

# Report of the Senate Ad Hoc Committee on Faculty Salaries

## Submitted by

- Alice Christ (Art and AAUP)
- Richard W. Furst (Business & Economics)
- Zakkula Govindarajulu (Statistics)
- Mitzi Johnson (Medicine)
- Kathi Kern (History)
- Robert Lodder (Pharmacy)
- Chuck Staben (Biology)
- Eric C. Thompson (Center for Business and Economic Research)
- Ernest J. Yanarella (Political Science), Committee Chair

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## I. Committee Charge and Review Process

Prompted by longstanding concerns among the faculty with salary erosion, salary compression, and even salary inversion issues experienced at this institution relative to our benchmarks, the Senate Council on September 14, 2003, voted to form a committee to investigate and report on means of responding to these problems. Ernest J. Yanarella was designated chair of this Committee and encouraged to invite a cross-section of prominent and interested faculty members to assist in this inquiry. Its explicit charge was enunciated by the Senate Council chair, Jeff Dembo, who stated (in part) that the intent of the Committee was "NOT...to spend time gathering evidence and documenting the existence of problems associated with faculty salaries" that are "well understood and accepted," but instead to undertake two things: (1) "to develop compelling rationales for the University to respond seriously to the 'faculty salary problem'"; and (2) "recommend a set of concrete ideas and proposals for addressing the many facets of the 'faculty salary problem'." Moreover, to the extent possible the Committee was also charged with seeking to "identify and propose methods by which external funding to the University can be increased" and to "suggest ways in which there can be reallocation or redistribution of funds within the University." This report constitutes the Committee's earnest efforts to respond to the above charges and to reach a loose consensus on addressing its central concern. Some key issues taken up in committee deliberations remain unresolved, and several committee members expressed minority opinions about various parts of the report that are included.

The Committee chair was successful in drafting eight faculty members onto the Committee: Alice Christ (Art and AAUP); Richard W. Furst (Business & Economics), Zakkula Govindarajulu (Statistics), Mitzi Johnson (Medicine), Kathi Kern (History), Robert Lodder (Pharmacy), Chuck Staben (Biology), and Eric C. Thompson (Center for Business and Economic Research). Beginning at the end of September, the Committee held meetings on September 26, October 8, October 17, October 24, November 5, and November 24 in order to grapple with the issues and concerns driving its agenda. In addition, in vigorous and spirited, but always illuminating email exchanges, the Committee's focal concerns were further discussed and debated.

The recommendations and supportive rationales below represent the outcome of this Committee's engagement of its charge. Additional materials generated or consulted in the committee process are posted on the Senate Web page.

## **II. Rationale for Taking Seriously the "Faculty Salary Problem"**

The rationale for addressing the issues surrounding the faculty salary (and benefit) situation at the University of Kentucky can be offered on two levels. At the most general level, the Committee's case can be summed up in three terms: national competitiveness, faculty recruitment and retention, and equity or fairness considerations. In general, the Committee was unanimous in supporting the aspirations of top administrators instituting mechanisms to heighten this University's national competitiveness and to make significant strides in the avowed goal of reaching top twenty status among public universities by 2020. As the Committee's deliberations progressed, two particularly knotty and not easily definable concepts frequently entered into arguments and conversations: merit and equity. Some committee members wished to pursue avenues of improving faculty salary situation by finding ways to raise salaries for meritorious faculty members whose efforts were advancing the University's quest for elevated ranking among public universities. Others emphasized that past policies and circumstances had contributed to problems of salary erosion, compression, and inversion creating a kind of "loyalty tax" on those faculty members who remained at this university and often made significant contributions in one or more of the teaching, research, and service missions.

While specific rationales for its recommendations will be offered, the Committee argues at the most general level that the issues of faculty salary and compensation should be squarely addressed and a plan of action developed for the following reasons:

1. A salary/benefit structure more in line with the University's top benchmark institutions is likely to make this University more competitive nationally in attracting top-flight faculty members at all levels.
2. A faculty member with an equitable salary will have high morale and will contribute to the University and its programs beyond his/her own sense of self-interest and will perform at a higher level of productivity.
3. The combination of higher faculty salaries and improved compensation packages is likely to retain our best faculty members, who will be less likely to be wooed away by universities and departments offering better salary and benefits packages.
4. A better paid faculty is more likely to stem the "brain trickle" from academia to the private sector where material rewards and incentives are much greater.

### **III. Committee Recommendations**

Short-term Goal: The Committee accepts the new University of Kentucky Strategic Plan goal of reaching 90% of the median of the University's benchmark institutions by field and rank by 2006.

Long-term Goal: The Committee further supports the goal of attaining 100% of the median of the University's benchmark institutions by field and rank by 2010.

Overall Goal: The Committee strongly recommends that the University build a new system of salary raises and benefits that corrects tendencies of the current merit system to produce increasingly noncompetitive salary/benefit compensation structures, salary compression and inversion issues, and mounting faculty retention problems.

#### **COLA and Equity Concerns**

1. Salary increase pools should be applied first to address cost-of-living adjustments. Remaining funds should be applied to reward meritorious performance in research and teaching, and service.

Rationale: Recent salary increases have been based on merit and have ignored the cost of living increases. As a result, the salaries of numerous faculty members have not kept pace with inflation. Given the modest salary pools, the number of faculty members in this group has increased even though many have contributed significantly to their units.

2. Four separate salary pools should be established: for cost of living adjustments, meritorious activity, promotion in rank, and faculty retention/excellence to reward and retain outstanding faculty.

