

# Senate Budget Committee Report to the University Senate: Fall 2001

## 1. BACKGROUND

Last spring, the Senate Budget Committee reported progress<sup>1</sup> on the White Paper five year plan to increase total faculty compensation (salary + benefits) to 95% of our comparator institutions<sup>2</sup>.

- Faculty salary increases in Year 1 of the White Paper (2000-2001) resulted in our achieving the goal of a 2.5% increase in our position regarding total compensation relative to our comparator institutions<sup>2</sup>. **Individual salary increases averaged 6.7%.**
- Progress was made in 2000-2001 in implementing the Basic Principles of Compensation<sup>3</sup>: the vast majority of faculty received increases, units began to establish principles and procedures that are made public to faculty, adjustments included a 2.5% cost of living component, increases did not come at the expense of academic programs and units, the 80% floor was established, and the Administration made a good faith collaborative effort to implement the White Paper principles.
- After several meetings with faculty, administrators and the Athletic Director, an agreement was reached to eliminate the athletic subsidy at the University of Oregon. The \$1.3 million per year subsidy will be reduced each year until 2005, when it will be completely eliminated. These funds will be specifically earmarked for faculty salary increases.

## 2. SALARY INCREASES IN 2001-2002

**The Senate Budget Committee proposes that all instructional and administrative faculty receive an average salary improvement of 4% starting on January 1, 2002. We had originally hoped to propose an average 5% increase based on the Legislature's appropriated biennial budget and favorable enrollment figures. However, the Governor has announced an immediate 2% cutback in state general funds, with the possibility of more to come, due to a state budget shortfall associated with the national economic downturn. In view of these developments, it seems prudent to revise the recommended average salary improvement. We expect that this will still enable substantial gains in compensation relative to our comparator institutions, in accord with the White Paper goals, in view of national pressures on academic budgets associated with the economic downturn. The vast majority of faculty should expect a significant salary increase this year. This is after provision for an expected 15% increase in the cost of PEBB health benefits, which alone equates to approximately a 2% average increase in total compensation for faculty. The Budget Committee will report later this term on the current situation and future prospects regarding health insurance.**

## 3. RECOMMENDATIONS FOR THE IMPLEMENTATION OF SALARY INCREASES IN 2001-2002

- **Instructor salaries. We recommend an average 5% salary increase for instructors this year starting on 1 January 2002.** We further propose the general principle that instructors routinely be included in future across-the-board salary adjustments received by full-time tenure-related (i.e., tenured and tenured-track) faculty and that this adjustment be comparable to the average percentage salary increase of full-time tenure related faculty. We recognize that in some units instructors' salaries have been significantly adjusted upwards last year. We therefore recommend that in those units instructor salary increases for 2001-02 should follow the average 2001-02

increase allocated to tenure-related faculty. For the future, we need clear data about instructor pay and the status of instructors, and we trust that future salary decisions can be based on more precise figures that would allow comparator relationships to be included in these decisions. Detailed information about these issues is expected to be included as part of the final report by the 2001-2002 *ad hoc* Senate Committee on Non-Tenure-Track Instructors to be presented to the University Senate in the spring of 2002.

