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Bonuses Push More Public-College Leaders Past $1 Million

Dan Bauman

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Clockwise from top left: William H. McRaven, U. of Texas system; Michael R. Gottfredson, U. of Oregon; Michael K. Young, Texas A&M U. at College Station; Renu Khator, U. of Houston campus and system.

F or some public-college leaders, it paid to be coming or going in the 2015 fiscal year.

Severance payments, as well as signing and moving bonuses, helped three men earn more than $1 million despite not being employed for the full year at a sole university or system, according to a *Chronicle* analysis. A total of five presidents and chancellors were paid more than $1 million in the 2015 fiscal year, the most recent for which data are available. In 2014 only two presidents earned north of $1 million. And at the University of Florida, one former president — now senior adviser to the current president — earned $1.475 million for relinquishing his position as a tenured professor and agreeing to a noncompete obligation.

The total compensation of a typical public-college leader — that is, a chief executive who served a full fiscal year at a college or system — was $431,000, 4.3 percent more than the year before. The typical campus president earned 3.9 times as much as the median pay of a full-time professor.

The top presidential earner was Renu Khator, president of the University of Houston and chancellor of the University of Houston system. Her base pay of $700,000 was supplemented with a $200,000 bonus and a $400,000 deferred-compensation payout. Ms. Khator was the longest-serving president in the 2015 million-dollar club, having gained the position in January 2008. Tilman J. Fertitta, chairman of the University of Houston system's Board of Regents, cited Ms. Khator's achievements in increasing research funding, enrollment, and private donations as the basis for her compensation. Those accomplishments, Mr. Fertitta said, along with Ms. Khator's role in managing both the campus and the system, justified the pay she has received.

“I can say unequivocally that Chancellor Khator’s salary is appropriate based on her stellar track record,” Mr. Fertitta wrote in a letter to *The Chronicle*.

The Chronicle’s analysis reflects the pay of 259 chief-executive roles at 236 public colleges and systems, including all public doctoral universities in the United States and all state college and university systems or governing boards with at least three campuses and 50,000 students in the 2014-15 academic year. The data were collected from surveys completed by those institutions and reflect the 2015 fiscal year, which ran from July 1, 2014, to June 30, 2015, in most states.

Elsewhere in Texas, Michael K. Young earned $1.13 million from Texas A&M University at College Station. Along with a base compensation of $333,333, Mr. Young received $800,000 from Texas A&M to compensate him, a representative said, for pay he would have received from the University of Washington, his former employer. Mr. Young ended his tenure at Washington in March 2015 and started at Texas A&M two months later.

Mr. Young’s counterpart at the University of Texas system, Chancellor William H. McRaven, earned a total of $1.09 million after taking office halfway through the 2015 fiscal year. The total included a $300,000 payment for moving. Admiral McRaven, who retired from the Navy in 2014, took over as chancellor in January

2015. Paul L. Foster, chairman of the University of Texas system's Board of Regents, said in a written statement that Admiral McRaven's distinguished career in the military had already served the complicated and many-faceted needs of the UT system.

"We believe a leader of Chancellor McRaven's caliber is worth the investment for a complex system with global reach, and that the people of Texas will benefit from his time at the UT system for generations to come," Mr. Foster said.

System officials told *The Chronicle* that, in the future, Admiral McRaven would receive an annual base salary of $1.2 million and be eligible for up to $300,000 in bonuses each year. And at Texas A&M, Mr. Young accepted a pay package that included an annual base salary of $1 million.

If those base salaries are actually paid out in the 2016 fiscal year, they would represent new high-water marks for presidential base pay at public colleges. Data collected by *The Chronicle* as far back as 2009 show that a public-college president's base pay has never approached $1 million, even after adjusting for inflation. The closest was E. Gordon Gee, a former president of Ohio State University and the current leader of West Virginia University, whose base compensation was $851,303 in the 2013 fiscal year, his final year at Ohio State.

