Designed as a resource for the development of an employment contract between a community college board of trustees and its chief executive officer (CEO), this "idea book" addresses diverse contractual concerns, such as liability and due process, and discusses the benefits of the contract for both the board and CEO. Drawing on comparative fiscal and contractual information gathered by the American Association of Community and Junior Colleges (AACJC) in a 1990 nationwide survey of community, technical, and junior college CEOs, the pamphlet provides an overview of the key elements of the CEO employment contract. The following contract provisions are reviewed: the preamble; contract length; CEO professional responsibilities; compensation; vacation and other benefits; deferred compensation; disability insurance; association dues; life insurance; sabbaticals or study leaves of a special nature; expenses; automobile or automobile allowance; professional liability; medical examination; proposed accomplishments of the CEO; contract renewal; contract termination; savings clause; contract approval; calendar of mandatory actions in respect to the contract; and board policies. Appendixes present the AACJC/CEO survey, with results; and provide samples of the employment contract, the employment contract amendment certification, and fringe benefits. (JNC)
College Chief Executive Officers' Contracts, Salaries, and Compensation

American Association of Community and Junior Colleges
College Chief Executive Officers' Contracts, Salaries, and Compensation

BY DALE PARNELL AND MARGARET RIVERA of the American Association of Community and Junior Colleges
PREFACE

Salary, compensation, benefits, and chief executive officer (CEO) contracts are subjects dear to all our hearts. In a time when dollar increases rarely match inflation and income is stretched ever tighter, other forms of compensation and benefits must also be looked at closely. It is beneficial to all parties concerned to have a well conceived, written contract document that describes the relationship desired by both parties. To the CEO a contract, in part, ensures employment security and protection from unfair or capricious treatment. To the Board of Trustees (Board) a contract offers the opportunity to spell out expectations, terms and conditions of employment, and CEO responsibilities. A carefully planned and written contract should go a long way to avoiding unexpected surprises for either the CEO or the College Board.

Provisions contained herein are designed to address contractual and diverse concerns such as liability and due process which have impacted strongly on decision-making processes in higher education over the recent years. This publication has been developed as a resource document...an “idea book” for defining an employment contract between a college Board of Trustees and its Chief Executive Officer. It provides comparative and up-to-date fiscal and contractual information collected through the AACJC/CEO Contract and Compensation Survey which was collected in the fall of 1990 from community, technical, and junior college CEOs from across the nation. It should be noted, all benefits and other forms of compensation may raise questions with respect to the Internal Revenue Services and should be reviewed with legal or tax counsel for that purpose. This publication does not imply advice or recommendations one way or other.

Sample employment contract provisions are intended to be only illustrative of the items that could be included in a carefully prepared CEO contract. Some sections must be revised to accommodate varying state laws and local conditions and policies. Before finally agreeing on contract provisions, both the Board and the CEO should have their respective attorneys review the mutually agreed upon employment contract to assure legality under state law.

All college chief executive officers have contracts with their Boards of Trustees. Some contracts are written; others are oral; others are covered in some form through a Board of Trustees Policy Handbook.
Some are precise, while others are general and ambiguous. It is beneficial to the educational program of the college, to the trustees, and the CEO to have a well-conceived, written document that describes the relationship desired by both parties, conforms with state law, and is generally acceptable to the local community. The contract must meet the needs of both parties.

For the Board of Trustees, the CEO contract offers an opportunity to express publicly the importance of the college leadership and to communicate its expectations and standards of performance. The CEO contract also pinpoints responsibility for maintaining control over college policies and programs and identifies and eliminates, where possible, areas of potential misunderstanding.

For the college chief executive officer, the contract provides recognition as the educational leader of the college or college system and secure protection from arbitrary or capricious actions by individual board members and/or pressure groups. The contract also assures the CEO of personal compensation for a stipulated period of time and assures an orderly method for resolving differences.

Probably the most important aspect of a written CEO contract is the opportunity it provides to establish, up front, the nature and scope of the board’s expectations, and for the CEO to set forth his/her expectations for the board.

It is highly desirable for the CEO to retain personal legal counsel when entering into a contract. While the attorney for the board of trustees should review the contract, board counsel should not be expected, nor asked, to represent both contractual parties.

On September 4, 1990, AACJC/CEO Contract and Compensation Surveys forms were mailed out to the chief executive officers of the AACJC member colleges requesting salary, contract, and compensation information based on 1990-91 academic year. Of the surveys mailed, 681 or 61 percent, were returned by the deadline and have been included in the results. The response rate presents a representative reflection of the AACJC membership colleges’ CEOs. The mean data on salaries as well as the statistics on contracts and compensation packages provide an indication of trends for AACJC member CEOs across the nation. The responses
from the surveys were keyed into a data base developed at AACJC and sorted to obtain the data reflected in this publication. The statistics have been sorted into “regions”, and the regional plan used is that of the Regional Accrediting Associations.

In general, the data are shown in percentages. Not all respondents answered each survey question, but all percentages are calculated based on the surveys returned to AACJC. Discrepancies in individual questions whose cumulative responses total less than 100 percent should be attributed to non-responses.

Dale Parnell  
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THE COLLEGE CHIEF EXECUTIVE OFFICER'S EMPLOYMENT CONTRACT

For boards of trustees, a carefully developed contract between the board and its chief executive officer has many advantages. An employment contract enables the board to set exactly the terms and conditions of employment and spell out the specific responsibilities for its chief executive officer. A well written CEO contract also can be used as a valuable recruitment tool.

In essence, the CEO's contract represents the basic policy established by the board of trustees for the performance of the CEO as well as the basic ground rules it wants the executive to follow. A well-defined contract offers the board of trustees the security of knowing what it can expect to receive for the CEO compensation and other benefits it provides. A carefully drafted CEO employment contract will enhance the basic goals shared by the board and CEO of preserving lay control of the college or college system and assuring accountability for community, technical, and junior college education in our nation.

