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## Compensation of 30 Private-College Presidents Topped \$1-Million in 2008

By Andrea Fuller

Nearly four decades after Bernard Lander founded Touro College with a class of 35 students, the trustees decided that he had been underpaid during his tenure as president. To make up for the difference, they awarded him more than \$4-million in deferred compensation in 2008.

Mr. Lander, who died in February at age 94, received a total compensation package of \$4,786,830, making him the highest-earning private-college president, according to *The Chronicle's* review of federal tax documents from the 2008-9 fiscal year. The review, which included 448 chief executives, found 30 private college leaders who received more than \$1-million in total compensation. In the previous year's report, 23 chief executives earned over \$1-million.

The Internal Revenue Service overhauled the way it instructed colleges to report compensation for 2008. Colleges were asked to report salaries according to the calendar year, not the fiscal year, as in years past, meaning that some dollar amounts overlap with what was reported the previous year.

But one thing remained the same: As in years past, the top earners included presidents who received large payouts when they stepped down. John R. Brazil, who retired in January as president of Trinity University, in Texas, **[4 Year Graduation Rate: 53%]** the second-highest earner during 2008, receiving **\$2,777,653** in total compensation. More than \$2-million of that amount included payout and interest on deferred compensation.

The highest-paid sitting president was R. Gerald Turner, of Southern Methodist University, **[4 Year Graduation Rate: 60%]** earned **\$2,774,000** in total compensation. According to the university, Mr. Turner's compensation was unusually high because he cashed out a life-insurance policy and bought his own policy, which accounted for \$1.5 million of his total pay.

### Four Decades of Service

Mr. Lander, an Orthodox rabbi and a sociologist, founded Touro in 1970 as a Jewish college and watched it grow into an operation with 31 schools and colleges, and branches throughout the world. He was at the helm until his death.

## Range of Total Compensation of College Leaders



Officials of Touro's Board of Trustees say they opted to award Mr. Lander \$4.2-million in retroactive compensation for pay and retirement benefits on the basis of a report from Quatt Associates, a consulting firm that specializes in executive pay in higher education. According to Mark Hasten, the board's chairman, the

firm determined that Mr. Lander had been under-compensated compared with presidents at similar institutions.

At the time of Mr. Lander's death, \$900,000 of the awarded amount had been paid. The remainder will be paid to his estate.

Retroactive compensation is unusual, though not unheard of, for long-serving college presidents. In the 2004 fiscal year, Lynn University rewarded its departing president, Donald E. Ross, with \$4.5-million in compensation to make up for retirement benefits he did not receive during a 35-year tenure.

Unusually large payouts can raise red flags with the IRS, which is why some experts say compensation studies are crucial.

Raymond D. Cotton, a lawyer who specializes in presidential contracts, said any situation in which a college gives away its assets without getting something in return could be problematic. "Simply giving somebody a \$4-million goodbye present, I don't think the IRS would smile on that," Mr. Cotton said. "The IRS doesn't care how popular people are."

Mr. Hasten, the board chair at Touro, said in a statement that it had chosen to provide back pay to Mr. Lander because the board had a "moral obligation" to recognize his work. Mr. Lander was known for his tireless dedication to the college, even in his late 80s and early 90s.

Howard R. Feldman, head of the Faculty Senate at Touro and a biology professor, said of Mr. Lander's pay package, "Assuming he was underpaid, I agree with it. I know he did a lot for the college. ... It was his whole life."

Although Touro has grown in size, the college to some degree remains a family affair. Mr. Lander's son, Doniel, serves on the Board of Trustees and was appointed chancellor of the college this year. He was a vice president in 2008, according to tax forms. Nathan Lander, Bernard Lander's brother, previously served as a vice president and chair of the sociology department and is now a professor emeritus.

Both Bernard Lander and his son were on the 12-member board when it approved his big payout. However, Barbara Franklin, a college spokeswoman, said both men recused themselves from voting on the pay package, which was approved unanimously.

In addition, the 2008 tax form shows that Nathan Lander had a \$107,829 loan from the college for medical expenses, and that the president had borrowed \$280,000 from the college to purchase a residence.

About \$200,000 of the president's loan was outstanding in 2008, according to tax documents. According to Ms. Franklin, the college plans to reduce the deferred-compensation package, at the president's earlier request, to make up for what is owed on the Lander brothers' loans.

Family connections between trustees and chief executives are identified as a possible concern by the Association of Governing Boards of Universities and Colleges. In its recently revised guidelines on board conflicts, the association says financial ties involving a trustee's immediate family should be disclosed and regulated by the board's conflict-of-interest policy. Touro followed that protocol. But financial transactions with direct relatives could give the appearance of a conflict of interest, the guidelines say.

### **Million-Dollar Goodbye**

Though this year's list of top earners included the presidents of some of the country's wealthiest research institutions, such as Vanderbilt, Columbia, and Yale Universities, many other of the highest earners came from smaller colleges. Other presidents receiving large one-time payouts included John L. Lahey, of Quinnipiac University, [4 Year Graduation Rate: 70%] earned \$1,845,427 in total compensation, and Walter D. Broadnax, of Clark Atlanta University, [4 Year Graduation Rate: 27%] received \$1,158,537 in total pay, according to tax forms.

Lynn Bushnell, vice president for public affairs at Quinnipiac, said in a statement that Mr. Lahey's compensation was unusually high because of a large one-time reimbursement for major repairs and renovations to the president's 23-year-old house, and that accounting rules required the college to treat that money as taxable income.

Mr. Broadnax left Clark Atlanta in 2008 amid controversy regarding his ability to lead the financially struggling institution. He received a vote of no confidence from the Faculty Assembly before retiring.

It remains unclear how much of Mr. Broadnax's total pay was related to his retirement. According to a review of Clark Atlanta's tax forms, \$1,149,666 of his total compensation was reported as base pay, which Donna L. Brock, a spokeswoman for the university, said was an error. She said the university had mistakenly lumped together Mr. Broadnax's base pay, bonus, and payments related to retirement, and plans to file an amended tax form.

The university declined to further elaborate on the pay or to comment on Mr. Broadnax's large payout in light of Clark Atlanta's financial troubles, calling it a confidential personnel matter.

Diane Plummer, a former head of the university's Faculty Assembly, called the president's pay "disgraceful" given Clark Atlanta's financial situation and the layoffs that occurred during his tenure.

"We assessed him up, down, sideways, and backwards," she said of the assembly's vote of no confidence. "We couldn't find anything that the man had done right, and yet he was paid all this money."

### **More Big Paychecks Expected**

Compensation experts say that large, one-time awards will continue to determine the top-earning presidents for years to come.

In addition, said Brian H. Vogel, senior principal at Quatt Associates, the compensation packages for 2008 reflect salaries set before the recession, when presidents began to take pay freezes or cuts.

But Mr. Cotton, the lawyer, pointed out that baby boomers make up the largest share of college presidents, and that many of them are likely to retire soon and see large payouts.

He expects executive pay to continue to rise. More and more boards are made up of businesspeople, who are adopting practices from the for-profit sector, such as incentive bonuses. Businesspeople, he said, are more likely to treat colleges like corporations, and can get "carried away" in establishing pay and generous retirement plans.

What's more, he said, with the large number of retirements soon to come, boards compete against one another for the top talent—making them more willing to cut deals for large payouts.

"Presidential compensation has been shooting up because of a disparity between supply and demand in the marketplace," he said. "There continues to be a greater demand for people who can do these jobs well than there is a supply."

*Paul Fain contributed to this report.*