University of Delaware

AAUP Voice

March 2015 "Academic freedom for a free society"

STUDENT DEBT, EXECUTIVE COMPENSATION, AND FACULTY COMPENSATION

An Institute for Policy Studies (IPS) "The One Percent at State U: How Public University Presidents Profit from Rising Student Debt and Low-Wage Faculty Labor" provides compelling empirical evidence that executive pay, soaring student debt, and low-wage faculty labor are issues that *cannot* be understood separately. Their analysis finds that 25 public universities with the highest executive pay (Top 25) also have the highest levels of student debt, largest increases in the use of part-time adjunct faculty, and most dramatic decreases in permanent faculty.

The University of Delaware ranked fifth in the Top 25 from FY2010 to FY2012. UD President Patrick Harker earned the fourth highest compensation of any public university executive at $2.2 million. This compensation corresponded with a doubling of student debt to$33,649 and increased use of adjunct and contingent faculty by 12%.

Fair Market Value?

A common rationale by public university boards of trustees in justifying high executive pay is that it is "fair market value" when compared to peer public institutions. This claim is not supported by the data:

> Between FY 2006 and FY 2012, national average annual compensation of four-year public university presidents ranged from $370,939 to $544,554 (nominal dollars). During that same period, however, boards of trustees at the top 25 consistently awarded compensation *far in excess*(emphasis added) of this amount. This was particularly true during the

Cont. on Page 2

"1% recovery" (FY 2010 – FY 2012) when average annual compensation at the top 25 rose to $974,006 – nearly double the national average for public research university presidents".

A related "fair market value" defense of the Top 25 is that presidents of larger public research universities are justified in receiving much higher annual compensation. However, presidents of larger research universities such as the University of California-Berkeley and the University of North Carolina-Chapel Hill *make less* than $500,000 in annual total compensation. Excessive compensation for executives in the Top 25 is based on "deliberate decisions by individual boards. . .".

What Should Be Done?

How can the University of Delaware become more equitable and use its resources to support its core missions? The report offers several paths. Following the lead of some public universities, the board of trustees should reflect the racial and gender diversity of residents and taxpayers. The advantage of more socioeconomically diverse boards would "expand boards' perspective to include the impact of high executive pay on low wages and student debt".

With regard to student debt and greater equality for part-time faculty, UD faculty should publicly support Senator Elizabeth Warren's proposed *Bank on Students Loan Fairness Act* as well as ongoing union organizing efforts aimed at improving compensation, benefits, and full collective bargaining rights for faculty across the country. These efforts would bolster the national market for faculty employment and enhance the bargaining position for University of Delaware faculty members.

Finally, the AAUP should scrutinize compensation for administrators and provide reports to the faculty. Just as we compare faculty compensation at UD to compensation at comparable institutions during contract negotiations, we should also compare compensation for administrators. Such comparisons would contribute to our understanding of how resources at UD are being utilized and whether they are geared to fulfilling our core academic and educational missions.

AAUP Voice

A. Timothy Spaulding
VOICE Editor

The AAUP Voice is the official newsletter of the University of Delaware Chapter of the American Association of University Professors.

The Voice appears four times a year, twice in the fall semester and twice in the spring semester.

The Executive Council acts as the editorial board. During contract negotiations or when otherwise warranted, Bargaining Team members also participate on the board.

Suzanne Potts, Office Manager
University of Delaware
011F Hullihen Hall
Newark, DE 19716
Phone: 302-831-2292
Fax: 302-831-4119
Website:
http://www.udel.edu/aaup/

Hours:
Monday - Friday
8:00 - Noon