Meanwhile, the University of Florida paid a former president, J. Bernard Machen, $1.475 million in the 2015 fiscal year to vacate his position as a tenured professor of dentistry and sign a noncompete agreement. The university said the $1.475 million did not constitute a severance payment, as Mr. Machen was still employed by the university, serving as senior adviser to the president. The university instead referred to the amount as "payments for property rights." The payment was disbursed to Mr. Machen in his role as senior adviser, not as president, which is why the amount is not included as part of his total presidential compensation in *The Chronicle*'s analysis. While still employed as president, he earned $282,000 in base compensation from the university. Mr. Machen also received a $175,000 retirement contribution from the university, though it was paid to him directly and not to a state- or university-sponsored retirement plan.

Steven M. Scott, who served as chair of the University of Florida's Board of Trustees from 2014 to July 2016, said Mr. Machen's restructured contract was of the greatest benefit to UF. Along with placing Mr. Machen in an advisory role, the contract allowed the university to take advantage of Mr. Machen's skills as a fund raiser. Mr. Scott said that a consultant advised the board on the contract's restructuring and that Mr. Machen had been paid with nonstate funds.

At the University of Oregon, Michael R. Gottfredson, who resigned abruptly in 2014, received one of the biggest severance payments ever recorded in *The Chronicle*'s public-college survey. Mr. Gottfredson, who left under heavy criticism for the university's handling of sexual-assault allegations against three players on the men's basketball team, received a severance payment of $940,000. Only Mr. Gee's $1.5-million payout from Ohio State in 2013 and Graham B. Spanier's $1.23-million severance package from Pennsylvania State University in the 2012 fiscal year rank higher. Mr. Gottfredson's total compensation of $1.2 million in the 2015 fiscal year put him second on the list of top earners for the year.

Mark P. Becker, president of Georgia State University, ranked fifth, with a total of $1.05 million.

L arge paychecks and payouts for public-college leaders have drawn ire from students, faculty members, lawmakers, and taxpayers. In Texas, the home of three leaders in the millionaire club, *The Texas Tribune* reported in April that skepticism and frustration were building among some lawmakers. A state senator expressed dismay at the trend during a time when “universities are increasing student tuition while pleading poverty to the Legislature.” And Lt. Gov. Dan Patrick questioned the veracity of the pledges made by the state’s colleges and university systems to control costs.

“If you go into higher education, you don’t do it to get rich and make a million dollars per year,” the lieutenant governor said at a news conference.

William G. Tierney, a professor and co-director of the University of Southern California’s Pullias Center for Higher Education, said the administrative-pay one-upmanship of the higher-education sector mirrored “the worst behaviors in the business world.”

“By all means these guys work hard. I’m not saying that they don’t work hard. But there is zero evidence that says if you pay someone more as president, that he or she is a better performer than those who are lesser paid. Zero,” Mr. Tierney said.

Never has the gap between chief executives and the lowest-paid staff members on campuses been so wide, Mr. Tierney said. And if college leaders are perplexed by the public’s waning confidence in higher education, he said, those executives should understand that exorbitant presidential pay has fostered such doubts.

Trustees and university leaders counter that the higher-education sector as a whole is extremely competitive. A college campus or system, they say, can be a very complicated organization, and the people most adept at running those organizations are expensive.

Raymond D. Cotton, a lawyer in Washington who specializes in representing college presidents and boards of trustees, said relatively high pay for campus leaders was a result of a supply-and-demand imbalance. Mr. Cotton argued that the retirement of many baby-boomer presidents in recent years had driven up the demand for candidates who had experience in managing complex enterprises.

The instability of the top spot also causes the candidate pool to shrink. As a result, Mr. Cotton said, boards are forced to increase their compensation packages to entice the best people to apply.

A board willing to pay big money for its favored candidate is making a “cost-effective investment,” Mr. Cotton said. If the board believes such a candidate can deliver big returns, then the opportunity cost of inaction outweighs the compensation costs.

“And if one university doesn’t do it,” he said, “other institutions will eat their lunch.”