

Academic Excess

Executive Compensation at Leading Private Colleges
and Universities in Massachusetts



A Special Issue Brief



September 2011

Executive Summary

THIS SPECIAL ISSUE BRIEF provides an in-depth analysis of excessive executive compensation at leading private, nonprofit institutions of higher learning in the Commonwealth of Massachusetts. In recent decades, as the cost to attend a private college or university has spiraled upward, increasing numbers of senior college administrators have received six- and seven-figure compensation packages that place them at the upper echelons of the national income distribution.

The financial crisis of 2008–09 appears to have done little to dampen the size of compensation packages received by the most highly paid college officials, even as colleges themselves have imposed draconian cuts upon programs and lower-level staff, often in response to sharp declines in the value of their endowments.

Because nonprofit colleges are tax-exempt and heavily dependent upon generous federal and state grants and programs, the taxpaying public finds itself subsidizing this academic excess. At the same time, the lack of wider transparency from schools about pay schemes makes it difficult to assess fully the state of excessive pay arrangements. Much remains hidden from public view.

Based on investigative research and a review of the most recent tax filings of the 20 wealthiest private Massachusetts colleges and universities, with endowments worth more than \$50 billion in total assets, researchers at the Center for Social Philanthropy at Tellus Institute made the following findings:

- **Despite new IRS guidelines requiring fuller disclosure of nonprofit compensation since 2008, the compensation of many highly paid college employees remains undisclosed** because of the narrow definition and limited number of “key employees” that schools are instructed to report.
- **More than \$157 million** was disclosed as paid to the 339 officers, directors, and “key employees” reported by the 20 most well-endowed Massachusetts colleges during fiscal year 2009, the most recently available data.
- **The average disclosed pay for each employee amounted to more than \$464,000.** The highest reported pay package for each school ranged from \$345,000 (Clark University) to \$6.4 million (Harvard University).
- **Twenty employees reportedly received compensation in excess of \$1 million.**
- **Harvard University dominated the Top 20 making in excess of \$1 million**, with 11 employees reported with compensation above that level. The highest pay package was \$6.4 million, which alone amounted to more than the combined total of all disclosed employee pay at 14 of the institutions in our sample.
- **Pay disparities between the highest-paid employees and other more modestly paid faculty and staff vary widely.**
- **The median inequality ratio between highest and lowest-paid employees across the schools analyzed here was 22.2.**
- **At Harvard University, inequality was wider than that found on average among the largest for-profit corporations in the United States.** The highest-paid employee at Harvard was reported to receive 180 times the annualized wage of a unionized custodian on campus and more than 33 times the salary of a full professor.

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- **Babson College had the lowest pay disparity**, with the highest employee paid 11.4 times the annualized wage of a custodian and 2.7 times the average salary of a full professor.
- **Outside compensation received by college officials from corporate board service, consulting, speaking, and other outside activities remains undisclosed by colleges**, even when they amount to substantial sums or present potential conflicts of interest, as many of them appear to do. For a subset of the most highly paid employees, more than \$18.8 million in additional outside compensation was identified, amounting to more than \$723,000 per employee on average.

Introduction

IN RECENT DECADES, the cost of private, nonprofit higher education has outstripped the pace of inflation by a staggering rate. Over the last 40 years, private college tuition and fees have increased twice as fast as the median U.S. household income.¹ The College Board has tracked trends in college pricing since the late 1990s and repeatedly found that the published price to attend college has increased “much more rapidly” than other prices in the economy.² In New England, the most expensive region for higher education, total college costs have increased more than 21 percent over the last decade, even after adjusting for inflation.³

Many factors affect the rate of increased college costs, but far too little attention is paid to excessive executive compensation on college campuses. High six- and seven-figure pay packages are now routinely awarded to college presidents, finance and investment officers, athletic directors and coaches, and other senior administrators, mirroring excessive compensation trends in the for-profit private sector. In addition to increasing the expense burden on campus budgets, these excessive compensation packages have distorted college pay structures, creating widened inequality between the most highly paid employees and much more modestly paid college staff, whose work in dorms, offices and dining halls is essential to the basic functioning of any campus. A wide body of commentary has highlighted the demoralizing and destabilizing effects of wide pay disparities on workplaces.⁴

Because colleges are repeatedly among the largest employers in their local communities, magnified social stratification among employees on campus can also shape broader social inequality across the regional economies from which their workforce is drawn.⁵ As economist Dean Baker of the Center for Economic and Policy Research has argued, “exorbitant pay received by top executives is passed on in higher prices to everyone.”⁶ Excessive compensation doled out to senior college administrators, subsidized by the public through generous nonprofit tax exemptions, raises the cost of living in the broader economy in ways that magnify even more acutely the effects of widened pay differentials on campus. Wide wage dispersion deepens town-gown divisions.

At the same time, nonprofit private colleges benefit from generous fiscal privileges—ranging from property and income tax exemption to access to low-interest public financing through the tax-exempt bond markets—because the public expects higher educational institutions to serve a higher charitable public purpose. At a time when millions of dollars in extremely high pay are going to a relatively small handful of college executives, calls for greater transparency about college finances are also being heard from taxpayers, students and parents, other faculty and staff, alumni and donors, campus and community stakeholders, and the public at large. Indeed, lawmakers in states such as California, Massachusetts and South Carolina have recently introduced various versions of transparency legislation focused on higher education. Just as shareholders have managed to win a mandatory “say on pay” in the form of advisory votes on executive compensation at publicly traded companies, taxpayers and the public are beginning to demand greater accountability for excessive pay schemes that their tax dollars are, in effect, subsidizing.

This Issue Brief further explores the issues raised in the Center for Social Philanthropy at Tellus Institute’s 2010 report *Educational Endowments and the Financial Crisis*, which examined the crisis of stewardship and compensation trends at six leading New England colleges.⁷ Here we broaden our analysis by providing an in-depth look at the state of excessive executive compensation at the 20 most well-endowed private colleges and universities in Massachusetts. This is a timely assessment given the fact that legislation has recently been introduced in the state calling for much fuller disclosure of high compensation to college employees, including their outside compensation from third parties.⁸ Currently, even after a recent modification of IRS reporting guidelines to require fuller levels of compensation disclosure on federal tax filings, colleges are still only required to disclose the highest compensation paid to the top five most highly paid employees making at least \$100,000 and the top 20 “key employees” making at least \$150,000—leaving unreported many other recipients of high pay.⁹

Our research here documents the extent of disclosed compensation at the wealthiest Massachusetts schools, within current limits of transparency, as well as the numerous forms of undisclosed compensation that highly paid college officials have often

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received from corporate board service, corporate speaking engagements and outside consulting positions. Officials at schools such as Babson, Bentley, Boston University, Harvard, MIT, Smith, Tufts and Wellesley, among others, have regularly received six-figure compensation from service on boards at companies such as Bank of America, Merrill Lynch, Bertucci's, Boston Properties, DuPont, GE, Insmmed, Progress Energy, Seragen and Unum Group, not to mention untold sums from serving on private boards, yet none of this outside pay has been reported by schools.¹⁰ Even outside compensation that presents appearances of conflicts of interest, as many of them do—whether to doctors who receive pay for touting pharmaceuticals, to economists and business school professors who moonlight with hedge funds or receive consulting fees to promote their sponsors' business objectives, or to college officers sitting on boards of companies that do business with schools—is not transparently disclosed in state or federal filings. These outside sources of income have also further magnified the growing pay disparities already seen in executives' disclosed school compensation.

Reported Academic Compensation

The top 20 wealthiest Massachusetts schools disclosed payments of more than \$157 million in total compensation to 339 different employees on federal IRS filings during the 2009 fiscal year, the most recent data available for all the schools in our sample.¹¹ Across our entire data sample, the average disclosed pay package for each employee amounted to more than \$464,000. The 2009 fiscal year happens to include the academic year most dramatically impacted by widespread endowment declines during the financial crisis, when schools implemented severe austerity measures, layoffs and other reductions in force. Despite these draconian measures meted out during this difficult year, 20 school officials across our sample still reportedly received more than \$1 million in compensation from their respective schools. As Table 1 illustrates, half of those top 20 were paid in excess of \$2 million, including numerous executives at Harvard Management Co., which suffered the worst investment return in the school's history that year.¹² Those most directly responsible for financial decision-making remained among the most richly rewarded.

