

## Presidential Compensation Adjustment

### BACKGROUND

Under ORS 352.096, the Board of Trustees is to prescribe the President's compensation and terms and conditions of employment. Under the Presidential Compensation Philosophy adopted in January 2016, the Board set a goal to provide competitive compensation for the President after comparing the President's compensation with presidential compensation at peer institutions of higher learning and considering the length of service and performance of the President. Under the Presidential Compensation Philosophy, the Board also reviews each compensation proposal to ensure that compensation and benefits are determined and paid in a manner in compliance with applicable law and maintains a record of the basis for its decision.

### COMPENSATION REVIEW

#### Peer Institution Comparison

To support the Board's review of the President's compensation, Attachment 1 provides compensation data for university presidents from three comparator groups: a set of national comparator institutions<sup>1</sup>, peer institutions Oregon State used for planning and benchmarking in Strategic Plan 3.0 (SP3.0), and Pac-12 Conference institutions. Compensation data reported by institutions are provided by the Chronicle of Higher Education.

FY2018 compensation data are not yet available, so total compensation for FY2018 is calculated using FY2017 total compensation<sup>2</sup> and applying the 2.2% aging factor used by the College & University Professional Association (CUPA).

#### Length of Service and Performance

President Ray has one of the longest tenures of service in his position among peer comparator universities, having served 15 years compared to the average of six to eight years of service at national comparator, SP3.0 peer, and Pac-12 institutions.

In October 2018, the Board completed the President's annual performance assessment. In the assessment, Trustees, university partners, and others noted the significant progress toward goals over the assessment period and a number of accomplishments for the President, which included securing capital funding for OSU-Cascades, granting a record number of degrees, and continuing to focus on the strategic plan as a guiding document for the university and developing the next strategic plan. Trustees complimented the President's accomplishments and expressed their appreciation for his continued leadership.

### COMPENSATION PROPOSAL

Given the October 2018 assessment of the President and January 2019 merit raises approved for other OSU unclassified employees, it is timely to review the President's compensation.

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<sup>1</sup> National comparator list updated this year to reflect more recent comparison using College & University Professional Association (CUPA) National Scope "cut" for OSU.

<sup>2</sup> Total compensation includes base pay, deferred compensation, pay set-aside, and bonus pay. Severance pay, housing, transportation, and standard pension or retirement contributions are not included in the comparison due to inconsistent reporting of these elements among institutions.

President Ray's compensation for FY2019 is \$786,396, composed of a base salary from OSU of \$345,324 and a base salary supplement of \$266,604 and supplemental retirement plan contribution of \$174,468, both funded by the OSU Foundation. The President's current compensation reflects a 6% increase that was approved by the Board and the OSU Foundation Board effective January 1, 2018. President Ray donated this increase to benefit scholarships and student programs established in conjunction with his late wife, Beth.

In December 2018, the university approved merit increases for faculty up to a maximum of 6%. A merit increase of 6% for President Ray for FY2019 would provide a total annual compensation of \$809,988, if the adjustment is effective January 1, 2019 (base salary \$355,686; base salary supplement \$274,602; supplemental retirement contribution \$179,700).

### **NEXT STEPS**

The Executive & Audit Committee will review the FY2019 proposal for the President's compensation and may recommend an adjustment in compensation to the Board. Adjustments in compensation provided by the OSU Foundation would be subject to approval by the OSU Foundation Board.

