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Deflating Administrative Bloat

Nebraska's taxpayers and students received an interesting look into how their tax and tuition dollars are being spent as the Chronicle of Higher Education released its 2012 survey of compensation packages of public university presidents. The report shows University of Nebraska President James Milliken ranked 33rd, with total annual compensation of \$651,908. Annual compensation calculations include base pay, bonus pay, deferred pay, deferred compensation, retirement benefits and severance pay.[\[1\]](#) Milliken ranked 100th in the Chronicle's 2011 survey.[\[2\]](#)

His jump in rankings appears largely due to his base pay increasing by 12.2 percent from \$366,519 to \$411,519, and from his deferred compensation also increasing 12.2 percent from \$42,150 to \$47,310. Although his retirement pay decreased 34.5 percent from \$29,321 to \$19,197, Milliken's total compensation increased from \$427,990 in 2011, to \$651,908, an increase of 48.8 percent.[\[3\]](#) Milliken also received a 12 percent raise in base pay between 2010 and 2011, and last September the University of Nebraska Board of Regents approved plans to buy Milliken's house-which Milliken bought for \$682,500 in 2004-to be used as the University President's official residence.[\[4\]](#) To put this all in perspective, Milliken's compensation is higher than that received by college presidents in any of our neighboring states; only Sally Mason of the University of Iowa comes close at \$633,350. Similarly, the study compares Milliken to presidents of similar colleges, specifically the University of Hawaii system, the University System of Maryland, University of Wisconsin system, the Vermont State College system, and the Texas A&M University system. Of these comparable colleges, Milliken's compensation is between \$150,000 and \$430,000 more than those in Vermont, Hawaii, Wisconsin, and Maryland. Only John Sharp of Texas A&M made more, at \$670,584.[\[5\]](#)

The argument can be made that high compensation is necessary to attract the best administrators possible for our universities. However, Milliken's base pay should cause Nebraska students and taxpayers to question how their money is spent.

A 2011 study published by the Platte Institute, in conjunction with the Center for College Affordability and Productivity, showed administrative staffing levels at Nebraska's public universities are roughly 24 percent higher than the national average. Comparatively, faculty staffing levels at Nebraska universities are only 14 percent higher than the national average. This trend is most pronounced at the University of Nebraska-Lincoln (UNL), which has 153 percent more administrative staff than other system universities at Omaha and Kearney, even after adjusting for enrollment. This

trend is still evident when comparing UNL to the University of Nebraska system as a whole, as UNL administrative staffing levels are 43 percent higher than the state average, while faculty staffing is only 13 percent higher.^[6] A similar study by the Chronicle of Higher Education also found that UNL has an administrative bloat problem, as 70.7 percent of UNL's 6,119 employees were employed in administrative or student service positions.^[7]

While UNL Chancellor Harvey Perlman has pointed out that the number of individuals serving in administrative faculty positions—such as department heads, chairs, and deans—decreased by 5 percent from 2001 to 2012,^[8] more effort could be made to roll back administrative positions and place more emphasis on student learning and achievement. When compared to "peer institutions" identified by the University, UNL spent the least amount per student on instruction and student services, under \$12,000 in 2009. The median for peer institutions in Iowa, Colorado, Kansas, and Missouri for the same period was around \$17,000, 45 percent more than UNL.^[9]

The result of not placing more emphasis on student instruction is evident in UNL's struggle to graduate students in four years. 60.3 percent of UNL graduates fail to graduate in four years, whereas UNL's peer institutions averaged only 37.8 percent not graduating in four years.^[10]

Budget numbers also indicate these results are not due to a lack of state funding. Unlike other universities, Nebraska kept college appropriations steady from 2008 to 2012; most other universities saw a sharp decline in inflation-adjusted appropriations over that time.^[11] This year's state budget is poised to increase the University's appropriation by \$60.5 million, from \$498 million to approximately \$558.5 million for the next two years.^[12] It remains unclear if the increase would allow for Governor Heineman's proposed two-year tuition freeze.^[13]

With above-average administrative staffing levels, large compensation packages for University officials, students not graduating in four years and not getting any breaks in tuition despite increased state spending, it is clear that structural changes need to be made. Decreasing administrative staff, controlling salaries, and cutting unnecessary programs would make college more affordable and refocus the University on educating students in a timely and efficient manner, making Nebraska higher education much more attractive as a result.

