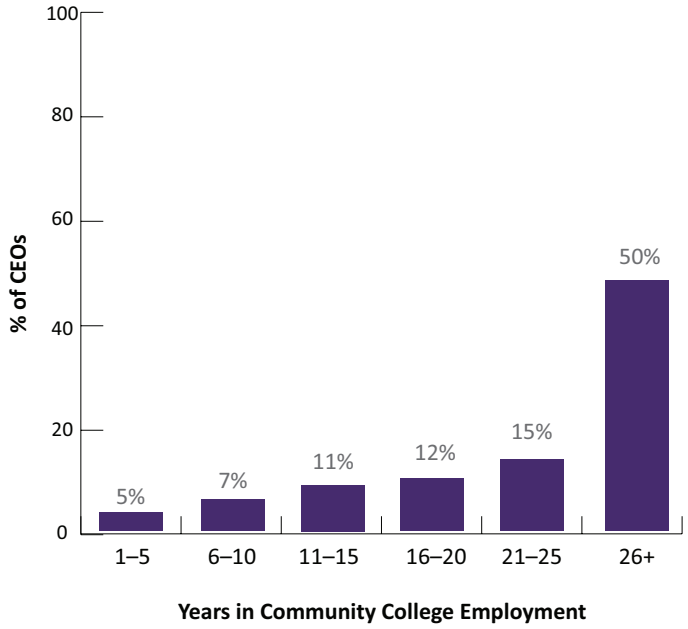


Table 3. Base Salary and Total Cash Compensation for Community College CEOs: 2012

Compensation Type	Median	Mean
Previous year base salary	$164,098	$166,616
Current year base salary	$167,000	$173,848
Current year total cash compensation	$177,462	$182,982

position for less than 2 years. Table 2 shows that the length of tenure across all timeframes at current colleges is similar for first-time CEOs and CEOs who have had more than one presidency.

The median total tenure in CEO positions was 8 years and the mean 9 years. Nearly 40% of the respondents had between 1– 5 years of total tenure as a community college CEO, followed by 24% with 6–10 years of service (see Figure 2, page 3). Half of the respondents indicated that they had been employed in community colleges for much of their professional careers—26 years or more (see Figure 3).

Compensation

Total Cash Compensation

Information was collected on base salary, other cash compensation, and the sources of salary and other cash compensation. Total cash compensation was defined as base salary plus any other pay received for fulfilling responsibilities as a CEO.

The median current year base salary across all respondents was $167,000, and the mean current year base salary was $173,848. In 2006 the average base salary across all types of institutions was $175,623 when adjusted for inflation (Larson, 2007). (The inclusion of data from district offices in the 2006 survey may account in part for the higher average compensation previously reported.)

About 93.8% of the responding CEOs indicated that their 2012 base salary came exclusively from the community college funds; the remaining 6.7% stated at least some of their salary came from foundations or other sources. The median current year total cash compensation was $177,462; the mean, $182,982 (see Table 3).

Slightly less than half (43%) of the respondents reported that they had a change in base salary between the previous and current contract year. Another 49% of the respondents indicated that they did not have any change in base salary when compared to their previous contract year, and 7.8% of the respondents did not report any salary for the previous year.