Presidential Compensation for National Comparator Institutions Ranked by FY2018 Total Compensation <sup>1,2,3</sup>									
Name	2018 Institution	Years in position through end of Dec 2018 <sup>4</sup>	Land-grant	Pac-12	FY2017 Base Comp.	FY2017 Deferred Comp., Set Aside, & Bonus Pay	FY2017 Total Comp. <sup>5</sup>	FY2018 Total Comp. <sup>3</sup>	
23	Philip DiStefano	University of Colorado-Boulder	9		X	382,196	9,621	391,817	400,437
22	Kim A. Wilcox	UC-Riverside	5			406,495	-	406,495	415,438
21	Henry T. Yang	UC-Santa Barbara	24			413,051	-	413,051	422,138
20	David L. Boren	University of Oklahoma-Norman	24			431,037	-	431,037	440,520
19	Dennis Assanis	University of Delaware	1	X		391,805	40,000	431,805	441,305
18	Richard Myers	Kansas State University	1	X		454,615	-	454,615	464,617
17	Ronnie D. Green	University of Nebraska-Lincoln	1	X		464,000	53,360	517,360	528,742
16	Neal J. Smatresk	University of North Texas	4			535,000	-	535,000	546,770
15	Kumble R. Subbaswamy	University of Massachusetts	6	X		456,524	109,389	565,913	578,363
14	F. King Alexander	Louisiana State University	5	X		600,000	-	600,000	613,200
13	M. Roy Wilson	Wayne State University	5			513,401	100,000	613,401	626,896
12	Kirk H. Schulz	Washington State University	2	X	X	625,000	25,000	650,000	664,300
11	Steven Leath	Iowa State University	6	X		448,913	208,333	657,246	671,705
10	Michael H. Schill	University of Oregon	3		X	660,000	-	660,000	674,520
9	Anthony A. Frank	Colorado State University	10	X		600,000	100,000	700,000	715,400
8	Satish Tripathi	SUNY (Buffalo)	7			723,470	-	723,470	739,386
7	Timothy D. Sands	Virginia Tech University	4	X		523,538	220,000	743,538	759,896
6	Ed Ray	Oregon State University	15	X	X	560,946	159,933	720,879	764,136
5	Bernadette Gray-Little	University of Kansas	9			531,008	222,597	753,605	770,184
4	Robert L. Barchi	Rutgers University - New Brunswick	6	X		702,081	96,570	798,651	816,221
3	David W. Pershing	University of Utah	6		X	480,548	556,259	1,036,807	1,059,617
2	Mark P. Becker	Georgia State University	9			543,740	500,000	1,043,740	1,066,702
1	G.P. (Bud) Peterson	Georgia Institute of Technology	9			671,402	416,666	1,088,068	1,112,005
--	Neil D. Theobald <sup>6</sup>	Temple University	na			718,303	642,918	1,361,221	-
--	Jay Gogue <sup>7</sup>	Auburn University	na	X		451,333	1,626,453	2,077,786	-
--	James R. Ramsey <sup>8</sup>	University of Louisville	na			55,703	3,546,056	3,601,759	-
--	Jimmy G. Cheek <sup>9</sup>	University of Tennessee - Knoxville	na	X		269,681	-	269,681	-
--	Robert W. Bley-Vroman <sup>10</sup>	University of Hawaii-Manoa	na	X		46,488			-

<sup>1</sup> College & University Professional Association (CUPA) National Scope "cut" for OSU: Public Institution, Carnegie Classification: Very High Research Activity, Total Operating Budget: 50-150% of OSU; Student FTE: 50-150% of OSU

<sup>2</sup> Source: Chronicle of Higher Education.

<sup>3</sup> FY2018 Total Comp calculated using 2.2% annual aging factor used by CUPA, unless otherwise noted. FY2018 comp for Ed Ray is based on actual for base comp and deferred comp.

<sup>4</sup> Years in Position assumes that existing contracts carry forward through December 2018, unless noted as "na" for not applicable due to a partial year term.

<sup>5</sup> Total Comp includes base pay, deferred compensation, pay set-aside, and bonus pay. Severance pay, housing, transportation, and standard pension or retirement contributions are not included in the comparison due to inconsistent reporting of these elements among institutions.

<sup>6</sup> Theobald: Full year compensation in 2017; employment end date Aug 2016.

<sup>7</sup> Gogue: Full year compensation in 2017; employment end date on Jun 16, 2017; Steven Leath became president on June 19, 2017.

<sup>8</sup> Ramsey: Partial year compensation with deferred comp paid out; employment end date Jun 2016.

<sup>9</sup> Cheek: Partial year compensation; employment end date Feb 2017.

<sup>10</sup> Bley-Vroman: Partial year compensation as interim; Following, Bley-Vroman, David Lassner, president of the University of Hawaii System, also serves as interim chancellor of the University of Hawaii-Manoa, with no additional compensation.

**Presidential Compensation Among Peer Institutions For Planning and Benchmarking in Strategic Plan 3.0  
Ranked by FY2018 Total Compensation<sup>1,2</sup>**