In most states, the employment contract is the only tangible employment security protection a college chief executive officer enjoys. Generally, the CEO does not have tenure in that position unless specifically provided by statute or other law. Even where there is a statute or other law conferring a form of tenure on a CEO, the employment security afforded is fairly general and guarantees only a rudimentary "due process" type of hearing. In some cases, tenure provisions may protect the CEO as a faculty member following demotion from the CEO position.
Every CEO has an employment contract of one sort or another, either written, or embodied in board policies. Our 1990 survey of college CEOs revealed that 75% of all community, technical, and junior college responding CEOs have a written and formal contract.

A college chief executive officer’s employment contract should protect the interests of the public in maintaining a sound college system and at the same time provide direction and protection for the CEO. A clear understanding between the board and the CEO on the nature and scope of their relationship should promote good communication and establish a firm basis for the development of that relationship. The CEO’s employment contract, therefore, contributes significantly to sound governance and management of a college or system of colleges. The judgment and leadership of the CEO are subject to constant and close scrutiny, and therefore fair treatment of the CEO should be a rudimentary part of a good contract.

ELEMENTS OF A COLLEGE CHIEF EXECUTIVE OFFICER EMPLOYMENT CONTRACT

The contract preamble or the introductory section of the employment contract usually contains a series of “whereas” clauses, customarily included to explain the contract’s purposes. The introductory section should articulate the reasons an employment contract for the college chief executive officer benefits the public and the college program. The preamble should also indicate why a contract is a reasonable and necessary protection for the CEO and the college board of trustees.
The "length" section of the contract sets forth the period of time that the employment contract is in effect. The employment contract also should include a provision for extensions of the contract length. The original length of contract should be for as long as possible, consistent with state law. Four years is not uncommon, and the contract length for nearly two thirds of all community, technical, and junior college CEO survey respondents was three years or longer. It should be recognized by both the CEO and the college board that it takes some time for a new chief executive officer to establish programs, procedures, and style of management in a college. Time is also necessary for the development of a smooth working relationship between a CEO and college board. This is particularly true in highly politicized and single issue oriented working environments. In granting a multi-year contract the college board can be protected through its right to terminate the contract for just cause as spelled out in the contract.

In some cases, the length of the contract may be extended by one year enabling the chief executive officer to have a maximum number of years running on the contract on a "roll over" basis. In discussing this issue, college boards and CEOs should review state laws as well as current unique problems in the community. Under the "roll-over" provision, if the CEO determines that the college board will not renew his or her contract, the executive has adequate time either to conform to the demands of the board or to begin seeking employment elsewhere. It is necessary for contract extensions to be made through written certification or amendment separate and apart from the original contract. This approach allows the board to take action on the contract amendment without the necessity of renegotiating every other element of the employment contract.
Generally, the statement of professional CEO responsibilities should be as brief as possible. Extensive generalized duty statements often cause problems when a contract is thrown into litigation. Similarly, the statement of professional responsibilities should contain as few adjectives as possible. Rather, it should specifically describe the CEO's function and identify him or her as the chief executive officer of the board and the chief administrative officer of the college or college system. It also should grant the authority to organize, reorganize, and arrange the duties and reporting structures of the administrative and supervisory staff.

A section should be included in the contract that articulates the degree to which the CEO might consult, lecture, write, or hold other salaried positions outside the college and college duties. There may be a legal question in some states about whether the CEO has the right to serve as an ex-officio member of board committees or as a paid member of another board. These questions should be checked against state statute before inclusion in the contract. The 1990 Survey revealed that 22 percent of the responding AACJC member CEO contracts contained an itemized list of duties, and 33 percent included an “extent of services” clause.

The annual salary of the CEO should be specified in writing as well as in figures. The college board should be given the right to amend the contract by adjusting the CEO's compensation upward. That adjustment may or may not be developed in connection with extending the length of the contract. National average salary is $79,782 compared with an average salary of $62,948 in 1986 and compared with an average salary of $48,400 in 1981.
The CEO should be entitled to all fringe benefits normally received by any other college administrators or faculty. Those benefits usually include health insurance, retirement, life insurance, sick leave, and vacation.

Because of the uniqueness of the position, the CEO may receive a few benefits not available to other college administrators including deferred income plans or severance pay plans.
A deferred income plan sometimes is used to supplement the local or state retirement program. This approach is especially appropriate when a senior CEO is employed from some other jurisdiction and starts on the college/state retirement plan at a relatively late age. The programs are generally covered through tax-sheltered annuities and usually have, as an integral part, a combination salary and life insurance plan. A CEO should seek competent legal or estate-planning advice before entering into any deferred income plan or severance pay agreement. The survey revealed that only 10 percent of the college CEOs responding have a deferred or severance pay provision in their contract, while 16 percent indicated their college provided other retirement benefits beyond the usual retirement plan.

Disability insurance, purchased by the college is suggested as one way to lessen the personal impact should a serious disability occur in the life of the CEO. This is particularly true in cases where the CEO may not have accumulated the necessary service in a particular state to be eligible for the usual retirement benefits. Even when the CEO is vested in a state retirement system, supplementary disability insurance should be maintained at a level that will assure benefits equal to at least fifty (50%) percent of the contractual salary. Only about 20 percent of the responding CEOs' contracts now provide for some type of disability insurance.

A specific contractual provision for payment of certain national and state association dues benefits both the college and CEO. Dues payment makes available to the CEO numerous professional services. It facilitates contacts and exchange of information with other college leaders on both a state and national basis. However, it should be noted that in some states the payment of professional association dues by the college may not be permit-
The applicable state law should be checked before specifically requesting this clause in the contract. Any provision for payment by the college of professional association dues should specifically name the associations, and the college board should be advised of the budgetary impact of these dues. The 1990 survey of CEOs revealed that the contracts of 45 percent of the respondents provide for professional dues payments by the college.

