

College Presidents, or CEOs?

Presidential pay is escalating at a time when institutions are cutting budgets

By Robert Atwell

WHILE MANY SITTING and aspiring college presidents seem to be applauding the run-up in presidential compensation, at least a few of us are concerned. The escalation is thus far largely limited to a few wealthy private institutions, but it has also opened the door for the governing boards of public institutions to engage in keeping up with the Joneses.

There is no doubt that the job of college or university president, always difficult, has become much more demanding, with increased attention to fundraising, the intense competition within the industry, and the necessity to work with stakeholder groups with often conflicting pressures. It may not be a 24-7 job, but for many it allows little time for a private life. I have known and worked with hundreds of presidents and have admired the energy, tenacity and vision of most of them.

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But it does not follow that governing boards should follow the recent corporate models characterized by excessive CEO greed, often unrelated to performance. For one thing, some of us believe that greed is out of hand in corporate America as the gap between

the compensation of top executives and their workers grows exponentially and scandalously. That is something to be deplored and not emulated.

But more importantly, successful college presidents need the support of their faculties and other stakeholders. Governing boards too often believe that their institutions are just like a business, in which the CEO, supported by a few carefully selected directors and executives, can call the shots. That is not generally the case in academe, where the stakeholders have much more sway than in corporate America. The responsibilities are comparable but corporate CEOs have much more authority than college presidents. The very term “CEO” is a bit misplaced when applied to academe.

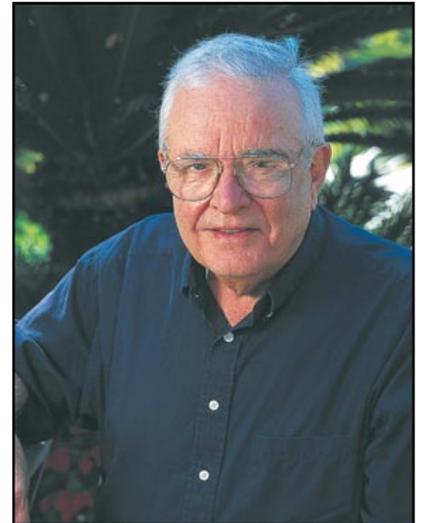
Most college presidents have the credentials and academic record associated with the teaching and research enterprise. This is not to minimize the success of a few “non-traditional” presidents—and I have advocated that governing boards and search committees should be more open to the candidacies of non-traditional persons—but their road to acceptance is made more difficult by the fact that they have not “gone through the chairs.”

Academe has a rather rigid institutional pecking order, accompanied by the snobbery of faculty members who are not easily persuaded to accept any leadership—it is often said that the academy is the last bastion of professional anarchy—and, when persuaded, insist that the leader be one of them. This world view is both the glory and the curse of our industry. Anything that separates the leader from the followers, and escalating presidential compensation is certainly a big factor in this separation, is divisive and ultimately works against the notion of shared governance which is so central to most of our institutions.

It is the case that many presidents (particularly community college presidents) are underpaid, just as it is the case that most faculty and senior staff members are underpaid in light of their responsibilities and their value to society. An oversupply of Ph.D.s in many fields, coupled with the budgetary problems of many institutions, has allowed professorial salaries to fall behind other professions. By contrast, one of the factors contributing to escalating presidential salaries is the mistaken belief that good people will not otherwise take these difficult positions. My experience in the executive search business convinces me that there is no shortage of good candidates for strong institutions, and, while compensation is important, it is not the major driver of presidential aspirants. It is a privilege to have the opportunity to lead a college or a university, and the experience of many of us who have held these jobs is that, with all the difficulties, it is hard to imagine a more rewarding experience.

In addition to the corporate mentality of many governing board members, and the urge to “keep up with the Joneses,” another major force driving up presidential pay is the pressure applied by search firms, which have a tendency to raise the salary bar somewhat higher than necessary in order to be sure their client institutions get the people they want.

Market-driven excesses in football and basketball coaching salaries are another important factor. Those salaries have reached new levels of excess at the top levels of NCAA Division I and are an embarrassing statement about the values



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of our institutions. Making little effort to hold the line on coaching salaries and feeling embarrassed about presidents being paid less than football and basketball coaches, some

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governing boards simply apply the same misplaced sense of values to the presidents.

For presidential pay to be escalating at a time when institutions are cutting budgets, laying off faculty and staff, denying access and raising tuitions undercuts the credibility of the institutions and damages the

relationship between them and the publics they are meant to serve.

Governing boards are urged to exercise caution in the matter of presidential compensation and not follow the herd. I have long believed that multi-year contracts are more important than high compensation because they afford the

president some security when he or she is forced to make decisions that will seriously alienate one or more stakeholder groups.

Academe is increasingly market-driven in everything from curricula offerings to enrollment management and corporate sponsorship of research. Now we are seeing a seemingly market-driven escalation of presidential salaries. While respecting market economics, our colleges and universities have always stood for values that rise above market considerations. The liberal arts embody a set of values by which an educated person is more than a candidate for the labor force, and scholarship is about more than what will sell in the market. These values are seriously compromised when presidential salaries escalate while faculty and staff salaries stagnate. ♦

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