

Are University Presidents Overpaid or Underappreciated?

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Every November *The Chronicle of Higher Education* publishes a special section on executive compensation of the chief executives (generally the presidents or chancellors) of American universities. The latest special section appeared November 19, 2004, and reported data for the 2002-2003 academic year. The data are collected from tax filings from the previous fiscal year and thus lag behind the current academic year. The focus of *The Chronicle* is always on the highest paid presidents in each category of university. In 2002-2003, William R. Brody of Johns Hopkins University topped the group at \$897,786, but psychology's own Judith Rodin (in her last year as president of the University of Pennsylvania) came in a close second at \$893,213. Among public universities, Mark A. Emmert of the University of Washington logged in at \$762,000 and Carl Patton of Georgia State made \$722,350. *The Chronicle* gives the salaries for the chief executive of all private and many public colleges and universities in the United States, so if you are interested you can go to your library (or work the Internet) and discover the salary of the chief executive of your employer or your alma mater.

As regularly as day follows night, or the CR follows the CS, publishing presidents' salaries leads to thundering criticism from the media about the level of pay of our chief executives. First come the news stories reporting the data; next come op-ed pieces in newspapers, magazines, and other outlets decrying the trend of higher executive pay in academia. *The Chronicle* itself strongly encourages the view that our executives are vastly overpaid. The lead article in the most recent special section, by Julianne Basinger, is entitled "High Pay, Hard Questions," and begins "A growing number of college presidents are on easy street, despite the tough economic roads that both public and private institutions are traveling." The article ends with a quote from Robert Atwell, former president of the American Council on Education, meant to sum up Basinger's argument: "Just because corporate America is engaging in excessive greed is no reason for public universities or private ones to go down that same road. It is a bad trend and it's getting out of hand."

Really? Says who, besides Atwell and a handful of critics? And why the criticism? Why shouldn't the leaders of higher education be valued for their hard work, just like leaders in other important spheres of influence in society who are well paid? I believe a strong case can be made that our presidents or chancellors, as well as our provosts and deans, are underappreciated, not overpaid. These jobs are among the most demanding in academia, and I find it remarkable that so many universities can find such talented leaders. Think about it. Most university presidents go to graduate school in their chosen subject: Mark Wrighton, chancellor of Washington University, is a chemist; William Cooper, president of the University of Richmond is a psychologist, as is Thomas Burish, president of Washington & Lee University, and Nancy Cantor, who leads Syracuse University. Graduate school provides no training in administration, except perhaps by observational learning (and then probably of a department chair). The men and women who will become presidents somewhere down the road typically go on to a job as an assistant professor after receiving their PhDs (Rodin was an assistant professor at Yale when I was a graduate student there), and they must be gifted researchers and teachers to achieve tenure. They generally have to succeed in the realm of scholarship before even being considered as administrators.

Somewhere along the line these assistant professors who are to later become presidents are probably asked to chair a committee; they do a good job. A little further down the line, their department needs a chair and they are selected. A person can keep a strong research program going while being chair – there are many examples – and the best manage this feat. However, performing well as chair might lead a person to get nominated (or even to seek) to become a dean. This would lead to a total change of life, because few if any deans can maintain a strong presence in their chosen field of study and perform their deans duties. The job is too all-consuming; while being a full-time dean there is no opportunity to keep up at full bore with research and scholarship (much less teaching).

An interesting question is how people decide to go into academic administration beyond the chair level. I have seen no research on the topic, although perhaps it is out there and I am just unaware of it. After all, most of us went into academia in part to avoid what we perceived as the intellectual torpor of management in (say) banking, or insurance, or law. We didn't want to become middle-manager types, but academics. We were fascinated by our field of study and wanted a life pursuing that topic. We wanted to do research, to teach, and to do as little administrative work as possible.

What persuades some of us to change course? I asked one provost this question and he said (in paraphrase): "I was asked by the president to be provost. I was a department chair at the time and had enjoyed that job and the university committees I had served on. I found I liked dealing with people and learning about issues across academia. I had been able to continue funded research in my field while chair. I guess I had published about 150 or so papers on my special topic of interest, with the questions getting narrower over time. I still had good grant support and could have continued my research career, which was going quite well. In trying to decide whether to become provost, I thought, 'I can either spend the rest of my life writing another 150 papers and perhaps a couple of books about X, or I could do something exciting and different and help to lead my university.'" He chose the latter course. We should be eternally grateful that many great scholars do, for they become our leaders and make possible the scholarly work of the rest of us.

From my rather distant observation, the life of a president (or provost or dean) seems incredibly challenging. Presidents have deans always wanting more resources; they lead the university in endless ceremonies; they must be the spokesperson for their colleges and universities; they must always operate on an even keel with gracious behavior; they have parents of students calling and e-mailing; they have to entertain constantly – students, deans, faculty, and alumni. And if the school participates in Division I sports, there are more headaches.

However, the biggest challenge of all is fundraising, which is the chief executive's constant task. Travel for this purpose is also constant, around the country and sometimes around the world. Their days are long, starting early in the morning and often running until late at night. I have had occasion to speak with a few presidents about their schedules, and they are murderous. In addition, voluminous e-mail messages and phone calls must be returned. And I probably don't even know the half of it.

So, are university presidents and chancellors overpaid? No, I don't think so. Our presidents are chief executive officers of multimillion-dollar businesses and have demanding and stressful jobs with incredibly busy schedules. I suspect their work is quite difficult, even though most professors and other commentators are relatively oblivious of the job's demands. I have had to ask people to donate money for one cause or another at various points in my life and have not found it a particularly pleasant task.

