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Perks pad pay for Illinois university presidents

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Illinois public university administrators' salaries are increasing, but only slightly, and some top officials are returning part of their pay for scholarships and to pay for other projects during tough economic times, a survey of college contracts shows.

The State Journal-Register obtained most of the contracts under the state's Freedom of Information Act after questions were raised several weeks ago about retiring University of Illinois Springfield Chancellor Richard Ringeisen's exit package. Under his agreement with the U of I, Ringeisen gets a year's paid leave worth \$273,500.

The survey of contracts and letters of appointment for all of Illinois' 12 public universities reveals:

— Base salaries range from \$620,000 for the new U of I president to \$125,000 for the president of Chicago State University, although another \$129,000 of his pay is put into a deferred compensation plan.

— The contracts often come with lucrative payouts when an administrator leaves the U of I system. For example, Michael Hogan, the new University of Illinois president, will earn a \$225,000 retention bonus if he stays the full five years of his contract.

— Many contracts outline additional perquisites, ranging from a car and driver for the U of I president and chancellor at the University of Illinois Chicago to three club memberships for the UIS chancellor. A residence — in some cases two — is part of the packages, adding to the total compensation.

The Illinois salaries aren't tops in the nation, though, according to other surveys. And the base pay packages might not be the lure in getting a qualified candidate, says one expert.

"These days, those kinds of salaries, just taking them alone, is not going to get anyone too excited where university presidents and administrators are concerned," said David Lewin, a compensation expert and Neil H. Jacoby Chair in Management at UCLA.

Pay is market-driven

Hogan, just named the U of I's 18th president, was making \$577,500 annually plus \$45,000 in deferred compensation as president of the University of Connecticut.

His new salary of \$620,000 drew protests from at least one Illinois lawmaker and others when Hogan's selection was approved by the board of trustees earlier this month.

The Chronicle of Higher Education annually surveys compensation for both public and private university presidents.

Its latest survey for 2008-09 found that median total compensation for chief executives at public universities was \$436,111, a 2.3 percent increase over the previous year.

Only one public university president, E. Gordon Gee of Ohio State University, topped the \$1 million mark, compared to 23 private-school presidents who made more than \$1 million in total compensation in 2007-2008, the Chronicle's most recent measure of those compensation packages.

"Salaries of \$250,000, \$300,000 are quite common," Lewin said. "A salary of \$450,000 (that of former University of Illinois President B. Joseph White before he resigned effective Dec. 31) is toward the higher side, but not necessarily too much."

The U of I raised the bar with the Hogan announcement.

U of I spokesman Thomas Hardy said the market for top administrators is very competitive, and such a salary was needed to attract a top-notch candidate.

Hardy said Hogan's contract is similar to compensation for presidents of some of the other Big Ten schools.

The University of Illinois system, which includes UIS, appears to be more generous to its executives than other Illinois public universities.

"It's driven by the market," Hardy said. "These are large, complicated, complex organizations with a lot of employees."

The University of Illinois system is larger than all the rest of the state's public universities, with a \$4.6 billion annual budget and between 71,000 and 75,000 students at three campuses.

"It has major research engines at both Urbana and Chicago and 24,000 employees, including 5,700 faculty members," Hardy said. Research spending at the U of I is about \$771 million.

He cited the university's complexity, from having a teaching hospital in Chicago to operating an airport at Urbana.

Uconn, Hogan's previous school, has an enrollment of about 30,000 students and an annual budget of \$1.7 billion.

Salary supplements

Base salaries are only a portion of total compensation. Retention bonuses, deferred retirement contributions, tenured professorships, housing and other sweeteners also come into play.

When he set his retirement date on Dec. 31, White, the former U of I president, said he would forgo a \$475,000 retention incentive that would have been due him on Jan. 31 "in recognition of the university's difficult financial situation and the sacrifices being made by faculty and staff."

The contract Hogan just signed calls for a \$225,000 retention bonus after five years.