Table 1. Reported Top 20 Compensated Massachusetts Private College Employees: 2009

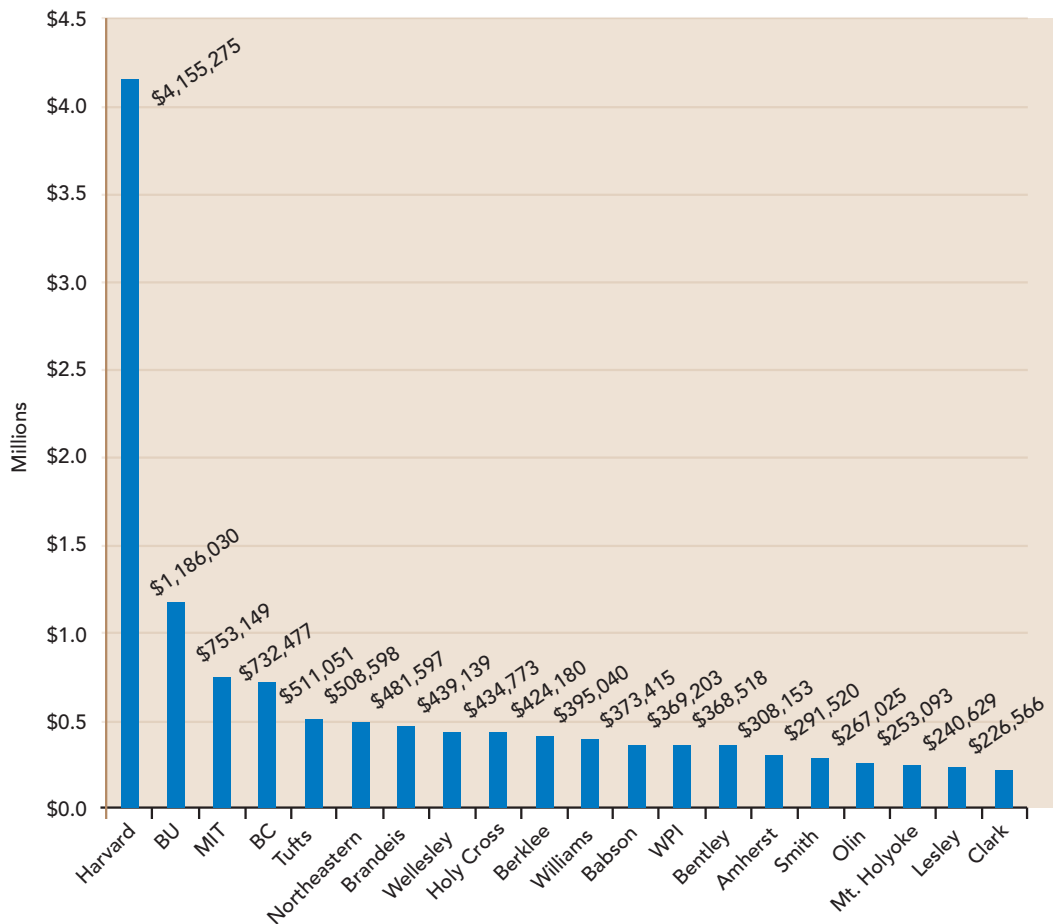
School	Name	Title	Compensation
Harvard	Stephen Blyth	Managing Director, Harvard Mgmt Co.	\$6,401,969
Harvard	Marc P. Seidner	Managing Director, HMC	\$6,339,005
Harvard	Stanley Zuzic	SVP Domestic Equities, HMC	\$4,900,216
Harvard	Steven A. Alperin	Managing Director, HMC	\$4,403,760
Harvard	Andrew G. Wiltshire	Managing Director, HMC	\$3,883,029
Harvard	Jane L. Mendillo	President and CEO, HMC	\$2,788,264
Harvard	Peter F. Dolan	Managing Director, HMC	\$2,524,307
BU	Kenneth G. Condon	Former VP, Financial Affairs; Treasurer	\$2,336,150
Harvard	Joseph A. Auth	SVP Domestic Fixed Income, HMC	\$2,001,649
Harvard	David R. Mittelman	Former SVP Fixed Income, HMC	\$1,803,069
BU	Jeffrey H. Spiegel	Professor/Physician	\$1,282,130
Harvard	William E. Fruhan	Professor, HBS	\$1,189,994
BC	Eugene B. DeFilippo	Athletics Director	\$1,159,762
BC	Jeffrey J. Jagodzinski	Head Coach, Football	\$1,153,411
Holy Cross	William R. Durgin	Chief Investment Officer	\$1,083,797
BU	Timothy E. Foster	Professor/Physician	\$1,072,930
BC	Albert L. Skinner	Head Coach, Men's Basketball	\$1,056,855
BU	Robert A. Brown	President	\$1,043,292
BU	James M. Becker	Professor/Physician	\$1,027,231
Harvard	Daniel V. Kelly	Managing Director, HMC	\$1,014,518

SOURCE: IRS Forms 990; Tellus Institute analysis

NOTE: Includes only employees reported by the top 20 most well-endowed schools in Massachusetts.

Some colleges and universities reported compensation for significantly more employees than others.¹³ Because of the complexity of its operations and its large number of highly compensated employees, Harvard University provided compensation data for 42 employees, while Berklee College of Music disclosed compensation data for only eight, the lowest number in our sample. In order to develop commensurable analyses across the schools, we gave particular attention to the top eight most highly compensated employees at each school. Despite recent additions to the reporting requirements related to compensation on IRS Form 990, colleges are still only required to report the compensation of the 20 highest compensated “key employees” making more than \$150,000 and the five highest-paid employees making more than \$100,000. Schools that have a higher number of employees making more than these amounts currently face no requirement to disclose high compensation beyond these top “key employees.” Relying solely on disclosed compensation therefore provides an understatement of the full state of excessive college compensation.

Figure 1. Average 2009 Disclosed Compensation of Top 8 Employees at Each School



SOURCE: IRS Forms 990; Tellus Institute analysis

Among the eight highest-paid employees reported by each school, we found the average disclosed compensation to range from \$226,565 at Clark University to \$4,155,274 at Harvard. This wide range is attributable primarily to the exceptional compensation of Harvard’s in-house investment managers, who are responsible for managing the school’s \$32 billion endowment, the largest college endowment in the country. Figure 1 shows a comparison of average disclosed compensation across all schools and highlights how substantial an outlier Harvard is within our

sample. As shown in the figure, BU was the only other school to report the average pay for its top eight employees in excess of \$1 million. MIT and BC followed BU with the third- and fourth-highest average levels of reported compensation, both more than \$700,000. The average compensation of the top eight highest-paid employees disclosed by Tufts and Northeastern exceeded half a million dollars. The median of average reported compensation for the top eight employees across all schools was more than \$384,000.

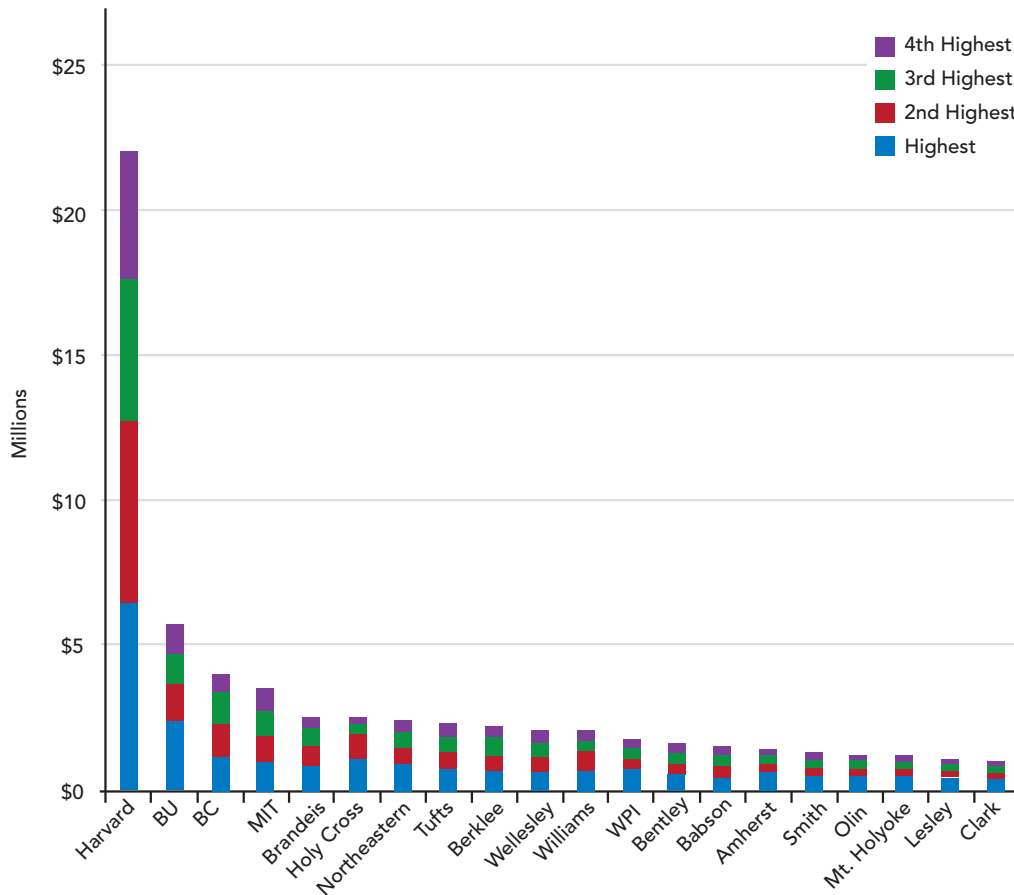
Table 2. Highest Compensated Employee Reported at Each School: 2009

School	Name	Title	Compensation
Amherst	Anthony Marx	President	\$589,281
Babson	Jay Rao	Prof., Technology and Operations Management	\$421,218
Bentley	Gloria Cordes Larson	President	\$560,325
Berklee	David R. Hornfischer	VP, Administration and Finance	\$664,193
BC	Eugene B. DeFilippo	Athletics Director	\$1,159,762
BU	Kenneth G. Condon	Former VP, Financial Affairs; Treasurer	\$2,336,150
Brandeis	Jehuda Reinharz	President	\$830,643
Clark	John Bassett	President	\$344,499
Holy Cross	William R. Durgin	Chief Investment Officer	\$1,083,797
Harvard	Stephen Blyth	Managing Director, HMC	\$6,401,969
Lesley	Joseph B. Moore	President	\$401,956
MIT	Seth Alexander	President, MIT Investment Management Co.	\$960,220
Mt Holyoke	Joanne Creighton	President	\$463,759
Northeastern	Joseph E. Aoun	President	\$912,983
Olin	Richard K. Miller	President	\$457,326
Smith	Carol T. Christ	President	\$457,173
Tufts	Lawrence S. Bacow	President	\$723,480
Wellesley	H. Kim Bottomly	President	\$601,433
Williams	Morton Owen Schapiro	President	\$684,430
WPI	Dennis D. Berkey	President and CEO	\$724,149

