



***Aligning Scarce Resources with  
Institutional Performance and Mission***



**Annual Meeting**

**Spring 2014**

# PRESENTED BY:

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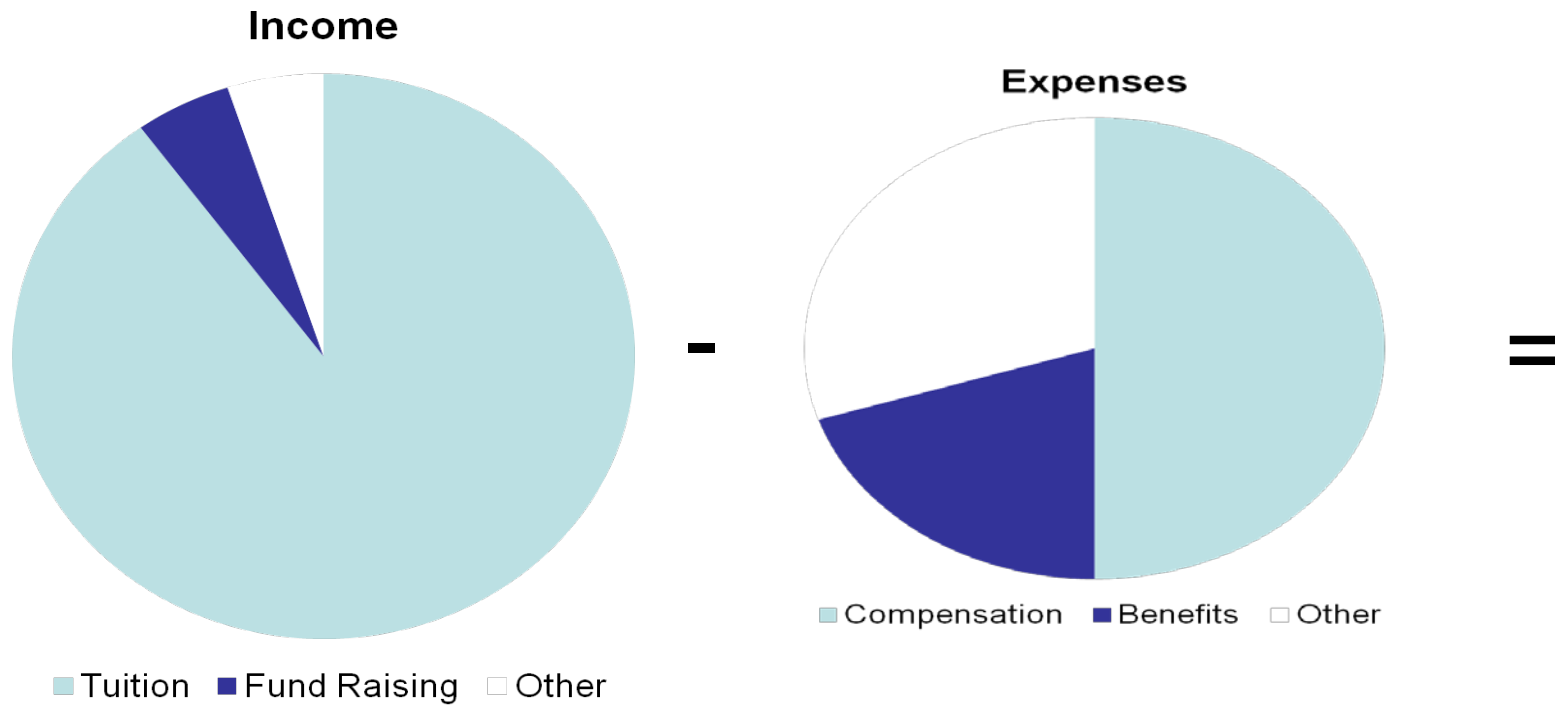
# 2013 HIGHER EDUCATION SECTOR OUTLOOK



- A shift from “stable” to “negative”
- “Revenue pressure on all fronts intensifies need to grapple with traditional cost structure”
  - ➔ **“What that means: “Business as usual” is not working”**
- Critical factors contributing to the negative outlook:
  - ➔ Price sensitivity continues to suppress net tuition revenue growth
  - ➔ All non-tuition revenue sources are also strained; diversity no longer offers a safe haven
  - ➔ Rising student loan burden and defaults taint perception of value of a college degree
  - ➔ Increased public scrutiny drives escalated risk of more regulation and accreditation sanctions
  - ➔ Prospects for long-term sustainability depend upon strong leadership through better governance and management



# STATE OF THE SECTOR BALANCING INCOME AND EXPENSES



“No Margin No Mission!”

