

CHRONICLE OF HIGHER EDUCATION

From the issue dated November 18, 2005

Public-University Presidents Apt to Feel Underpaid **A *Chronicle* survey finds private-college presidents are more satisfied with their paychecks**

By PAUL FAIN

Presidents at public institutions may earn less and be less satisfied with their pay than their private-college counterparts, but public chiefs are by no means the poor stepchildren of academic leadership.

In fact, the number of public-college presidents who belong to the half-million-dollar club continues to grow.

Leaders of 23 of 139 public research institutions and public-college systems surveyed this year by *The Chronicle* will make more than \$500,000, an increase from the 17 identified in last year's slightly smaller survey. Even below the top tier, most other public universities this year increased the total compensation given to their chief executives. Fifty-three presidents will receive at least \$400,000 in total compensation, up from 43 last year.

Despite the increases, presidents of public universities are still less likely to be satisfied with their pay than are their peers at private institutions, where presidential compensation packages are typically larger. (See article, Page B12.) According to a separate opinion survey of college presidents published by *The Chronicle* this month, leaders of public universities are four times more likely than private-college presidents to say that they are unhappy with their total compensation package. Twenty percent of public-university presidents expressed at least some displeasure over their compensation in the survey compared with 5 percent of presidents at private institutions.

The modern university president is a major chief executive who is required to exhibit an "extraordinary work ethic, strong interpersonal skills, strategic leadership, and ethical behavior," a public-university president said in written comments offered anonymously as part of *The Chronicle's* presidential survey. "Pay is not keeping up with the changing role of the modern presidency."

The median pay level for a public-university president increased from \$328,400 last year to \$360,000 this year, a jump of \$31,600 or approximately 10 percent. However, those figures do not compare perfectly because this year's survey added eight institutions and several other universities had not yet determined the value of their president's pay at the time of the survey.

Periodic Spikes

In recent years, presidential compensation packages have become more complex. They include a variety of benefits, bonuses, and perquisites, many which are paid in full or in part by private foundations. This year's survey found that 43 percent of presidents received a compensation supplement from a private entity, a decrease from 47 percent last year.

What's more, the compensation packages of some presidents are subject to periodic spikes because of the different ways of paying performance and retention bonuses and deferred compensation, including retirement plans that vest only after certain requirements are fulfilled.

For example, at \$688,406, Carl V. Patton, president of Georgia State University, ranks fourth among university presidents for total compensation. But Mr. Patton's pay is high this year because he is in the midst of receiving \$900,000 in deferred compensation.

Mr. Patton qualified for that deferred compensation after serving as president for 12 years, and the university is paying the sum in three annual \$300,000 payments. His compensation would rank far lower in the survey if his deferred compensation were paid in the more common, annualized method.

Market Forces?

Presidential pay provokes strong reactions from people in higher education, particularly members of governing boards and professors. Some defend the size of compensation packages, while others criticize them as excessive.

Roger W. Bowen, general secretary of the American Association of University Professors, says increasing presidential pay is "part of a larger trend of the academy representing the corporate world," noting that many members of governing boards are past and present corporate executives who may be accustomed to granting salary levels that are not appropriate for higher education.

Furthermore, Mr. Bowen cites an annual AAUP survey that has found that compensation increases for university presidents have outpaced those for faculty members over the last few decades.

"A sense of privilege of presidents, at least in the public mind, is frequently a source of anger," Mr. Bowen says.

Members of governing boards and officials at executive-search firms argue that larger compensation packages are necessary to attract qualified candidates. The role of president at many public universities has become more difficult over the years, with intensified fund-raising demands, clashes with state lawmakers over appropriations, and increasingly attentive and involved governing boards. Those factors, several search-firm executives claim, have contributed to smaller pools of applicants for presidential vacancies.

Many public institutions also cite market pressures from their private counterparts in determining presidential compensation. The Board of Regents of the University of California recently commissioned a study by an outside firm of the institutions' pay levels, finding that top administrators' compensation lagged more than 15 percent below "comparable market salaries."