SOURCE: IRS Forms 990; Tellus Institute analysis

As highlighted in Table 1, finance and investment officers, medical school professors, and athletic coaches and directors dominate the list of 2009's Top 20 most highly compensated employees. Eleven of the top 20 reported with compensation over \$1 million were from Harvard, 10 of whom are current or former investment professionals at Harvard Management Co., the university's investment management arm responsible for managing the school's endowment. Former bond trader David Mittelman, who left Harvard Management Company in 2005 to form a hedge fund after receiving widely criticized compensation packages earlier in the decade totaling some \$100 million, received more than \$1.8 million in 2009, four years after his departure from the university.¹⁴

Figure 2. Combined Compensation of Four Highest-Paid Employees Reported in 2009

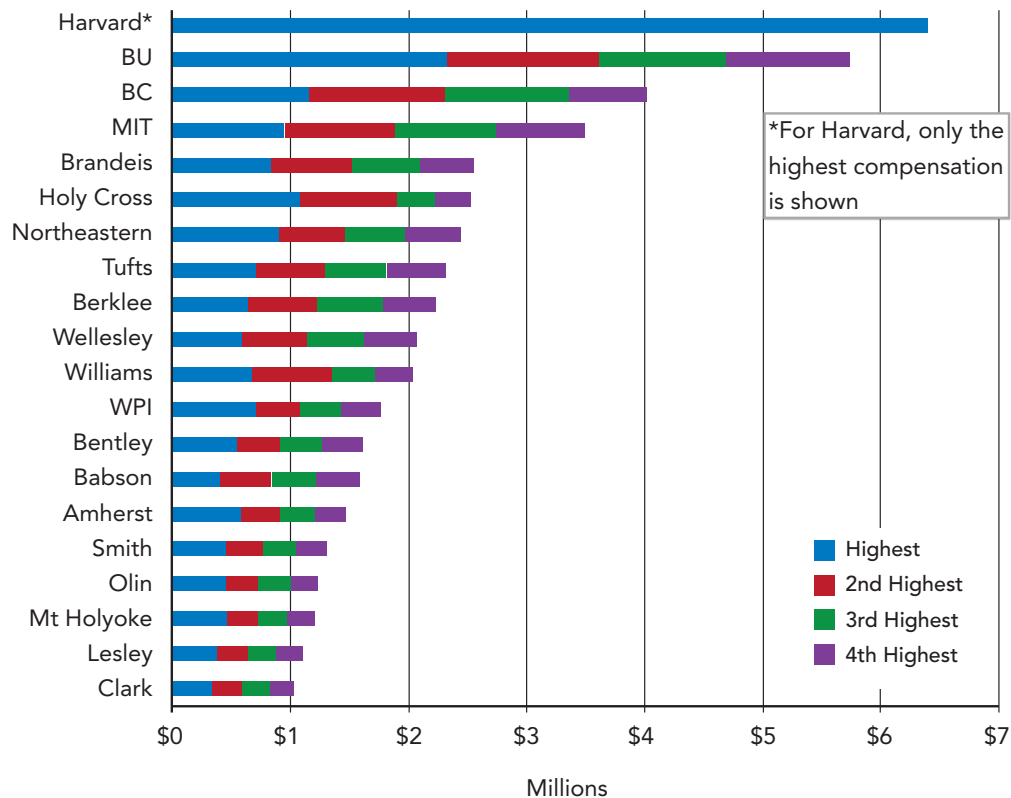


SOURCE: IRS Forms 990; Tellus Institute analysis

Beyond Harvard, finance and investment officers frequently overshadowed the pay for most other positions at their institutions, even at schools such as the College of the Holy Cross, where the chief investment officer was among the top 20 reported as being paid in excess of \$1 million. BU compensated its top financial professional, former treasurer Kenneth Condon, more than \$2.3 million, more than double the compensation of university President Robert Brown. With \$1.04 million in compensation, Brown was the only college president to make the top 20 based on disclosed compensation. Harvard's highest-paid employee reported in 2009, Stephen Blyth, managing director at HMC, was compensated more than seven and a half times the earnings of Harvard President Drew Gilpin Faust, who earned "only" \$822,000. The three individuals from Boston College among the top 20, Eugene DeFilippo, Jeffrey Jagodzinski and Albert Skinner, each received their compensation as employees of BC's athletics program.

Although only one president makes the top 20 list, the highest-paid employee reported at each school is generally the president. As Table 2 highlights, 13 of the top 20 wealthiest schools in Massachusetts disclosed paying their president more than any other employee. At Berklee, BU, Harvard, Holy Cross and MIT, however, finance

Figure 3. Combined Compensation of Four Highest-Paid Employees Reported in 2009*



SOURCE: IRS Forms 990, Tellus Institute analysis

and investment officers were the single highest-paid officer. At BC the athletic director was the most compensated, highlighting the role of big-money sports at a school where the president, a Jesuit priest, receives no pay as part of his perpetual vow of poverty. Babson was the only school where an academic professor was disclosed as the most highly paid: Jay Rao, a professor of technology and management, was reported as making more than \$421,000. The highest reported pay package for each school ranged from nearly \$345,000 (Clark University’s president) to \$6.4 million (Harvard Management Co.’s Stephen Blyth).

To extend our analysis beyond the single top-compensated employees and presidents, Figure 2 presents the combined reported earnings of the four highest-compensated employees at each school. Harvard, BU, BC and MIT are in the top four places by this metric, with each school’s four highest-paid employees’ combined compensation reported to be in excess of \$3.5 million. Figure 3 visually highlights again how exceptionally excessive Harvard’s compensation is at the top within our sample. The \$6.4 million in pay reported for Harvard’s single highest-paid employee, Stephen Blyth, amounts to more than the combined total of the four top earners at each of the other 19 institutions in our sample and more than double the earnings of the top four employees at 16 of the schools.

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Indeed, for 14 of the schools, Blyth's compensation was higher than the reported compensation of all disclosed employees combined, including all 21 employees at Babson and all 19 employees at Wellesley.

Several of the most highly compensated employees reported by colleges and universities no longer worked for the schools at the time of disclosure. At Babson, for example, Brian Barefoot received more than \$250,000 from the college in 2009 as president emeritus. (At the same time, he was a director and chair of the audit committee of Blue Cross Blue Shield of Massachusetts, to which Babson paid more than \$5.1 million in insurance premiums and from which Babson received more than \$140,000 in executive education fees.)¹⁵ Margaret McKenna, president emeritus

Table 3. 2009 Pay Levels for Massachusetts Private Colleges

School	Unionized Custodian	Professor	Average Top 8
Amherst	N/A	\$135,200	\$308,153
Babson	\$36,899	\$157,900	\$373,415
Bentley	\$31,304	\$133,100	\$368,518
Berklee	\$31,304	N/A	\$424,180
BC	\$33,862	\$145,000	\$732,477
BU	\$31,699	\$135,700	\$1,186,030
Brandeis	\$35,901	\$121,300	\$481,597
Clark	N/A	\$100,500	\$226,566
Holy Cross	N/A	\$110,500	\$434,773
Harvard	\$35,630	\$192,600	\$4,155,275
Lesley	\$32,011	\$75,900	\$240,629
MIT	\$30,618	\$160,300	\$753,149
Mt Holyoke	\$23,858	\$120,100	\$253,093
Northeastern	\$31,928	\$138,400	\$508,598
Olin	\$29,120	N/A	\$267,025
Smith	N/A	\$129,600	\$291,520
Tufts	\$31,304	\$128,000	\$511,051
Wellesley	N/A	\$145,500	\$439,139
Williams	N/A	\$132,700	\$395,040
WPI	\$35,027	\$117,500	\$369,203

SOURCE: AAUP, The Chronicle of Higher Education, Collective Bargaining Agreements, IRS Forms 990, SEIU, Tellus Institute

NOTE: Compensation for unionized custodians annualized based on hourly rate; professor salary for Lesley is from 2009-2010 academic year due to unavailability of 2008-09 data.

Table 4. Pay Inequality Ratios at Massachusetts Private Colleges: 2009

School	Highest : Professor	Highest : Lowest
Amherst	4.4	N/A
Babson	2.7	11.4
Bentley	4.2	17.9
Berklee	N/A	21.2
BC	8.0	34.2
BU	17.2	73.7
Brandeis	6.8	23.1
Clark	3.4	N/A
Holy Cross	9.8	N/A
Harvard	33.2	179.7
Lesley	5.3	12.6
MIT	6.0	31.4
Mt Holyoke	3.9	19.4
Northeastern	6.6	28.6
Olin	N/A	15.7
Smith	3.5	N/A
Tufts	5.7	23.1
Wellesley	4.1	N/A
Williams	5.2	N/A
WPI	6.2	20.7

SOURCE: Tellus Institute

of Lesley University, was compensated more than \$239,000 by Lesley in 2009 while receiving almost \$189,000 as a director of Dominion Resources and also serving as president of the Walmart Foundation.¹⁶ We have already mentioned the case of David Mittelman, a former trader at Harvard Management Co., who was reportedly paid more than \$1.8 million in 2009 even though he had departed the university in 2005 to launch a hedge fund, in which the university remained a cornerstone seed investor.¹⁷ Below we describe in fuller detail how retired BU officers, such as former President John Silber and former treasurer Kenneth Condon, remain among the most highly compensated employees reported by the university. BC's former Academic Vice President and Dean of Faculties John Neuhauser left the college in 2005 to become president of Saint Michael's College in Colchester, Vt. Yet in 2009, Neuhauser received compensation from BC in excess of \$643,000, while also drawing his president's pay from Saint Michael's of nearly \$400,000, and at least \$37,000 in additional compensation as a director of Liberty All-Star Growth Fund Inc., and other funds.¹⁸ It would seem that "golden parachutes" have become business-as-usual in nonprofit higher education.

