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# Presidential Tenures Are Getting Shorter. Why Are the Payouts So Large?

*Dan Bauman*

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When William H. McRaven took over as chancellor of the University of Texas system in January 2015, he arrived with high hopes.

A highly decorated retired Navy admiral, McRaven was heralded as someone who could revitalize frayed relationships between the Texas system, its campuses, and the state Legislature. But he soon found himself at loggerheads with Texas lawmakers, who bristled at his stances on hot-button issues like handguns on campus and in-state tuition for undocumented immigrants, and chafed at some of his plans for expansion. As the end of his contract neared and questions about an extension arose in late 2017, McRaven announced his plan to step down, citing health issues. His tenure as chancellor lasted nearly three-and-a-half years.

Before leaving in May 2018, McRaven, who oversaw the special operations team that killed Osama bin Laden, said that “the toughest job in the nation is the one of an academic- or health-institution president.”

For McRaven, the job was also lucrative.

A three-year, $1.28-million deferred-compensation arrangement, a $670,000 bonus, and a six-figure salary all contributed to a total payout of nearly $2.58 million in 2018, which was far above the average total compensation, $544,347, that leaders of public institutions earned last year. A system spokeswoman told *The Chronicle* that the chancellor’s salary is funded entirely through private contributions. McRaven did not respond to a request for an interview.

McRaven was the highest-compensated chief executive in public higher education in 2018, out of a total of 267 top leaders at 226 public colleges and systems analyzed by *The Chronicle* as part of its annual survey on the topic. Seventeen of those chief executives, including McRaven, earned $1 million or more during the 2018 calendar year. For his relatively brief tenure as chancellor, McRaven earned just over $8.2 million in reportable compensation and nontaxable benefits.

McRaven is not the only leader of a public institution of higher education whose relatively short stint resulted in a handsome payout in 2018.

Beverly J. Davenport will receive a $1.3-million settlement after being fired following 14 months on the job as chancellor of the University of Tennessee at Knoxville. She was embroiled in culture wars related to a student sex-education program and her securing of private money for a gay-pride center after the legislature had stripped money for it. She also resisted the governor’s push to outsource facilities operations. Her firing culminated in a scathing letter from Joseph A. DiPietro, the system’s president, who blasted Davenport for, among other things, not seeking robust collaboration with the parent system.

Davenport did not respond to an interview request. A spokeswoman for University of Tennessee system said that

DiPietro no longer leads the system. Regarding Davenport, she said, “we wish her well in her future endeavors.”

The events in Knoxville and Austin are hardly novel. Within the last decade, newly minted chief executives, like Barbara Couture at New Mexico State University and Michael R. Gottfredson at the University of Oregon, agreed to six-figure separation arrangements following scandals and board disputes.

*Beverly J. Davenport, chancellor of the U. of Tennessee at Knoxville, got a $1.33-million severance package. AP Photo/Erik Schelzig*

Gottfredson’s severance of more than $980,000 ended his two-year presidency and bought him out of his tenured professorship. His administration engaged in contentious bargaining with the faculty union, and faced allegations that it had failed to adequately respond to reports of sexual assault and rape.

In an interview with *The Chronicle,* Gottfredson said that he had become fed up with running a major public research university without adequate funding from the state. “I didn’t find the kind of support in the Oregon legislature or the gubernatorial branch that gave me much a reason for optimism,” he said.

The trend of short tenures and big payouts continues. In 2019, leaders with fewer than four years on the job at three public research universities and one major state system negotiated severance payments to smooth their exits. Traditionally, such arrangements have included nondisparagement clauses, making it difficult for the public to understand the circumstances that ended the leaders’ tenures or to push for accountability.

## ‘Tolerance for Disruption’

The term of a typical chief executive at a public institution of higher education is getting shorter. The average tenure for a college leader, in either the public or private sector, was 6.5 years in 2016, down from 8.5 years a decade earlier, according to a survey from the American Council on Education.

“Leadership change generally creates challenges for an organization,” said Michael Harris, an associate professor of higher education at Southern Methodist University. “I worry sometimes that we’re too quick to dismiss a president without dealing with the underlying issues within the organization.”

Harris said that one finding of his research on turnover among college presidents between 1988 and 2016 is that “tolerance for disruption” among members of boards, system offices, and legislatures has grown, a trend he attributed to an increase in the number of people from corporate America holding power in those arenas, especially boards. While such tolerance isn't inherently bad, Harris said, there can be unintended consequences: If system or board representatives aren't routinely voicing full-throated support for a president, some constituents may read that as a signal of eventual turnover. Why follow unpopular or arduous marching orders, Harris asks, when you might be able to avoid that burden by outlasting the conductor?

Longtime observers of senior administrators also worry that the increased willingness among trustees to hit the restart button can be financially and reputationally costly in the short term and detrimental to the execution of institutional objectives over time.

Turnover of any kind — even when it seems necessary or involves longstanding leaders — can carry unexpected risks and costs. Accrediting agencies, for example, tend to be wary, said Felecia Commodore, assistant professor of higher education at Old Dominion University.

The Middle States Commission on Higher Education admonished the University System of Maryland this summer for failing to provide autonomy to the College Park campus and its president, Wallace D. Loh, amid an investigation into the death of a football player. Loh had been forced to retire by the system board, which also recommended that the university retain its embattled football coach. Loh ultimately fired the coach.

Bond ratings agencies have also raised concerns about leadership turnover. After President Lou Anna K. Simon and her lieutenants were ousted at Michigan State University during the fallout from the Larry Nassar scandal, both Moody's Investors Service and Standard & Poor's Financial Services said continued turnover in senior leadership could have further damaged the institution's credit rating.

"Even if an institution's academics are fine and its finances are fine, if it has what seems to be really unhealthy governance practices, that can have an impact," Commodore said. "If we want to ensure institutions are healthy, we really have to think seriously about governance and leadership."

The immediate institutional costs of turnover — the hiring of a search firm and the disbursement of a severance package — can have a broader ripple effect across the higher-education sector. When chief executives are fired quickly, it creates a cycle: Soon-to-be presidents are watching. So when they negotiate their next contract, they are incentivized to push for higher salaries and larger severance agreements. All of this only makes the next break-up — and the next loss on investment — even more expensive than the last.

## Lengthening Tenures

Boards that want to hire executives who stick around need to exercise more control over their searches and work to help new leaders find their footing during the early days on the job, experts say.

One way to assert a greater role is for boards to be more attentive to the presidential hiring process, said Judith A. Wilde, chief operating officer and professor at the Schar School of Policy and Government at George Mason University. She said boards need to reassess how much of that process they hand off to search firms, because “they are actually outsourcing the most important part of their job.”

Michael B. Poliakoff, president of American Council of Trustees and Alumni, also thinks that search committees and boards should be heavily involved in oversight. When that doesn’t happen, Poliakoff said, the board is partly culpable for any future failure. “Presidential selection should not be a happy accident,” he said.

In addition to devoting more energy to presidential searches, boards need to provide their chief executives with support as they get their bearings on their new campus, said Peter Eckel, senior fellow and director of leadership programs in the Graduate School of Education at the University of Pennsylvania. This is especially true for presidents who are hired externally, he said.

Board members, he said, need to be “intentional and strategic” when they bring presidents into their institutions, and should encourage collaboration. Additionally, Eckel said, boards need to be candid about the challenges faced by a president's predecessor, rather than expecting a new chief executive to discover such problems on his or her own.

"The common refrain from the board is: 'We've done our work. We've hired an outstanding leader. We're going to clear the decks, and get out of the way, and let that person lead,'" Eckel said. "Well, they may need some additional onboarding work."