Paula Allen-Meares, chancellor of the University of Illinois Chicago, will be due a \$375,000 retention incentive on the fifth anniversary of her hiring.

"Instead of a retention bonus, you should just increase their pay if you're going to keep them," Lewin said. "Don't try to do

bonuses and don't try to do supplements. If you weren't paying them what they were worth at the time, then you should revisit that."

Another contract provision for Meares allows for a \$70,000 half-time professional appointment for Meares' husband, Henry Meares, any time before Jan. 14, 2012. He would do outreach on behalf of UIC to underrepresented minority students in the Chicago public schools and other school systems and to historically black colleges and universities.

"You have to be qualified," Hardy said of the "trailing spouse" practice. "It's not unusual."

"Dr. Meares (Henry) is qualified for an academic position if one is available," he said.

Henry Meares has not taken the UIC job, Hardy said, and remains on the faculty in the College of Education at the University of Michigan. He said Henry Meares was principal at University High School in Urbana when Paula Allen-Meares was dean of the College of Social Work at the Urbana campus.

Lewin thinks the trailing-spouse practice is another bad idea.

"Put that \$70,000 into the main person's salary," he said.

Ringeisen's deal

Bill Perry, the president of Eastern Illinois University in Charleston, is allowed to display university-owned artwork in his residence, but only for nine months at a time.

And the contract of Glenn Poshard, president of Southern Illinois University and a former U.S. congressman and Illinois gubernatorial candidate, prohibits him from participating in partisan politics during his tenure as SIU president.

Some presidents are mirroring the austerity practices of their own universities.

Western Illinois University President Al Goldfarb asked the school's board of trustees not to increase his compensation for 2009-10. The trustees honored Goldfarb's request, but said his performance was worthy of a raise.

WIU spokesman Darcie Shinberger said Goldfarb regularly gives back to the university a portion of his salary for various uses.

White could have collected \$475,000 simply by delaying his retirement a month, but chose not to.

When UIS' Ringeisen announced earlier this year that he was retiring effective Oct. 31, the offer by interim U of I president Stanley Ikenberry of a 14-month consulting job at Ringeisen's current salary — a position worth about \$319,000 — caused a stir. Employee furloughs and other cost-cutting due to the state's budget crisis had been announced just weeks earlier.

As a result, Ringeisen and Ikenberry agreed that Ringeisen would retire under terms of a letter from then-U of I President James Stukel in 2001.

The letter offering Ringeisen the chancellor's post gave him a one-year administrative leave, at a salary equal to his last year as chancellor (\$273,500, which includes a housing allowance that is a percentage of his salary), upon his leaving the administrative post. After that, he could return as a professor of mathematics at 9/11ths of his current salary.

In announcing his retirement, Ringeisen gave up his tenure rights, saying he wouldn't return as a faculty member.

Lewin said Ringeisen's one-year leave of absence compares with sabbaticals that commonly are given faculty members.

"Some universities are eliminating sabbaticals, and an end-of-career sabbatical would be very unusual," Lewin said. "They are usually taken mid-career, with the idea that the faculty member will come back refreshed and reloaded."

"I don't think I'd pay for a sabbatical after someone leaves," he said.

Housing biggest perk

Many of the state's public universities provide housing — in some cases two residences — or housing allowances for their presidents and chancellors.

"Lots of colleges and universities provide residences," Lewin said. "Housing is far and away the biggest perk. Other benefits, such as health care, usually are not that different from what the faculty receives."

Hogan will live on campus in a 14,000-square-foot Georgian Revival home that serves both as residence for the president and family as well as a receiving point for visiting dignitaries, alumni, community groups and supporters.

It was completed in 1931 at a cost of nearly \$225,000 and has been the official residence for the head of the University of Illinois since then.

Paula Allen-Meares, the chancellor at UIC, moved to the Jonasson House on West Jackson Boulevard in Chicago after the university refurbished public areas.

Many of the state universities once had residences, but now provide housing allowances to their presidents.

