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Paying campus speakers?

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Quad 136

Paying Campus Speakers?

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Paying Campus Speakers?



There has been a controversy lately surrounding Hillary Clinton's speaking fees. She typically commands \$200,000 or more for a speaking engagement. The usual audiences are business groups, where it is shareholders who ultimately pay the bill and must decide if the speech was worth it. But Hillary is also a **popular speaker on the academic circuit**, recently speaking at as many as eight universities, including UConn, UCLA UNLV, University at Buffalo, Colgate University, Hamilton College, Simmons College and the University of Miami in Florida.

Such visits by speakers raise interesting questions for universities. Among the issues:

1. Is there a "fair" price for a lecture? Most academics would speak for a modest honorarium, say \$500-1000 and travel expenses, and many will speak for free. On the other hand, there is clearly a market for more famous names and Hillary is among the most well-known. If one takes markets seriously, as we do in most other areas of the economy, if Hillary's market price is \$200,000 for a speaking engagement, we should hardly begrudge her that. Each individual has their own definition of a "fair" price, but movie, music and athletic superstars earn similar amounts with little controversy.
2. Does it matter if the money comes from a university foundation or donor rather than tuition? Arguably, external sources are better than tuition dollars, but money is quite fungible and the foundation or donor could well have spent that money on another university budget item that would have offset tuition dollars, so in most cases the dollars are coming at least indirectly from students or other donors. It is the rare case that a donor says, "Here is \$200,000 for a speech by Hillary Clinton. If you don't use it for that, there is no other use in the university that I will support."
3. Does it matter if the speaker gives the money into a charitable cause? All of Hillary's fees have been paid to the **Clinton Foundation**. In short, no. If students, faculty or alumni want to support a charitable cause, they can do so directly. To argue that the university should be comfortable funneling money to a "good cause" through speaker's fees would open up questions of who gets to define the "good cause" and would turn universities into pass through organizations for charitable causes when the only charitable cause any university should support financially is the **university itself**.
4. Opportunity cost. This is the crux of the matter. What is the best alternative use of the speaker's fee? How would the benefits of that expenditure compare to the benefits of the speaker's visit? We must acknowledge that, assuming the speaker does a decent job, the audience benefits from the insights offered and the university gets the public relations and media benefits. (Unless they are criticized for paying too much!) "Having a political figure with the prestige of Hillary Clinton I think is a positive thing," said UConn student body president Mark Sargent. But what is the best alternative use of those dollars?

Certainly every college campus benefits from having outsiders come to campus to share their views and those benefits only occur if there are students, faculty and staff in the audience. At the same time, multiple academic visitors (who receive much more modest honorariums than famous guests) would likely attract smaller audiences but might collectively provide more benefits.

These are obviously complicated calculations where the costs are clear but the benefits are harder to measure. And the calculations might well be different for a large university like UConn than for small liberal arts schools like the College of Saint Benedict and Saint John's University. For a major research university to forgo the equivalent of 2-3 full-time faculty for a year might be much less of an issue than it would be for a liberal arts college.

Maybe the answer is to invite the speaker for commencement and give them an honorary degree rather than an honorarium! Ahh, but that **has its own challenges**.

By **Michael Hemesath** | July 28th, 2014 | Categories: **Economics, Higher Education** | **0 Comments**

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Michael Hemesath is the 13th president of Saint John's University. A 1981 SJU graduate, Hemesath is the first layperson appointed to a full presidential term at SJU. You can find him on Twitter [at] **PrezHemesath**.