Income Inequality

Using data from the American Association of University Professors (AAUP) on average faculty salaries, collective bargaining agreements for custodians' wages, and investigative research for low-wage rates at several of the schools where collective bargaining agreements were not readily available, we compared compensation reported for some of the most highly compensated employees with average full professors' salaries and low-wage workers' annualized incomes at each school in order to evaluate pay disparity within our sample. Where available, we use unionized custodians' wages to represent the lowest-paid workers even though other staff at any given school may be even more modestly compensated. Table 3 presents these comparative compensation data for each school, while Table 4 illustrates our calculation of two inequality ratios: the disclosed compensation of the single highest-paid employee reported by each school compared to the average full professor's salary and compared to the lowest-paid employee's wage.¹⁹

Table 5. High Outside Compensation Identified for Highest-Paid School Employees

Name	School	School Compensation	Corporate/Other Boards	Total Compensation
Lawrence H Summers	Harvard	\$648,825	DE Shaw, BlueCross BlueShield Massachusetts, Reliance-Maker Chambers, Roubini Global Economics, various speaking engagements	\$8,613,574
Leonard A Schlesinger	Babson	\$323,618	BJ's Wholesale Club Inc; Intimate Brands Inc.	\$4,754,985
Stuart Altman	Brandeis	\$287,114	Lincare Holdings Inc	\$2,081,730
John Deutch	MIT	\$380,520	Citigroup, Raytheon, Cheniere Energy, Cummins Inc	\$828,895
John J Neuhauser	BC	\$643,040	Saint Michael's College (President), Columbia Funds	\$1,078,736
Stephen P Bradley	Harvard	\$628,412	Ciena Corporation, I2 Technologies Inc	\$1,042,545
Kenneth G Condon	BU	\$2,336,150	Insmed Inc	\$2,590,650
Susan Hockfield	MIT	\$940,227	General Electric	\$1,190,987
Robert A Brown	BU	\$1,043,292	DuPont	\$1,281,413
Theresa Stone	MIT	\$594,059	Progress Energy	\$818,173

SOURCE: IRS Forms 990; Bloomberg Businessweek; Forbes.com; SEC Definitive Proxy Statements; New York Times

NOTE: Because outside compensation is not reported by schools, this table presents only those highest-paid employees for whom outside compensation data could be readily obtained from other sources, with a bias toward board service at publicly traded companies. Summers' corporate compensation is from calendar year 2008 (as disclosed Jan. 20, 2009). Schlesinger's corporate compensation includes one half of an \$8,410,249 two-year severance package from Limited Brands Inc. Deutch's corporate compensation includes Citigroup compensation from 2010 and Cummins compensation from 2008. Bradley's corporate compensation includes compensation from I2 Technologies during 2008.

When it comes to income inequality between the highest- and lowest-paid employees, Harvard ranks as the most unequal campus in our study, with an inequality ratio more than twice the level of its closest peer, BU. The highest-paid employee at Harvard received 180 times the compensation of a unionized custodian and more than 33 times the average salary of a full professor. Harvard's highest-to-lowest ratio even surpasses the current average executive compensation ratio found among the largest U.S. for-profit companies, where the average CEO remuneration is 142 times that of employees.²⁰ BU's highest reported compensated employee was paid more than 73 times the annualized wage of a custodian and more than 17 times an average faculty salary. BC and MIT again are the third and fourth most unequal campuses in terms of employee compensation, highlighting a general correlation between excessive compensation and pay disparity on campus. On the opposite end of the inequality spectrum, Babson presents the flattest pattern of pay disparity among the schools for which we have full data, whether measured as a ratio of the highest paid to an average professor's salary (2.7) or to a custodian's wages (11.4).

From a broader perspective, beyond campus pay disparities, it is worth noting that the disclosed compensation levels of the reported college employees in our sample place them collectively at the upper echelons of the national pay distribution. On average, the 339 employees with disclosed compensation were paid more than \$464,000, ranking them well within the top 1 percent of the U.S. income distribution. Even those making "only" \$180,000 on the lower edge of the distribution would find themselves comfortably among the top 5 percent of households.²¹

Outside Corporate Compensation

In addition to the \$157 million in total compensation disclosed for the 339 employees in our sample, many of the highest-compensated employees at these 20 Massachusetts colleges and universities received significant outside compensation by holding other positions, including corporate board memberships, further magnifying the dynamics of social inequality identified through disclosed compensation. Based on limited available information, we identified outside board relationships for 20 percent of the employees in our sample (N=67), and for 8 percent of the sample (N=26), we were able to identify some form of outside compensation totaling more than \$18.8 million. The average outside compensation identified for these 26 employees was more than \$723,000, and the median was more than \$203,000. The 10 highest-paid college employees for whom we identified the most outside compensation are listed in Table 5. Topping the list is Harvard's former President Lawrence Summers, who received more than \$5 million from serving part time as a managing director with hedge fund D. E. Shaw and an additional \$2.8 million in speaking fees, primarily from investment firms and financial institutions.²² Babson's President Leonard Schlesinger received an \$8.4 million two-year severance package from Limited Brands Inc. in 2007 in addition to board compensation from BJ's Wholesale Club.²⁰

In several cases, we observed highly compensated college employees being paid for serving on boards of companies that are identified as sources of potential conflicts of interest because of the "related-party transactions" that occur between the companies and their schools. For example, MIT's President Susan Hockfield, who was compensated \$940,000 by MIT in 2009, also holds an independent directorship at General Electric for which she was paid more than \$250,000 that same year.²⁴ Because President Hockfield's service on GE's board presents a potential conflict of interest, MIT disclosed certain related party transactions with the company on the institute's state and federal tax filings, including GE's membership fee for participating in MIT's Industrial Liaison Program and MIT's purchase of equipment from GE. Although these transactions are reported as valued at more than \$180,000, no mention is made by the institute of the even larger transaction between GE and Hockfield, compensating her for service to the board that year.²⁵ Despite what some may see as the appearance of a conflict of interest that Hockfield's pay from GE presents, the institute has not disclosed her \$250,000 in additional outside compensation.²⁶

Similarly, former MIT provost John Deutch was compensated nearly \$195,000 in 2009 for his independent directorship at Raytheon, another company identified as subject to conflict-of-interest disclosures in MIT's tax filings. Yet the institute again makes no disclosure of this payment to one of its most highly compensated employees.²⁷ MIT is by no means alone in this pattern of partial disclosure; all of the 20 schools listed some form of related party transactions with key employees or trustees in their IRS Form 990 or Massachusetts Form PC filings. However, none provided the outside corporate compensation of any of its employees.

Because the vast majority of corporate board positions that we identified as held by highly compensated school officials are with privately held companies under no obligation to report board compensation, there is no alternative source for this data, as one can identify for a listed company such as GE or Raytheon. For BU's former treasurer Kenneth Condon, for example, the school's highest compensated employee reported in 2009, we were able to identify more than \$250,000 in outside compensation for his service on Insmed Inc.'s board, yet Condon also serves on several private company boards including BayBank, BankBoston and Seragen Inc., for which no outside pay data were readily available.²⁸ Condon is joined on the Seragen board by former BU President John R. Silber, no stranger to excessive compensation controversies throughout his tenure and especially upon retirement from the BU presidency when he received \$6.1 million in compensation.²⁹ BU's disastrous experience with investing in Seragen, a biotechnology company affiliated with BU faculty, has been

detailed widely in the press and media, and academic researchers have characterized it as a prime example of the risks colleges face when they invest in private ventures without appropriate safeguards in place.³⁰ Last year, a class-action lawsuit filed by Seragen investors against BU, Silber, Condon and other BU officers and trustees, accusing them of self-dealing and wrongdoing related to the company, was finally settled in the plaintiffs' favor.³¹ Regardless of the controversies surrounding poor governance and management at BU, the basic fact remains that many of the highest-compensated college employees face no disclosure requirements for pay they may receive from service on private boards.

Likewise, with the many other sources of outside income for college employees, from consulting arrangements, corporate speaking engagements, authorship income or private medical practice, colleges do not disclose the sources or amounts of outside pay, even when they may present potential conflicts of interest or interfere with academic obligations. The Academy Award-winning documentary *Inside Job* recently highlighted numerous conflicts of interest that have arisen among leading academic economists who receive compensation from financial institutions, for consulting, speaking or sponsored research, but neither they nor their home institutions are required to disclose those arrangements. We were thus able to obtain relatively robust information for Lawrence Summers' outside pay because of the reporting requirements he faced as a government official, as chair of the Council of Economic Advisers in the Obama administration, not as a Harvard faculty member.

The examples discussed here constitute only a small sample of the many sources of undisclosed outside compensation and potential conflicts of interest that we have identified for the highest-paid employees reported for each school. Although the schools did not disclose the sums we have identified, close analysis of the nature of the employees' interlocks with other corporations makes it possible to determine some of the additional compensation amounts, particularly when they are paid by publicly listed corporations, registered investment funds, or 501(c)(3) nonprofit organizations. However, many, if not most, sources of outside pay to college employees remain simply invisible from public view—even when they amount to substantial sums in comparison to their college compensation or present potential conflicts of interest, as so many of them do.

