

Kathy Novak, Legislative Analyst
651-296-9253

MnSCU Chancellor Compensation: Changes Made in 2000

The 2000 Legislature made the latest in a series of changes to the method for establishing the compensation for the chancellor of the Minnesota State Colleges and Universities (MnSCU). The legislation authorized the Board of Trustees to set a salary range for the chancellor, establish a salary within the range, and provide additional compensation above the salary. The salary range and the compensation plan require legislative approval. This information brief:

- summarizes the changes to the method for setting the chancellor's salary that were made in state law
- summarizes the compensation plan for the MnSCU chancellor that received interim approval by the legislative Subcommittee on Employee Relations (SER); and
- summarizes the changes since 1990 in the compensation for the MnSCU chancellor and the compensation for the heads of the higher education systems that preceded the MnSCU merger.

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Many House Research Department publications are also available on the Internet at: www.house.leg.state.mn.us/hrd/hrd.htm.

The legislature authorized the MnSCU Board of Trustees to set the chancellor's salary within a range proposed by the board and approved by the legislature.

Under the 2000 legislation:

- (1) The MnSCU Board of Trustees submits a proposed salary range for the chancellor to the legislative SER.¹
- (2) The SER, and eventually the full legislature, must approve the proposed salary range before it becomes effective.²
- (3) Once the range is approved, the Board of Trustees establishes a salary within the range, without further legislative approval.

The law requires that in deciding whether to approve a salary increase, the board must consider the performance of the chancellor in areas including education leadership, student success, system management, human resources, and affirmative action.

The previous method for setting the chancellor's compensation was similar to the method for setting the salaries of state agency heads—the legislature had to approve the specific salary rate proposed by the Board of Trustees.

The law also specifies the method for establishing other forms of compensation and benefits for the chancellor.

Benefits and compensation other than salary are established through a MnSCU compensation plan that applies to many MnSCU managers, including the chancellor, presidents, and vice presidents. This plan, like the salary range for the chancellor, must be submitted to the SER and eventually approved by the full legislature.

The 2000 legislation authorized the Board of Trustees to enter into a contract with a chancellor or with presidents. The law provides that this contract may include a liquidated salary amount or other compensation if a contract is terminated by the board prior to its expiration.

¹ The law requires the salary range to be submitted to the Legislative Coordinating Commission (LCC). As permitted by law, the LCC has created a Subcommittee on Employee Relations (SER) to deal with state employee compensation issues. [Minn. Stat. § 3.855, subd. 1.](#)

² During the interim between legislative sessions, the SER can approve a new salary range, and the range becomes effective immediately. A new range must be approved by the legislature at the next regular session. If the legislature does not approve, the new range ceases to be effective. [Minn Stat. § 3.855.](#)

The SER gave interim approval to a compensation plan for the chancellor that includes the salary range and added compensation for the chancellor.

**Chancellor's Salary Range and Compensation
as Approved by the SER, July 2000**

Date	Annual Base Salary	
	Minimum	Maximum
January 1, 2001	\$197,000	\$250,000
July 1, 2002		\$270,000
Annual Added Compensation: Up to 30 percent of annual base		

The SER also gave interim approval to amendments to the compensation plan that affect the chancellor, the vice chancellor, and the presidents of MnSCU institutions. The amendments authorize MnSCU :

- to appoint the chancellor, the vice chancellor, and the presidents through contracts with a maximum period of three years for the initial contract with the chancellor and vice chancellor, and five years for subsequent contracts and all contracts with presidents;
- to provide additional compensation for the chancellor, the vice chancellor, and the presidents that is equal to a maximum of 30 percent of the base salary of the position; and
- to terminate employees hired through a contract at any time.

All of the changes must be ratified by the 2001 Legislature if they are to remain in effect. The SER-approved changes to the MnSCU compensation plan are summarized in the box.

**Changes to the MnSCU compensation plan approved by the SER
July 21, 2000**

Chancellor's compensation, appointment, termination

MnSCU Board authorized to set the chancellor's salary within a range in the plan

The board may make a contractual appointment of the chancellor, that must include:

- a specified term not to exceed three years for the initial contract and five years for subsequent contracts
- an annual salary amount with provisions for increases within the salary range
- provisions for early termination of the chancellor's contract with any payments in addition to the approved severance package under the plan, up to an amount equal to the chancellor's annual salary

The chancellor's contract may include:

- noneconomic provisions
- additional compensation, up to a maximum of 30 percent of the chancellor's base salary, that is not covered by the plan; may exceed the maximum salary range in the plan

The board may terminate a chancellor who is appointed with a contractual agreement at any time.