# ALIGNING PERFORMING WITH MISSION



Mission

People

Performance



EXTRINSIC

INTRINSIC



AFFORDABLE

INTERNALLY  
EQUITABLE

FAIR

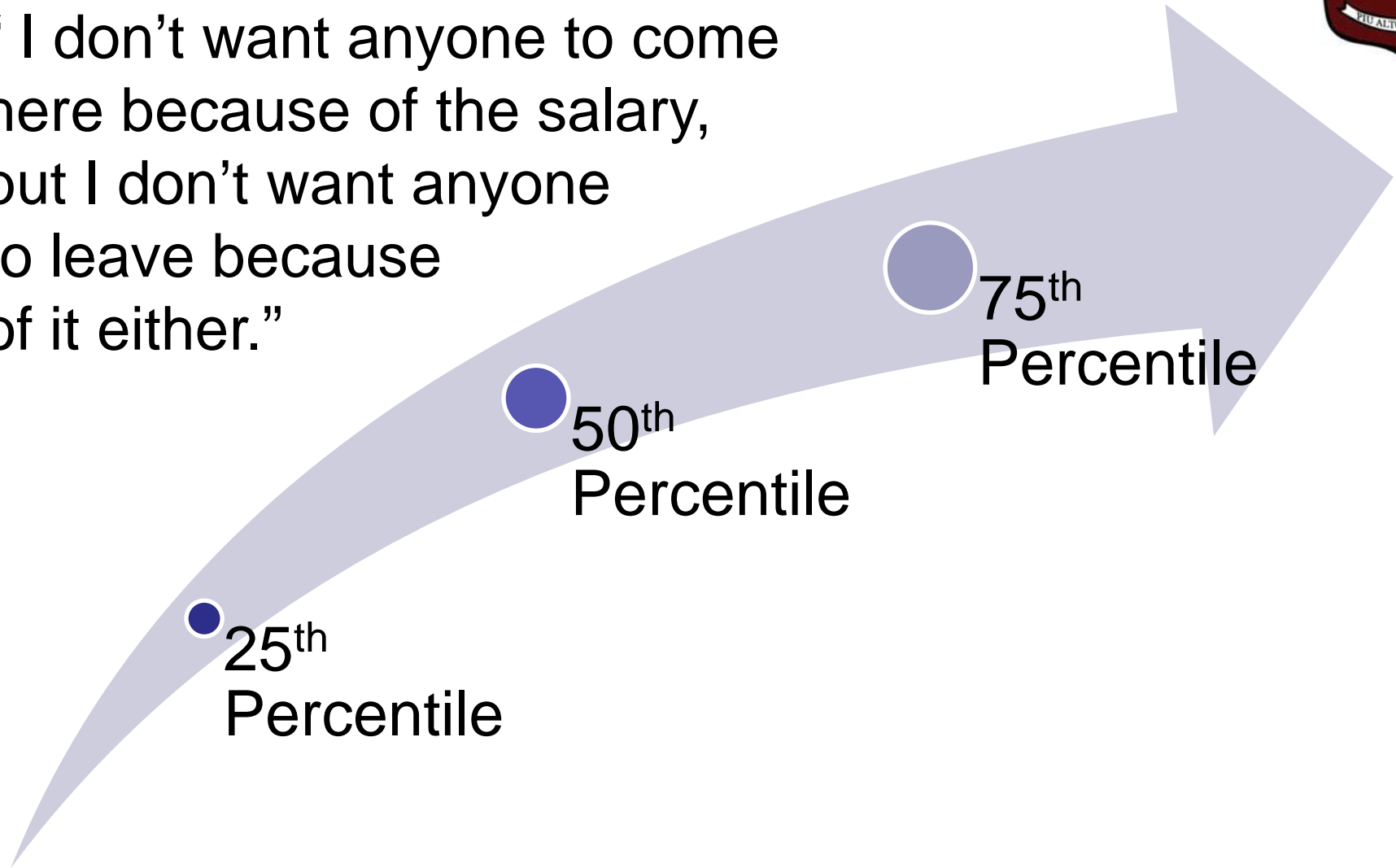
EXTERNALLY  
COMPETITIVE

JUST

# FAIR COMPENSATION AFFORDABLE



“ I don’t want anyone to come here because of the salary, but I don’t want anyone to leave because of it either.”