A common contract provision includes life insurance. Eighty-two percent of those responding in the 1990 AACJC CEO Survey have some form of life insurance written into their contract. The insurance provision can take many forms:

- **Term Insurance** provides insurance only, with no accumulation of cash value.

- **Paid-up Life Insurance** is a one premium payment which provides insurance coverage at face value of the policy. This insurance also has a cash value which can be borrowed against or cashed in. This insurance becomes the property of the CEO whether or not he or she remains with the college.

- **Whole Life Insurance** consists of payments to the insurer in excess of the insurance cost. There is an accumulating cash value which can be borrowed against or cashed in. However, payments would be made by the college usually only during the term of employment.

Other forms of insurance such as 20 Pay Life and 10 or 20 Year Endowments have also been utilized as special insurance benefits. Another option which might be explored with the college, particularly by those CEO's considering retirement at the end of the contract term, would be to allow...
voluntary payment of premiums by the CEO, or by the college, which would permit the retention of group insurance benefits after retirement.

A study leave every few years to study, to visit operations in other colleges, or to work on a special project can be beneficial to the college and to the college leader. A sabbatical or study leave appeared frequently in the survey as an additional benefit or compensation responding CEOs would like to see their college offer in the future. Thirty percent of the colleges of the CEOs responding to the survey provide for some form of sabbatical or study leave with seven years of service being the most frequent time stipulation.

There are usually two types of CEO college expense accounts: Direct, an amount specifically set forth in the employment contract or claimed on a regular basis as needed; and indirect, usually not mentioned in the employment contract and consisting of an "additive" included within the CEO's salary. In calculating an "indirect" expense account, care must be taken to compute the net, after-taxes amount. Under this arrangement care must be taken to assure a definite amount from the CEO's salary be available for job-related expenses that otherwise might not be reimbursable. Pursuant to IRS Regulation SI.162-17(c), the CEO must include as a part of income statements any amount received in an indirect expense allowance if the funds cannot be justified as having been spent on valid business expenses. Most contracts indicate how CEO expenses are to be handled.

If a college-owned automobile is provided, insurance for the automobile as well as a college gasoline credit card and maintenance should be the responsibility of the college. The college may provide an automobile through lease or outright pur-
chase. In some states, leasing is a better approach for public institutions because regular license plates may be used and do not identify the car as an official governmental automobile. In other states regular license plates may be issued to the college under a security arrangement for the protection of the life of the college president. The employment contract should specifically state that the college shall hold the college administrator and his or her estate harmless from any liability arising from the use of the car in the course of his or her employment. It is a good practice not to include the automobile provision under the “COMPENSATION” section of the contract because it could constitute an admission of income under changing federal or state income tax laws. Of course, for income tax implications of any benefits or compensations included in an employment contract, a CEO should consult legal or personal tax advisors. One obvious way to avoid tax consequences is to specifically limit the use of the automobile to business purposes. The 1990 survey revealed that 54 percent of the responding CEOs have an automobile provided by the college and 24 percent are reimbursed for personal automobile use.

Indemnification of the CEO against claims arising from performance of duty should be covered through a specific clause in the contract and/or a board policy. However, in no case may the college board of trustees consent to a liability coverage that is broader than permitted by state law. A liability clause in the contract is particularly important in light of the increasing number of court actions against college administrators attempting to implement board policy, and the resultant high costs of such liability coverage. Only nine percent of the CEOs responding to the survey have a professional liability clause in their contracts. We hope the remaining 91 percent of the CEOs are covered by some form of board policy statement on this subject.
Although 33 percent of Survey respondents listed a physical exam as a benefit, only 18 percent of the CEOs have clauses in their contracts providing for a college-paid, annual physical examination. It may be advisable to provide for a method of selection of the physician, i.e. the CEO's choice, the college's choice, or by mutual agreement. Some state laws also require that the medical examination be conducted by a physician licensed to practice medicine in all its branches. Providing the board with a finding of continued physical fitness is suggested in lieu of providing the entire medical report.

Cooperative development of proposed accomplishments by the CEO and college board is strongly recommended, particularly to provide some basis against which the performance of the chancellor or college president might be judged. Such a contract clause should be viewed in relationship to the CEO's situation and not in the context of any rigid or specific management system. Sixty-five percent of the responding CEO contracts require a periodic performance review with the large majority of reviews being conducted on an annual basis and stressing mutual involvement.

The process and format of performance reviews should be realistic in terms of both CEO and college board capability. Some dimensions which might be included in a review include: Board-CEO Relations, Educational Program Progress, Business and Financial Matters, and Professional Leadership Development. The actual rating system can range from checklists with brief comments to a completely narrative and written format.

In developing this section of the contract remember that "Sunshine Laws" have for public colleges cause extreme variations from one state to another. In some states the courts have interpreted
the Public Meetings Act as permitting discussions about continuation of employment in executive closed sessions...and in other states it must be conducted in open sessions of the board. Whenever possible, CEO performance reviews should be conducted in closed board sessions and in a relaxed environment. The purpose of the review should not be to "get someone", but to assess accomplishments and improve performance. In all cases where the overall evaluation is adverse to the CEO, a period of time should be provided for CEO response. Thoughtful response to any performance review cannot be expected to occur immediately after the evaluation data is received. The evaluation process should deal primarily with performance criteria agreed upon prior to evaluation by both parties.

