



AACC CEO Survey **Compensation**

Kent A. Phillippe

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For more information, contact
Kent A, Phillippe
AVP, Research & Student Success
American Association of Community Colleges
One Dupont Circle, NW, Suite 410
Washington, DC 20036
Phone: 202-416-4505
E-mail: kphillippe@aacc.nche.edu

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AACC CEO SURVEY: COMPENSATION 2015

EXECUTIVE SUMMARY

In 2015, the American Association of Community Colleges (AACC) conducted a survey of community college chief executive officers¹ (CEOs) to collect their opinions on current issues, and gather information on their compensation. This report provides the results from this survey.

Respondents to the survey were generally representative of all community college CEOs, and had, on average, been serving in their current position for slightly more than 5.5 years with an average age of 58.6 years.

In 2015, the median CEO salary for all respondents was \$185,000. Further analysis reveals that compensation varies considerably by institutional characteristic, such as enrollment, urbanicity of the college, and complexity of the college and region of the country the college was located. Salaries in 2015 were on average 2% higher than the prior year.

Responding CEOs also reported income other than salary. Roughly 20% of CEOs reported they received incentive compensation, with board evaluation or achievement of stated goals the most common means for evaluating completion of incentives.

Nearly two thirds of the CEOs indicated they received some form of assistance with automobile expenses, but less than one third received assistance with housing. Half received a budget for professional club dues.

Virtually all CEOs reported receiving retirement benefits. Most common were defined contribution plans or defined benefit plans. About 20% reported having deferred compensation benefits.

Eighty percent of the responding CEOs indicated that they would retire within 10 years—35% within 5 years.

SURVEY METHODOLOGY

In late spring of 2015, the AACC CEO Survey was sent to 960 public community college presidents. The initial selection represented all community college chief executive officers (president, chancellor, etc.) of regionally accredited, predominantly associate degree-granting public colleges. An e-mail was sent to each CEO with an invitation to participate in the survey. Additional solicitation to participate was sent through AACC's CEO to CEO Newsletter, which is sent to all member CEOs.

AACC received usable responses from 239 college CEOs. The majority of the responses were from presidents of colleges, however 3% were campus CEOs, and another 3% were either the chancellor of a community college district (1.7%) or a state administrator of community colleges (1.7%).

Institutional characteristics of the colleges of responding CEOs and non responding CEOs were compared to determine how representative the responses were of all community college CEOs. College characteristics compared included urbanicity, enrollment, institutional type, and accreditation region, and region of the country in which the college was located. For the most part, colleges represented by the responding CEOs were representative of all community colleges. However, CEOs of colleges in the Northeast tended to be less likely to respond than other CEOs from other regions. There was no significant difference by enrollment, institution type, or urbanicity of the college.

Individual characteristics of the respondents were also compared to non respondents to determine the representativeness of the data. Hispanic CEOs were less likely to respond to the survey, while Caucasian CEOs were more likely to respond. There was no significant difference by gender.

CHARACTERISTICS OF RESPONDING CEOs

Responding CEOs have been employed in community colleges for 24 years on average with one respondent reporting they had been working in community colleges for a total of 46 years. Respondents had been serving in their role as a president, however, for about one third of their community college careers. On average, respondents were serving as a CEO for 8.3 years—half had been serving for 6.5 years or less (Table 1).

Community college presidents also tend to be mobile. Nearly half of the respondents (44%) reported that their current position was not their first presidency, while the remaining 56% were in their first CEO positions at a community college. CEOs who were still in their first presidency tended to have served longer in their current position than CEOs who had prior presidencies (Figure 1).

Community college presidents serve in a variety of governance structures, and as a result there are differences in whom the college presidents reports to, though reporting directly to a board of directors was the most common for survey respondents. Nearly two thirds (64%) of the respondent presidents indicated that they reported directly to a local board (Figure 2). Another quarter reported either to a state chancellor (15%) or district chancellor (10%).

There was also variation in the age of presidents indicated in this survey. The average age of responding CEOs was 59 years of age. However, the age range spanned from a low of 39 years old to a high of 73 years old. (Table 2)

TABLE 1: How Many Years Have You Been Employed in Community Colleges?