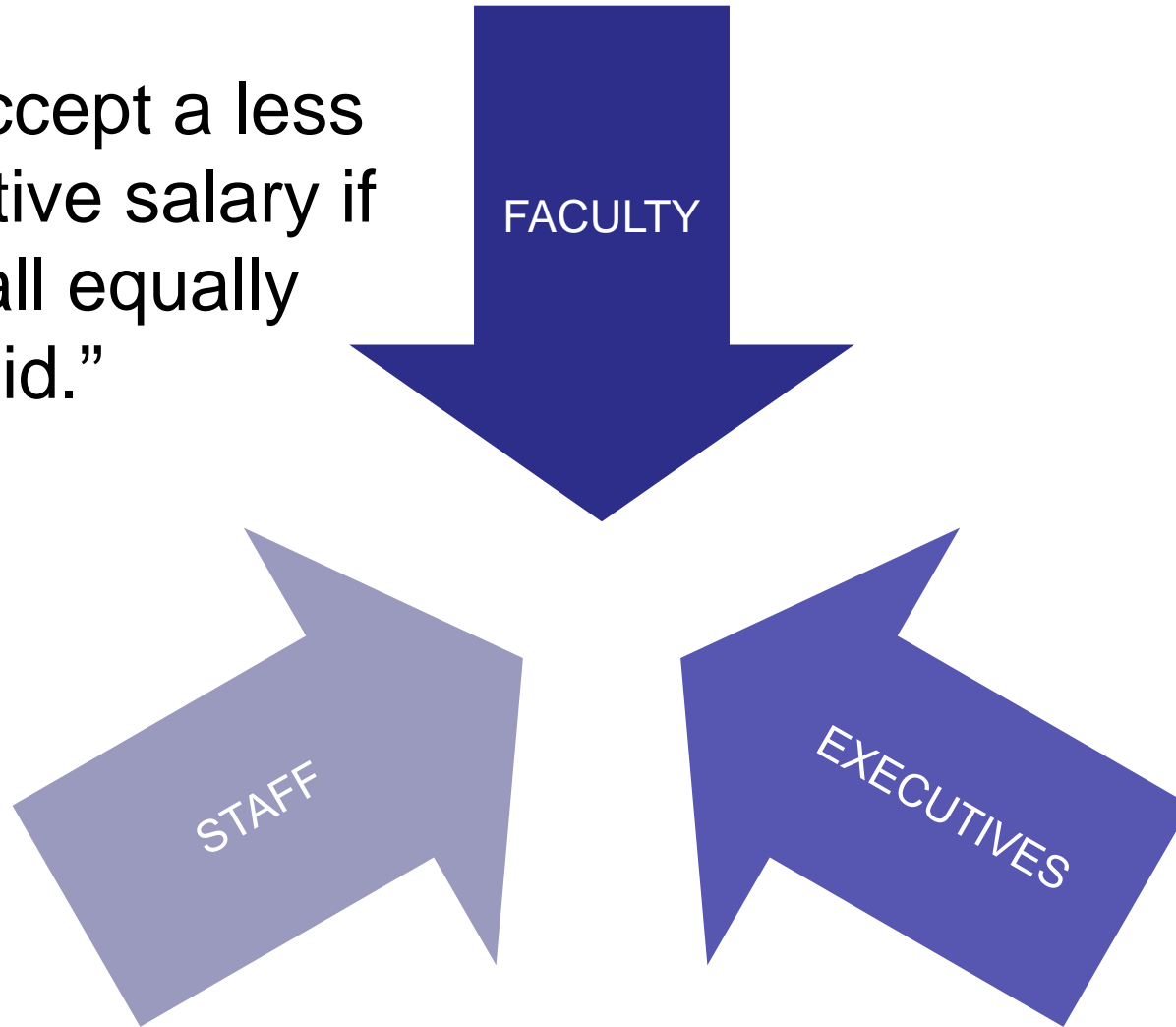




