

Request to Emergency Board for Salary Adjustments for Selected Faculty

Purpose:

The Department of Higher Education is seeking approval of a pilot program to retain faculty members who are considering leaving the Oregon University System. The program would establish a "fighting fund," generated from savings in the Chancellor's Office budget, to offer compensation increases to a limited number of tenure and tenure-track faculty whose work generates significant economic benefit to Oregon. The pilot program is intended to prevent further loss of top quality faculty members during the remainder of this biennium. If successful, the Board will consider extending the program to deal with legislatively determined salary restrictions.

Background:

The 2003 Legislature, at the Governor's recommendation, adopted a wage freeze for all state employees for the 2003-2005 biennium. House Bill 5077 included the following budget note for the Department of Higher Education:

The adopted budget does not support any increases in salaries, wages, or benefits for the employees of the department during the 2003-2005 biennium, and the Committee expects no such increases to be awarded.

The current biennium wage freeze compounds long-standing concerns regarding the level of faculty salaries in Oregon compared with universities in other states. According to a survey released by the American Association of University Professors for the 2003-04 academic year, Oregon salaries for full professors were 15 to 24 percent below the national average for similar types of institutions. Oregon salaries for associate professors were 6 to 20 percent below the national average; assistant professor salaries were 5 to 19 percent below the nationwide average.

Higher education operates in a truly national labor market, particularly for top quality academics. The Department is concerned that an increasing number of faculty members are leaving the state due to compensation issues. The Board conducted a faculty retention survey in February 2004 and found that 21 faculty members had recently left, an additional 19 were believed to be negotiating with other institutions, and 26 more were considered highly likely to be approached within the next six months. Many of these faculty members, in addition to their teaching and public service, bring significant amounts of grant funds to the state. Of the 21 faculty members who have already left the System, eight had grants in the current academic year totaling an estimated \$3.5 to \$4.3 million.

Faculty Salary Proposal:

1. Establish a pilot program that will allow the Board of Higher Education to increase compensation for faculty members whose continued employment in Oregon has significant economic development implications. (*Establish as a pilot program in case*

the state's salary freeze is extended or the Board wants to establish a "fighting fund" for retention purposes.)

2. Reserve \$0.5 million in state General Funds (available from reductions in the Chancellor's Office budget) to fund the pilot program. Universities will contribute Other Funds Limited revenues to fund compensation increases in proportion to the campus General Fund split. Universities will provide all funding for employees funded by gift, grants, and contracts.
3. Using these funds, authorize the Board to grant salary increases of up to 10 percent for a maximum of 200 tenured and tenure track faculty members prior to the end of the 2003-2005 biennium, if the faculty member has an offer of employment from another organization at a salary in excess of the faculty member's current salary. Also, faculty members that have recently been awarded a prestigious prize or award, been elected as a Fellow or member of a prestigious academy, or honored for meritorious activities denoting a national or international reputation in the faculty member's field may be considered for an increase.
4. In order to request a salary increase from the Board, a university president must provide the following information to the Chancellor's Office:
 - a. The identity of the faculty member;
 - b. Current salary and requested increase;
 - c. Source of the funds that will be used to fund the proposed increase;
 - d. To the extent possible, information regarding the offer from the outside organization including salary and non-salary components;
 - e. Any non-salary components of the proposed OUS counter offer;
 - f. The impact, if any, of the salary increase on other faculty members at the institution;
 - g. Where appropriate, a list of grants and contracts awarded in the current academic year, including the amount of each and their expiration date;
 - h. Documentation of recent awards, prizes, elected positions, or meritorious activities demonstrating the national or international reputation of the faculty member.
 - i. Assurances of the sustainability of gift or foundation funds intended to permanently fund the proposed increase; and
 - j. A description of the benefits to the institution and the state resulting from the increase.
5. The Chancellor's Office shall provide appropriate forms for the presidents for submission of requests for salary increases. The Chancellor's Office shall report to the Department of Administrative Services (DAS) and the Legislative Fiscal Office quarterly on faculty salary increases approved by the Board.

6. The presidents shall also prepare a report to the Chancellor on all faculty promotions to higher rank. The report shall include the salary before and after the promotions. The Chancellor's Office shall include this information in its report to DAS.

Staff Recommendation to the Board:

Staff recommends the Board approve the salary adjustment proposal and submit it to the Legislative Emergency Board.

(Board action required.)