

The highest-paid college president in the nation quadrupled his pay in a single year to \$4 million thanks to a hiring deal, according to a new survey of executive compensation at private universities.

Nathan Hatch, president of Wake Forest University in North Carolina, earned slightly more than \$1 million in 2014. He took home four times as much in 2015, the most recent year of data available, because a lucrative agreement kicked in — a \$255,000 annual set-aside — that he would receive after 10 years on the job.

The bonus sent his pay soaring beyond that of other scholarly tycoons in the loftiest ranks of academia — including the heads of Stanford University and the Ivy League schools — and reflects a spiraling up of executive pay that critics say is rarely linked to quality. Even those who negotiate such pay packages acknowledge that there are factors at work besides merit.

The **Chronicle** of Higher Education's latest yearly look at top-tier pay packages within that competitive world reveals the bonuses, base salaries and pay deals of 568 presidents at 500 private, nonprofit campuses with the largest endowments. The news outlet compiled the data from the schools' 990 federal tax filings.

Private university presidents earned an average of \$569,932 in 2015 — up 9 percent from the year before, the study found. In all, 58 presidents each took home more than \$1 million in 2015, compared with 39 the year before.

California's best-compensated academic was C.L. Max Nikias, president of the University of Southern California. At nearly \$3.2 million, he was the third-highest paid president in the country.

Stanford's former President John Hennessy took home \$1.2 million, placing him 38th — two slots above Peter Salovey of Yale University, at \$1.16 million, but well below Harvard's Drew Gilpin Faust, at \$1.57 million, in the 21st spot. By contrast, Janet Napolitano, president of the public University of California system, earned \$570,000 that year.

Private university officials cite the stellar achievements of their leaders to justify such pay packages, as does Raymond Cotton, a partner with the Washington, D.C., law firm Nelson Mullins, who has negotiated more than 350 presidential contracts at private and public universities since 1980.

But Cotton identifies another, more concrete reason for the high pay: executive recruiters, who have an incentive to promote a compensation arms race. They get a third of the president's first-year salary.

"We have in higher education very competent recruiting companies, many of them made up of former university presidents," Cotton said. "They look at the 990 (tax) forms and see who is underpaid vis-à-vis the market — then try to recruit them out of that school into another, which will pay them more.

"The incentive is all money."

When Cotton began negotiating executive compensation packages nearly 40 years ago, he said, "there were no bonuses."

But gradually, university boards of trustees filled up with executives from the business world, and "that's where the bonuses came from," Cotton said.

Of the 10 highest-paid presidents in the study, nine earned more from bonuses and deferred compensation deals like Hatch's than they did from their base pay.

The fervor for negotiating those perks and packages turned 2015 into an "unusually high" year for presidents earning more than \$1 million, said **Dan Bauman**, database reporter for The **Chronicle** of Higher Education and co-author of the study.

"There is zero data that show that high salaries produce better executives," said William Tierney, a professor of higher education at the University of Southern California and co-director of its Pullias Center for Higher Education, which studies ways to improve colleges' performance.

The University of San Francisco, for example, earns a place in the Princeton Review's "Best 379 Colleges" for 2015 — yet its president, Fr. Paul Fitzgerald, was among 18 in the new study who took no salary and no bonus. The Jesuits pay his living expenses.

"In the last century there has never been as great a discrepancy between the highest paid (presidents) and the lowest paid (janitors and maintenance staff)," Tierney said. "Universities are simply mimicking the behaviors of Wall Street. In doing so, we lose any right to claim a moral advantage. We are a business like any other."

Universities also escape capital gains taxes and investment taxes, while gifts to universities remain tax deductible, said Richard Vedder, a professor emeritus of economics at Ohio University, and director of the Center for College Affordability and Productivity.

"We're giving these people tax privileges because we think they're serving the public good," he said. "But it seems that a disproportionate share of the benefits" go to executives.

Vedder said running a university is tough, and that leaders have to be good fundraisers, brilliant academics and skilled diplomats as they deal with campus protests.

"But that's been true for decades," he said. "I think we are overpaying."

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