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Private Colleges Had 58 Millionaire Presidents in 2015

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8–10 minutes



Among the top earners in 2015, from left to right: Nathan Hatch, Wake Forest U.; James Wagner, Emory U.; C.L. Max Nikias, U. of Southern California; and Amy Gutmann, U. of Pennsylvania. ©WFU, Ken Bennett; Dustin Thomas Chambers for The Chronicle; U. of Southern California; Daniel Acker, Bloomberg via Getty Images

Most of the money earned by America's top-paid private-college presidents in 2015 came from sources outside their regular

paycheck.

Nine of the 10 highest-paid chief executives earned more from bonuses and deferred compensation than they did from base salaries, and they were among a group of 58 millionaires minted by the nonprofit higher-education sector in 2015. The previous year, 39 private-college presidents earned more than \$1 million.

The top earner in 2015 was Nathan O. Hatch, president of Wake Forest University, who made just over \$4 million, according to *The Chronicle's* analysis. Propelling Mr. Hatch to the top spot was a \$2.89-million deferred-compensation arrangement that accrued over 10 years but was paid out, in full, in 2015.

That \$2.89-million package, the university's board chairwoman said, was the result of an average of \$250,000 being set aside each year for Mr. Hatch in the decade following 2005. In a statement to *The Chronicle*, Donna Boswell said Mr. Hatch's pay reflected "his exceptional leadership that has paid dividends for the university." Among the highlights of Mr. Hatch's leadership that she cited: supervision of an \$800-million fund-raising campaign and adoption of a test-optional admissions policy.

Deferred-compensation plans are used commonly in higher education as a retention tool for top administrators. They work like this: A university sets aside money, tax-free, each year in a prescribed fund for the college leader, who may not withdraw anything from that fund until an agreed-upon date. That money is typically forfeited if the employee resigns before the specified date.

The average pay of private-college leaders, including those who served partial years, was \$516,000 in 2015. Among presidents who served the whole year, average pay was nearly \$570,000. Leaders who served full years in both 2014 and 2015 saw a pay increase of nearly 9 percent.

The Chronicle's analysis is based on the latest available federal tax filings, known as Form 990s, of the 500 private, nonprofit colleges with the largest endowments. The data include compensation figures for 568 presidents who served at 500 institutions for all or part of the 2015 calendar year. The year-over-year calculation includes 352 presidents.

A Notable Addition

Second on the list of 2015's top earners was James W. Wagner, president of Emory University. Like Mr. Hatch, Mr. Wagner made most of his total pay from a 10-year arrangement. Along with his \$990,000 salary, Mr. Wagner was paid an additional \$2.36 million in deferred compensation. Those elements, along with benefits and other pay, resulted in a \$3.51-million total pay package for Mr. Wagner in 2015. In a statement to *The Chronicle*, Jonathan K. Layne, an Emory trustee, said the deferred compensation agreement delivered "stable, successful leadership for Emory" over the life of the contract. Mr. Wagner retired as president of the

university in August 2016.

Rounding out 2015's top five were the presidents of the Universities of Chicago, Pennsylvania, and Southern California, who regularly appear among the highest earners. Their seven-figure bonuses were combined with million-dollar-plus base salaries. Robert J. Zimmer of Chicago earned a \$1.6-million bonus, bringing his total compensation to \$2.86 million. At USC, C.L. Max Nikias made \$3.18 million in overall pay, \$1.5 million of which was a bonus. And a \$1.34-million bonus earned by Amy Gutmann of UPenn allowed her take home more than \$3 million in total compensation.

A notable addition to *The Chronicle's* analysis of presidential pay at private colleges was Paula S. Wallace, president and one of the founders of the Savannah College of Art and Design. She took home \$1.9 million in 2015, but it was her earnings during the previous year that bear mention. Ms. Wallace earned more than \$9 million from SCAD in 2014, which according to a [Wall Street Journal](#) analysis would have made her the eighth-highest-paid person employed in the American nonprofit sector and the highest-paid president of a private nonprofit college. The largest-ever presidential pay package previously observed by *The Chronicle* belonged to Rensselaer Polytechnic Institute's Shirley Ann Jackson, who [earned more than \\$7.1 million](#) in 2012. Because SCAD's endowment was not one of the 500 largest among private colleges in 2014, it wasn't a part of *The Chronicle's* analysis that year. A \$30-million infusion to SCAD's endowment between 2014 and 2015 changed that, according to figures reported to the U.S.

Department of Education.

In a statement to *The Chronicle*, a spokeswoman for SCAD said the deferred-compensation package Ms. Wallace received in 2014 was accrued over the course of 14 years, and was “reflective of her nearly 40 years of service to the university she founded in 1978.”

Hiding Salary?

Generous pay for college leaders is not without its critics. James H. Finkelstein, professor emeritus in the Schar School of Policy and Government at George Mason University, has studied the compensation of university presidents for more than two decades. Mr. Finkelstein said the public should be skeptical of the argument that a college president must be compensated in the same way as the CEO of a Fortune 500 company. Higher education, he said, serves a fundamentally different social purpose.

“Our purpose in society is not to protect shareholders’ interests and give shareholders a good return,” Mr. Finkelstein said. “So we need to ask ourselves a question: Should we treat our presidents as CEOs in terms of their compensation, their perks, their expectations of performance — or should we treat them as something else?”

But Brian M. Pinheiro, leader of the employee benefits and executive compensation group at the law firm Ballard Spahr, says the large pay packages of college presidents are merely indicators of what the market will bear. Presidential pay deliberations don’t exist in a vacuum, he says. When determining compensation for their chief executives, university boards have to remain

competitive with other colleges in the sector and with corporations outside of higher education. Pay for performance, Mr. Pinheiro says, is one way for shareholders or college boards to connect institutional outcomes to presidential rewards.

“It’s good for everybody, whether you’re in the for-profit sector or the nonprofit sector, to align the interests of the executives with the promotion of the underlying organization,” Mr. Pinheiro said.

Mr. Finkelstein is skeptical of such claims. In his research on public-university presidents, he has found that bonuses are rarely tied to measurable outcomes.

“That’s not a performance bonus,” Mr. Finkelstein said. “That’s just a way of hiding base salary so that it looks like the president is not making as much as he or she is really going to make.”

Some private institutions, including Brigham Young University’s campuses in Utah, Idaho, and Hawaii, cite a religious exemption from filing Form 990 and are therefore not included in *The Chronicle’s* analysis.

The Chronicle surveys the pay of public-college leaders separately, publishing new data and analysis each spring. The figures for public colleges are not directly comparable to data reported for private colleges because they reflect slightly different categories of pay and different periods of time.

The most-recent [analysis](#) of public-college leaders found average pay among presidents who served the whole year to be slightly more than \$521,000. Leaders who served full years at institutions surveyed in both 2015 and 2016 saw a pay increase of 5.2 percent.