Conclusion

Only a decade and a half ago, it was major news when college executives received pay in excess of half a million dollars. John Silber, president of BU in the mid-1990s, was one of the few to be among those ranks. Today, at the top 20 most well-endowed private schools in Massachusetts alone, more than five dozen college employees were reported to have been paid more than \$500,000 in total compensation—20 percent of the 339 employees for whom compensation information was disclosed. Twenty of them were paid in excess of \$1 million. While six- and seven-figure academic pay packages are by no means new phenomena for colleges and universities, excessive pay appears to be institutionalizing itself as a structural feature of college compensation at a majority of the wealthiest private schools in Massachusetts, hardening pay disparity on campuses in unprecedented ways and contributing to wider social inequality in surrounding communities. Ultimately, students, their families and taxpayers are bearing the burden of this academic excess in increased college costs and through the largely unknown costs of tax exemption.

It is their nonprofit status—their public purpose—that accords colleges the benefits of tax exemption. The schools pay no taxes on investment income, pay relatively little property tax, and take full advantage of their access to low-interest, tax-exempt bonds.³² Yet compensation patterns among the highest-paid college employees make most of the schools in this study look much more like profit-seeking institutions. Most of the very highest-paid college employees at the most well-endowed schools are finance and investment officers, highlighting how central the role of investment has become to higher education institutions. Nearly half of the top 20 wealthiest schools in Massachusetts had endowments worth more than \$1 billion, as of the end of the 2010 fiscal year; combined the 20 wealthiest now control more than \$50 billion in endowed wealth. For schools where sports generates major revenue, such as BC and Holy Cross, basketball and football coaches and athletic directors rank among the highest-paid employees.

A more robust public debate about the costs and benefits of colleges' nonprofit fiscal privileges, which subsidize the excessive pay schemes documented here, is badly needed. However, in order to have a more vigorous, well-informed public conversation about academic excess, fuller and more standardized disclosure of high pay, outside compensation, and potential conflicts of interest also needs to occur. We have highlighted the numerous ways in which schools continue to avoid providing a full public accounting of the compensation of their highest-paid employees, regardless of whether they are defined as "key employees" or whether the source of their compensation comes from the school itself or outside corporate activities. In this sense, the pending Massachusetts legislation related to higher education transparency is timely. Although better disclosure requirements will not stem excessive compensation at colleges and universities or address the sorts of pay disparities we have documented here, it will foster heightened public awareness about this pressing issue. Transparency, in short, invites badly needed accountability. The ultimate burden of responsibility, however, lies with higher education leaders, whose pay should reflect not only colleges' nonprofit purpose but also the broader public expectation for colleges to enrich not a privileged few but the commonwealth as a whole.

About the Authors

This Issue Brief was co-authored by Catie Ferrara, Joshua Humphreys, and Bryant Mason. Ms. Ferrara and Mr. Mason are Research Fellows and Dr. Humphreys is Senior Associate and Director of the Center for Social Philanthropy at Tellus Institute.

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Acknowledgements

Additional research assistance, analysis and advice were provided by Christi Electris, James Goldstein, Kate Robinson, Ann Solomon and John Stutz at Tellus Institute. Supplemental data were provided by SEIU Local 615 and other SEIU affiliates. Funding for this research was provided by the Center for Social Philanthropy at Tellus Institute and SEIU Local 615, which represents thousands of property service workers at colleges, universities and companies across Massachusetts, New Hampshire and Rhode Island.

Appendix. University and College Highest Compensation Disclosures in 2009

Table A- 1. Summary of University and College Compensation Disclosures Included in Study

School	Average Disclosure	Median Disclosure	Total Disclosed
Amherst College	\$276,147	\$243,028	\$3,589,906
Babson College	\$289,301	\$282,784	\$6,075,318
Bentley University	\$326,450	\$319,353	\$4,570,296
Berklee College of Music	\$424,180	\$380,646	\$3,393,436
Boston College	\$492,391	\$399,406	\$8,863,045
Boston University	\$840,752	\$844,938	\$12,611,286
Brandeis University	\$377,653	\$293,437	\$5,287,142
Clark University	\$212,354	\$197,443	\$2,335,891
College of the Holy Cross	\$351,825	\$237,255	\$4,221,900
Harvard University	\$1,224,381	\$587,443	\$51,424,002
Lesley University	\$206,704	\$194,634	\$3,720,676
Massachusetts Institute of Technology	\$533,103	\$509,554	\$10,662,059
Mount Holyoke College	\$231,354	\$209,142	\$2,544,889
Northeastern University	\$338,618	\$301,247	\$8,465,447
Olin College of Engineering	\$238,286	\$226,414	\$2,859,431
Smith College	\$252,844	\$240,609	\$3,792,664
Tufts University	\$364,261	\$363,725	\$8,742,270
Wellesley College	\$324,706	\$259,478	\$6,169,420
Williams College	\$349,802	\$280,873	\$3,847,819
Worcester Polytechnic Institute	\$272,990	\$254,536	\$4,367,839
All	\$464,734	\$292,309	\$157,544,736

SOURCE: IRS Forms 990; Tellus Institute analysis

18 Academic Excess:

Executive Compensation at Leading Private Colleges and Universities in Massachusetts

Table A- 2. Amherst College

Name	Title	Compensation
Anthony Marx	President	\$589,281
Mauricia Geissler	Chief Investment Officer	\$336,330
Austin Sarat	Prof., Political Science	\$290,021
Peter Shea	Treasurer	\$259,702
Megan Morey	Chief Advancement Officer	\$256,974
Gregory Call	Dean of Faculty	\$251,148
Joseph Cullen	Senior Investment Manager	\$243,028
Richard Goldsby	Prof., Biology	\$238,739
Gail Paster	Dir., Folger Shakespeare Memorial Library	\$238,317
James Brassrod	Director of Facilities	\$229,088
Thomas Parker	Dean, Admission and Financial Aid	\$223,212
Hadley Arkes	Prof., Political Science	\$217,621
Stanley Rabinowitz	Prof., Russian	\$216,445

SOURCE: IRS Form 990; Tellus Institute

Table A- 3. Babson College

Name	Title	Compensation
Jay Rao	Prof., Technology and Operations Management	\$421,218
Joseph Weintraub	Prof., Management	\$412,662
Patricia Guinan	Associate Prof., Information Systems	\$385,442
Mark Rice	Prof., Entrepreneurship	\$370,979
Dhruv Grewal	Prof., Marketing	\$367,264
Elaine Eisenman	Dean, Babson Executive Education	\$359,579
Patricia Greene	Prof., Entrepreneurship	\$346,559
Leonard A. Schlesinger	President	\$323,618
Philip Shapiro	VP, Finance; Chief Financial Officer	\$291,769
E. Scott Timmins	VP, College Marketing	\$284,447
Dennis Hanno	Dean, Undergraduate School	\$282,784
Henry Deneault	Vice Provost	\$278,793
Shahid Ansari	Provost	\$272,618
Richard Voos	Chief of Staff and Associate VP Planning	\$261,075
Brian M. Barefoot	Former President	\$250,236
Mary Rose	VP, Administration	\$222,370
Jonathan Moll	VP and General Counsel	\$212,716
Michael Fetters	Prof., Accounting	\$207,411
Robert V. Fogel	EVP and Executive Dean	\$177,988
Carol Hacker	VP, Babson Alumni and Friends Network	\$174,781
Shelley Kaplan	Associate VP, Facilities	\$171,009

SOURCE: IRS Form 990; Tellus Institute

Table A- 4. Bentley University

Name	Title	Compensation
Gloria Cordes Larson	President	\$560,325
Paul Clemente	VP, Business and Finance/Treasurer	\$360,786
Traci Logan	COO and VP, Information Technology	\$348,359
Margrethe Olson	Dean of Business	\$346,933
James Hunton	Prof., Accounting	\$346,714
Robert Galliers	Provost	\$346,320
M. Lynne Markus	Chair of Information Management	\$332,483
Sandra King	VP, Marketing, Communication and Public Affairs	\$306,222
Robert Minetti	VP, Development, Corporate and Alumni Relations	\$299,104
Joann McKenna	VP, Enrollment Management	\$290,772
Jean Bedard	Prof., Accountancy	\$285,215
Mohammad Abdolmohammadi	Prof., Accountancy	\$283,758
Kathleen Yorkis	VP, Student Affairs	\$279,949
Judy Malone	General Counsel; Secretary of the Corporation	\$183,356

SOURCE: IRS Form 990; Tellus Institute

Table A- 5. Berklee College of Music

Name	Title	Compensation
David R. Hornfischer	VP, Administration and Finance	\$664,193
Lawrence A. Monroe	VP, Academic Affairs/Berklee Valencia	\$570,060
Roger H. Brown	President	\$556,534
David Kusek	VP, Berklee Media	\$436,012
Lawrence J. Simpson	SVP, Academic Affairs; Provost	\$325,280
David S. Mash	VP, Technology and Education Outreach	\$320,330
Deborah G. Bieri	SVP, Institutional Advancement	\$298,135
Amelia S. Koch	VP, Finance	\$222,892

SOURCE: IRS Form 990; Tellus Institute

Table A- 6. Boston College

Name	Title	Compensation
Eugene B. DeFilippo	Athletics Director	\$1,159,762
Jeffrey J. Jagodzinski	Head Coach, Football	\$1,153,411
Albert L. Skinner	Head Coach, Men's Basketball	\$1,056,855
John J. Neuhauser	Former Academic VP and Dean of Faculties	\$643,040
Cutberto Garza	Provost; Dean of Faculties	\$483,979
Peter C. McKenzie	Financial VP; Treasurer	\$461,640
Patrick J. Keating	EVP	\$455,105
Andrew C. Boynton	Dean, School of Management	\$446,027
Cathy Inglese	Head Coach, Women's Basketball	\$415,053
James J. Husson	SVP, University Advancement	\$383,759
Marian G. Moore	VP, Information Technology	\$353,149
Thomas P. Lockerby	VP, Development	\$291,157
Leo V. Sullivan	VP, Human Resources	\$284,955
James P. McIntyre	SVP	\$266,681
Cheryl L. Presley	Former VP, Student Affairs	\$257,275
Patrick Rombalski	VP, Student Affairs	\$254,518
Mary Lou DeLong	VP; University Secretary	\$248,998
Thomas J. Keady	VP, Governmental and Community Affairs	\$247,681