If the employment contract is not renewed on a yearly basis, as described in the "Length of Contract" section of this publication, a provision may be included that obligates the college board to provide written notice to the CEO six to twelve months in advance of renewal or termination. Under this approach, failure to give notice by the agreed upon date should result in the automatic renewal of the contract for at least one year. In the event of nonrenewal, the right to a due process hearing should also be included.

The stipulation that the CEO remind the board in writing of this clause is usually included as protection against the possible adverse impact on college Board-CEO relations which might result if this clause were inadvertently overlooked. If, in exercising its discretion, the college board decides not to approve the automatic renewal feature, the board should provide for adequate notice of nonrenewal to permit the CEO sufficient time to look for other employment. In any event, there should be an understanding that any action taken on renewal or
nonrenewal is the result of a conscious decision by both the college board and the CEO and never because of default.

The right to a due process hearing before the college board should be included as a provision of the employment contract in case the CEO disputes the termination. A due process clause has become particularly important in light of recent court decisions. This due process procedure should consist of at least:

- written notice of the reasons the contract is being terminated
- the right to appear before the college board in closed executive session or public hearing, at the option of the CEO
- the right to be represented at the hearing by an individual of the CEO's choice
- a right to a written decision describing the results of the hearing
- an indication that neither the college board nor the CEO waives any right either party might have affecting the contract under state or federal law.

### 1990 Survey Responses

**Question:** Does your contract contain a provision for:

<table>
<thead>
<tr>
<th>Provision</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board initiated termination</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>If yes, does it include:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board requested physical examination</td>
<td>12%</td>
<td>88%</td>
</tr>
<tr>
<td>A process described for determining incapacitation</td>
<td>8%</td>
<td>91%</td>
</tr>
<tr>
<td>Termination for cause is described</td>
<td>37%</td>
<td>63%</td>
</tr>
<tr>
<td>Automatic termination for a major legal offense</td>
<td>11%</td>
<td>89%</td>
</tr>
<tr>
<td>Reason for termination must be stated</td>
<td>25%</td>
<td>75%</td>
</tr>
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</table>


The 1990 AACJC Survey also indicated that 26 percent of the respondents' contracts contained a provision for CEO-initiated termination with a general time requirement notice of three to six months.

A savings clause is desirable to assure that any challenge to the legality of a provision of the contract would not invalidate the entire contract. It also provides a method of dealing with a situation in which some provision of the contract is declared illegal. On the other hand, a savings clause binds the CEO to the employment relationship, even if the deleted provision significantly modifies the contract. Two of the more common situations that might involve the savings clause are: When the CEO's salary is increased in a manner not in keeping with statutory requirements...or...when a CEO is given greater powers than permitted by law.

The employment contract should be approved in a public meeting of the college board and made a part of the public record of that meeting. It should be signed by the president or chair of the board in the name and on behalf of the college board of trustees. All members of the board should not be required to sign the contract because this practice does not increase its validity and could cause needless confrontation with a board member who may not be supportive of the CEO. Attorneys for the CEO and the board should review the employment contract before it is signed and appropriately advise.

The employment contract should be as brief as possible and written in plain language. In the final analysis, a CEO's employment contract should be the product of sensitive deliberations by the college board and the CEO. The result of these deliberations is tempered by local custom and practice and sets the tone for the developing relation-
ship between the CEO and the college board.

The employment contract, when fully agreed upon, places certain time deadlines and requirements on both the CEO and board. The CEO should assume the responsibility for providing the board with a calendar of mandatory actions, redrafted each year the contract is in effect, specifying those dates and deadlines which the contract requires.

Finally, it should be noted that not all issues of potential misunderstanding between the college board and CEO can be settled in an employment contract. Written board policies are indispensable in filling any gaps. Collective bargaining contracts may also guide action. For example, consider the handling of complaints lodged by faculty or others against administrative action taken in the college. How should these complaints be handled? How should they be reported and what kind of response should they receive? Should persons who are the subjects of the complaint be given an opportunity to respond? These are just a few questions which increase the need for a written college board policy that both the board and CEO can agree upon for handling complaints against the CEO and his or her staff.

It is also the practice of some colleges to label all board policies as to the consultation and authority process. Some policy changes must be referred for collective bargaining or staff meet-and-confer discussions and/or negotiations. Other policies may be changed by board action only, while others may be left to the administration for interpretation and implementation. It is important to pre-determine the consultation involvement and authority for various policies.
APPENDIX A
SURVEY RESULTS
AACJC/CEO CONTRACT AND COMPENSATION

1. What is your current annual salary as CEO (excluding outside income such as
honoria or fringe benefits such as automobile, house, etc.)?

National average salary is $79,732 compared with an average
salary of $62,948 in 1986 and compared with an average salary
of $43,460 in 1981. (See also page 8)

2. Do you have a severance pay account (i.e., deferred compensation) in addition
to your annual salary?

10% Yes
90% No

Ranged from salary for a set number of days per your accumu-
listed over years worked to a specific amount which generally
ranged from $6,000 to $10,000.

3. Does your college provide you with a house?

12% Yes
88% No

4. Does your college provide you with a housing allowance?

13% Yes
87% No

5. Does your college provide tuition benefits (waivers, reimbursement, etc.) for
your spouse or family?

49% Yes
51% No

6. Please check only those benefits/compensations listed below which your
college provides to you:

96% Medical Insurance
92% Physical Exam
78% Dental Insurance
79% Optical Insurance
83% Life Insurance
10% Other Insurance
46% Vehical Provided
44% Vehical Expenses
24% Vehical Allowance (own car)
34% Accident Insurance
11.111 Travel Allowance
78% State Retirement Bonnets
19% Other Retirement Benefits
29% Tax Sheltered Annuity
49% Professional Dues
20% Host Allowance

7. Is your spouse provided any type of budget? (If yes, list amount)
   4% Travel
   4% Entertaining

8. How many days of paid holiday (i.e., Memorial Day, Thanksgiving Day, etc.) does your college provide to you annually? 12 average

9. How many days of paid vacation (excluding holidays) does your college provide you annually? 21 average

10. Does your college provide you with a paid sabbatical/study leave?
    30% Yes
    70% No
    If yes, How often? average 7 years

11. What benefits/compendation, other than those already provided would you like to see your college offer in the future?

