

Faculty Salary Equity Focus Group Report

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Introduction

To achieve its strategic vision, SUU must compensate its faculty commensurate with their qualifications, experience, abilities and performance, and in a manner that is considered to be equitable by most. Paying relatively low or inequitable salaries hinders the university's ability to attract and retain outstanding faculty; it might also foster a negative environment and perverse incentives, especially for those who have, for one reason or another, a long-term commitment to the institution. This document outlines some principles and recommendations for dealing with issues of faculty salary equity.

Salary Benchmarking

It is critical to have the best possible method—and to have general consensus to this effect—for determining a benchmark or target salary for individuals, based on external market forces and accounting to the fullest extent possible for characteristics including field, degree, rank, experience, expertise and possibly other factors. Reliable salary benchmarks will detect, and consequently help fix, all types of salary equity problems including salary compression and gender inequity.

While the salary benchmarking method developed by HR from CUPA data is undoubtedly a good start, it's recommended that a team of persons with pertinent expertise be assembled to further analyze, refine and validate the salary benchmarking method. An issue that warrants further analysis, for instance, is the distribution of salaries within cohorts—if salary distributions are substantially skewed, it would be most appropriate to base benchmarks on the median or some other percentile, rather than the average. In addition, CUPA should not be the sole standard for establishing salary benchmarks; CUPA has important limitations and there are other data sources that might be used to supplement the analysis.¹

Merit Pay

In principle, rewarding individuals financially for superior performance, or for special qualifications, will have a positive effect on advancing the university's mission; moreover, failing to do so can have a detrimental effect. However, it can be very difficult to implement a merit-pay system properly and fairly, and one poorly conceived or implemented could be worse than none. It is therefore recommended that another team of appropriate persons be assigned to carefully study and analyze the issue and develop effective policies and procedures for implementation of a merit-pay system.

Merit-pay policies and procedures developed at the University level should take the form of broad guidelines, possibly including basic checks and balances, that allow each college to develop, delineate and implement a system tailored to their own needs and circumstances.

¹ For instance, data from the 2003 Survey of Doctorate Recipients (SDR) is currently available on campus. The SDR is a nationally-representative sample of individuals who received a doctorate from a U.S. university. Information from over 25,000 Ph.D. recipients is available on salary, rank, experience, field, type of institution and a number of other factors.

As a general rule, all faculty members in good standing should receive satisfactory COLAs before merit-pay distributions are considered.

Equity Adjustments

For purposes of this paper, “externally underpaid” faculty members are defined as those who (1) are currently paid a salary below the market benchmark and (2) consistently meet minimum performance standards.² Note that this definition does not account for faculty who might be underpaid relative to peers within their own academic units.

In making salary equity adjustments, the first objective should be to bring all externally underpaid faculty members across campus up to an appropriate target level (e.g., within a certain percentage or standard deviation of the salary benchmark). If funds become available for salary equity adjustments, but such funds are insufficient to bring all externally underpaid faculty members up to the target level, the money should be distributed in a way that adds to all externally underpaid faculty and at the same time reduces internal inequities. A simple way to do this is illustrated below.

The following table shows a hypothetical situation in which there are five faculty members with varying salaries, both in absolute terms and relative to the respective benchmarks. The total amount needed to bring each up to the applicable target is \$46,000. Suppose there is \$30,000 available for equity adjustments. The first two faculty members, who are at or above the target, get no salary adjustment. The others receive a percentage of the total available based on their share of the total gap; for example, the equity gap for the third faculty member is 13% of the total gap (6,000/46,000) so this person gets 13% of the available funds (.13 x 30,000 = 3,913). Note that those furthest below the target get relatively larger adjustments so that external and internal inequities are reduced simultaneously.

Target Salary	Current Salary			Salary Equity Adjustment		New Salary			
	Level	% of Target	Equity Gap	Gap as % of Total	Amount	Percentage Increase	Level	% of Target	Gap
90,000	99,000	110%	0	0%	0	0%	99,000	110%	0
70,000	70,000	100%	0	0%	0	0%	70,000	100%	0
60,000	54,000	90%	6,000	13%	3,913	7%	57,913	97%	2,087
50,000	40,000	80%	10,000	22%	6,522	16%	46,522	93%	3,478
100,000	70,000	70%	30,000	65%	19,565	28%	89,565	90%	10,435
370,000	333,000	90%	46,000	100%	30,000		363,000	98%	16,000

After all faculty members across campus (who meet minimum performance standards) are brought up to the target salary level, the second-stage salary adjustment should focus on elimination of remaining internal inequities at the college and department levels. Identification of internal inequities involves (1) definition of a relevant peer group for comparison purposes and (2) an accounting for performance, experience and special qualifications relative to the peer group. Thus, for example, someone who consistently performs at a superior level but whose salary is close to the average of his or her peers could be considered underpaid.

² Establishment of “minimum performance standards” needs further consideration but might be defined as achieving standard performance on all, or nearly all, segments of the FAAR.

Because internal inequity issues are more subjective, these second-stage allocation decisions should be made at the college or department level. First, allocate equity-adjustment funds to each college in a way that reduces inter-college inequities; e.g., allocate proportionately more to those colleges that have lower overall salaries relative to respective benchmarks. Working with department chairs, each Dean can then make individual adjustments aimed at reducing inequities within departments and across his or her college. In making these adjustments, Deans would follow an established set of merit-pay policies and procedures (to be determined).

The salary adjustment procedures described here will reduce current inequities. A simple way to mitigate the tendency toward future salary compression would be to adjust salary increases for rank advancement upward.

Mission-Based Criteria

Salary-equity policy should allow for the possibility of having relatively higher overall salaries in certain academic units or fields based on the mission or values of the university. In other words, if it were determined that the university's mission is best served by developing certain academic units more than others, policy should provide some allowance for relatively higher salaries in those units, to attract and retain the people needed to achieve the objective and to reflect the values of the institution.

Overload and Summer Classes

The optimal management of overload and summer classes is a challenging problem involving a number of interrelated factors including financial impacts, academic quality, faculty load, accreditation, class size and student throughput. While accounting for the objectives and constraints associated with these issues, it would be useful to also consider overload and summer classes as opportunities to help faculty financially. If overload and summer pay rates were at an attractive level, the opportunity to teach such courses could be a meaningful benefit. Overload and summer classes could be considered tools to help manage several university objectives and boost faculty income at the same time.

This point of view implies that the pay rate for overload and summer classes should be as high as possible— at a level such that the incremental cost of offering each overload or summer class is close to the incremental revenue generated (this would require a precise calculation of incremental cost).

Individual colleges should be allowed flexibility in both the operational and financial management of overload and summer classes. For instance, in cases where there is high demand for summer courses, some colleges might choose to include summer teaching in regular faculty contracts, possibly putting certain faculty members on Spring/Summer or Fall/Summer contracts.