SOURCE: IRS Form 990; Tellus Institute

Table A- 7. Boston University

Name	Title	Compensation
Kenneth G. Condon	Former VP, Financial Affairs; Treasurer	\$2,336,150
Jeffrey H. Spiegel	Prof./Physician	\$1,282,130
Timothy E. Foster	Prof./Physician	\$1,072,930
Robert A. Brown	President	\$1,043,292
James M. Becker	Prof./Physician	\$1,027,231
Joseph P. Mercurio	EVP	\$961,757
William R. Creevy	Prof./Physician	\$919,810
Tony Y. Tannoury	Prof./Physician	\$844,938
David K. Campbell	Provost	\$714,456
Karen H. Antman	Medical Provost	\$626,804
Todd L. C. Klipp	VP; General Counsel; Secretary of Board	\$496,644
Martin J. Howard	Treasurer; VP, Financial Affairs	\$436,985
Aram V. Chobanian	President Emeritus	\$399,619
John R. Silber	President Emeritus	\$276,750
Wendy K. Mariner	Prof., Health Law, Bioethics & Human Rights	\$171,790

SOURCE: IRS Form 990; Tellus Institute

Table A- 8. Brandeis University

Name	Title	Compensation
Jehuda Reinharz	President	\$830,643
Peter French	COO	\$695,894
Deborah Kuenstner	Chief Investment Officer	\$573,509
Nancy Winship	SVP, Institutional Advancement	\$465,173
Jean Eddy	SVP, Students and Enrollment	\$358,527
Bruce Magid	Dean, International Business School	\$342,156
Martha Krauss	Provost; SVP, Academic Affairs	\$296,571
Maureen Murphy	Treasurer; VP, Financial Affairs	\$290,303
Stuart Altman	Prof., Health Policy	\$287,114
Eve Marder	Prof., Neuroscience	\$263,756
Irving Epstein	Prof., Chemistry	\$262,582
John Hose	Executive Assistant to the President	\$215,249
Judith Sizer	SVP; General Counsel	\$212,855
Lorna Miles	SVP, Communications	\$192,810

SOURCE: IRS Form 990; Tellus Institute

Table A- 9. Clark University

Name	Title	Compensation
John Bassett	President	\$344,499
Andrew McGadney	VP, University Advancement	\$257,290
David Angel	Provost	\$226,889
Edward Ottensmeyer	Dean Emeritus; Sr. Development Advisor, School of Mgmt.	\$208,246
Deborah Dwork	Prof., History	\$202,071
Harold Wingood	Dean, Admissions and Financial Aid	\$197,443
Ronald Eastman	Prof., Geography	\$191,103
James Collins	Treasurer	\$184,983
Andrea Michaels	VP, Budget and Planning	\$184,630
Pennie Turgeon	VP, Information Technology	\$170,055
William Fisher	Director, Int'l Development, Community & Environment	\$168,682

SOURCE: IRS Form 990; Tellus Institute

Table A- 10. College of the Holy Cross

Name	Title	Compensation
William R. Durgin	Chief Investment Officer	\$1,083,797
Ralph Willard	Head Coach, Men's Basketball	\$824,900
Frank Vellaccio	SVP	\$320,191
Michael J. Lochhead	VP, Finance and Administration	\$299,445
Richard Regan, Jr.	Athletic Director	\$240,300
William Gibbons	Head Coach, Women's Basketball	\$237,839
Timothy R. Austin	VP, Academic Affairs	\$236,670
James Nickoloff	Prof., Religious Studies	\$235,041
Victoria Swigert	Assistant Dean	\$193,411
Jacqueline D. Peterson	VP, Student Affairs	\$191,955
Robert Grenon	Controller	\$188,735
Timothy F. Mines	General Counsel	\$169,616

SOURCE: IRS Form 990; Tellus Institute

Table A- 11. Harvard University

Name	Title	Compensation
Stephen Blyth	Managing Director, HMC	\$6,401,969
Marc P. Seidner	Managing Director, HMC	\$6,339,005
Stanley Zuzic	SVP Domestic Equities, HMC	\$4,900,216
Steven A. Alperin	Managing Director, HMC	\$4,403,760
Andrew G. Wiltshire	Managing Director, HMC	\$3,883,029
Jane L. Mendillo	President and CEO, HMC	\$2,788,264
Peter F. Dolan	Managing Director, HMC	\$2,524,307
Joseph A. Auth	SVP Domestic Fixed Income, HMC	\$2,001,649
David R. Mittelman	Former SVP Fixed Income, HMC	\$1,803,069
William E. Fruhan	Prof., Harvard Business School	\$1,189,994
Daniel V. Kelly	Managing Director, HMC	\$1,014,518
Drew Gilpin Faust	President	\$822,011
Elizabeth Mora	Former VP, Finance	\$810,712
W. Earl Sasser, Jr.	Prof., Harvard Business School	\$731,906
Meredith M. Murphy	COO	\$703,993
Robert A. Ettl	Managing Director, HMC	\$663,484
Lawrence H. Summers	Prof., Harvard Kennedy School; Former President	\$648,825
Stephen P. Bradley	Prof., Harvard Business School	\$628,412
Christopher M. Gordon	COO, Allston Development	\$628,354
Jeffrey S. Flier	Dean, Faculty of Medicine	\$607,262
Lawrence D. Bobo	Prof., Social Sciences	\$591,934
Steven E. Hyman	Provost	\$582,951
Jay O. Light	Dean, Faculty of Business Administration	\$556,380
Robert W. Iuliano	VP; General Counsel	\$478,250

Table A- 12. Harvard University (Continued)

Alan J. Stone	VP, Government, Community & Public Affairs	\$431,745
Nancy S. Zeckhauser	VP, Administration	\$427,020
John Y. Campbell	Chair and Prof., Economics	\$422,953
Michael D. Smith	Dean, Faculty of Arts and Sciences	\$421,760
Edward C. Forst	EVP	\$401,604
Tamara E. Rogers	VP, Alumni Affairs and Development	\$393,795
Marilyn M. Hausammann	VP, Human Resources	\$370,074
A. Clayton Spencer	VP, Policy	\$339,500
Robert B. Cashion	Associate VP, Development	\$330,577
Marc L. Goodheart	Secretary of the Governing Boards	\$327,600
Gregory Nagy	Prof., Comparative Literature	\$311,251
Jan M. Ziolkowski	Prof., Latin	\$306,075
Daniel S. Shore	VP, Finance; CFO	\$280,667
Robert S. Kaplan	Prof., Management Practice	\$277,245
Christine Heenan	VP, Government, Community & Public Affairs	\$187,439
Marlene L. Chazan	Director of Finance for Trustees	\$165,061
Michael Steen	Director of Facilities	\$164,807
Suzanne Day	Director of Federal Relations	\$160,575

SOURCE: IRS Forms 990; Tellus Institute

Table A- 13. Lesley University

Name	Title	Compensation
Joseph B. Moore	President	\$401,956
Martha McKenna	Provost	\$241,913
Margaret McKenna	Former President	\$239,037
Sandra Doran	VP and General Counsel	\$229,381
Mario R. Borunda	Dean, School of Education	\$206,828
Bernice Bradin	CFO	\$204,622
Jacquelyn d'Armitage	VP, National Planning	\$200,776
Carol Streit	VP, Enrollment	\$200,516
Mary Lou Dymski	VP, Budgeting	\$195,642
Marylou Batt	VP, Administration	\$193,626
Colm J. Renehan	VP, Advancement	\$188,479
Shaun McNiff	Dean, Lesley College	\$187,899
Leo F. Rice, Jr.	Director, Marketing	\$184,763
Anne M. Collins	Director, Math Program	\$183,986
Karen Boudreau Shea	Chief Information Officer	\$181,958
Stanley Trecker	Dean, Art Institute of Boston	\$163,792
Irene Fountas	Director, Reading Recovery	\$162,923
Julia Halevy	Dean, Graduate School of Arts	\$152,579

SOURCE: IRS Form 990; Tellus Institute

Table A- 14. Massachusetts Institute of Technology

Name	Title	Compensation
Seth Alexander	President, MIT Investment Management Co.	\$960,220
Susan Hockfield	President	\$940,227
David Schmittlein	Dean, School of Management	\$841,308
Nelson Repenning	Prof., Management	\$762,603
Donald Lessard	Prof., Management	\$689,453
Steven Marsh	Managing Director, MIT Investment Management Co.	\$622,674
Richard Locke	Deputy Dean, School of Management	\$614,649
Theresa Stone	EVP and Treasurer	\$594,059
L. Rafael Reif	Provost	\$592,441
R. Gregory Morgan	VP and General Counsel	\$583,486
Joel Moses	Former Provost	\$435,622
Jeffrey Newton	VP, Resource Development	\$419,232
Eric Evans	Director, Lincoln Laboratory	\$407,972
Phillip Clay	Chancellor	\$402,029
Claude Canizares	VP for Research	\$387,842
John Deutch	Former Provost	\$380,520
Dana Mead	Chair of the Corporation	\$311,027
Paul Gray	Former President	\$304,604
Kirk Kolenbrander	VP and Secretary of the Corporation	\$260,729
Kathryn Willmore	Former VP and Secretary of the Corporation	\$151,362