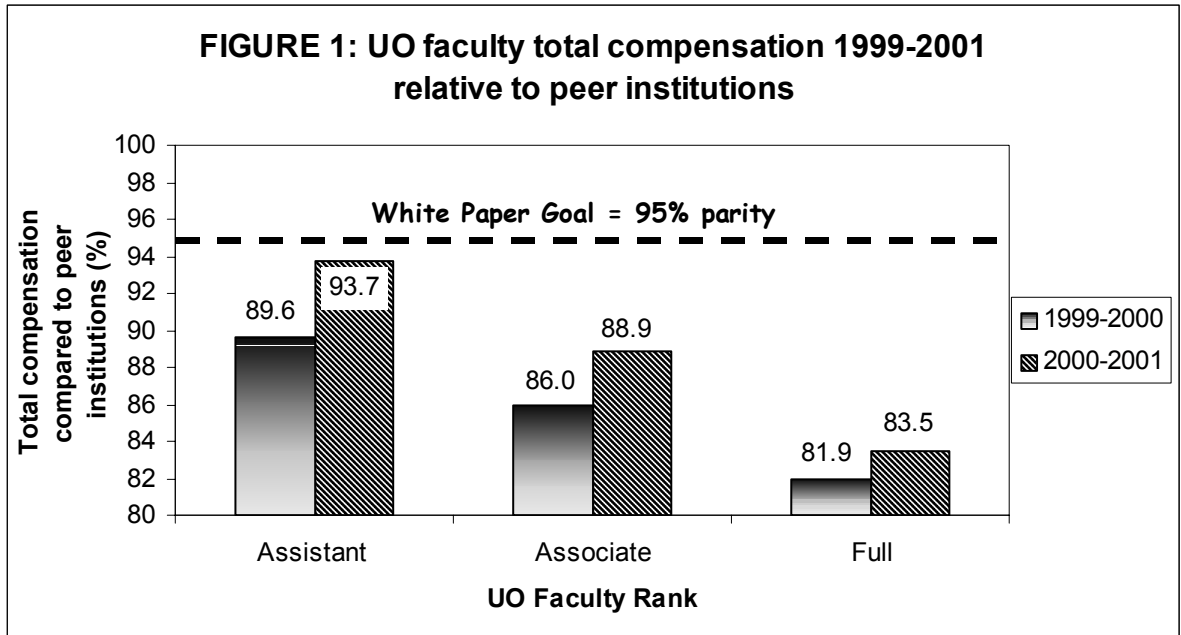
- **Salary compression.** A systematic priority needs to be given to redressing compression issues at the level of Full Professor. **Relative total compensation parity of the University of Oregon with comparator institutions increased in 2000-2001 for Assistant Professors to 93.7% (by 4.1% relative to our comparator institutions; Figure 1), and for Associate professors to 88.9% (by 2.9 %; Figure 1). However, Full Professors did not fare as well, rising by only 1.6% to 83.5% parity (Figure 1).** Therefore, although progress was made in all three ranks compared to our peer institutions, compression apparently increased with respect to Full Professors. The Senate Budget Committee recommends that compression be addressed starting this academic year (2001-02) by all units that have not already begun to redress this issue. **We propose that salary increases for this year be divided among Full, Associate and Assistant Professors on a differential basis of approximately 5/4/3% in those units where compression is an issue.** This apportionment remains consistent with our stated goal of an overall average 4% salary increase this year for tenure-related faculty. To achieve our long term goal of 95% parity for all faculty ranks set forth in the original SBC White Paper<sup>4</sup>, it will be necessary to continue to differentially apportion salary improvement funds in future years of the White Paper plan.
- **Salary improvements should follow the Basic Principles of Compensation<sup>2</sup>.** Although instructor salaries and compression are the top priorities this year, all units should adhere to the Basic Principles of Compensation<sup>2</sup> when allocating salary increases. Specific attention should be focused on ensuring that the vast majority of faculty receive significant increases. To maintain consistent progress toward the goal of 95% parity, all units should be careful to insure in their salary decisions that no faculty group or rank loses ground.

#### **4. MONITORING OF IMPLEMENTATION PLAN FOR YEAR 2 (2001-02)**

The University Administration, including the Provost's office and Deans, continue to agree to strive towards the goal of sustained competitive parity described in the White Paper<sup>4</sup> and to follow the Principles document<sup>2</sup> when disbursing salary improvement funds. During the fall of 2001 each department or school will continue to use the same or similar set of systematic principles and procedures develop in the spring of 2000 for the first round of raises under the White Paper plan in accordance with the White Paper section 5 and Principle #3 of the Basic Principles document<sup>2</sup> that the merit component of salary increases shall be based on performance using systematic principles and procedures adopted by each unit. These principles and procedures must be promulgated openly and the merit raise plan must be approved in advance by the appropriate Dean and Provost's office<sup>2</sup>. In addition, each faculty member must be notified of his or her raise before the end of December 2001.

Following the same procedure as last year, after salary decisions are made, each department will submit a written report to the appropriate Dean by January 31, 2002 demonstrating that the January 2002 salary increases followed the written departmental procedures and were consistent with the Principles in the Principles document. Any deviation from these procedures and principles will have to be justified and accepted by the Provost, who will receive copies of the department reports from the Deans. In those schools without departments, a similar report will be submitted by the Dean to the Provost.

After receiving departmental salary increase information from the Deans, the Administration will provide all relevant salary data to the Senate Budget Committee by March 15, 2002 and work closely with the SBC to develop an implementation plan for year 3 (2002-2003). The Senate Budget Committee will report to the University Senate on the progress towards the White Paper implementation plan for 2001-2002 by April 2002.



## REFERENCES

1. Year 1 (2000-2001) report of the Senate Budget Committee on the salary augmentation plan, <http://darkwing.uoregon.edu/~uosenate/dirsen001/SBC2000-2001.htm>.
2. Our 8 comparator institutions are: University of California, Santa Barbara; University of Colorado, Boulder; Indiana University, Bloomington; University of Iowa; University of Michigan; University of North Carolina, Chapel Hill; University of Virginia; University of Washington.
3. Basic Principles of Compensation for Instructional Faculty at the University of Oregon, <http://darkwing.uoregon.edu/~uosenate/dirsen990/SBCprinciples.html>
4. University Senate Budget Committee White Paper: A Plan for Sustained Competitive Parity in Instructional Faculty Compensation, <http://darkwing.uoregon.edu/~uosenate/dirsen990/SBCfinal.html>.