	Average	Median	Minimum	Maximum
As president at this college	5.8	5.0	0.0	25.0
As president at other community college(s)	2.4	0.0	0.0	21.0
Total years as CEO	8.3	6.5	0.1	31.0
At other positions in a community college	16.5	17.0	0.0	45.0
Total years in all community college positions	24.0	25.0	2.0	46.0

FIGURE 1: Years of Service at Current College by Number of CEO Positions Held

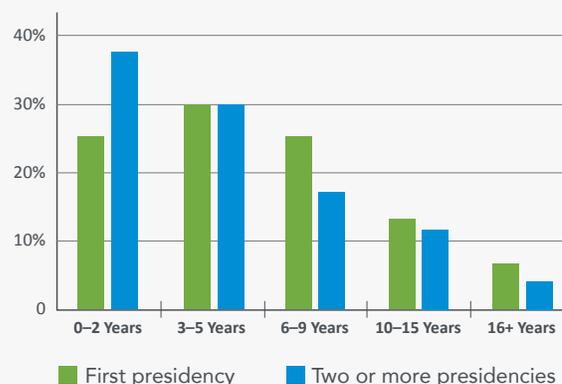
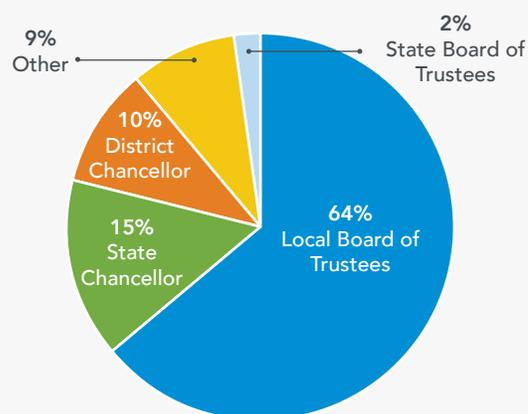


TABLE 2: Age of Respondents

	Average	Median	Minimum	Maximum
Age	58.6	59.5	39.0	73.0

FIGURE 2: To Which of the Following do You Directly Report?



CEO COMPENSATION SALARY AND OTHER CASH COMPENSATION

Survey respondents were asked if their salary was written into their contract. Nearly all (90%) of the CEOs indicated that their salary was specified in a contract.

To ascertain CEO salaries, and the rate of change over the past year, survey respondents were asked to provide their current year base salary and prior year base salary. Respondents were also asked about other cash compensation they receive from their college. Table 3 displays the average and median base salary for respondents, and the average and median total compensation (base salary plus other cash compensation) for respondents. Half of the responding CEOs indicated that they made \$185,000 or more, with the average salary being slightly higher at \$195,339. On average, based on prior year salaries, presidents reported an increase of 2% in their salary. When asked about the source of compensation, very few respondents indicated that a source other than the college provided base compensation; however, the foundation was noted as a source of a portion of base compensation by 2% of the respondents. Among respondents who indicated that their foundation provided support for their salary, the amount ranged from a low of \$7,000 to a high of \$200,000 annually.

When other compensation was added to base salary, compensation increased by approximately \$8,600 on average. However, median additional compensation was less (\$6,500) due to many CEOs responding that they did not receive any compensation beyond their base compensation.

Table 3 also provides the data based on type of institution where the respondent worked. The data indicate that CEOs at institutions with more complexity (district offices or multi-campus colleges) tend to have higher compensation than CEOs with less complexity (branch campuses or single-campus colleges). In addition, presidents who worked as branch campus CEOs, or district and state-level CEOs, were not likely to receive compensation beyond their base salary.

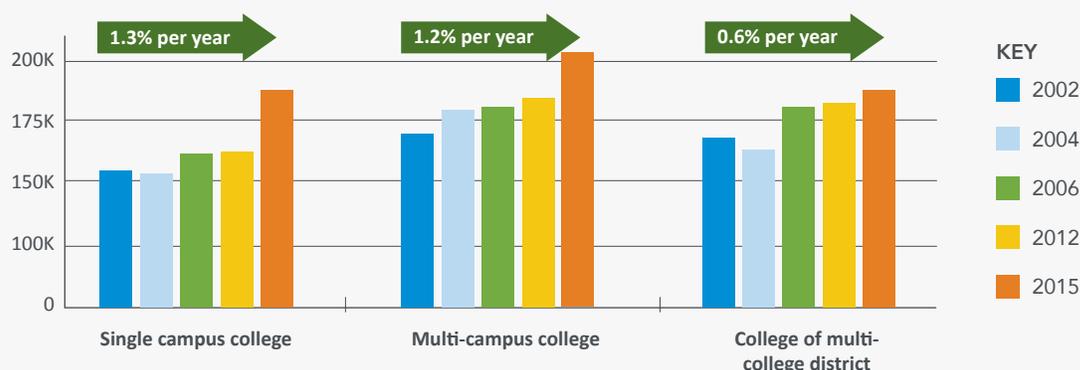
Figure 3 shows CEO compensation over time by type of institution. Included on the figure are data from the current compensation survey, and three prior AACC surveys that collected community college CEO compensation. Compensation has steadily increased for each of the three institutional types with sufficient data to compare. The data shows that CEOs at single-campus colleges had a higher average annual increase (1.3%) than heads of multi-campus colleges or CEOs of colleges in a district.