   1. Housing or housing allowance
   2. Tax sheltered annuity or deferred compensation
   3. Sabbatical leave

12. Do you have a formal, written employment contract with your college/district?
    75% Yes
    25% No

    If yes, what is the specified length of the contract?
    18% One year
    9% Two years
    32% Three years
    12% Four years or more
    29% Other (i.e., no time period specified, rolling, etc.)

13. Do you have a contract renewal provision?
    44% Yes
    56% No

24
If you have a renewal/appointment provision, is it tied to performance evaluation?

- 43% Yes
- 57% No

14. Does your contract require periodic reviews of your performance?

- 65% Yes
- 35% No

If yes, does evaluation specify mutual involvement?

- 54% Yes
- 46% No

How often is a performance review specified?

- 67% Annual review
- 23% Review only at end of contract
- 4% No annual review
- 20% Other

15. What type of contract does your college provide?

- 10% Standard professional form
- 9% State contract form
- 62% Unique college-specific document

16. Does your college provide you with retirement benefits beyond the usual retirement plan?

- 16% Yes
- 84% No

17. Does your contract contain a provision for Board-initiated termination?

- 40% Yes
- 60% No

If yes, does it include:

a) a board requested physical examination

- 12% Yes
- 88% No

b) a process for determining incapacitation

- 8% Yes
- 92% No

c) termination for cause

- 37% Yes
- 63% No
d) automatic termination for a major legal offense
   - 11% Yes
   - 89% No

e) a requirement for reason of termination to be stated
   - 26% Yes
   - 74% No

18. Does your contract contain a provision for CEO-initiated termination?
   - 26% Yes
   - 74% No

If yes, what is the length of notice time required? *Average 3 to 6 months*

19. Does your contract contain:

<table>
<thead>
<tr>
<th>Item</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itemized list of duties</td>
<td>22%</td>
<td>78%</td>
</tr>
<tr>
<td>Extent of services</td>
<td>33%</td>
<td>67%</td>
</tr>
<tr>
<td>Provision for modifying your contract</td>
<td>26%</td>
<td>74%</td>
</tr>
<tr>
<td>Provision for arbitration</td>
<td>6%</td>
<td>94%</td>
</tr>
<tr>
<td>Professional liability clause</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Provision for physical or psychological examination</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>Salary</td>
<td>76%</td>
<td>24%</td>
</tr>
<tr>
<td>Moving expenses</td>
<td>34%</td>
<td>66%</td>
</tr>
<tr>
<td>Housing provision</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>Automobile entitlement</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Annual vacation leave</td>
<td>44%</td>
<td>56%</td>
</tr>
<tr>
<td>Consulting/outside leave allowed</td>
<td>34%</td>
<td>66%</td>
</tr>
<tr>
<td>Professional association leave</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Provision for sabbatical leave or study leave</td>
<td>14%</td>
<td>86%</td>
</tr>
<tr>
<td>Ownership clause on files and/or documents</td>
<td>4%</td>
<td>96%</td>
</tr>
<tr>
<td>Unique items of interest</td>
<td>4%</td>
<td>96%</td>
</tr>
</tbody>
</table>
CONTRACTS, SALARIES, AND COMPENSATION

1990-91 CEO Age Span

<table>
<thead>
<tr>
<th>Number of Responses</th>
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<tbody>
<tr>
<td>Under 40</td>
</tr>
<tr>
<td>40 to 44</td>
</tr>
<tr>
<td>45 to 54</td>
</tr>
<tr>
<td>55 to 64</td>
</tr>
<tr>
<td>65 to 74</td>
</tr>
<tr>
<td>75+</td>
</tr>
</tbody>
</table>

**Ethnicity**
- 5% African American
- 3% Hispanic American
- 1% Asian
- 0% Native American
- 70% Anglo American
- 10% No Response

**Gender**
- 74% Male
- 26% Female
- 10% No Response

**Type of Institution**
- 88% Single-Campus College
- 12% Multi-Campus College
- 12% Multi-College District
- 10% No Response

**Control Funding**
- 99% Public
- 4% Private
- 4% No Response

**Average years as CEO or President of current college:** 7 years
**Average years as CEO or President at all higher education institutions:** 9 years
APPENDIX B

SAMPLE EMPLOYMENT CONTRACT BETWEEN

AND THE

GOVERNING BOARD OF

College (or College System)

OF

This Employment Contract, made and entered into this _______ day of
__________, 19____ by and between the governing Board of
College, hereinafter referred to as COLLEGE, and
__________, hereinafter referred as (CHANCELLOR,
PRESIDENT, PROVOST, DIRECTOR)

WHEREAS, COLLEGE desires to provide PRESIDENT with a written employ-
ment contract in order to enhance administrative stability and continuity within the
college which COLLEGE believes generally improves the quality of its overall educational
program; and, WHEREAS, COLLEGE and PRESIDENT believe that a written employ-
ment contract is necessary to describe specifically their relationship and to serve as the
basis of effective communication between them as they fulfill their governance and
administrative functions in the operation of the education program of the college.

NOW, THEREFORE, COLLEGE and PRESIDENT, for the consideration herein
specified, agree as follows:

1. TERM

COLLEGE, in consideration of the promises, herein contained, employs PRESI-
DENT, and PRESIDENT hereby accepts employment as College President for a term
commencing ______________, 19____, and ending ______________, 19____.