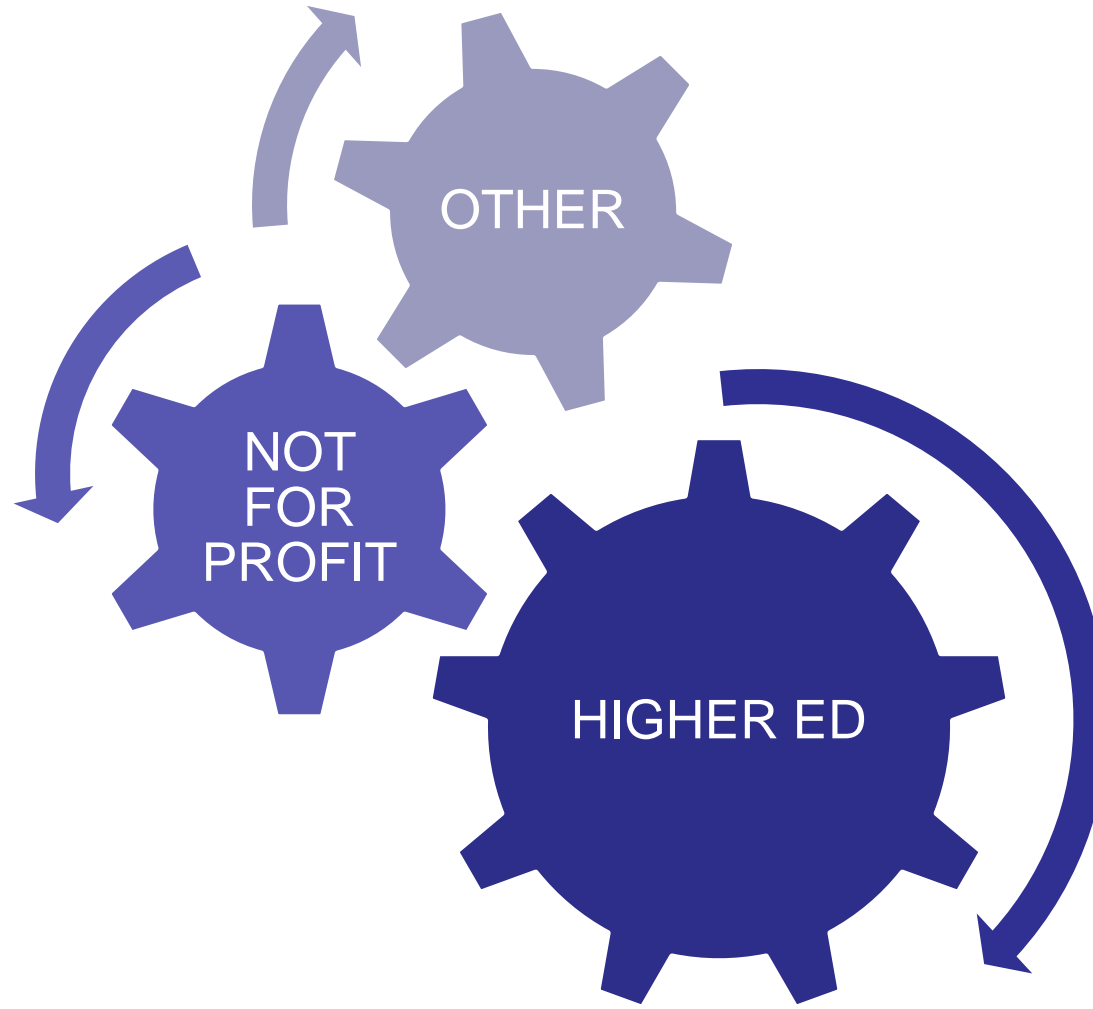
# FAIR COMPENSATION INTERNALLY EQUITABLE