Compensation by Institutional Characteristics

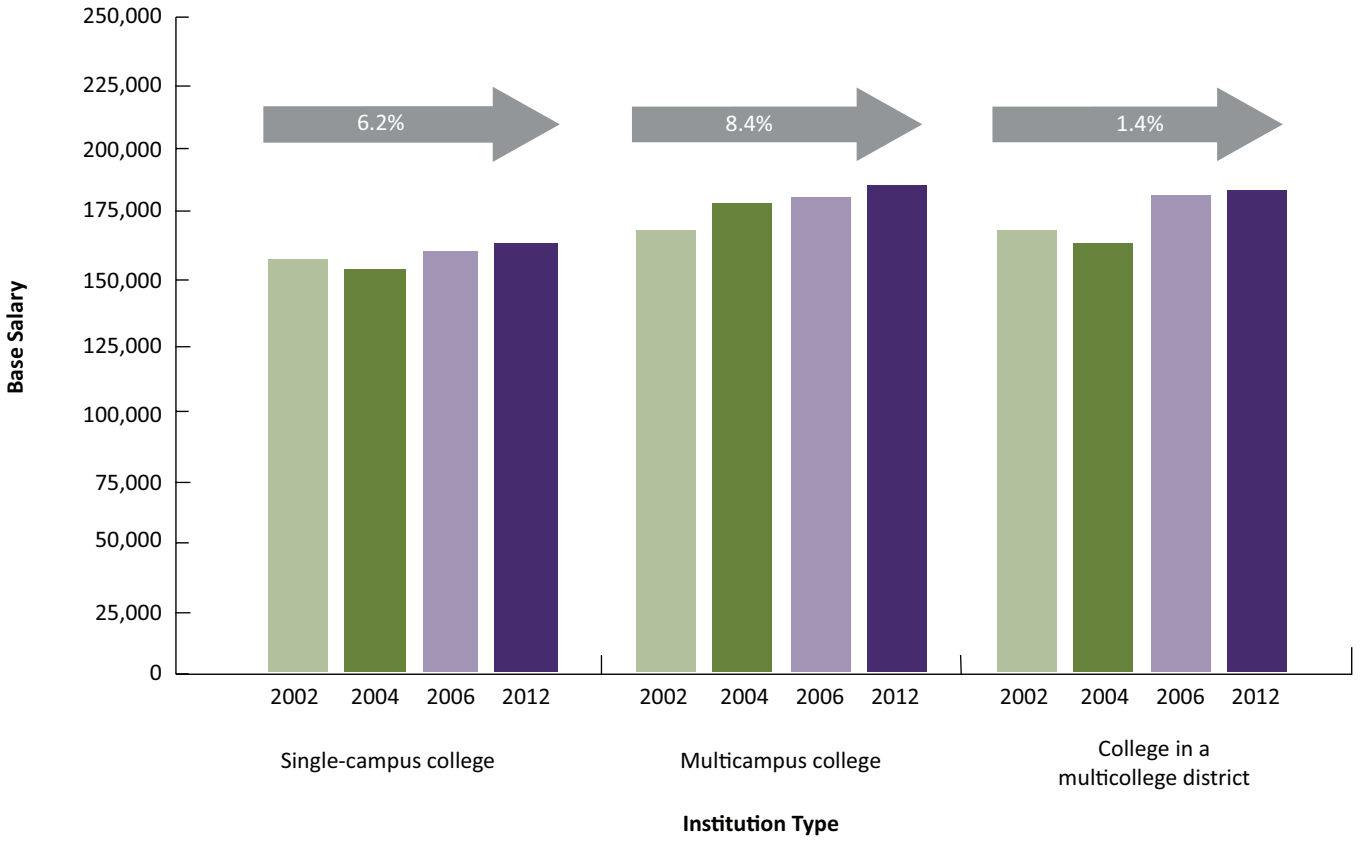
CEO compensation is influenced by institution type, enrollment size, and location. For example, the median

total cash compensation for CEOs working at multicampus colleges was $185,000, compared with $169, 800 for CEOs working at single-college campuses (see Table 4). When examining the salary trends from 2002 to 2012 by institution type, the data indicated an increase in base salaries—even after taking inflation into account. Mean base salaries at single-campus colleges increased by 6.2%, while salaries at multicampus colleges increased by 4.3% and by 4.1% at colleges in multicollege districts (see Figure 4). Both median base salary and total cash compensation were higher in direct proportion to enrollment size (see Table 5, page 6). The data also indicated (see Figure 5, page 6) higher total cash compensation for CEOs working in suburbs ($205,472) compared with those working in cities