SOURCE: IRS Form 990; Tellus Institute

Table A- 15. Mount Holyoke College

Name	Title	Compensation
Joanne Creighton	President	\$463,759
Donal O'Shea	VP, Academic Affairs; Dean of Faculty	\$275,212
Charles Haight	VP, Development	\$239,597
Jane Brown	Dean, Enrollment	\$230,685
Joseph Ellis	Prof., History	\$220,435
Howard Nicholson	Prof., Physics	\$209,142
Mary Jo Maydew	Treasurer and VP, Finance and Administration	\$194,311
Penny Gill	Dean of College; VP, Student Affairs	\$191,606
Lee Bowie	Prof., Philosophy	\$183,177
Roberto Marquez	Prof., Latin American and Caribbean Studies	\$178,149
Patricia VandenBerg	Executive Director, Communications and Marketing	\$158,816

SOURCE: IRS Form 990; Tellus Institute

Table A- 16. Northeastern University

Name	Title	Compensation
Joseph E. Aoun	President	\$912,983
Marc H. Meyer	Prof., Entrepreneurship	\$556,310
Alexandros Makriyannis	Prof. and Trustee Chair in Pharma.	\$508,308
John M. McCarthy	SVP, Administration & Finance	\$466,783
Barry L. Karger	Prof., Chemistry; Director of research institute	\$438,283
Michail V. Sitkovsky	Prof., Biology; Director of research institute	\$398,199
Michael B. Silevitch	Prof. of Engineering, Director of research institute	\$394,232
Diane N. MacGillivray	SVP, University Advancement	\$393,688
Laurence F. Mucciolo	Former SVP, Administration & Finance	\$366,101
Philomena V. Mantella	SVP, Enrollment Management and Student Affairs	\$358,735
Vincent J. Lembo	VP and Senior Counsel	\$326,450
Mark L. Putnam	Chief Planning Officer	\$307,291
Christopher E. Hopey	VP and Dean, College of Professional Studies	\$301,247
Robert P. Weir	Chief Information Officer	\$279,048
Stephen W. Director	Provost and SVP, Academic Affairs	\$271,785
Edward E. Klotzbier	VP, Student Affairs	\$251,266
William E. Kneeland, Jr.	Senior Financial Advisor	\$236,471
Robert P. Gittens	VP, Public Affairs	\$230,926
Richard M. Freeland	President Emeritus	\$229,690
Katherine N. Pendergast	VP, Human Resources Management	\$216,356
Daniel F. Bourque	VP, Facilities Management	\$213,086
Jack Moynihan	VP, Alumni Relations	\$210,120
Marian J. Stanley	VP, Corporate Partnerships	\$209,834
Ahmed T. Abdelal	Provost	\$195,376
Samuel B. Solomon	Treasurer	\$192,879

SOURCE: IRS Form 990; Tellus Institute

Table A- 17. Olin College of Engineering

Name	Title	Compensation
Richard K. Miller	President	\$457,326
Michael Moody	VP, Academic Affairs	\$279,991
John Bourne	Prof., Engineering	\$265,753
David V. Kerns	Provost; Prof., Engineering	\$232,656
Charles Nolan	VP, External Relations; Dean, Admission	\$231,769
Stephen P. Hannabury	EVP; Treasurer	\$231,564
Joanne M. Kossuth	VP, Operations; Chief Information Officer	\$221,264
Thomas Krimmel	VP, Development	\$215,876
Roger Crafts	Dean, Student Life	\$199,900
Stephen Holt	Prof., Physics	\$191,649
Sherra E. Kerns	VP, Innovation and Research	\$174,957
Lynn Andrea Stein	Prof., Computer Science and Engineering	\$156,726

SOURCE: IRS Form 990; Tellus Institute

Table A- 18. Smith College

Name	Title	Compensation
Carol T. Christ	President	\$457,173
Ruth Constantine	VP, Finance and Administration	\$306,127
Susan Bourque	Provost	\$284,051
Georgia Yuan	General Counsel	\$266,168
Patricia Jackson	VP, Advancement	\$262,271
John Shenette	Executive Director, Facilities	\$258,760
Andrew Zimbalist	Prof., Economics	\$256,999
John Connolly	Prof., Philosophy; Director, Ethics Program	\$240,609
John Davis	Assoc. Provost	\$233,803
Stylios Scordilis	Prof., Biology; Assistant to President	\$225,689
Richard Myers	Associate Treasurer; Director, Finance	\$220,005
Linda Jones	Prof. and Director, Engineering	\$216,231
Maureen Mahoney	Dean of College	\$209,419
Laurie Fenlason	Executive Director, Public Affairs	\$203,019
Rebecca Lindsey	Assistant Secretary, Board of Trustees	\$152,340

SOURCE: IRS Form 990; Tellus Institute

Table A- 19. Tufts University

Name	Title	Compensation
Lawrence S. Bacow	President	\$723,480
Maria Papageorge	Chair, Oral Surgery	\$579,185
Sally Dungan	Chief Investment Officer	\$519,419
Jamshed J. Bharucha	Provost; SVP	\$492,665
Michael Rosenblatt	Dean, School of Medicine	\$466,886
Philip G. Haydon	Prof., Neuroscience	\$437,692
Patricia L. Campbell	EVP	\$436,052
Brian K. Lee	VP, University Advancement	\$433,030
Amelia A. Tynan	VP, Information Technology; Chief Information Officer	\$414,546
Thomas S. McGurty	VP, Finance; Treasurer	\$391,058
Naushirwan Mehta	General Dentistry Chair	\$390,143
Lonnie Norris	Prof., Dental Medicine	\$369,239
Stephen W. Bosworth	Dean, Fletcher School of Law and Diplomacy	\$358,210
Robert Sternberg	Dean, Arts and Sciences	\$339,511
Mary R. Jeka	VP, University Relations	\$320,078
Naomi Rosenberg	Dean and Prof., Pathology	\$298,885
Linda A. Abriola	Dean, School of Engineering	\$293,752
Deborah T. Kochevar	Dean and Prof., Veterinary Medicine	\$272,836
John M. Roberto	VP, Operations	\$237,712
Kathleen Cronin	VP, Human Resources	\$229,036
David J. Kahle	Associate Chief Information Officer	\$205,498
Steven S. Manos	Former EVP	\$193,016
Darleen Patricia Karp	Associate Treasurer	\$184,910
Michael Baenen	Chief of Staff; Assistant Secretary of Corporation	\$155,431

SOURCE: IRS Form 990; Tellus Institute

Table A- 20. Wellesley College

Name	Title	Compensation
H. Kim Bottomly	President	\$601,433
Andrew Shennan	Dean of the College	\$542,025
John R. Barker	Alternative Assets Manager	\$482,325
Louis E. Sousa	COO, Investment Office	\$455,163
Diana Chapman Walsh	Former President	\$430,432
Andrew B. Evans	VP, Finance; Treasurer	\$381,361
Patricia M. Byrne	VP, Administration	\$322,731
Jane Mendillo	Former Chief Investment Officer	\$297,639
Richard G. French	Prof., Astrophysics	\$268,505
Barry Lydgate	Prof., French	\$259,478
Edward Hobbs	Prof., Religion	\$256,382
Wilbur C. Rich	Prof., Political Science	\$254,485
Adele J. Wolfson	Associate Dean of the College	\$243,563
Micheline E. Jedrey	VP, Information Services	\$237,406
Claire Zimmerman	Prof., Psychology	\$231,427
Donna Ng	Associate VP, Finance	\$229,960
Cameran M. Mason	VP, Resources and Public Affairs	\$229,875
Peter D. Zuraw	Assistant VP, Facilities	\$229,046
Joanne E. Berger-Sweeney	Associate Dean of the College	\$216,184

SOURCE: IRS Form 990; Tellus Institute

Table A- 21. Williams College

Name	Title	Compensation
Morton Owen Schapiro	President	\$684,430
Collette D. Chilton	Chief Investment Officer	\$680,263
Bradford B. Wakeman	Director, Investment Operations	\$360,196
Stephen P. Klass	VP, Operations	\$319,923
Michael E. Reed	VP, Strategic Planning	\$292,309
Thomas A. Kohut	Former Dean, Faculty	\$280,873
Hok L. Joeng	Investment Officer	\$273,518
Stephen R. Birrell	VP, Alumni Relations and Development	\$268,806
William J. Lenhart	Provost; Treasurer	\$234,813
Ralph M. Bradburd	Prof., Political Economy	\$229,389
William G. Wagner	Dean, Faculty	\$223,299

SOURCE: IRS Form 990; Tellus Institute

Table A- 22. Worcester Polytechnic Institute

Name	Title	Compensation
Dennis D. Berkey	President and CEO	\$724,149
Stephen Flavin	VP, Academic and Corporate Development	\$354,076
Thomas J. Lynch, III	VP, Information Technology; Chief Information Officer	\$349,063
Jeffrey Solomon	EVP and CFO	\$344,666
John Orr	Provost and SVP	\$338,284
Dexter Bailey	VP, Advancement and Alumni Relations	\$300,682
Diran Apelian	Prof., Engineering; Director of research institute	\$287,588
Gretar Tryggvason	Chair and Prof., Mechanical Engineering	\$255,116
Yi Hu Ma	Prof., Chemical Engineering	\$253,956
McRae Banks	Prof., Business	\$215,709
D'Anne Hurd	VP, Business Development and General Counsel	\$215,546
A. Tracy Hassett	VP, Human Resources	\$192,484
Richard Rogan	Controller	\$155,115
Carol Simpson	Former Provost and SVP	\$152,681
Stephen Hebert	Former Treasurer	\$126,783
Stephanie Pasha	Chief of Staff and Secretary of Corporation	\$101,941

