



College leader “Arms race” means growing paychecks for top brass and balancing act for budgeters

April 4, 2014
by Bob Driehaus

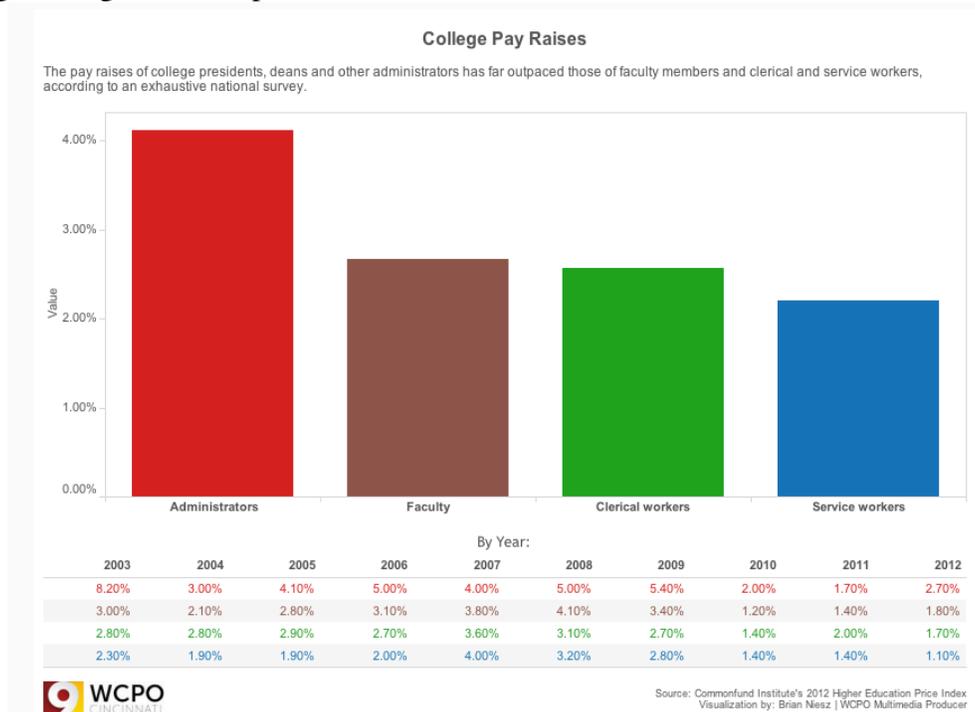
CINCINNATI – Greater Cincinnati's public universities face a conundrum as they seek to attract and retain the best leadership against a backdrop of tight budgets.

For University of Cincinnati, Miami and Northern Kentucky universities the strategy has been to shell out ever-increasing salary and bonus packages in order to land the right presidents, provosts and deans.

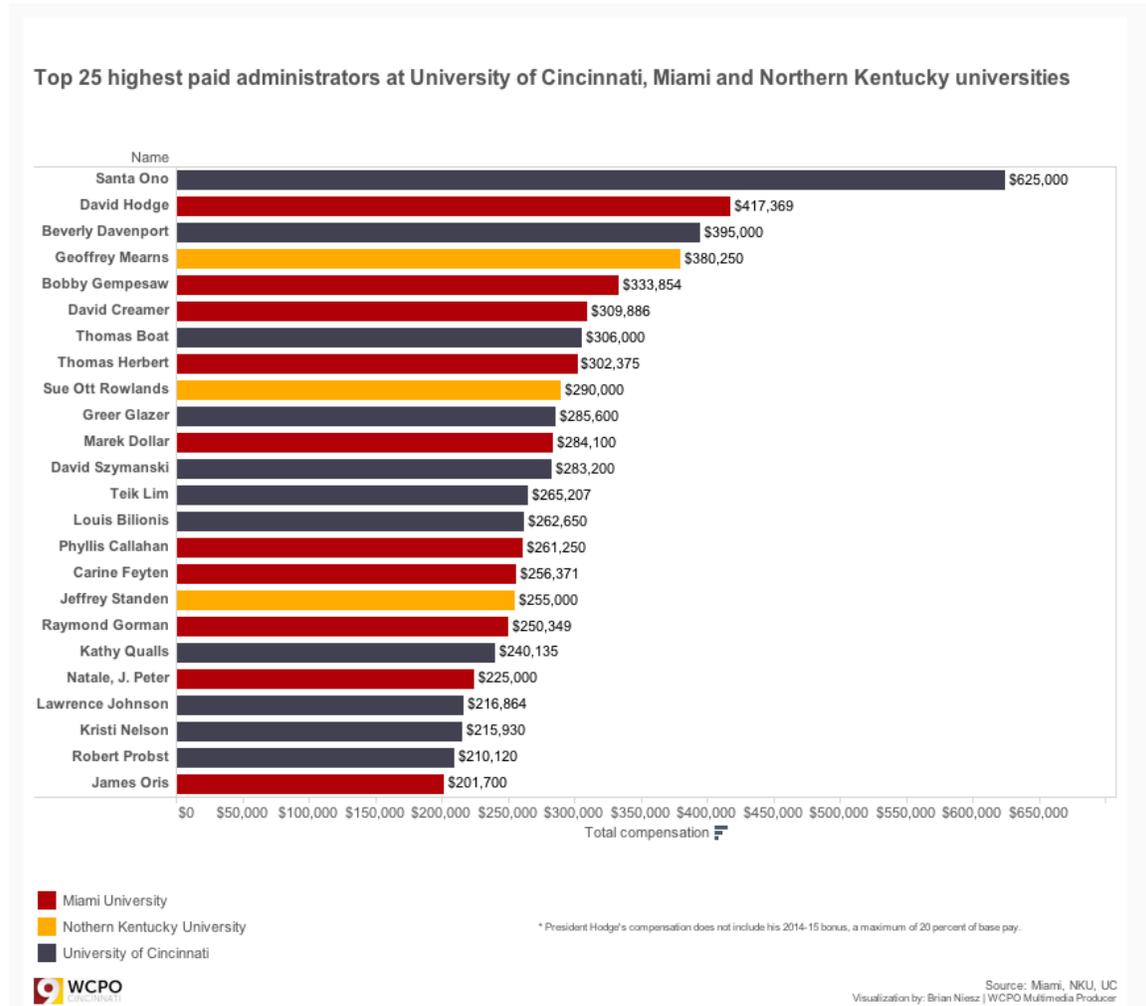
The result, according to some higher education experts, has been a near Cold War among colleges.