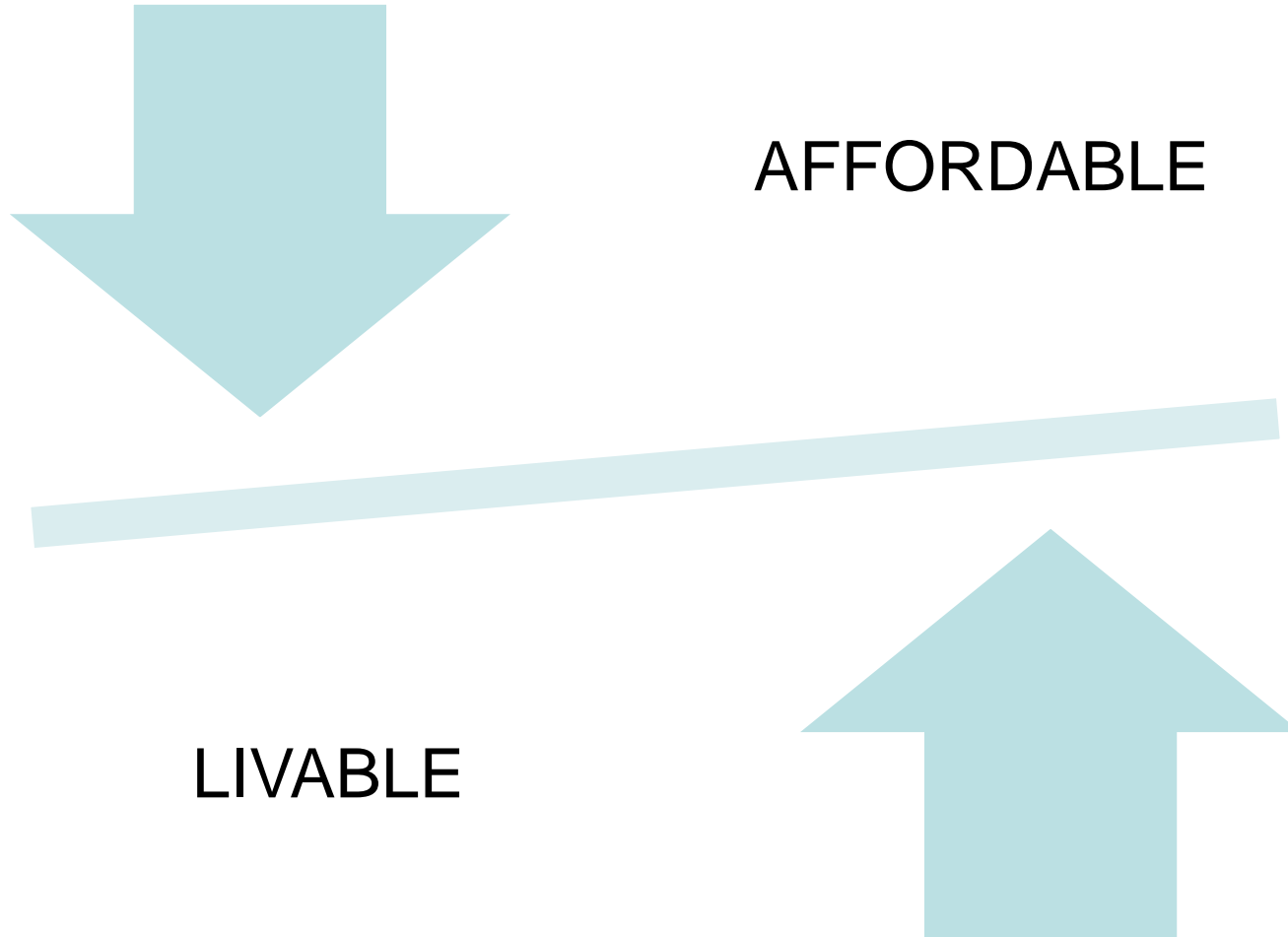
“I can accept a less competitive salary if we are all equally underpaid.”