SOURCE: IRS Form 990; Tellus Institute

Endnotes

- 1 [“Declining by Degree: Will America’s Universities Go the Way of Its Car Companies?”](#) *The Economist*, 2 September 2010.
- 2 The College Board, [Trends in College Pricing Report](#) (2010).
- 3 The so-called “net price” paid by students and their families has stabilized over the last five years, thanks largely to public pressure for enhanced financial aid but, significantly, most of that aid comes from public subsidies, in the form of federal Pell Grants, Veterans’ Benefits, low-interest educational loans and federal loan guarantees. As the College Board notes in its most recent college pricing trends report, “Large increases in federal Pell Grants and Veterans’ Benefits in 2009-10 made a significant contribution to the downward trend in average net price,” over the last five years, and “the combination of rising published prices and rising grant aid creates a growing gap between the prices paid by students who receive grant aid and those who pay the full published price.”
- 4 Writing in the *Harvard Business Review* (“[Why Sky-High CEO Pay Is Bad for Business](#),” June 17, 2009), John Mackey, CEO of Whole Foods, has observed, “Because of the yawning gap between the leaders and the led, employee morale is suffering, talented performers’ loyalty is evaporating, and strategy and execution is suffering at American companies. Employees really do care about this issue, and a smaller gap makes for greater solidarity, and as a result better performance, throughout the workplace.” In *Reinventing the Workplace: How Business and Employees Can Both Win* (Washington, DC: Brookings Institution, 1995), economist David I. Levine has highlighted that “narrow differences in wages and status help develop an atmosphere of trust and confidence between workers and management, reinforcing the atmosphere of participation...Employees often feel large wage differentials are unfair” (p. 53).
- 5 See our discussion in Joshua Humphreys, et al., [Educational Endowments and the Financial Crisis: Social Costs and Systemic Risks in the Shadow Banking System \(A Study of Six New England Schools\)](#) (Boston: Center for Social Philanthropy, Tellus Institute, 2010), 57-61.
- 6 Dean Baker, *Plunder and Blunder: The Rise and Fall of the Bubble Economy* (Sausalito, Calif.: PoliPoint Press, 2009), 132-36. He elaborates further, “It also distorts pay scales throughout the economy. Top managers in government, universities, and even private charities demand pay based on the seven-, eight-, and nine-figure compensation packages received by the top executives in major corporations. Curbing the pay of top corporate executives would restore greater equality throughout the economy.”
- 7 Humphreys, et al., [Educational Endowments and the Financial Crisis](#).
- 8 Massachusetts State House Bill H. 3003, sponsored by Rep. Michael Moran and Sen. Patricia Jehlen, and Senate Bill S. 790, sponsored by Sen. Patricia Jehlen.
- 9 Effective with 2008 tax filings, the Internal Revenue Service revised its Form 990, the tax return for tax-exempt organizations, including colleges and universities, and issued guidelines requiring fuller disclosure of compensation from a wider group of highly paid employees. See IRS, “[Form 990 Part VII and Schedule J – Reporting Executive Compensation](#),” May 2009. “Key employees” are those employees with responsibilities similar to officers or directors or who meet ten-percent threshold tests of managerial or budgetary control by managing a segment of the organization representing at least 10 percent of the budget or assets or sharing authority to control 10 percent or more of the school’s budget, capital or compensation. Some colleges may therefore have employees being paid more than \$150,000, but whose compensation goes undisclosed because they are either not considered “key employees” or not among the top 20 highest paid key employees. The depth of this loophole is unclear and the level of non-disclosure depends on the institution. On some of the other problems with the ways in which colleges have reported non-cash sources of compensation, such as under-reporting the value of presidents’ rent-free housing, see Tracy Jan, “[Light Shed on Housing for College Presidents: New IRS Guidelines Require Estimate on Compensation Deals](#),” *Boston Globe*, June 13, 2010.
- 10 Based on a review of SEC filings and board compensation data provided by *Bloomberg Businessweek* and *Forbes.com*.
- 11 Unless otherwise noted, all college and university executive compensation numbers were pulled from schools’ IRS Form 990, Schedule J, Part II, and Part VII, Section Aaa, for academic year 2008-09. Research was undertaken during June-July 2011, before all schools’ 2009-10 filings were available.
- 12 See Harvard Management Company, [Endowment Report](#), September 2009; and Gautam S. Kumar and Zoe A. Y. Weinberg, “[Mendillo’s HMC](#),” *Harvard Crimson*, May 26, 2011.
- 13 Harvard disclosed the most salaries (N=42) because our analysis combines several of the related, Harvard-affiliated organizations that have separate tax filings, including Trustees of Harvard College, Harvard Management Company, and the President and Fellows of Harvard College. Berklee College of Music only disclosed compensation for eight employees.
- 14 Why Mittelman remains on the Harvard payroll – whether the payment constitutes deferred compensation from long-term, performance-based bonuses or some kind of severance package or legal settlement – is not disclosed. In response to the excessive multi-million-dollar pay packages to Mittelman and others at Harvard Management Company, David Swensen, the Chief Investment Officer of Yale University, was reported as saying at the time that “You can’t pay managers astronomical amounts of money because it tears at the fabric of [the university],” in *Foundation and Endowment Money Management* 9, no. 2 (February 2006), p. 12. In addition to Swensen’s public criticism, numerous Harvard alumni voiced concern about the excessive compensation paid to Harvard’s investment managers, described by one alumnus as “by any measure obscene.” See Stephanie Strom, “[Harvard Money Managers’ Pay Criticized](#),” *New York Times*, June 4, 2004.

- 15 IRS Form 990, Babson College, June 30, 2009.
- 16 “Margaret A. McKenna,” *Forbes.com*.
- 17 Matthew Keenan, “[Ex-Harvard Investor Meyer Raises \\$6Bln, People Say](#),” Bloomberg, February 3, 2006.
- 18 “[John J. Neuhauser](#),” *Bloomberg Businessweek*; IRS Form 990, Saint Michael’s College, June 30, 2009; and SEC DEF 14A, Liberty All-Star Growth Fund, Inc, February 23, 2010.
- 19 Full salary and wage data were not readily available for Amherst, Berklee, Clark, Holy Cross, Olin, Smith, Wellesley, and Williams, so we have excluded these schools from certain aspects of our analysis. Lesley faculty salary data were unavailable from AAUP for FY 2009, so we have used readily available data from 2009-10. For the custodian’s wage data, we make no distinction between custodians directly employed by the school and those employed by an outsourced contractor providing the janitorial services. Due largely to union parity rules, we observed no significant relationship between wages paid to custodians at outsourced firms versus those paid to directly hired employees. Non-unionized employees of contractors, by contrast, show noticeably lower wages.
- 20 Ben Hirschler and Scott Barber, “[CEOs Warned: Mind the Pay Gap](#),” *Reuters*, August 4, 2011, citing Thomson Reuters Asset4 data. Note that while the Dodd-Frank Act now requires publicly traded companies to calculate pay ratios between CEO compensation and median employee salaries, there are no similar, standardized pay ratio disclosures required for colleges or other nonprofits.
- 21 Kevin McCormally, “[Where Do You Rank as a Taxpayer?](#)” *Kiplinger*, December 18, 2010; and Carmen DeNavas-Walt, et al., *Income, Poverty and Health Insurance Coverage in the United States* (Washington, DC: US Census Bureau, 2010).
- 22 Executive Branch Personnel [Public Financial Disclosure Report](#) for Lawrence H. Summers, January 20, 2009.
- 23 “[Leonard A Schlesinger](#),” *Forbes.com*; “[Leonard A Schlesinger](#),” *Bloomberg Businessweek*; and SEC DEF 14A, [Limited Brands, Inc](#), April 8, 2008.
- 24 “[Susan Hockfield](#),” *Forbes.com*.
- 25 From Schedule L of 2009 Form 990 and Question 24 of 2009 Form PC; MA Form PC, MIT, June 30, 2009; and IRS Form 990, MIT, June 30, 2009.
- 26 The only reason we were able to identify this source of outside compensation is because GE, a publicly listed company, disclosed its board compensation in its SEC filings.
- 27 Instead, MIT’s IRS Form 990, ending June 30, 2009, states that “MIT procured goods from, received Industrial Liaison Program membership revenue, reimbursement of overpayment, research development, equipment and testing from Raytheon of \$7,176,404. MIT also received \$1,016,564 in sponsored research revenue from Raytheon.” For Deutch’s board compensation, see SEC DEF 14A, Raytheon Company, April 24, 2009.
- 28 See “[Kenneth G. Condon](#),” *Bloomberg Businessweek*.
- 29 Diana Jean Schemo, “[Boston University Gave Ex-Chief \\$6.1 Million, Officials Disclose](#),” *The New York Times*, May 10, 2006.
- 30 David Barboza, “[Loving a Stock, Not Wisely but Too Well](#),” *The New York Times*, September 20, 1998. On the losses suffered by BU’s endowment because of its investment in Seragen, see Josh Lerner, Antoinette Schoar, and Jialan Wang, “[The Secrets of the Academy: The Drivers of University Endowment Success](#),” Harvard Business School working paper, 09-024, 2008, p. 11.
- 31 See [Notice of Proposed Settlement of Class Action in In Re Seragen Securities Litigation](#), Business Wire, February 3, 2010, accessed via Bloomberg Businessweek on September 16, 2011.
- 32 The various undocumented costs of college tax exemption are discussed in *Educational Endowments and the Financial Crisis*, 22-23, 62-63.



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