EDUCATION & SEMINARS

Who's Watching the Hen House?

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Many of the chiropractic colleges in the United States were originally organized as for-profit institutions. The college president owned the school and if it made a profit, the president got the money; after all, it was *their* business. When they wanted to retire, these owners would sell the school to someone else who then earned their living as the owner of the chiropractic college.

While recently there has been resurgence in for-profit educational institutions (e.g., the University of Phoenix), within chiropractic education all institutions are now not-for-profit. This means the colleges are no longer owned by a person who can legally extract all the profit they desire out of the business.

The Chronicle of Higher Education, *the* news publication for higher education in America, recently ran a couple of stories that are embarrassing for both the institutions the articles mention and our profession.[1-2] What was the source of the embarrassment? The amount of money the presidents of some chiropractic colleges are paid. These salaries were compared to academic institutions that paid their CEO the same amount. The comparisons were shocking, to say the least.

All of the universities that paid amounts similar as these chiropractic colleges were institutions with worldwide renown and annual budgets anywhere from 10-96 times larger, respectively, than the budgets of the chiropractic colleges. These chiropractic college presidents earn approximately $800,000, $600,000 and $530,000, respectively, per year!

When the media discusses the extremely high salaries some corporate CEOs earn, the rationale often heard is that the only way to get the best and the brightest is to pay that much. But is that true in chiropractic education? No. Nonprofits such as chiropractic colleges must file a Form 990 with the IRS, which reveals the details about the compensation for the highest earning employees.

Inspecting recent Form 990s for chiropractic colleges, it is apparent that there are outstanding chiropractic college presidents who do receive compensation consistent with the size of the institutions. The average college president earns 0.4 percent of a college's budget.[3] The president of the University of Bridgeport, where I teach, earns almost exactly 0.4 percent of the university's budget, which is 3-4 times larger than the chiropractic colleges *The Chronicle* discusses. However, each of the three overpaid chiropractic college presidents' salaries consumed approximately 2-3 percent of the operating budget of their respective colleges.[1]

Some reading this might say, "Hey, we live in a capitalist society; get what you can." Clearly in a capitalist society people often try to get paid as much as possible for a job. However, there are ethical considerations here. First, as the president of a chiropractic college training future chiropractic physicians, one might anticipate that the CEO, generally a chiropractor who used to care about the health of *their* patients, would likewise keep in mind the *financial* health of their students.

But the real moral responsibility falls on the shoulders of the college's Board of Trustees. When it comes to nonprofits such as an educational institution, the trustees "own" the institution as a public trust. The trustees have the moral and legal duty to ensure that the policies of the institution are consistent with the laws and the trust society places in the institution. The institutions are given the tax advantages because they operate in society's interest. This is similar to the social contract that grants autonomy to professionals.

Thus, if the CEO ignores the moral implications of a salary request that is out of line with what is the norm, the ultimate moral and legal duty of protecting society's interest in granting non-profit status falls on the board of trustees. A tax attorney cited in *The Chronicle* stated that the unusually high compensation could get the Internal Revenue Service to fine an institution that overpays its executives. Another expert notes that these high salaries signal a "potential governance weakness."[1]

This is why there must be good moral leadership by an independent board of trustees. It is the job of the trustees to watch the hen house and protect it for the public's, students' and alumni's interest.

References

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