COLLEGE may by specific action and with the consent of PRESIDENT extend
the termination date of the existing contract to the full extent permitted by state law.

2. PROFESSIONAL CERTIFICATION AND RESPONSIBILITIES OF THE
PRESIDENT (only if required by the state)

A. CERTIFICATION.

PRESIDENT shall hold a valid certificate issued by _______________________
(list state).
B. DUTIES.

PRESIDENT shall have charge of the administration of the college under the direction of the Board. He (she) shall be the chief executive officer of the Board; shall direct and assign faculty and other employees of the college under his (her) supervision; shall organize, reorganize and arrange the administrative and supervisory staff, including instructional and business affairs, as best serves the COLLEGE; shall select all personnel subject to the approval of the Board; shall from time to time suggest regulations, rules and procedures deemed necessary for the ordering of the college; and in general perform all duties incident to the office of the President and such other duties as may be prescribed by the Board from time to time. The Board, individually and collectively, shall promptly refer all criticisms, complaints, and suggestions called to its attention to the President for study and recommendation. The President shall have the right to attend all Board meetings and all Board and citizen committee meetings, serve as an ex-officio member of all Board committees, and provide administrative recommendations on each item of business considered by each of these groups.

C. OUTSIDE ACTIVITIES.

PRESIDENT shall devote his (her) time, attention and energy to the business of the college. However, he (she) may serve as a consultant to other college or educational agencies, lecture, engage in writing activities and speaking engagements, and engage in other activities which are of a short-term duration at his (her) discretion. Such activities which require the President to be absent from the college for more than 15 full working days shall be reported to the Board for approval. PRESIDENT may at his (her) option, and with the approval of the Board, continue to draw a college salary while engaged in the outside activity as described above. In such cases honoraria paid PRESIDENT in connection with these activities shall be transferred to the COLLEGE. If PRESIDENT chooses to use vacation leave to perform outside activities, he (she) shall retain any honoraria paid. In no case will COLLEGE be responsible for any expenses attendant to the performance of such outside activities.

3. PROFESSIONAL GROWTH OF PRESIDENT

COLLEGE encourages the continuing professional growth of PRESIDENT through his (her) participation, as he (she) might decide in light of his (her) responsibilities as PRESIDENT, in:

A. the operations, programs, and other activities conducted or sponsored by local, state, and national associations;

B. seminars and courses offered by public or private educational institutions;

C. informational meetings with other persons whose particular skills or backgrounds would serve to improve the capacity of PRESIDENT to perform his (her) professional responsibilities for COLLEGE.
COLLEGE shall permit a reasonable amount of release time for PRESIDENT as he (she) deems appropriate, to attend to such matters and pay for the necessary fees for travel and subsistence expenses, as approved by the college in the annual budget.

4. COMPENSATION

COLLEGE shall pay PRESIDENT at an annual salary rate of (spell out) ______________ (use figures) ___________ DOLLARS. This annual salary rate shall be paid to PRESIDENT in installments of one-twelfth of the annual salary rate on the first day of each month for his (her) services rendered during the preceding month or in accordance with the schedule of salary payments in effect for other certified employees, at the option of PRESIDENT.

COLLEGE and PRESIDENT may mutually agree to adjust the salary of PRESIDENT during the term of this contract, but in no event shall he (she) be paid less than the salary he (she) is presently receiving. Any adjustment in salary made during the life of this contract shall be in the form of an amendment and become part of this contract but it shall not be deemed that COLLEGE and PRESIDENT have entered into a new contract nor that the termination date of the existing contract has been extended.

5. VACATION AND OTHER BENEFITS

A. PRESIDENT shall be entitled to all the benefits applicable to twelve (12) month administrative employees as are incident to their employment relationship with COLLEGE including, but not limited to, vacation and illness benefits and leaves, any other forms of insurance protection, retirement program, choice of tax-sheltered annuities, and other administrative employee benefits.

B. COLLEGE shall purchase disability policy naming the President that will provide an income to the President equal to at least fifty (50%) percent of the contractual salary.

C. COLLEGE shall pay 100 percent of President's membership charges to the organization and these other professional groups, (specific names of groups to be included in this contract) membership in which the President feels it is necessary to maintain and improve his (her) professional skills, as permitted by State law and as approved by COLLEGE in the annual budget.

6. EXPENSES

COLLEGE shall pay or reimburse PRESIDENT for reasonable expenses approved by COLLEGE and incurred by PRESIDENT in the continuing performance of his (her) duties under this Employment Agreement and in moving him (her) and his (her) family from ______________ to the location of COLLEGE, as permitted by State law and as approved by COLLEGE in the annual budget.
7. AUTOMOBILE ENTITLEMENT

In light of the unique nature of the professional duties of the College President, COLLEGE shall provide PRESIDENT with an automobile for his (her) business use. The automobile shall be fully maintained by COLLEGE including, but not limited to, keeping the automobile in safe, usable condition, and providing for all expenses incidental to automobile usage.

8. PROFESSIONAL LIABILITY

A. COLLEGE agrees that it shall defend, hold harmless, and indemnify PRESIDENT in his (her) employment and excluding criminal litigation and as such liability coverage is within the authority of the college board to provide under State law. Except that, in no case, will individual board members be considered personally liable for indemnifying PRESIDENT against such demands, claims, suits, actions and legal proceedings.

B. If in the good faith opinion of PRESIDENT, conflict exists as regards the defense to such claim between the legal position of PRESIDENT and the legal position of COLLEGE, the PRESIDENT may engage counsel in which event COLLEGE shall indemnify the PRESIDENT for the costs of legal defense as permitted by State law.

C. COLLEGE shall not, however, be required to pay any costs of any legal proceedings in the event COLLEGE and PRESIDENT have adverse interests in such litigation.