This month the regents will consider a proposal to increase the salaries of the system's president, chancellors, and other administrators with money from private sources.

Mary Sue Coleman, president of the University of Michigan system, ranks first in total compensation among public-university presidents. (The compensation of David P. Roselle, president of the University of Delaware, trails Ms. Coleman by about \$4,000. But because the University of Delaware considers itself quasi-public, the most recent public information on Mr. Roselle's compensation is from 2003-4, two years older than Ms. Coleman's.)

Julie A. Peterson, a spokeswoman for Michigan, notes that Ms. Coleman's base salary and incentive bonuses were determined by the university's governing board, with the help of outside consultants, during the search process before Ms. Coleman was hired. Ms. Coleman, who became the university's president in August 2002, refused a raise after her first year in the post, and has accepted modest increases since then, Ms. Peterson says.

She received a 3.5-percent salary increase this year. In 2003, Ms. Coleman and her husband, Kenneth, pledged \$500,000 to various university programs, including undergraduate scholarships. That gift, Ms. Peterson says, equals the total amount of Ms. Coleman's performance bonuses.

"We're paying a competitive salary that is commensurate with what we're asking our president to do," Ms.

Peterson says, noting that Ms. Coleman leads an institution with a \$4.6-billion budget, 39,000 students at its main campus, and 450,000 living alumni.

However, a presidential salary of \$500,000 or more can be a tough sell to students struggling with increasing tuition, to the news media, and to faculty members. They often prefer comparing college presidents' salaries to those of political leaders, rather than to those of corporate executives.

"Should the president of any university be paid more than the president of the United States?" asks the AAUP's Mr. Bowen. President Bush's annual salary is \$400,000.

Although Mr. Bowen says governing boards share much of the blame for setting what he sees as excessive presidential compensation, he says, "I think presidents have to self-police, and right now they're not."

PAY BRACKETS OF PUBLIC-UNIVERSITY PRESIDENTS

The number of public-university presidents earning \$500,000 or more has increased from 17 to 23, according to this year's survey. Additionally, fewer presidents are in the two lowest pay brackets. The median compensation for leaders of public research universities and public-college systems this year is \$360,000.

\$700,000 to \$799,999	2
\$600,000 to \$699,999	6
\$500,000 to \$599,999	15
\$400,000 to \$499,999	30
\$300,000 to \$399,999	47
\$200,000 to \$299,999	37
\$0 to \$199,999	5

SOURCE: *Chronicle* reporting

THE HIGHEST-PAID LEADERS OF PUBLIC UNIVERSITIES

1. Mary Sue Coleman University of Michigan

Total annual university compensation, 2005-6 \$724,604

Public contribution

- \$501,458 in salary
- \$100,000 annual bonus for completion of five-year contract in 2007
- \$75,000 in deferred compensation
- \$28,146 in supplemental retirement pay
- \$20,000 in retirement pay
- Expenses reimbursed
- Use of a house and car

Additional annual compensation from corporate sources

- At least \$130,000 in annual pay for membership on the boards of Johnson & Johnson and Meredith Corporation
- Stock options and shares in the companies on whose boards she serves

2. **David P. Roselle University of Delaware**

Total annual university compensation, 2003-4 \$720,522

Public contribution

- \$476,894 in salary
- \$243,628 in benefits, including deferred compensation
- Use of a house and car

Additional annual compensation from corporate sources

- At least \$22,500 in annual pay for membership on the board of Wilmington Trust Corporation
- Stock options and shares in the company on whose board he serves

* The U. of Delaware considers itself a quasi-public institution and would not provide current salary information. The university supplied the Form 990 it filed with the Internal Revenue Service because of its special status. Because of IRS reporting requirements, those figures are for 2003-4.