^[1] The Chronicle of Higher Education, "Executive Compensation at Public Colleges, 2012 Fiscal Year: James B. Milliken-President, University of Nebraska system," May 13, 2013. Accessed May 16, 2013, http://chronicle.com/article/Executive-Compensation-at/139093?cid=megamenu#id=21856_2156.

[2] Leslie Reed, "Milliken gets boost on list of college presidents' pay," *Omaha World Herald*, May 13, 2013. Accessed May 16, 2013, <http://www.omaha.com/article/20130512/NEWS/705139963>.

[3] The Chronicle of Higher Education, "Executive Compensation at Public Colleges, 2012 Fiscal Year: James B. Milliken-President, University of Nebraska system," May 13, 2013. Accessed May 16, 2013, http://chronicle.com/article/Executive-Compensation-at/139093?cid=megamenu#id=21856_2156.

[4] Richard Vedder, Jonathan Robe, and Christopher Denhart, "An Analysis of the University of Nebraska System," Center for College Affordability and Productivity and the Platte Institute for Economic Research, June 2012. Accessed May 16, 2013, http://www.platteinstitute.org/docLib/20120605_Higher_Ed_report.pdf; Deena Winter, "NE: Nebraska Regents OK home for president," *Nebraska Watchdog*, September 14, 2012. Accessed May 16, 2013, <http://watchdog.org/56400/ne-nebraska-regents-vote-to-provide-home-for-president/>.

[5] The Chronicle of Higher Education, "Executive Compensation at Public Colleges, 2012 Fiscal Year: James B. Milliken-President, University of Nebraska system," May 13, 2013. Accessed May 16, 2013, http://chronicle.com/article/Executive-Compensation-at/139093?cid=megamenu#id=21856_2156.

[6] Richard Vedder, Jonathan Robe, and Christopher Denhart, "An Analysis of the University of Nebraska System," Center for College Affordability and Productivity and the Platte Institute for Economic Research, June 2012. Accessed May 16, 2013, http://www.platteinstitute.org/docLib/20120605_Higher_Ed_report.pdf.

[7] Kevin Abourezk, "UNL demonstrates 'administrative bloat,'" *Lincoln Journal Star*, January 19, 2013. Accessed May 16, 2013, http://journalstar.com/news/local/education/unl-demonstrates-administrative-bloat/article_afb70614-5e3b-55fd-ac22-b31d11442427.html.

[8] Harvey Perlman, "Local View: Numbers are clear: No 'administrative bloat' at UNL," *Lincoln Journal Star*, January 24, 2013. Accessed May 16, 2013, http://journalstar.com/news/opinion/editorial/columnists/local-view-numbers-are-clear-no-administrative-bloat-at-unl/article_76124260-81d9-5c6b-ad6b-9d6ce95e56c7.html.

[9] Richard Vedder, Jonathan Robe, and Christopher Denhart, "An Analysis of the University of Nebraska System," Center for College Affordability and Productivity and the Platte Institute for Economic Research, June 2012. Accessed May 16, 2013, http://www.platteinstitute.org/docLib/20120605_Higher_Ed_report.pdf.

[10] Ibid.

[11] Richard Vedder, "An Analysis of the University of Nebraska System," Platte Institute for Economic Research, June 5, 2012. Accessed May 16, 2013, <http://www.dailymarkets.com/economy/2012/05/20/administrative-bloat-and-higher->

[education-bubble/](#).

[12] JoAnne Young, "Potential for NU tuition freeze still alive," *Lincoln Journal Star*, April 4, 2013. Accessed May 16, 2013, http://journalstar.com/legislature/potential-for-nu-tuition-freeze-still-alive/article_1de0ccd2-7aa9-5902-9468-1e5a61838413.html.

[13] JoAnne Young, "Milliken 'surprised and disappointed' with lawmakers' budget pitch," *Lincoln Journal Star*, February 28, 2013. Accessed May 16, 2013, http://journalstar.com/news/local/education/milliken-surprised-and-disappointed-with-lawmakers-budget-pitch/article_45547397-94b9-50fe-ae6b-607c2f06d1c2.html;



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