9. MEDICAL EXAMINATION AND PERSONAL PROTECTION

In light of the unique nature of the professional duties of PRESIDENT, COLLEGE shall, at its expense, provide to PRESIDENT:

A. A complete medical examination of PRESIDENT not less than once every two years and no more often than once each year. Any report of the medical examination shall be given directly and exclusively by the examining physician to PRESIDENT. The College shall be advised in writing by the physician of the continued physical fitness of the President to perform his (her) duties and such report shall be confidential.

B. In the event the life or safety of PRESIDENT or his (her) family is threatened or otherwise appears in danger because of the performance of PRESIDENT'S official duties, COLLEGE shall pay reasonable costs incident to the protection of the PRESIDENT and his (her) family. The President can request COLLEGE to pay all or part of the charges. Protection, if required, will be sought first from the regular college security authorities.
10. GOALS AND OBJECTIVES

On or prior to the execution of this contract, the parties shall meet to establish COLLEGE goals and objectives for the ensuing college year. Said goals and objectives shall be reduced to writing and be among the proposed accomplishments by which PRESIDENT is evaluated as hereafter provided. On or prior to of each succeeding college year, the parties will meet to establish COLLEGE proposed accomplishments for the next succeeding college year, in the same manner and with the same effect as heretofore described.

11. EVALUATION

The Board shall evaluate and appraise, in writing, the performance of PRESIDENT at least once a year during the term of this contract. This evaluation and assessment shall be reasonably related to the position description of PRESIDENT and the proposed accomplishments of the COLLEGE for the year in question.

PRESIDENT shall submit to the Board a recommended format for this written performance appraisal of his (her) performance within ninety (90) days of the effective date of this contract. The Board shall meet and discuss the appraisal format with the PRESIDENT, attempting in good faith to agree on the development and adoption of a mutually agreeable appraisal format within days of the effective date of this contract and shall evaluate the PRESIDENT pursuant thereto within (depends on notification date arrived at in Clause below) prior to the expiration of the first year of the term of this contract.

At least once each fiscal year, COLLEGE and PRESIDENT shall meet in closed executive session (unless specifically prohibited by state law) for the purpose of mutual evaluation of the performance of COLLEGE and PRESIDENT. In the event the Board determines that the performance of the President is unsatisfactory in any respect, it shall describe in writing, in reasonable detail, specific instances of unsatisfactory performance. The performance appraisal shall include recommendations as to areas of improvement in all instances where the Board deems performance to be unsatisfactory. A copy of the written performance appraisal shall be delivered to the PRESIDENT. The PRESIDENT shall have the right to make a written reaction or response to the appraisal. This response shall become a permanent attachment to the PRESIDENT'S personnel file. Within thirty days of the delivery of the written appraisal to the PRESIDENT, the Board shall meet with the PRESIDENT to discuss the appraisal.

12. RENEWAL OF EMPLOYMENT CONTRACT

If COLLEGE does not notify PRESIDENT in writing before (date) that this Employment Contract will not be renewed, it shall be deemed that COLLEGE has renewed this Employment Contract for one (1) year extending from the termination date set forth in paragraph above. PRESIDENT shall, by certified mail to each member, remind the Board of the existence of this automatic renewal clause. Such notice shall be sent two months prior to the Board meeting where renewal or nonrenewal
is to be considered. Failure to mail required notice shall invalidate the automatic renewal clause.

13. TERMINATION OF EMPLOYMENT CONTRACT

This employment contract may be terminated by:
A. Mutual agreement of the parties.
B. Retirement of PRESIDENT
C. Disability of PRESIDENT.

In the event of disability by illness or incapacity, after PRESIDENT'S sick leave has been exhausted, the compensation shall be reinstated after PRESIDENT has returned to employment and undertaken the full discharge of his (her) duties.

COLLEGE may terminate this contract by written notice to PRESIDENT at any time after PRESIDENT has exhausted any accumulated sick leave and such other leave as may be available and has been absent from his (her) employment for whatever cause for an additional continuous period of ________________. All obligations of COLLEGE shall cease upon such termination.

If a question exists concerning the capacity of PRESIDENT to return to his (her) duties, COLLEGE may require PRESIDENT to submit to a medical examination to be performed by a doctor licensed to practiced medicine. COLLEGE and PRESIDENT shall mutually agree upon the physician who shall conduct the examination. The examination shall be done at the expense of COLLEGE. The physician shall limit his (her) report to the issue of whether PRESIDENT has a continuing disability which prohibits him (her) from performing his (her) duties.

D. Discharge for Cause

Discharge for cause shall constitute conduct which is seriously prejudicial to COLLEGE, including but not limited to, neglect of duty, or breach of contract. Notice of discharge for cause shall be given in writing and PRESIDENT shall be entitled to appear before the Board to discuss such causes. If PRESIDENT chooses to be accompanied by legal counsel at such meeting, he (she) shall bear any costs therein involved. Such meeting shall be conducted in closed, executive session unless specifically prohibited by state law. PRESIDENT shall be provided a written decision describing the results of the meeting.

In the event that the Board offers to terminate the contract by paying the amount specified in Clause ___ below, the requirement of the hearing before the Board shall be waived by the PRESIDENT.

E. Unilateral Termination by the Board

The Board may, at its option, and by a minimum of ___ days notice to President, unilaterally terminate this contract. In the event of such termination the COLLEGE shall pay to PRESIDENT, as severance pay, all of the aggregate salary he (she) would have
earned under this employment contract from the actual date of termination to the termination date set forth in this employment contract or (spell out) __________________________ (use figures______________________ Dollars.