CEO salary also varied by region of the country and enrollment of the institution. For the analysis by college enrollments, branch campuses, district offices, and

TABLE 3: 2015 Base Salary and Total Cash Compensation by Type of Institution

Institution Type	Base Salary		Total Compensation	
	Average	Median	Average	Median
Branch campus	\$164,049	\$165,000	\$164,327	\$165,000
Single-campus College	\$185,725	\$174,500	\$194,133	\$180,225
College in a district	\$191,723	\$190,793	\$201,252	\$198,525
Multi-campus college	\$205,329	\$195,302	\$215,685	\$199,325
District or state system	\$268,719	\$274,498	\$268,719	\$274,498
All CEOs	\$195,339	\$185,000	\$203,978	\$191,500

FIGURE 3: Mean Compensation Trends by Institution Type



statewide offices were not included. As shown in Figure 4, CEO compensation (base and total compensation) tended to increase as the enrollment of the college increased. Median base salary for the smallest colleges was close to \$150,000, while CEOs at colleges with enrollments of 12,000 or more students had a median base compensation of more than \$230,000. However, this median salary is still below that of district and state-level CEOs whose median base salary noted above in Table 3 was nearly \$275,000.

Regional variation shown in Figure 5 is likely due to a combination of factors. Some of the factors that might impact the regional variation include the cost of living in the regions and the types of institutions in a region. CEO compensation in the Mid-Atlantic, New England, and Far West states tended to be higher than other regions of the country. Compensation in the Rocky Mountain states tended to be the lowest; however, this region also

tended to have colleges with smaller enrollments.

CEO compensation also varied by individual characteristics of the CEOs. As illustrated in Figure 6, median base compensation was slightly higher (\$195,000) for females than it was for males (\$191,000) in 2015. This is a change from data reported in the prior two surveys where males had higher median salaries than females.

Figure 7 shows the median base salary by the president's racial/ethnic background. Hispanic CEOs had higher median salaries than did CEOs with other racial or ethnic backgrounds. When reviewing this data, however, it is important to note that there are differences in the types of institutions served by CEOs with different racial and ethnic backgrounds. For example, Hispanic males were more likely to be employed at large colleges, or colleges with multiple campuses which is also related to higher base salaries.