Name	Institution	Years in position <sup>3</sup>	Land-grant	Pac-12	FY2017 Base Comp.	FY2017 Deferred Comp., Set Aside, & Bonus Pay	FY2017 Total Comp. <sup>4</sup>	FY2018 Total Comp. <sup>2</sup>
11 Kim A. Wilcox	UC-Riverside	5	X		406,495	0	406,495	<b>415,438</b>
10 Rebecca M. Blank	University of Wisconsin-Madison	5	X		499,950	0	499,950	<b>510,949</b>
9 Kirk H. Schulz	Washington State University	1	X	X	625,000	25,000	650,000	<b>664,300</b>
8 Steven Leath	Iowa State University	6	X		448,913	208,333	657,246	<b>671,705</b>
7 Anthony A. Frank	Colorado State University	9	X		600,000	100,000	700,000	<b>715,400</b>
<b>6 Edward J. Ray</b>	<b>Oregon State University</b>	<b>14</b>	<b>X</b>	<b>X</b>	<b>560,946</b>	<b>159,933</b>	<b>720,879</b>	<b>764,136</b>
5 Mitchell E. Daniels Jr.	Purdue University	5	X		420,000	349,500	769,500	<b>786,429</b>
4 W. Randolph Woodson	North Carolina State Univ-Raleigh	8	X		617,376	203,086	820,462	<b>838,512</b>
3 Eric J. Barron	Pennsylvania State Univ-University Park	4	X		818,000	200,000	1,018,000	<b>1,040,396</b>
2 W. Kent Fuchs	University of Florida	3	X		866,425	162,400	1,028,825	<b>1,051,459</b>
1 Michael V. Drake	Ohio State University	4	X		829,600	470,756	1,300,356	<b>1,328,964</b>
-- Ralph J. Hexter <sup>5</sup>	UC-Davis	na	X		400,842	0	400,842	--
-- Robert J. Jones <sup>6</sup>	University of Illinois-Urbana-Champaign	1	X		552,423	0	552,423	--
-- Jimmy G. Cheek <sup>7</sup>	University of Tennessee-Knoxville	na	X		269,681	0	269,681	--

<sup>1</sup> Source: Chronicle of Higher Education.

<sup>2</sup> FY2018 Total Comp calculated using 2.2% annual aging factor used by CUPA. FY2018 total comp for Ed Ray uses base comp and deferred comp actuals and estimated retirement.

<sup>3</sup> Years in Position assumes that existing contracts carry forward through December 2018, unless noted as "na" for not applicable due to a partial year term.

<sup>4</sup> Total Comp includes base pay, deferred compensation, pay set-aside, and bonus pay. Severance pay, housing, transportation, and standard pension or retirement contributions are not included in the comparison due to inconsistent reporting of these elements among institutions.

<sup>5</sup> Hexter: Partial year compensation for 10 months as interim; Gary May became chancellor August 1 2017.

<sup>6</sup> Jones: Partial year compensation for 9 months; employment start date Oct 2016.

<sup>7</sup> Cheek: Partial year compensation; employment end date Feb 2017.

<b>Presidential Compensation for Pac-12 Universities</b> <b>Ranked by FY2018 Total Compensation<sup>1,2</sup></b>								
Name	Institution	Years in position <sup>3</sup>	Land-grant	FY2017 Base Comp.	FY2017 Deferred Comp., Set Aside, & Bonus Pay	FY2017 Total Comp. <sup>4</sup>	FY2018 Total Comp Forecast <sup>2</sup>	
11	Philip DiStefano	University of Colorado-Boulder	9		382,196	9,621	391,817	<b>400,437</b>
10	Gene D. Block	UC-Los Angeles	11		468,210	-	468,210	<b>478,511</b>
9	Nicholas B. Dirks	UC-Berkeley	5	X	522,902	-	522,902	<b>534,406</b>
8	Kirk H. Schulz	Washington State University	2	X	625,000	25,000	650,000	<b>664,300</b>
7	Michael H. Schill	University of Oregon	3		660,000	-	660,000	<b>674,520</b>
6	Ann Weaver Hart	University of Arizona	6	X	578,018	90,343	668,361	<b>683,065</b>
5	Ana Mari Cauce	University of Washington	2		712,498	-	712,498	<b>728,173</b>
4	Ed Ray	Oregon State University	15	X	560,946	159,933	720,879	<b>764,136</b>
3	Michael M. Crow	Arizona State University	16		795,024	158,000	953,024	<b>973,991</b>
2	David W. Pershing	University of Utah	6		480,548	556,259	1,036,807	<b>1,059,617</b>
1	C.L. Max Nikias	University Southern California <sup>5</sup>	8		1,331,610	639,800	1,971,410	<b>2,014,781</b>
--	John L. Hennessy	Stanford University <sup>6</sup>	na		1,056,487	26,500	1,082,987	--

<sup>1</sup> Source: Chronicle of Higher Education.

<sup>2</sup> FY2018 Total Comp calculated using 2.2% annual aging factor used by CUPA. FY2018 total comp for Ed Ray uses base comp and deferred comp actuals.

<sup>3</sup> Years in Position assumes that existing contracts carry forward through December 2018, unless noted as an interim appointment of specific duration.

<sup>4</sup> Total Comp includes base pay, deferred compensation, payset-aside, and bonus pay. Severance pay, housing, transportation, and standard pension or retirement contributions are not included in the comparison due to inconsistent reporting of these elements among institutions.

<sup>5</sup> Nikias: Private universities report by calendar year; 2016 data reported; forecasted FY2017 compensation shown.

<sup>6</sup> Hennessy: Private universities report by calendar year; 2016 data reported; partial year compensation; stepped down Aug 2016.