# FAIR COMPENSATION EXTERNALLY COMPETITIVE



# FAIR COMPENSATION JUST





\$50,000 Salary

- 240 Faculty

# FACULTY COMPENSATION SOLUTION II - \$12,000,000 BUDGET



## ASSISTANT PROFESSOR

- 80 FACULTY
- \$40,000

## ASSOCIATE PROFESSOR

- 80 FACULTY
- \$50,000

## FULL PROFESSOR

- 80 FACULTY
- \$60,000

# FACULTY COMPENSATION SOLUTION III- \$12,000,000 BUDGET



## ASSISTANT PROFESSOR

- 80 FACULTY
- \$45k MAX
- \$40k MID
- \$35k MIN

## ASSOCIATE PROFESSOR

- 80 FACULTY
- \$55k MAX
- \$50k MID
- \$45k MIN

## FULL PROFESSOR

- 80 FACULTY
- \$65k MAX
- \$60k MID
- \$55k MIN

# FACULTY COMPENSATION SOLUTION IV- \$12,000,000 BUDGET



**ASSISTANT PROFESSOR**

- 70 FACULTY
- \$45k MAX
- \$40k MID
- \$35k MIN

COLLEGE OF HUMANITIES

**ASSOCIATE PROFESSOR**

- 70 FACULTY
- \$55k MAX
- \$50k MID
- \$45k MIN

**FULL PROFESSOR**

- 70 FACULTY
- \$65k MAX
- \$60k MID
- \$55k MIN

**ASSISTANT PROFESSOR**

- 10 FACULTY
- \$65k MAX
- \$60k MID
- \$55k MIN

COLLEGE OF BUSINESS

**ASSOCIATE PROFESSOR**

- 10 FACULTY
- \$75k MAX
- \$70k MID
- \$65k MIN

**FULL PROFESSOR**

- 10 FACULTY
- \$85k MAX
- \$80k MID
- \$75k MIN

# FACULTY COMPENSATION



- Peer Groups: Historical vs. hysterical
- Discipline Differentials: Humanities vs. business
- **Spread of Salary Pool: Market vs. merit vs. peanut butter!**
- Governance: Shared vs. death by committee
- Communication: Black boxes vs. transparency
- Systems: Steps vs. none

“Faculty compensation is mostly not discussed!”