Table 4. Median Base Salary and Total Cash Compensation for Community College CEOs, by Institution Type: 2012

Institution Type	Base Salary	TCC
Single-campus college	$160,000	$169,800
College in a multicollege district	$184,217	$185,500
Multicampus college in a multicollege district (separate accreditation)	$166,000	$174,630
Multicampus college	$174,950	$185,000
Separately accredited 2-year campus in a university	$153,000	$158,000

Figure 4. Mean Base Salary Trends for Community College CEOs, by Institution Type: 2002–2012 (adjusted for inflation)



Note. Data are presented only for institution types for which data were available for all years.

Table 5. Median Base Salary and Total Cash Compensation of Community College CEOs, by Enrollment Size: 2012

Enrollment Size	Base Salary	TCC
Less than 2,000	$133,000	$134,000
2,000–3,999	$150,000	$156,672
4,000–5,499	$165,000	$172,000
5,500–7,499	$174,680	$185,000
7,500–12,499	$186,185	$193,062
12,500+	$215,000	$226,800

Table 6. Median Base Salary and Total Cash Compensation of Community College CEOs, by Race/Ethnicity: 2012

Race/Ethnicity	Compensation	
	Base Salary	TCC
Black	$190,000	$210,000
Hispanic	$201,553	$207,553
White	$167,200	$176,300
Asian American	$147,000	$147,000
Native American	$135,900	$150,400
Other/unknown	$155,000	$169,752

Table 7. Median and Mean Base Salary and Total Cash Compensation of Community College CEOs, by Gender: 2012

Gender	Base Salary		TCC	
	Median	*Mean*	*Median*	*Mean*
Female	$170,000	$175,560	$176,025	$183,403
Male	$167,000	$173,184	$178,690	$182,819

($192,700).

Compensation by Race/Ethnicity and Gender

Table 6 shows differences in base salary and total compensation based on the respondents' racial and ethnic background. Respondents who identified themselves as Black earned more than those in any other racial/ethnic group, followed by Hispanics and then Whites. Further examination indicated differences in the type of institution CEOs work based on their racial/ethnic background. Black and Hispanic CEOs were more likely than White CEOs to be employed in urban areas and larger institutions, where salaries tend to be higher. Nearly two thirds (62%) of Black respondents reported working in cities, compared to 46% of Hispanic respondents and only 29% of White respondents. A similar pattern was found when comparing earnings by institution size. More than one third (38%) of Black respondents worked at institutions with enrollment greater than 12,500, compared with 27% of Hispanic respondents and 15% of White respondents. Conversely, half (51%) of White CEOs reported working in colleges with enrollment sizes of less than 5,500 compared with 33% of Black and 18% of Hispanic respondents, respectively. Although the data suggest many relationships between salary, race/ethnicity, and institutional characteristics, further analysis is required to more fully understand these complex relationships.

Women earned slightly higher median base salaries (1.8% more) than men: $170,000 compared to $167,000 for men. In 2006, women earned slightly less in mean base salary ($150, 531), which was 97% of that for men ($154,782; Larson, 2007). However, when comparing total cash compensation by gender in 2012, the reverse was true—men earned slightly more (1.8%) than women, or $178,690 median total cash compensation compared to $176,025 (see Table 7).

Although women's total cash compensation is less than men's in 2012, the data indicated that the total cash compensation of women from 2006 to 2012 has improved slightly from 97% that of men in 2006 to 98.2% in 2012.

Salary Increases

Most of the respondents, 91%, specified that their compensation level is specified in their contract. When asked what criteria are considered for salary increases,

about 63% of the respondents indicated that their raise is based on the discretion of the board. This percentage remained relatively consistent with the 2006 CEO Compensation Survey results (60%). Most criteria used to determine raises, such as meritorious service (32%) achievement of goals (32%), and other employees' increases (35%), were consistent with rates reported in previous surveys. However raises that are based on state increases declined by 5%—from 34% in 2006 to 29% in 2012 (see Table 8).

