UNIVERSITY OF OREGON

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

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 critical initiative will cost approximately $10.2 million or less than 2% of the University budget.

Background

The University of Oregon has long had a reputation for excellence in research and teaching, but that hard-earned reputation is slipping. Since the passage of Measure 5 in 1990, state support has decreased substantially, tuition has risen, and the student/faculty ratio has increased dramatically. The university's ranking in national polls has continued to decline, while the classifications from the Carnegie Foundation now place the UO in the second tier of research institutions (RU/H rather than the top RU/VH for "very high" research activity). It is a widely-anticipated that the UO may be expelled from the Association of American Universities, because we no longer meet key metrics for membership in that august association.

It is easy to lose sight of the fact that the UO instructional faculty is the engine that drives this institution. Faculty salaries account for about 10.2% of the overall university budget, it is this small expenditure on the teaching faculty that directly or indirectly generates virtually all UO revenues, including tuition, appropriations from the legislature, grants, and athletics. The core of the university is the faculty, and this core has been badly neglected over an extended period, at great peril to the future of the institution.

Average faculty salaries at the UO have reached a point where many departments find it hard to attract new faculty members, or must be willing to pay starting salaries that equal, or in some cases, exceed the salaries of senior faculty members with many years of valuable service to the institution. New faculty members arrive with a relatively good salary, but quickly see that for every year they stay, their career earnings trajectory is flat or negative. It is vital to the future of this institution that faculty see an attractive career path at the UO and do not perceive the UO as a starter school, a place where one can gain experience and but then must leave for a better professional life elsewhere.

The vast majority of faculty members make significant contributions in all spheres of university life investing their energy, enthusiasm and intellect in the UO. The esprit de corps of the UO community drew many people to Oregon but this asset must be nurtured by reciprocal treatment that rewards the people who make their careers at the UO. It must be the first priority of the administration to pay for the deferred maintenance on a corps which finds both its checkbook and morale in shreds and tatters.

As a first step, the 2007-08 Senate Budget Committee recommends a modest goal which is to immediately pay salaries to the faculty which achieve the mean relative to our comparator institutions. This critical act of good faith is required to reverse our downward trajectory and must be applied uniformly across the professorial ranks, not just in aggregate. What this means is that research-active productive faculty must see substantial across-the-board increases to address issues of inequity and compression at the individual faculty level.

History

The crisis in faculty salaries was first addressed by this committee in 2000. After the adoption of the 2000 SBC White Paper, some progress was made toward the White Paper's goal of bringing the total compensation of UO faculty up to 95% of the average total compensation of our OUS peers. This progress halted during the salary freeze years (2003– 2005) and in fact reversed itself in 2004 – 05. Even though compensation progress resumed between 2005 and 2008, 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 lower in OPSRP), and the PERS employer rate is falling as the economic forecast of PERS has dramatically improved.

Tables 1 and 2 in Appendix A give a brief synopsis of how UO faculty salaries compare to our comparators since the original 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.

Since the adoption of the 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. However, the data indicate that this goal has not been translated into action. Table 3 in Appendix A illustrates the percentage growth in faculty salaries, versus the percentage growth in the university base budget for the same periods. Figure 1 in Appendix A looks at the cumulative percentage increases in the UO base budget, the average salary and the total compensation of a UO full professor, and the Portland-Salem CPI.

Not only has increasing faculty salaries not been a priority, which would perhaps be indicated by a percentage growth in salaries at least equal to the percentage growth in the base budget, but faculty salaries have not even held their share of the budget, increasing at a rate slightly more than **half** the rate at which the university base budget has increased.

We recognize that there have been many mitigating circumstances in this period, that the cost (while not necessarily the benefit) of the benefits package has increased, that state salaries have been frozen, that the administration has labored mightily to keep the university afloat in what are (seemingly always) tough times. But this does not change the fact that the faculty have actually lost ground. If the percentage growth in faculty salaries had simply matched the percentage growth of 59.8% in the university base budget, we would already be at 95% of our comparators' salaries.

Recommendations

1. The 2007-08 Senate Budget Committee recommends that we aspire to reach the median salary of our comparators, without letting our total compensation slip, in the next academic year.

2. 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. The 2007-08 Senate Budget Committee recommends that the central administration make solving the compression and inversion problem a top priority.

3. The magnitude of the salary problem can be expressed globally, but it is experienced individually and unequally. Some faculty members may have salaries that are appropriate, given their rank, experience and relationship to market forces; many faculty have salaries that are woefully inadequate according to these same criteria. Any implementation strategy for salary improvement must address these individual circumstances, and we must not allow significant salary increases directed at a relatively few individuals convince us that we have solved the overall problem.

Therefore, the Senate Budget Committee recommends 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.

This process mirrors that put in place two years ago by the University's Diversity Plan, which recognized that broad goals may be set at the institutional level, but that individual units and departments have different circumstances and needs, and that implementation strategies are best developed at the decentralized level.