FIGURE 4: Median Salary by College Enrollment

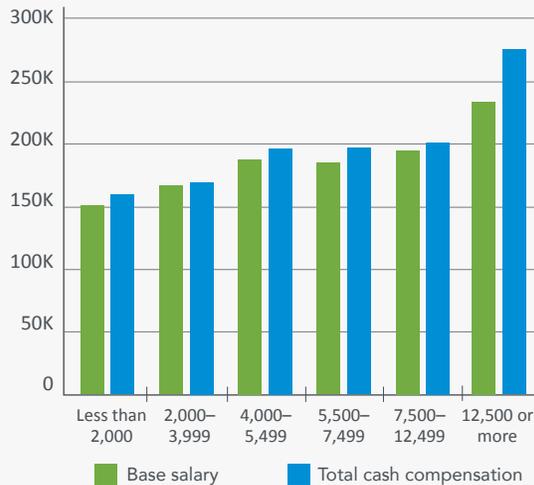


FIGURE 5: Median Salary by Region

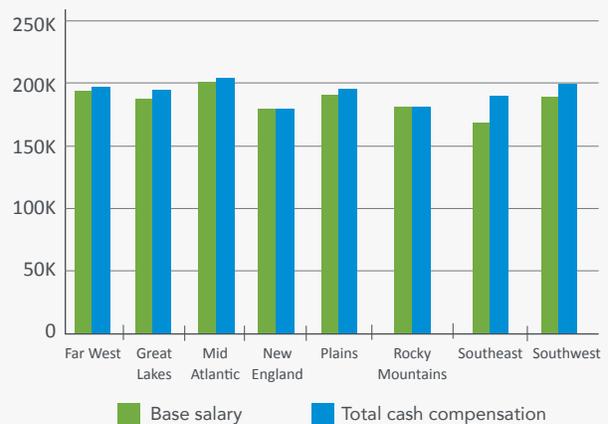


FIGURE 6: Median Base Salary by Gender: 2006, 2012 and 2015

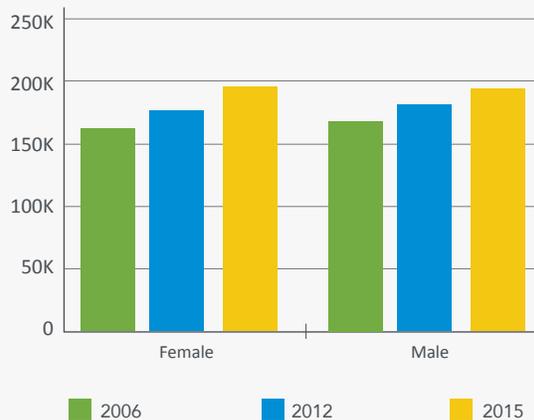
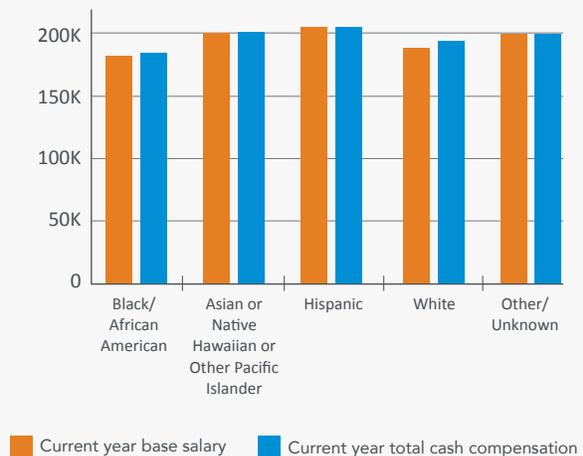


FIGURE 7: Median Compensation by Race/Ethnicity: 2015



NON-SALARY COMPENSATION

While most community college CEOs did not report receiving a signing bonus upon starting at their current position, 3% of the responding CEOs did report receiving a signing bonus as part of their initial contract. A signing bonus was much more common for CEOs in multi-campus colleges or colleges in a district than it was for CEOs in single-campus colleges.

One in five respondents indicated that they received other incentive compensation. One quarter of multi-campus college CEOs reported incentive compensation was available to them, while only 7% of CEOs working in colleges within a district reported incentive compensation was available. Figure 8 details what criteria responding CEOs indicated were used for evaluation for compensation pay. Beyond the criteria asked in the survey, CEOs provided other criteria used to evaluate them for incentive pay. Some of the more frequently cited criteria included achievement of statutory purposes, building successful partnerships for workforce development, launching new degree programs, general performance, and availability of county funding.

Nearly as common as incentive compensation was the availability of a longevity bonus for CEOs. Seventeen percent of all respondents reported a longevity bonus was available to them. There was less variability for this benefit across the institution types, with 21% of CEOs in colleges in a district, 18% of CEOs in multi-campus colleges, and 16% of CEOs at single-campus colleges reporting this benefit.

Table 4 indicates the percentage of responding CEOs that indicated they received allowances of some sort. Two thirds of the respondents indicated that they received either a car allowance (42%) or a college-provided car (35%). Very few respondents indicated that the college provided a house (7%); however, nearly a quarter did receive some compensation in the form of a housing allowance.

Community college CEOs also frequently received allowances for other activities that are related to community relationship building such as allowances for professional club dues and entertaining expenses. Roughly one half received an allowance for professional club dues, and more than a third received an allowance for entertaining expenses.

Retirement benefits are another important part of the CEO compensation package. Figure 9 presents the percentage of responding CEOs who indicated that they receive retirement benefits. The categories in the figure are not mutually exclusive, and virtually all respondents reported receiving some form of retirement benefit.