Table 8. Criteria Considered for Community College CEOs' Salary Increases

Criteria	2012	2006
Discretion of the board	63%	60%
Other employees' increases	35%	35%
Achievement of specifically stated goals	32%	32%
Meritorious service	32%	30%
State increases	29%	34%
Regular increments	9%	11%

Incentives and Other Cash Payments

Only 2% of the respondents indicated that they received a signing bonus; the same was true for the 2006 survey results. Approximately 19% of the respondents stated that some form of retention or longevity compensation was offered to them. About 16% of the respondents received incentive bonuses. Table 9 lists the types of performance measures considered in awarding bonuses. Board evaluation was the criteria most frequently used (39%), followed by achievement of specifically stated goals (47%), and student success (31%).

Table 9. Performance Measures Considered in Awarding Incentive Bonuses to Community College CEOs: 2012

Performance Measure	% of CEOs
Board evaluation	55%
Achievement of specifically stated goals	47%
Student success measures	31%
Financial performance	26%
Enrollment increases	22%
Exemplary or meritorious service	19%
Bonuses are not based on performance	14%
Endowment/fundraising	14%

This survey also explored restrictions placed on earnings and activities performed outside of CEOs' regular responsibilities as college president. A frequent activity for presidents is to serve on corporate and other boards, which sometimes provides a great value for their institution but also may take time away from work. About 42% of the respondents indicated that they do not have any restrictions placed on what they can earn outside their regular duties as college CEO, 40% reported that they are required to take vacation when engaging in external activities for which they are compensated, and about 7% stated that the number of days they may use in a year is limited. About 20% of the respondents indicated that they received outside compensation. Of those CEOs who stated receiving outside compensation, 39% indicated earnings for consulting services, 40% for serving on boards, and 41% for making speeches and presentations.

Allowances

CEOs may receive a variety of allowances in addition to their total cash compensation package (see Table 10). Most (66%) of the respondents combined received a college provided car, car allowance, or both. Nearly a third of CEOs combined (32%) received a college provided house, a

Table 10. Allowances Received by Community College CEOs

Allowance Received	% of CEOs
Professional club dues	58%
Car allowance[1]	55%
Entertainment expenses	48%
College-provided car[1]	44%
Housing allowance[2]	29%
Social recreation/country club dues	27%
College-provided housing[2]	8%

[1] 66% of CEOs combined received some form of car allowance.
[2] 32% of CEOs combined received some form of housing allowance.

Table 11. Retirement Benefits Availalable to Community College CEOs: 2012

Retirement Benefit	% of CEOs
Defined contribution plan (403(b), 401(k), TIAA-CREF)	73%
Defined benefit plan (state pension)	58%
Continued health insurance plan	33%
Deferred compensation	22%
Supplemental executive retirement plan	11%

housing allowance, or both. About 58% of the respondents stated they received an allowance for professional club dues. Allowances such as those for cell phones, laptops, or other office equipment were not surveyed because they were the most common allowances and are often provided by institutions. Respondents were also asked to specify whether their spouse or partner received any allowances. The majority of the CEOs (85%) indicated that their spouse or partner does not receive any form of allowance. Out of the 15% of respondents who reported that their spouse or partner received some allowances, 46% of spouses or partners received a travel expense allowance, 28% had access to a college car, 20% received entertainment expenses, and 26% received some other form of allowance.