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. This is going to take an additional $10.2 million allocated to faculty salaries per year. There is an expected enrollment increase of 200 students in fall 2008 generating at least an additional $1.2 million in tuition. There are additional allocations from the legislature for faculty salaries and for improving the Student/Faculty Ratios for the second year of the biennium totaling $4.3 million. If the state compensation (COLA) dollars are released there will be another significant source of funds that can be allocated to faculty salaries. These sources will help match the projected raises of our comparators. There must be an additional source of funds if we want to start closing the gap.

4. It is critical that we regularly monitor our progress in achieving this new goal. We recommend that the administration report back to the Senate Budget Committee in April of each year giving details of average UO and comparator institution average faculty salaries (by rank) and outlining the progress various campus units made towards achieving the goals of their Equity and Compression plans. This information will be posted on the SBC website.

Further Action

In this report, we have focused upon the scale and broad parameters of the situation, rather than on offering specific solutions. 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 forward to working closely with them to achieve its implementation. However, to move the dialogue in a more concrete direction, we mention below three of the many possible approaches to addressing the faculty salary crisis:

1. If faculty salaries are truly a priority to the institution the central administration should find $10.2 million to devote to faculty salaries starting in 2008–09. The money can come from combining appropriations from the legislature with a reallocation of tuition and RAM dollars and a concerted effort to increase foundation funding for meritorious faculty.

2. Over the next few academic years the average faculty salary increase should be determined by rank. The raises must be **above** the average raises of our comparators. The UO must *supplement* the average

comparator raises for full, associate and assistant professors and instructors by 5.0%, 4.0%, 0.9%, and 2.9% each year achieve mean of our comparators salaries by 2010 – 2011.

3. In addition to the customary COLA and merit increases, reallocate 1% of the prior year's base budget (tuition dollars, RAM dollars, and lottery funds) to faculty salaries each year until parity is reached. For 2007 – 08 this would have meant an additional $2.7 million for faculty salaries. The next year the 2.7 million would roll over and another $3 million would be reallocated to faculty salaries, assuming modest growth (10%) of the base budget. It would take 3 years for all ranks to reach the mean of our comparators with this approach.

Appendix A.

Year	% of Average Salary of OUS Comparators Full	Associate	Assistant	Instructor
1999-00	78.3%	81.4%	84.4%	76.8%
2000-01	80.2%	85.2%	88.6%	73.7%
2001-02	81.4%	86.4%	90.5%	72.5%
2002-03	80.4%	85.3%	85.0%	72.6%
2003-04	79.3%	83.2%	85.9%	73.2%
2004-05	77.3%	80.3%	85.6%	64.3%
2005-06	78.7%	83.3%	86.4%	76.8%
2006-07	81.2%	83.6%	91.3%	89.3%
2007-08	81.4%	83.3%	91.9%	84.0%

Table 1.

Year	% of Average Total Compensation of OUS Comparators Full	Associate	Assistant	Instructor
1999-00	82.0%	86.0%	89.6%	86.8%
2000-01	83.6%	89.0%	93.9%	82.3%
2001-02	84.9%	90.0%	95.6%	82.4%
2002-03	84.7%	90.2%	91.5%	84.3%
2003-04	84.9%	89.3%	92.7%	82.9%
2004-05	82.5%	87.3%	92.0%	75.5%
2005-06	87.5%	93.6%	95.6%	91.3%
2006-07	91.2%	96.0%	103.8%	106.5%
2007-08	90.7%	94.7%	101.8%	99.8%

Table 2.

The comparator data we report on is from the annual AAUP faculty salary studies, the latest of which AAUP 2007-08 Report of the Economic Status of the Profession appeared in the April/March 2008 issue of Academe and is posted online. In contrast, the latest UO figures include the January 2008 increases, which were not reflected in the AAUP survey, but instead come from Salary Comparisons 1999-2008.xls prepared by UO Institutional Research; this workbook relies on the AAUP annual studies for our comparator institutions.

Year	Base Budget dollars	% increase	Faculty Salary Increases (Academe data) all ranks	full	associate	assistant	instructors
1999-2000	169,120,029	0.0%					
2000-2001	172,568,019	2.0%	6.1%	5.7%	6.9%	6.5%	11.1%
2001-2002	180,019,164	4.3%	0.6%	1.5%	0.0%	-0.8%	-1.9%
2002-2003	195,934,513	8.8%	5.1%	4.7%	5.2%	6.2%	0.6%
2003-2004	202,433,588	3.3%	3.8%	3.5%	2.4%	5.8%	5.1%
2004-2005	222,655,130	10.0%	0.7%	0.6%	-1.2%	2.8%	2.7%
2005-2006	235,095,300	5.6%	5.6%	5.3%	6.9%	5.0%	4.4%
2006-2007	248,686,524	5.8%	1.0%	0.3%	-1.6%	5.1%	1.7%

2007-2008	270,181,189	8.6%	6.3%	7.4%	8.7%	3.2%	5.9%
1999-2008		**59.8%**	**33.5%**	**32.6%**	**30.3%**	**38.8%**	**32.9%**

Table 3.