F. Termination with President's Concurrence

COLLEGE may propose to terminate this employment contract upon ____ days written notice to PRESIDENT. If the PRESIDENT concurs in writing with this decision, COLLEGE shall pay to the PRESIDENT, as severance pay, all aggregate salary he (she) would have earned under this employment contract from the actual date of termination to the termination date set forth in this employment contract or (spell out) __________________________ (use figures) __________________________ Dollars. In the event the PRESIDENT accepts the settlement specified above, the requirement for a hearing of the reasons for termination in closed executive session before the Board, as provided for in Clause _____ above shall be waived. (The words "not to exceed one full year's compensation" may be added where permitted by state law, at discretion of college board.)

14. SAVINGS CLAUSE

If, during the term of this contract it is found that a specific clause of the contract is illegal in federal or state law, the remainder of the contract not affected by such a ruling, shall remain in force.

IN WITNESS WHEREOF, COLLEGE has caused this Employment Contract to be approved in his (her) behalf by a duly authorized officer and PRESIDENT has approved this Employment Contract effective on the day and year specified in paragraph ____ above.

PRESIDENT

____________________ COLLEGE

by:____________________  
Chair (or other officer, 
as appropriate), Governing Board

Witness

____________________

This Employment Contract was approved by vote of the College Board at a public meeting duly held on ______________________ and has been made a part of the minutes for that meeting.
APPENDIX C

SAMPLE EMPLOYMENT CONTRACT AMENDMENT CERTIFICATION

This is to certify that the Employment Contract entered into by and between the Governing Board of __________________________ College of __________________________ on __________, 19__ effective ___________, 19__, for a ____________ year term, was amended by action of the Board at its public meeting held on ____________, 19__, in that:

1. The annual salary rate of __________________________ DOLLARS to __________________________ DOLLARS, payable in monthly installments of one-twelfth (1/12th) of such sum, commencing ____________, 19__, and continuing thereafter during the term of the Employment Contract, as extended herein, unless, in accordance with authority contained in the Employment Contract, the annual salary is later increased; and,

2. The term of the Employment Contract is extended for a _____ year period commencing ____________, 19__ and ending on ____________, 19__.

All other terms and conditions of the Employment Contract remain unchanged and continue in full force and effect.

GOVERNING BOARD OF COLLEGE

By __________________________
(Chair or other officer as appropriate)

I, __________________________, do hereby consent to the above-described action taken by the Governing Board of __________________________ College on my Employment Contract and agree to the amendment as set forth above.

____________________
PRESIDENT

• Approval as to legality and form by COLLEGE'S Legal Counsel.
• This Employment Contract Amendment Certification was approved by vote of the Board at a public meeting duly held on ____________ and has been made a part of the minutes for that meeting.
APPENDIX D
FRINGE BENEFITS

Listed below are a number of fringe benefits commonly found in business and industry. They are presented for consideration as possible requests in contract discussions between CEOs and College boards. Some of these fringes are more traditional than others and are commonly found in many CEO contracts. Some are discussed in the text which accompanies this sample contract.

Presentation of this list is designed to broaden the spectrum of possibilities in the fringe benefit area.

College boards must ensure that they possess the authority under state law to offer their CEO any specific "fringe benefit" mentioned herein.

A. Executive Fringe Benefits

1. Deferred Compensation
2. Supplemental Retirement Plans
3. College Car
4. Parking
5. Executive Physical Examinations
6. Memberships
7. Special Management Education
8. Sabbatical/study leave
9. Personal Legal Services
10. Personal Financial Counseling
11. Individual Policy - Nongroup Life Insurance
12. Liability Insurance
13. Spouse Travel/Entertainment Allowance
14. Housing/Housing Allowance

B. Death Benefit Plans

1. Basic Group Life Insurance
2. Supplemental Group Life Insurance
3. Total Group Life Insurance
4. Retiree Group Life Insurance
5. Group Survivor Income Benefit
6. Group Accidental Death and Dismemberment
7. Business Travel Accident Insurance
C. Income Replacement or Maintenance

1. Uninsured Short Term Disability
2. Accident and Sickness Insurance
3. Long Term Disability Insurance
4. Severance Pay Plans

D. Medical Care

1. Basic Health Insurance Plan
2. Major Medical Insurance
3. Maternity Insurance
4. Psychiatric Care
5. Dental Insurance Plan
6. Optical Insurance Plan
7. Retiree Health Care Insurance
8. Physical Examinations
9. Supplemental Medical Counseling Programs
10. Health Maintenance Organization Insurance

E. Pension Plans

1. Normal Retirement Benefits
2. Disability Retirement
3. Deferred Compensation
4. Tax-Sheltered Annuity

F. Expense Accounts

1. Profession/Trade Association Expenses
2. College Credit Card
3. Business Travel Expenses
4. Use of Personal Automobile
5. Conferences and Conventions Expenses
6. Moving Allowances
7. Spouse Travel
8. Entertainment Allowance
ACKNOWLEDGEMENTS

This publication, College Chief Executive Officers: Contract, Salaries, and Compensation, has been compiled and written by Dale Parnell and Margaret Rivera. Dale Parnell, President of the American Association of Community and Junior Colleges since 1981, has in-depth experience with contracts and compensation. Parnell has held CEO positions as Chancellor of the San Diego Community College System, President of San Joaquin Delta College, and founding President of Lane Community College. Parnell also has held the positions of Superintendent of Public Instruction in the state of Oregon, local school superintendent, principal,vice-principal, teacher and coach. His over forty years in higher education provide him with a tremendously diverse range of experiences in working with contracts and compensation packages.

Margaret Rivera, Executive Assistant to the President at the American Association of Community and Junior Colleges, is pursuing her doctoral degree at the University of Texas at Austin. Formerly the Registrar at Miami-Dade Community College, North Campus, Rivera conducted and published a similar study in 1987 which looked at salary and benefits of registrars and admissions officers for the American Association of Collegiate Registrars and Admissions Officers.

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