# STAFF COMPENSATION



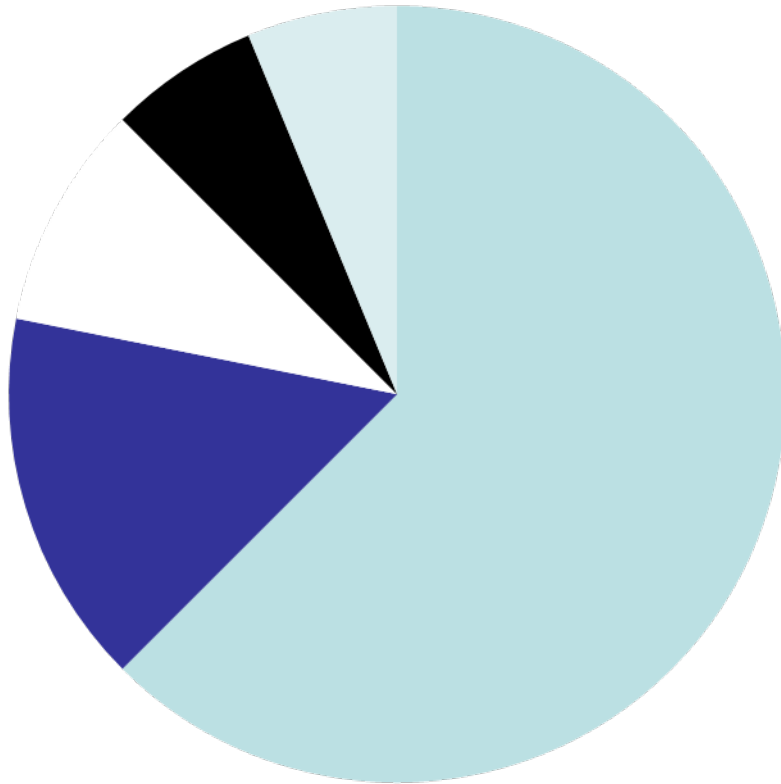
	80%		120%
	Min	Mid	Max
Grade 1	\$ 51,920	\$ 64,900	\$ 77,880
Grade 2	\$ 47,200	\$ 59,000	\$ 70,800
Grade 3	\$ 42,880	\$ 53,600	\$ 64,320
Grade 4	\$ 38,960	\$ 48,700	\$ 58,440
Grade 5	\$ 35,440	\$ 44,300	\$ 53,160
Grade 6	\$ 32,240	\$ 40,300	\$ 48,360
Grade 7	\$ 29,280	\$ 36,600	\$ 43,920
Grade 8	\$ 26,640	\$ 33,300	\$ 39,960
Grade 9	\$ 24,240	\$ 30,300	\$ 36,360
Grade 10	\$ 22,000	\$ 27,500	\$ 33,000
Grade 11	\$ 20,000	\$ 25,000	\$ 30,000

- Structures: Compa-ratios, enforcement of maximums
- Distribution of Salary Budgets: Less for those in higher end of the ranges
- Internal Equity: Focus on equally underpaid
- External Competitiveness: Freeze midpoints
- Managing maximums

# EXECUTIVE COMPENSATION



## Total Compensation



■ Base ■ Benefit ■ Bonus  
■ Deferred ■ Perks

- Managing Stakeholder Perception: Publicly available sources (990, Guidestar.org, Chronicle ....)
- Complying with Intermediate Sanctions: The College of Lake Wobegon
- Philosophies & Practices: Conflict and realities
- Variable Compensation: How and why to just say no (or yes)
- Governance Role Clarity: Board / President / CFO/ HR / Consultant