Imagine doing it every week or even every day. Given the magnitude of the enterprise that many presidents run, a good case might be made that they are underpaid for their efforts.

Strangely, the writers for *The Chronicle of Higher Education* (and the other critics of executive pay) do not, in my opinion, value higher education, or at least not highly enough. It is as though chief executives of colleges and universities should not be compensated as highly as leaders of other critically important enterprises. University presidents are paid so well because we live in a free enterprise, capitalistic society, and what a person is paid is determined not by what some theory or arbiter says he or she should be paid, but what the free market thinks the person is worth. Apparently the free market believed (in 2002-2003) that Gordon Gee was worth \$877,209, because that is what Vanderbilt University paid him.

While I was reading recent articles caterwauling about university presidents and their pay, I was snapped alert by the following item in the *St. Louis Post-Dispatch*. The St. Louis Cardinals (our baseball team, for those of you who are sports-challenged) had recently lost its starting catcher, Mike Matheny, to the San Francisco Giants. The Cardinals were on the lookout for a new backup catcher to occasionally fill in for our previous reserve catcher, who was now moving to the first team. The *Post-Dispatch* announced, rather offhandedly, towards the end of a long article about other matters, that the Cardinals had signed Einar Diaz to a one-year, \$600,000 contract. According to the article, "Diaz, 31, batted .223 with one home run and 11 RBIs for Montreal. ... The Expos declined his option for 2005 after he made \$2,587,000 last season." A .223 batting average is definitely on the low side; Diaz had a bad year. So, poor Diaz (using the term *poor* loosely) had his pay cut by \$1,987,000, down to the level of chump change for a major league baseball player, a mere \$600,000.

But notice that the level of chump change for a reserve baseball player (who works from February through September, at least on the days he's not warming the bench) would be near the top of the scale for a university president. Very few make over \$600,000, and no university president makes what a typical starting pro baseball (or football or basketball) player makes.

OK, you say, it's not fair to compare compensation of university presidents to professional athletes, and I agree. University presidents have much more important and demanding jobs – guiding our wonderful system of higher education – and should be paid much more. Even if you disagree with that last statement and think we should compare apples to apples, let's consider how other university employees are paid relative to presidents. For most public universities, one can look up the pay of any staff member, because most states regard such information as part of the public domain. Often the football and basketball coach make more than the chief executive, at least in schools with Division I sports programs, another free market indication that our society values sports over education. Similar information is not provided for private universities, but the special section of *The Chronicle* helps out here, because the salaries of the top five highest-paid employees are listed (pages B16 to B38) for all private colleges and universities. The data are again taken from the tax forms private universities must submit as non-profit institutions. Interestingly, for many universities, the chief executive (chancellor or president) is not the highest-paid person and often is not even among the top five salaried employees. If the private university has a Division I sports program, the basketball and/or football coach often make more than the president. In 2002-2003, Duke University paid its basketball coach over \$300,000 more than its president (and I feel sure the president did not have a shoe contract to augment his salary). The University of Florida was recently in the news for hiring a new football coach at \$2 million a year, whereas the president made \$450,000 in 2002-2003 (albeit with various possible incentive bonuses, as

listed in *The Chronicle*).

For research universities who play Division III sports and have a medical school, surgeons are almost always the highest paid. At my university, the top five salaries all go to surgeons (including an assistant professor making \$781,612 – a woman, by the way). For schools without medical schools or Division I sports, sometimes an actual professor who teaches students makes it into the top five. Rice University (even with Division I sports, but no medical school) actually has two professors in the top five (although one did have a bit of an advantage – he won the Nobel Prize in Chemistry).

Let me return to my point. University administrators are, generally speaking, remarkably talented people. They first had to succeed at research and teaching and become leaders in that competitive arena. They then had to succeed as chair, dean, and provost before rising to the pinnacle of academic administration. Once they get there, they work incredibly hard at complex, demanding jobs and they do so in an “industry” that is one of the greatest success stories in American history – our great higher education system that makes possible education of future leaders in all spheres of American society. Students from all over the globe also use our higher education system for graduate training. So, every year when *The Chronicle of Higher Education* comes out with its annual salary list, ignore its derogatory articles and cheer the numbers. Let’s hope that salaries of the top university executives will surpass the million-dollar level in the near future. Isn’t the leadership in higher education worth being paid well, even if much lower than leaders of many other businesses? Someday, if it is not too much to dream, university presidents might even make as much as a mediocre second baseman on a major-league baseball team.

High Five: Public

The top-5 highest paid leaders of public universities, 2004-2005

1. Mark A. Emmert
University of Washington
\$762,000
2. Carl V. Patton
Georgia State University
\$722,350
3. Mary Sue Coleman
University of Michigan system
\$677,500
4. David P. Roselle
University of Delaware
\$673,770
5. Mark G. Yudof
University of Texas system
\$651,400

High Five: Private

The top-5 highest paid leaders of private universities, 2004-2005

1. William R. Brody
Johns Hopkins University
\$897,786
2. Judith Rodin*
University of Pennsylvania
\$893,213
3. Gordon Gee
Vanderbilt University
\$887,209
4. Shirley Ann Jackson
Rensselaer Polytechnic Institute
\$848,057
5. John R. Silber
Boston University
\$808,677

Figures from *The Chronicle of Higher Education*, November 19, 2004.

*Rodin is an APS Fellow and Charter Member.