Retirement Benefits

Respondents were asked to specify what type of retirement plan is offered to them—and could select more than one option. Defined contribution plans such as 403(b), or 401(k) plans, were the most common with 73% of the CEOs receiving this type (see Table 11). More than half of the respondents (58%) reported that defined benefit plans such as state pension were available to them. Other plans indicated included continued health insurance plans (33%), deferred compensation (22%), and supplement executive retirement plans (11%). Respondents were also asked to specify what percentage of their annual base salary was contributed to their retirement plan by their institution or foundation. Of the 70% of the respondents who reported some percentage of salary contributed to their retirement plan, 50% received contributions of less than 10% of their annual base salary, 42% received contributions of 10%–20% of their annual base salary, 5% indicated receiving contributions of 20%–50% their annual base salary, and 3% reported receiving contributions greater than 50% of their annual base salary. The overall median percentage of annual base salary contributed toward retirement by institutions was 10%, with a mean of 12%.

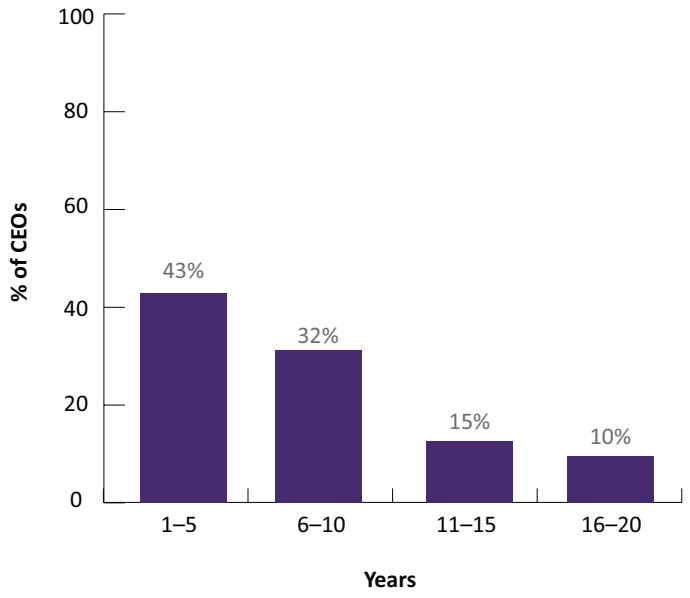
The data gathered on deferred compensation were difficult to quantify, but responses from CEOs illustrates some of the variation in how deferred compensation is structured:

- "Unused executive leave days may be converted to deferred compensation at current daily rate."

- "I accepted a deferred pay arrangement to spread out the very large increase."
- "The deferred compensation plan is funded by me without contributions by the college."
- "Deferred compensation is contributed on an annual basis to 403B and 457 accounts."
- "Amount equal to one year's pay at retirement."
- "Depends on retirement date."

About 75% of the respondents expressed that they plan to retire within the next 10 years (43% within the next 5 years, and another 32% the following 5 years). An additional 15% of respondents indicated that they plan to retire in the next 11–15 years (see Figure 6). To better understand the retirement plans, it is important to note that the median age of CEOs who responded to the survey in 2012 was 60.

Figure 6. Number of Years Until Community College CEOs Plan to Retire: 2012



References

Chronicle of Higher Education. (2008, November 21). Executive compensation.

Larson, C. (2007). *Compensation and benefits of community college CEOs: 2006* (Research Brief AACC-RB-07-2). Washington DC: American Association of Community Colleges.

Shults, C. (2001). *The critical impact of impending retirement on community college leadership* (Research Brief AACC-RB-01-5). Washington, DC: American Association of Community Colleges.

Wallin, D. L. (2007). *The CEO contract: A guide for presidents and boards* (2nd ed.). Washington DC: Community College Press.

AACC Contact

Rahel Tekle
One Dupont Circle NW, Suite 410
Washington, DC 20036

202-728-0200, ext. 244
rtekle@aacc.nche.edu

Kent Phillippe
One Dupont Circle NW, Suite 410
Washington, DC 20036

202-728-0200, ext. 222
kphillippe@aacc.nche.edu

© 2012 American Association of Community Colleges. Photocopying for nonprofit educational purposes is permitted.

This document is available in a PDF format from aacc.nche.edu/aaccbriefs