"There's an academic arms race at work, and no one participant can unilaterally disarm without negative consequences," Dr. Richard Vedder, director of the Center for College Affordability and Productivity in Washington and economics professor at Ohio University, said.

Nationally, salaries of administrators – executives who oversee faculty and staff –rose an average of 4.1 percent a year 2003-2012, according to Commonfund Institute, which tracks college costs. Salaries far outpaced inflation, which was 2.45 percent a year on average during that same period.



A WCPO analysis of administrative salaries and bonuses, obtained through open records requests, found that the top 25 paid administrators among the three universities made an average of more than \$290,000.



Respectively, the presidents of UC, Miami and NKU made \$625,000, \$417,369 and \$380,250. UC's President Santa Ono still topped his Tri-State peers in total compensation despite turning down his bonus last year. Miami President David Hodge stands to make as much as 20 percent of his base salary in bonuses if he meets all the goals set out in his contract.

Top lieutenants enjoy higher pay as a result of growing presidential salaries in order to keep their salaries in line. UC Provost Beverly Davenport, who joined UC last July, makes \$395,000, more than NKU's president, including a \$214,000 stipend – a recently

employed tactic at UC that ensures administrators who return to full-time teaching revert to a lower base salary. No other administrators have a large stipend, to the knowledge of Lori Griffin of UC's office of general counsel.

"It's a challenge because the state has been cutting back, and we do have limited resources," said Sharon Mitchell, chair of Miami's board of trustees. "But if you want good leadership, you have to pay for it. I think it's a much wiser investment than it is to be penny-wise and pound-foolish and having to deal with consequences of poor leadership."

Another apparent consequence of the administrative salary race is a wider gap between the pay of administrators and everybody else at universities. A 2012 study by the Commonfund Institute found that administrators got bigger raises by percentage – and raw dollars – than faculty and staff members every year between 2002-2012.

"For public comprehensive institutions, salaries have essentially stagnated in real terms, rising by only \$426" in 45 years, after adjusting for inflation, according to the Commonfund report.

"You're starting to see an explosion of salaries at the administrative level that I think is difficult for public universities to justify," Vedder said. "I'm not criticizing any specific people or institutions, but I do think that the higher education community is risking alienation of itself from the broader community."

Vedder attributes the outsized pay increases to compliant boards of trustees who approve salaries and to unchecked competition among institutions and states for the top talent.

College boards ultimately approve administrative salaries, but with the exception of the presidents, they are set by and recommended to the boards by the presidents.

UC Board President Thomas H. Humes agreed that colleges need to have the money available to bring in the best talent. "We feel it's a priority at UC to make sure that we have the ability to attract the best and brightest," he said. "Everyone is on a very tight budget in today's economic climate, but fortunately, our enrollment has been strong, and investments and decisions on investments five, 10 and 20 years ago have been to our benefit."

