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How Scandal and Severance Enrich Private-College Presidents

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In the 2015 calendar year, Kenneth W. Starr, president and chancellor of Baylor University, earned roughly $1.36 million, placing him 29th on *The Chronicle*'s annual list of the highest-paid leaders of private colleges. In 2016 he vaulted into first place, pulling in just shy of $5 million.

What changed? Starr lost his jobs at Baylor — all three of them.

In a damning report, the law firm Pepper Hamilton concluded that Baylor had generally bungled its investigation of and response to a series of alleged sexual assaults perpetrated by university football players. The report painted a picture of an out-of-control, unaccountable athletics department, and it blamed negligent leaders of Baylor for feeding the perception that the football program was “above the rules.”

With the release of the report, Baylor demoted Starr from president to the more ceremonial role of chancellor. Days later, Starr resigned from that position, too. Months after that, he stepped down from his tenured faculty position in the law school.

More than $4.5 million of Starr’s total 2016 compensation originated from a severance agreement. As expensive as that was for Baylor, it wasn’t the university’s steepest severance package of the year. A $15-million package made the football coach Art Briles — whose firing accompanied Starr’s demotion — the highest-paid direct employee of a private college in 2016. In total, Briles earned $17.8 million from Baylor that year.

In a statement, a spokeswoman for Baylor said a portion of Starr’s compensation is attributable to the buying out of his professorship.

Baylor declined to disclose other terms of the agreement. A lawyer for Starr did not respond to *The Chronicle*'s requests for comment.

Starr's departure was one of 2016's most dramatic, and the resulting payout was the steepest. But several colleges parted with large sums after acrimonious divorces with their chief executives. Those institutions include Suffolk University, which fired Margaret A. McKenna, and Mount St. Mary's University, where the president, Simon P. Newman, resigned after drawing criticism for a proposal to cull the freshman class of struggling students as a means of raising the university's place in national rankings.

Severance deals populate the public-university sector as well. James R. Ramsey's departure from the University of Louisville made him the highest-paid public-college president in the 2017 fiscal year. Michael R. Gottfredson reached a $940,000 settlement agreement with the University of Oregon in 2014.

Earnings data for Starr, along with 558 other leaders at 500 private colleges and universities, are part of *The Chronicle*'s latest look at private-college presidents' pay. Sixty-one of those chief executives earned $1 million or more during the 2016 calendar year, compared with 58 the year before.

The average pay of private-college leaders, including those who served partial years, was roughly $536,000 in 2016. Among presidents who served the whole year, average pay was $560,000. The average pay of leaders who served throughout 2015 and 2016 was nearly 4 percent higher in 2016.

The Value of Reputation

Severance packages and settlement agreements are rarely well regarded, especially when their recipients leave under a cloud. But Raymond D. Cotton, a lawyer who represents college presidents and boards, argues that such instruments are an important tool in the arsenal of governing boards: a means to quickly effect change within an institution while potentially avoiding a more costly and uncertain future.

Cotton, who counseled Baylor during its negotiations with Starr, says the perception of most severance packages as golden parachutes proffered by supine boards is unwarranted.

Using such deals, boards can protect their institutions from litigation by disgruntled former presidents, as Louisville did with Ramsey.

And the nondisparagement clauses often attached to the agreements, Cotton says, protect a valuable asset: the college's reputation. A college may find it harder to recruit competent successors, court donors, or project stability to prospective students if it doesn't make a deal.

"The less public flap, the better," Cotton says.

But William G. Tierney, a professor and co-director of the U. of Southern California's Pullias Center for Higher Education, says governing boards need to better communicate with their college communities after presidential upheavals occur. Just as he would expect to be held to account for a decision that cost his university millions of dollars, Tierney says, boards should invite a similar public reckoning. Accountability exists at all levels, he argues, and everyone deserves to understand the way in which costly decisions came to be made.

It is hypocritical, Tierney argues, for boards to tamp down on raises for college staff members or to outsource certain functions while displaying no such reservations about how their institutions compensate chief executives they deem to have failed. “That doesn’t stand the laugh test,” he says.

Cotton and Tierney agree, though, that boards should come to agreements with presidents on severance compensation near the beginning of their tenure — long before any scandal or deterioration of the relationship makes the task of university administration unworkable.

Other Pricey Packages

Simon P. Newman’s tenure in 2016, like Starr’s, came to an abrupt end in 2016 after he reportedly said of struggling first-year students: “You just have to drown the bunnies … put a Glock to their heads.” Resigning as president of Mount St. Mary’s at the end of February, he earned just over $580,000 from the university in that time, with $383,000 coming from a severance agreement. That was less than the total $491,921 he earned in a full year as president in 2015.

At Suffolk, Margaret McKenna was fired in 2016 after one year on the job. She agreed to a $267,500 severance payment in 2016, putting her earnings at $658,000 that year. Her dismissal followed a public feud with the university’s board. McKenna said she had been told she was fired because of inadequate communication with the board about the accreditation process, and for meeting with *The Boston Globe’s* editorial board. Suffolk trustees declined to cite their reasons for firing the president.

And while the former chiefs of Sweet Briar College and Wittenberg

University left their roles in 2015, the road to resolution extended well past the close of that year. James F. Jones Jr., who agreed to step down as president of Sweet Briar following an unsuccessful attempt to chose it down, received a $152,250 severance payment from the institution in 2016. At Wittenberg, Laurie M. Joyner's tenure came to an abrupt end just two days after the university announced her departure. She nonetheless was paid $275,000 by Wittenberg in 2016.

Sudden departures can involve a lot of money even when the word "severance" isn't used. In 2016, the governing board of the University of the Incarnate Word, in San Antonio, placed its president, Louis Agnese Jr., on medical leave, citing "sporadic uncharacteristic behavior and comments." Agnese did not appreciate the insinuation and let his displeasure be known to reporters.

"They ruined my reputation of 31 years," Agnese told *The San Antonio Express-News*. "They will send out a retraction by Monday or I will sue the chair of the board. You can put that in the paper in quotes."

Further reporting revealed that Agnese had made a series of offensive comments to students. He was removed as president shortly after that. Then board then named him president emeritus, and Agnese agreed to speak at the university's fall convocation that year.

Tax documents disclose that Incarnate Word set aside more than $5.4 million in 2016 toward payments to Agnese in the years following his departure. He confirmed the amount but said it was not a severance payment. Rather, Agnese said, the arrangement had been planned long in advance as he and the board considered his retirement, its size a testament to his more than 30 years with the institution. He said he hadn’t had to negotiate with the board to secure the plan.

The university declined to make the terms of the package public. Its board chairman said in a statement the plan was voted upon after Agnese left.

Now, two years after he threatened a lawsuit, Agnese describes his relationship with the governing board’s chairman and members more warmly: “It was something that was very amicable on all parts.”

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