When UIS was Sangamon State University and not part of the U of I system, it had a residence for its president on West Lake Drive. Former UIS Chancellor Naomi Lynn was the last UIS executive to use the house as a residence, and she moved out while she was still chancellor. The house has since housed the UIS alumni office and development office, although both eventually moved elsewhere.

Ringeisen receives a housing allowance and lives in his own home at Lake Springfield.

White, in addition to the U of I President's House in Urbana, also was provided with an apartment or condo in Chicago as part of his package.

The practice of providing a car for top administrators varies. Sometimes a car is provided for both business and personal use; sometimes just for university-related travel. And the U of I president and UIC chancellor get the use of a car for university business and are provided drivers.

Club memberships, too

The Jan. 31, 2001, letter offering Ringeisen the UIS chancellor's post said the university would "support and facilitate" memberships for Ringeisen in the Sangamo Club, Island Bay Yacht Club and Illini Country Club.

The U of I Foundation pays for those memberships, and what it pays isn't public information, Hardy said.

However, according to the clubs' websites, annual dues for the three combined are about \$6,850, with another \$2,500 in special fees and food minimums.

One-time initiation fees for the three clubs total \$12,750, but it isn't known if the foundation paid those specifically for Ringeisen.

Universities or university foundations pay club membership dues for presidents at Northern Illinois University, Illinois State University, Governor's State and EIU, as well as for Meares at UIC.

The idea is that administrators can use these memberships in fundraising and otherwise generate goodwill for the university.

Lewin said offering executives memberships in country clubs is "a very common practice in Japanese companies. But it is unusual for presidents and chancellors of universities."

"Why would you put yourself in a position of giving perks that might be questioned as a way of avoiding taxation?" he said. "I think it's short-sighted."

Lewin said one reason public colleges and universities are wrapping more compensation around bonuses and other perks is that they typically have to deal with state legislatures.

"They don't want to appear to be paying a big number," he said.

Nonetheless, Lewin isn't a big fan of awarding perks to supplement salary.

"You do find these arrangements," he said. "Business school deans get bonuses if the school gets higher up in the rankings. They are all very bad ideas, I think. They're crossing the line on incentives."

Drop in the bucket?

Still, university administrators' compensation isn't in the same league with that of corporate CEOs.

"Size matters so much here," Lewin said. "With large corporate CEOs, what college administrators make is a drop in the bucket. But for medium- and smaller-sized companies, you can work your way up to seven figures pretty quickly and you start to get into shouting distance."

"For private equity firms, you can multiply those numbers by 50," he said.

He said compensation for leaders at larger not-for-profits also has increased dramatically. Not-for-profits' use of bonus pay has increased substantially, and it usually is correlated with the amount of money raised.

"President and administrator compensation is rising much more rapidly than faculty, but less than football and basketball coaches," he said. "But not soccer and lacrosse coaches."

Chris Dettro can be reached at 788-1510.

Perks

The State Journal-Register survey of Illinois public universities found, among other perquisites, contract provisions giving top administrators:

- * The use of automobiles, and in some cases the use of a driver;
- * Reimbursement for university-related entertainment and travel;
- * The opportunity for a qualified spouse to take a half-time professional appointment at \$70,000 per year;
- * The option to return to the ranks of tenured faculty upon retirement as administrator; and
- * Paid country club and other social memberships.

National rankings

No Illinois public university leader cracked the Chronicle of Higher Education's top 10 in base salary, but Paula Allen-Meares, chancellor at the University of Illinois Chicago, is ranked 10th in bonus pay, which includes the values of all bonuses for which executives qualified during 2008-2009, even though some bonus amounts may not be received during the period.

Allen-Meares is listed in the survey as annually qualifying for \$75,000 in bonus pay.

The president of Florida State University qualified for the most bonus pay, \$285,000.

Southern Illinois University President Glenn Poshard was ninth in the Chronicle's survey of annual retirement pay at \$55,066. Luis Proenza, president of the University of Akron, topped that list with \$94,405 in retirement earnings in 2008-2009.

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