Ohio and Kentucky have done university leaders no favors in filling out their budgets:• Ohio received an F for funding higher education in the [Student Impact Project](#) conducted by Young Invincibles, which advocates for affordable education. At public colleges, the state has slashed spending per student 27 percent over five years, the report said, leaving the average Ohio student paying \$9,190 more tuition than the national average.• In Kentucky, the average college student fares far better – the state received a B+ in the survey – with tuition costs just slightly above the national average. But NKU remains underfunded compared to other Kentucky publics, despite relatively high graduation rates and other metrics showing it outperforming most of its peers.

"If we received the median state support for Kentucky's comprehensive universities, we would be getting \$16 million more per year in a budget of about \$200 million," NKU's Mearns said. "That is a big difference in terms of our capacity to hire more faculty, staff and to be able to moderate tuition."

With no break in tight budgets on the horizon, NKU will continue walking the tight rope between paying competitive salaries and balancing the books.

"Moving forward, we have to be very cautious about how we pay top administrators," NKU Board of Regents Chair Dennis Repenning said. "That has to be done in balance with what we're paying our faculty people as well."

NKU, a much younger institution than UC or Miami, had just two administrators crack the top 25 in pay among the schools, which isn't necessarily a disadvantage, Repenning said.

Are we having a hard time competing because our budget is not as high as at Miami or UC? I think not. We're still able to attract the very best candidates. They still want to come to NKU because of the flexibility we can provide," he said.

Among Ohio's public universities, UC lags only Ohio State and Case Western universities in administrative pay, giving President Santa Ono the flexibility he needs to attract the best candidates, he said.

"We're competitive," he said.

Ono challenged the notion that individual universities couldn't unilaterally limit administrative pay, pointing out his own decision to forgo his bonuses this school year and for 2014-15.

"I've taken steps to limit raises and bonuses," he said. "It is possible for presidents and institutions to control pay."

Miami enjoys a much larger endowment and additional resources than NKU, but it also faces funding challenges, foremost a smaller share of state spending than most Ohio public schools – an average of \$8,000 less per student.

"We've got to have a salary that's somewhere in the ballpark, but what we're trying to sell is the opportunities that are here and the kind of place we are, working with a team of people with common vision and a place where you can move the dial," President David Hodge said.

Pay was not Hodge's first priority when he considered the top post at Miami. "No. 1 was the place. I just assumed that we were going to find a salary that was okay. I didn't expect it to be at the top or the bottom of the heap. But I came here because this is a place that I could make a difference," he said.

In his experience hiring subordinates, Hodge can't recall a single candidate who declined

an offer because of a lack of funding. "If they're not attracted to the position, money is not going to make a difference."

Likewise, Mearns said his budget has allowed him to attract the best people. "The people who are drawn to NKU are not driven by money. I believe top quality people like Sue (Ott Rowlands, the new provost) are coming because it gives them the chance to make a special contribution in a special place," he said. "This is not a job. This is a calling."

Raises for professors and clerical and service workers continue to lag those of the executives. UC's recently ratified contract with faculty calls for annual raises of 1.25 percent in each of the first two years of the contract and 1.5 percent in the third year.

At NKU, faculty and staff received a 1.5 percent raise this school year after a wage freeze the previous year.

"(Presidents' salaries) used to be a lot closer to where faculty were. In the old days, presidents typically had been faculty members who rose through the ranks," said Dr. Rudy Fichtenbaum, a Wright State University economics professor and president of the American Association of University Professors. "We have now gotten to the point where they are hired by national search committees. It is not that uncommon for university presidents to get paid more than a million dollars a year."

The presidents and board chairs interviewed emphasized that administrators they recruited put salary and benefits lower in priority than their vocations. At least one statistic backs that up. The top 25 college administrators average pay of \$290,928 is dwarfed by that of their corporate counterparts.

A look at data gathered by WCPO's Dan Monk on executive pay at Greater Cincinnati's public companies shows that the top 25 company leaders here made an average of \$6.8 million – more than 22 times as much as the academics.

Vedder said the level of complaining about escalating salaries is increasing but has not been followed by concrete steps to change it.

"I haven't seen anything on the salary front that suggests there's a great deal of moderation," he said. "The salaries are determined by boards, but the boards are largely captured by the people who ostensibly work for the university."

Any substantial change would have to come at least at the state level, with legislatures or boards of regents pulling funding for schools whose administrator salaries exceed a given threshold.

"But I think it would have to be done at a more national level," Vedder said. "We have the same mentality at work in higher education that we had in the 1970s and '80s in the Cold War arms race, so it's going to take more than a single university or board of trustees to change this."