Report of the University Senate Budget Committee 2007-08 Update on the 2000 Senate Budget Committee White Paper: A Plan for Sustained Competitive Parity in Instructional Faculty Compensation May 14, 2008

Executive Summary

The 2007-08 Senate Budget Committee (Marie Vitulli (chair), Peter Keyes, Mike Kellman, David Frank, Suzanne Clark, John Chalmers, Gordon Sayre (ex officio)) calls for the university to take **immediate** steps to bring our faculty's salaries up to the average (mean) relative to our comparators. We estimate that this will cost approximately $10.2 million or less than 2% of the University budget.

1. Frame the faculty salary issue and provide quantitative data as a basis of informed discussion. Since the adoption of the SBC White Paper in 2000, there has been widespread agreement on campus, among both the faculty and the administration, that raising faculty **salaries** was to be one of, if not the, top priority for immediate action. Although there has been progress in reaching the 2000 goal of achieving 95% of the average total compensation of our peer comparators, there was little progress in reaching the average salary of our comparators; the increase in total compensation was largely due to an increase in the costs of benefits. This trend of rising benefit values may soon reverse itself, however, because new faculty are in the OPSRP rather than in PERS Tier One or Two (the employer contribution rate is significantly less in OPSRP), and the PERS employer rate is falling as the economic forecast of PERS has dramatically improved. The data in Appendix A of this report documents the progress we have made since the 2000 White Paper. We are most competitive at the assistant professor level, since market forces demand competitiveness in order to hire new faculty. The longer a faculty member stays, the bleaker it gets, with full professors earning 81.4% of the average salary of the eight universities selected by OUS as our peer comparators. This comparison understates the real ratio, as our raises go into effect in January, whereas the raises of our comparators go into effect in September or December of the previous year

2. Make recommendations to the administration and greater university community.

Average instructional faculty salaries will be brought to the mean relative to our comparator institutions at each rank without letting our total compensation slip.

While meeting this goal in aggregate dollars in the salary pool is important, it is equally important that issues of salary compression and inversion be addressed substantively. We recommend that each unit or department on campus draft an "Equity and Compression Plan", which would show how their faculty salaries, either individually or by rank, compare to the salaries of their peer institutions and departments, and how increased salary funding would be distributed to achieve specific salary goals. These Equity and Compression Plans would be reviewed by the Provost's office (in consultation with the Senate Budget Committee) for compliance with the generally agreed-upon criteria and

goals. With the upcoming change in the university budget model, it is imperative that the administration aid schools and units come up with the funds to address faculty salaries. We call for annual reports by the administration on the progress made over that year towards achieving the goals of the 2007-08 White Paper Update.

3. <u>Discuss possible approaches to achieving the mean goal</u>. We recognize that the specific insights, expertise and experience of many of our colleagues in the administration are critical to the success of this important initiative for the university, and we look for to working closely with them to achieve its implementation. However, to perhaps start the dialogue moving in a more concrete direction, we mention in the full report three of the many possible approaches to addressing the faculty salary crisis. These approaches include: combining appropriations from the legislature with a reallocation of tuition and RAM dollars and a concerted effort to increase foundation funding for meritorious faculty to add $10.2 million to faculty salaries in 2008-09; for each of the next 3 academic years *supplement* COLA and merit raises for professors, associate professors, assistant professors, and instructors by 5.0%, 4.0%, 0.9%, and 2.9%, respectively; supplement COLA and merit increases over the next 3 years by reallocating 1% of the university's base budget from prior year to faculty salaries.