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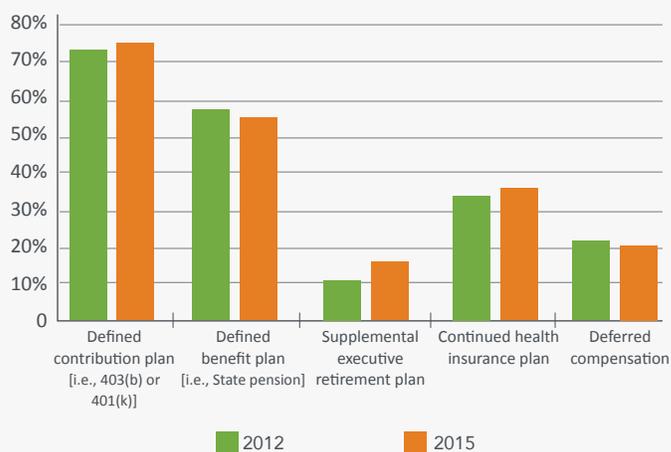
FIGURE 8: Incentive Evaluation Criteria (for CEOs with Incentive Compensation)



TABLE 4: Allowance Received by CEOs

Car or car allowance	67%
Car	35%
Car allowance	42%
House or house allowance	31%
House	7%
House allowance	24%
Professional club dues (e.g., Rotary)	49%
Social recreation/country club dues	20%
Allowance for entertaining expenses	37%
Other	17%

FIGURE 9: Percent of CEOs Receiving Retirement Benefits: 2012 and 2015



Nearly three out of every four presidents indicated that they had a defined contribution plan, such as a 403(b) or 401(k). More than half of the respondents indicated they had a defined benefit plan, such as a state pension. These data also show that more than one quarter of the CEOs reported having both a defined benefit and defined contribution plan.

More than one in five respondents indicated that they had a deferred compensation plan. Due to the wide range of differences in deferred compensation plans, this survey did not collect any details on the deferred compensation plans, and is unable to quantify the value of such plans. When comparing the results of the current survey with the most recent prior CEO compensation survey, the data suggest that there has not been much change in the types of retirement benefits CEOs receive, with the possible exception of an increase in supplemental executive retirement plans.

In an effort to determine the level of additional compensation to CEO retirements, survey respondents were asked “What percent of your annual base salary is contributed to your retirement plan by the college or foundation?” There was considerable variation in the amount CEOs reported receiving, from a low of 0% to a high of 100% of the CEO salary. The median value of contribution was 10% of salary. Several of the respondents did indicate that their college and/or foundation did contribute 100% of the value of their base salary to their retirement plan; however, it is unclear if the respondents correctly interpreted the question. If true, it is likely part of a deferred compensation package.

CEO RETIREMENT

Each year, a significant number of community college CEOs retire. This survey attempted to project the near-term trend in retirements by asking survey respondents, “How many more years do you expect to work as a community college CEO before you retire or no longer work as a community college CEO?” The results mirror findings from recent CEO surveys indicating that one third of sitting CEOs will retire within 5 years, and 80% of sitting CEOs will retire within the next 10 years. Table 5 separates the year until retirement by the CEO’s total years of tenure as a CEO. Not surprisingly, those CEOs who have been a CEO for less time indicated more years until retirement than did those who had been serving as a CEO for longer periods of time. However, even among community college presidents who have served in the role of CEO for 15 years or more, a small percentage indicated that they would serve another 15 years or more.

CONCLUSION

Results from the 2015 AACC CEO survey are consistent with findings from prior AACC compensation surveys. Median compensation for all respondents was \$185,000, but varied considerably based on the location and type of college where the CEO served. CEO salaries have increased over time, while the types of benefits reported have been relatively consistent. The survey also indicates that CEOs will be retiring at a high rate of the next 10 years, with 80% of current CEOs indicating they will retire within that 10-year period.

TABLE 5: Estimated Years Until Retirement by Total Tenure as CEO

Total CEO Tenure	Number of Years Until Retirement					
	Less than 3	3–4 years	5–7 years	8–10 years	11–14 years	15 or more years
Less than 5 years	3.6%	14.5%	25.5%	21.8%	5.5%	29.1%
5 to 9 years	5.1%	23.7%	25.4%	27.1%	5.1%	13.6%
10 to 14 years	16.7%	37.5%	25.0%	16.7%	4.2%	0.0%
15 or more years	38.7%	19.4%	19.4%	12.9%	3.2%	6.5%
Total	12.4%	21.9%	24.3%	21.3%	4.7%	15.4%

One Dupont Circle, NW | Suite 410
Washington, DC 20036
www.aacc.nche.edu