3. **Mark G. Yudof University of Texas System**

Total annual university compensation, 2005-6 \$693,677

Public contribution

- \$70,231 in salary
- \$8,400 car allowance
- Use of a house

Private contribution

- \$397,769 in salary
- \$200,000 in deferred compensation
- \$17,277 in life insurance

Additional annual compensation from corporate sources

- At least \$30,000 in annual pay for membership on the board of HealthTronics Inc.
- Stock options and shares in the company on whose board he serves

SOURCES: Corporate Reports to U.S. Securities and Exchange Commission; Federal tax filings; *Chronicle* reporting

THE HIGHEST-PAID LEADERS OF PUBLIC UNIVERSITIES, 2005-6

Column 1= Institutional contribution

Column 2= Private contribution

Column 3= Total compensation

Column 4= Corporate-board membership

Column 5= Minimum annual pay for board membership

Mary Sue Coleman, U. of Michigan system				
\$724,604	\$0	\$724,604	Johnson & Johnson, Meredith Corporation	\$130,000
David P. Roselle, U. of Delaware ¹				
\$720,522	\$0	\$720,522	Wilmington Trust Corporation	\$22,500
Mark G. Yudof, U. of Texas System				
\$78,631	\$615,046	\$693,677	HealthTronics Inc.	\$30,000
Carl V. Patton, ^{2,4} Georgia State U.				
\$668,179	\$20,227	\$688,406		
John T. Casteen III, U. of Virginia ³				
\$496,135	\$163,535	\$659,670	Wachovia Corporation	\$60,000
Richard L. McCormick, Rutgers U. system				
\$625,000	\$0	\$625,000		
Charles W. Steger, Virginia Tech				
\$334,702	\$268,249	\$602,951	FNB Corporation	\$12,000
Mark A. Emmert, U. of Washington				
\$602,000	\$0	\$602,000		
G. Wayne Clough, ⁴ Georgia Institute of Technology				
\$509,131	\$77,975	\$587,106	Total System Services Inc.	\$50,000
Michael M. Crow, Arizona State U. system				
\$520,000	\$58,394	\$578,394	Aquila Inc.	\$48,500
Mark A. Nordenberg, U. of Pittsburgh system ¹				
\$571,305	\$0	\$571,305	Mellon Financial Corporation	\$55,000
G. Jay Gogue, U. of Houston System				
\$565,090	\$0	\$565,090		
Karen A. Holbrook, Ohio State U. system				
\$562,031	\$0	\$562,031	Huntington Bancshares Inc.	\$27,000
David R. Smith, Texas Tech U. system				
\$406,865	\$152,000	\$558,865		
Robert D. McTeer, Texas A&M U. System				
\$550,000	\$0	\$550,000		

Michael F. Adams,⁴ U. of Georgia
\$547,466 \$0 \$547,466

David W. Adamany, Temple U.¹
\$538,757 \$0 \$538,757

B. Joseph White, U. of Illinois system
\$252,000 \$0 \$252,000 Equity Residential, Kaydon Corporation,
Kelly Services Inc. \$203,000

Robert M. Gates, Texas A&M U. at College Station
\$425,000 \$100,000 \$525,000 Brinker International, Funds of Fidelity Financial Trust,
Nacco Industries Inc., Parker Drilling Co. \$114,000⁵

Larry R. Faulkner, U. of Texas at Austin
\$118,745 \$401,755 \$520,500 Guaranty Bank, Temple-Inland \$95,000

1. Because the Universities of Delaware and Pittsburgh, as well as Temple U., consider themselves quasi-public institutions and do not disclose current compensation data, figures were obtained from the universities' federal tax filings for the 2003-4 fiscal year, the most recent available.

2. Mr. Patton's total compensation includes \$300,000 in unvested deferred compensation, one of three payments for \$900,000 he qualified for after 12 years of service.

3. Mr. Casteen's 2005-6 compensation level had yet to be determined at the time of the survey. Figures cover 2004-5.

4. Because of a change in Georgia's annual pay cycle for state employees, the compensation information for Mr. Patton at Georgia State, Mr. Clough at Georgia Institute of Technology, and Mr. Adams at the U. of Georgia is for the calendar year 2005.

5. Compensation for Mr. Gates at Texas A&M U. at College Station for his position on the governing board of the Funds of Fidelity Financial Trust for 2005 had not been released at the time of the survey. In 2004, his compensation for board membership was at least \$133,000.

SOURCE: Chronicle reporting