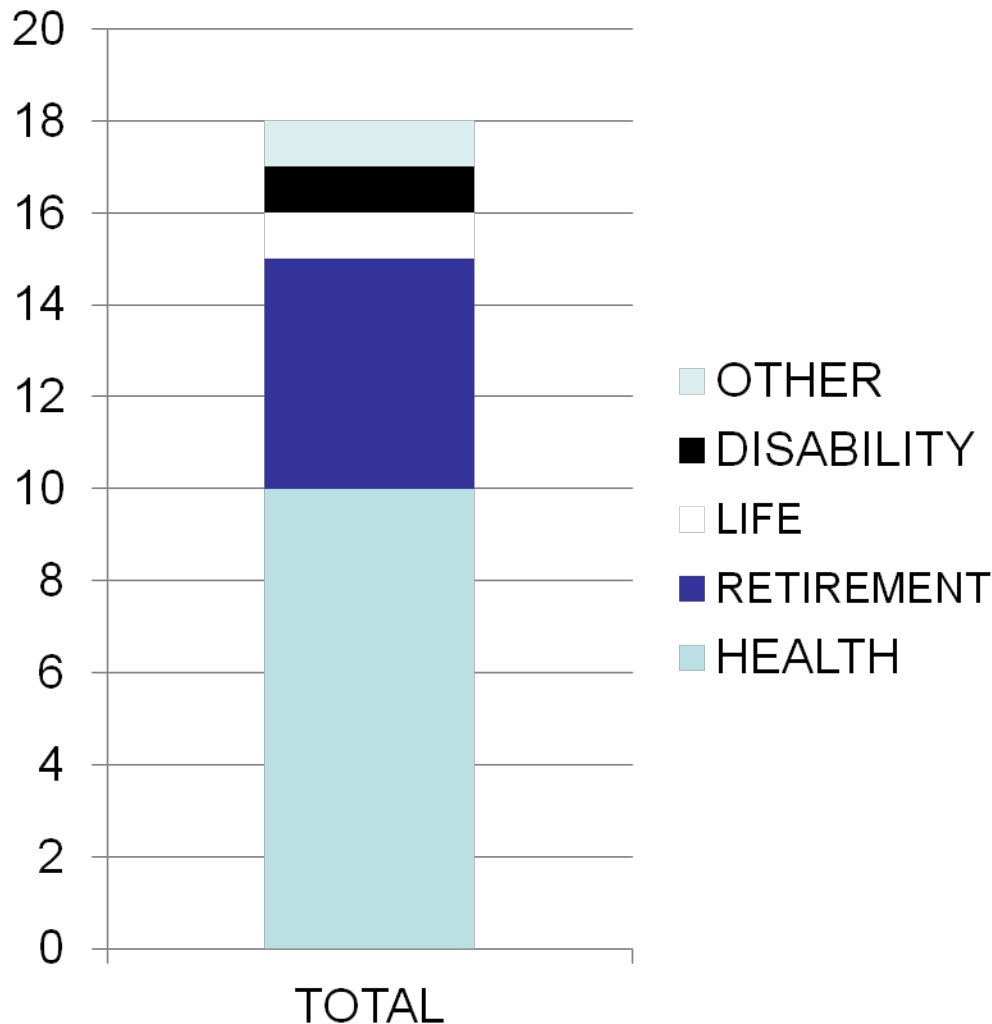
# 2014 HIGHER EDUCATION SECTOR OUTLOOK



- The outlook for the US higher education sector remains negative.
- Business conditions in the sector will remain stressed over the next 12-18 months. Revenue growth is expected to remain much lower than historical standards and to be eclipsed by expenses, due to pent-up institutional needs.
- Heightened competition for government funds, donors, and students combined with pressure to increase compensation and invest in programs and facilities will result in continued deterioration of financial performance.
- Affordability remains a key issue as the weak economic environment continues to affect families' ability to pay for higher education and reduces institutions' discretionary spending capacity.
- Over the next several years, navigating the new higher education landscape will force universities and colleges to become more nimble in their strategic positioning.
- **Over the long term this evolution could be credit positive if it provides greater access and flexibility to students and reduces costs through greater collaboration across institutions.**



# EMPLOYEE BENEFITS



- THE ONLY WAY TO MANAGE HEALTH COSTS IS TO MANAGE HEALTH.
- CURRENT LEVELS OF EMPLOYEE BENEFITS PROVIDED BY MANY INSTITUTIONS OF HIGHER EDUCATION ARE SIMPLY UNSTAINABLE.

# EMPLOYEE BENEFITS



The Baptist College of Florida est. 1943



BAYLOR UNIVERSITY



...

“NONE OF YOU IS AS STRONG AS ALL OF YOU”

# About Casagrande Consulting and CUEBS



**Casagrande Consulting** is a Georgia firm of ten (10) consultants founded in 2009 and focused on providing insight to institutions of higher education in: Advancement & Development, Board Effectiveness, Compensation (Executives, Faculty, and Staff), Employee Benefits (CUEBS.com), Institutional Strategy & Planning, Leadership Development and Coaching, Online Learning Readiness, and Presidential Performance Reviews.

**College & University Employee Benefits Solutions (CUEBS)** is a Maryland firm that provides specialty employee benefits programs and services tailored to the organizational needs of the Higher Education community. As one of the only privately held benefits firms in the country focused solely on non-profit higher education, we are uniquely equipped to serve you.

**Frank A. Casagrande** has 30 years of experience in consulting and education. He personally focuses on executive & faculty compensation. Prior to launching the firm he was Higher Education Practice Leader at Hay Group. Frequent speaker at association events including ACE, AGB, CIC, CUPA-HR, and NACUBO. He has a B.S in Applied Mathematics from Union College, and a M.A. Teaching from Montclair State University.