Vice chancellor's and presidents' compensation, appointment, termination

The MnSCU Board, with the recommendation of the chancellor, may make a contractual appointment of a vice chancellor or president that must include:

- a specified term up to five years with the initial contract term for the vice chancellor limited to three years
- an annual salary amount with provisions for increases consistent with the plan
- provisions for early termination of the employment contract and any payments to presidents in addition to the approved severance package under the plan up to an amount equal to the annual salary

The employment contracts may include:

- noneconomic provisions
- additional compensation, up to a maximum of 30 percent of the base salary, that is not covered by the plan; may exceed the maximum salary range in the plan

The board may terminate a vice chancellor or president who is appointed with a contractual agreement at any time.

Severance Pay

The board may provide up to six months of salary as additional severance pay for an employee who has completed the term of a contractual appointment that is not renewed.

Salary Administration

The board may set the chancellor's salary within the specified range:

<u>Date</u>	<u>Minimum</u>	<u>Maximum</u>
January 1, 2001	\$197,000	\$250,000
July 1, 2002		\$270,000

The method of compensating the chancellor has changed several times since the position was created in 1991 in preparation for the MnSCU merger.

Originally the chancellor's compensation was tied to the governor's salary, as was the salary of the chancellor of the state universities, the chancellor of the community colleges, and the state director of vocational technical education. These other positions were eliminated when the state universities, community colleges, and technical colleges were merged to form the MnSCU public higher education system. The legislature continued to make changes to the compensation for the chancellor's salary. Changes since 1990 are summarized in the table below.

Year		Maximum salary
1990	Salaries for the chancellor of the state universities, the chancellor of the community colleges, and the state director of vocational technical education are set by their respective governing boards. Salaries are limited to 95 percent of the governor's salary. Salary increases must be approved by the legislature. Each board must consider the chancellor's or director's performance in recommending a salary increase, including progress toward affirmative action goals. Minn. Stat. § 15A.081, subd. 7b.	Maximum each system head \$ 93,968 Maximum for three systems \$ 281,904
1991	Salary of the chancellor of the higher education system is set by the Higher Education Board (a statutory board created in 1991) with legislative approval. Other boards continue to have salary responsibility for system heads subject to legislative approval. The higher education system chancellor's salary is limited to 95 percent of governor's salary. Laws 1991, ch. 356, art. 9, § 1 amending Minn. Stat. § 15A.081, subd. 7b.	Maximum each system head \$103,600 Maximum for four systems \$ 414,401

Year		Maximum salary
1995	<p>The MnSCU Board of Trustees replaces the Higher Education Board with authority to set the salary for the chancellor of the higher education system with legislative approval.</p> <p>Other boards continue to have salary responsibility subject to legislative approval.</p> <p>Salaries remain limited to 95 percent of the governor's salary.</p> <p>Minn. Stat. § 15A.081, subd. 7b.</p>	<p>Each system head maximum \$108,780</p> <p>Maximum for four systems \$435,122</p>
1996	<p>The MnSCU Board of Trustees is authorized to set the salary rate for the MnSCU chancellor with legislative approval.</p> <p>The salary of the MnSCU chancellor excludes: (1) specified employee benefits, (2) certain dues, (3) reimbursement for approved expenses, and (4) a housing allowance.</p> <p>The chancellor's salary continues to be limited to 95 percent of the governor's salary.</p> <p>Minn. Stat. § 15A.081, subd. 7b.</p>	<p>Single system head maximum \$108,780</p> <p>Plus housing allowance \$ 20,000</p>
1997	<p>The MnSCU chancellor's salary cap of 95 percent of the governor's salary is removed.</p> <p>Salary exclusions (benefits, dues, expense reimbursement, and housing allowance) are eliminated.</p> <p>Laws 1997, 2nd spec. sess., ch. 3, § 2 amending Minn. Stat. § 15A.081, subd. 7b.</p>	<p>Approved salary: \$170,000</p> <p>Chancellor receives no housing allowance</p>
1998	<p>Legislature approved salary increase for the MnSCU chancellor.</p>	<p>Approved salary: \$185,000</p> <p>Chancellor receives no housing allowance</p>

Year		Maximum salary
2000	The Board of Trustees is authorized to set a salary range for the MnSCU chancellor subject to legislative approval.	Approved salary range
	The Board of Trustees is authorized to set a specific salary and salary increases within the approved range.	January 2001 \$197,000 minimum
	The Board of Trustees must consider the chancellor's performance in approving a salary increase in areas that include educational leadership, student success, system management, human resources, and affirmative action.	July 2002 \$250,000 maximum
	The Board of Trustees is authorized to establish a compensation plan for the chancellor and presidents of MnSCU that includes benefits or additional compensation. The plan must be approved by the legislature.	July 2002 \$270,000 maximum Added compensation maximum: 30% of base salary
	Laws 2000, ch. 453 , amending Minn. Stat. § 15.081, subs. 7b and 7c , and § 136F.40 .	