The university base budget (see note after Figure 1) includes state general fund appropriations, tuition and fees, and lottery funds. The increases in the "all ranks" column takes a weighted average of salaries across the ranks (with weights 35:30:30:5) and then computes percentage increases.

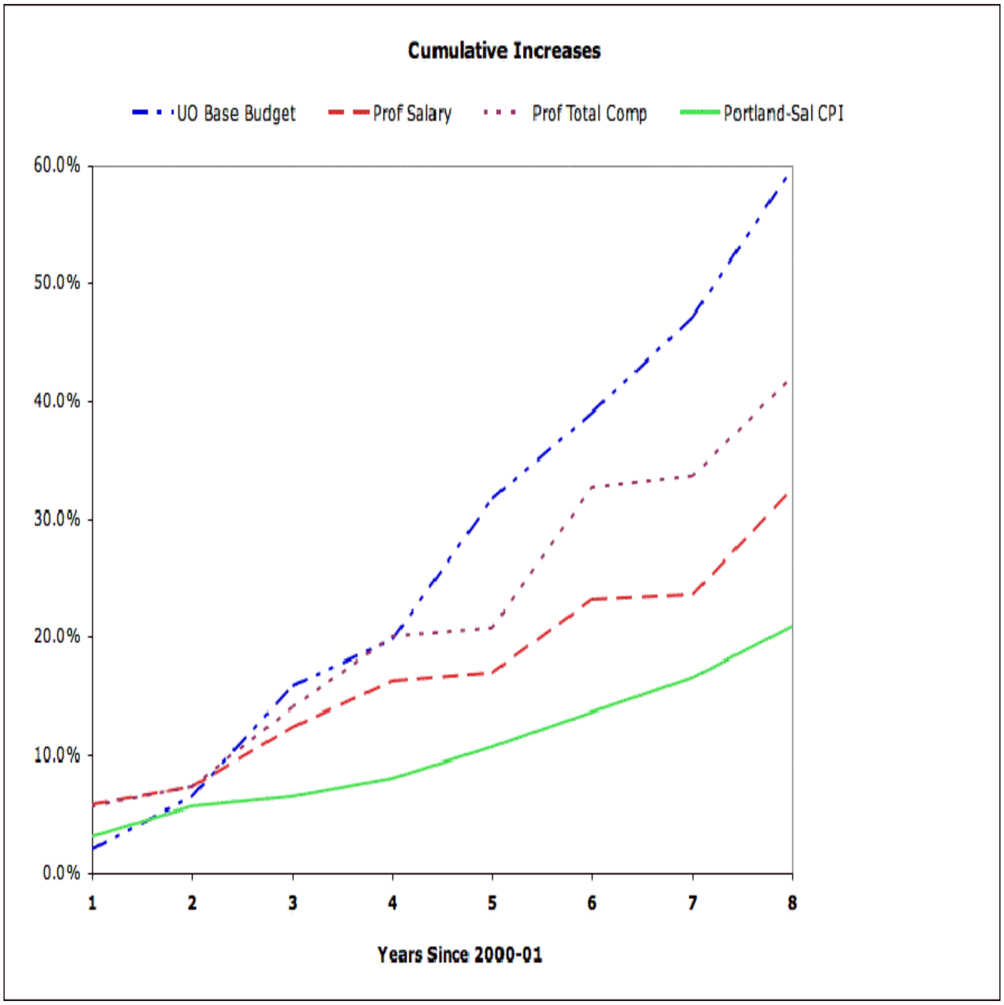

Figure 1.

Data for Salaries and Total Compensation are taken from data reported to AAUP and in [Salary Comparisons 1999-2008.xls] prepared by UO Institutional Research. Data on the UO base budget prior to 2006-07 comes from [historical_facts.xls] on the UO Institutional Research website. The base budget data for 2006-07 and 2007-09 come from the OUS website [Current Budget Documents]. The CPI data can be found online at http://data.bls.gov/.

The total UO operating budget reported in the OUS 2007-08 Budget Report Summary is $621,912,193. This figure is high due to double-counting of federal direct loans to students, which are also counted as tuition dollars. Subtracting $90 million for these loans, the UO total operating budget is about $531,912,193 million. $10.2 million is about 1.9% of $531,912,193 million.

Multiplying the average salary at each rank by the number of faculty at that rank, the salary pool for instructional faculty (after the January 1, 2008 increases) is $54,358,600. This is 10.2% of the total university budget of $531,912,193 million.

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