Rationale: Statistics on publicized faculty salary increases should actually reflect the average percentages faculty members receive, not the percentage of the salary allocation before promotion increments and salary adjustments for retention/excellence are deducted.

3. Salary pools should be made more transparent in terms of the number of pools established (faculty, administrative, staff, etc.), the scale and measures for awarding salary increases, and the sources of such funding.

Rationale: The Todd administration has routinely touted the need for a more transparent university that allows University community members and interested Kentucky citizens the ability to follow the process of decision making and the flow of financial resources through the University system.

### **Benefits Concerns:**

1. Faculty benefits should be significantly increased and the range of benefit options should be expanded.

Rationale: Studies repeatedly show that this University's current employee benefits are not comparable to its benchmark institutions. An important part of addressing the "faculty salary situation" involves bringing UK benefits more in line with those offered by other prominent or rising Research I universities with which this University is competing for new stellar faculty members or seeking to retain our own highly marketable faculty members.

2. A flexible benefits program should be adopted that allows faculty members to choose among a cafeteria menu of benefit options and levels of funding--including tuition waivers for faculty dependents, dependent child care, domestic partner benefits, banking current benefit funds for retirement, medical deductible payments--with a fixed benefit allocation per faculty member.

Rationale: This type of benefit system would give individual faculty members the right and responsibility of choosing the benefit package that best reflects their present and future needs over the course of their University career. It would relieve the University of responsibility for designing homogeneous benefits packages that would be practically applicable only to a portion of the faculty.

## Merit-related Concerns:

1. The Provost and Senate Council should jointly establish a committee to review the current merit review system and make recommendations for the design of appropriate means for rewarding merit across the entire University.

Rationale: The committee discussed various ways of improving the current merit review system and learned that the system used on campus varies widely among colleges, and even among departments within many colleges. Indeed, there apparently is not university-wide "system." At each meeting of the committee various proposals were discussed ranging from a standard system of merit increases added to the base salary of the faculty member to a system of annual non-recurring bonuses for meritorious performance. Consensus on this issue could not be reached. The committee concluded that the issue needed to be studied at greater length and more carefully. Members of the committee proposed for this purpose should be senior faculty members and should have some knowledge of merit review systems and the incentives and disincentives inherent in such systems.

2. The University should consider loosening restraints on granting RCTF funded endowed chairs so truly outstanding UK faculty can be effectively reviewed for such accolades.

Rationale: Prevailing policies and institutional biases works against the award of Research Challenge Trust Fund (RCTF) funded endowed chairs to outstanding current faculty. Not only does this negatively affect faculty morale; under some circumstances, the University does not get the most bang for the "bucks for brains" dollars, since less distinguished faculty members are hired. Any salary freed up by hiring an internal candidate for such endowed chairs should go to the respective internal candidate's academic unit for hiring additional faculty members or for providing salary adjustments for other outstanding faculty members.

3. The University should institute a special series of endowed professorships for which UK faculty with meritorious teaching, research, and service may compete.

Rationale: UK faculty members who have achieved national prominence and those on the verge of gaining national honors clearly deserve University recognition. A series of prestigious endowed chair positions could do much to reduce the chances of other universities successfully "cherry picking" UK's "best and brightest." These endows positions could be granted to faculty

members with outstanding teaching and service as well as those with outstanding research programs.

## **IV. Conclusion: The Challenge and a Caveat**

This University 2003-2006 Strategic Plan is appropriately subtitled, "The Dream & the Challenge." This report borrows in part from this ambitious plan by underlining the challenging nature of the present budgetary environment shaping University priorities. In a period of declining state support for higher education and with the prospect of possibly greater fiscal challenges ahead, it would be easy to postpone efforts to meet the pressing urgency and growing need to address the faculty salary problem in a serious and meaningful manner. This would be a mistake---and one that the 2003-2006 Strategic Plan renounces by its commitment in Goal III to "attract, develop, and retain a distinguished faculty" and by noting that "compensation is the most important resource for attracting and retaining distinguished faculty."

This report however goes further by seeking to balance the forward emphasis of the Strategic Plan's predominant concern with future faculty with a stress on the salary situation of those current and loyal faculty who have distinguished themselves on many dimensions over the course of a long tenure in the face of growing disparities between market value and salary and benefit reward. Any university, even the best ranked, involves an admixture of faculty at various ranks who contribute in different ways with varied talents to the programs and missions of higher education. Just as the aspirations and objectives forming the vision of the future must not be sacrificed to the present-day realities informed by the smaller dreams of yesterday, so the Dream underpinning the latest Strategic Plan must not be pursued in such a way that those constituting the foundations of the University of today should be treated as the "sacrifice generation" for those who will populate the glorious future of the Dream fulfilled. A generous and humane University clearly has a place for responding to the needs and contributions of both constituencies.

One last note: In preparing this report, this Committee was impressed by the efforts of one of the Commonwealth's regional universities--Morehead State University--to develop a faculty salary plan for engaging its even more serious salary situation vis-a-vis its relevant benchmark institutions. At the same time, the Committee has found sobering the number of similar exercises at other Research I universities that have stalled and come to naught. Clearly, someone must be responsible for ensuring that the salary plan is implemented in order for the plan to be realized. The responsibility for executing the salary plan, including cost-of-living adjustments, equity adjustments, promotion in rank adjustments, and faculty retention/excellence adjustments to reward and retain outstanding faculty rests first with the deans and the provost. The provost

should request salary adjustment criteria in each budgetary period from the deans, and the provost should be responsible for providing the necessary funds and any corrective action that may need to be taken by a particular college in order to achieve the aims of this plan. The provost's office should also be responsible for gathering the data pertaining to the benchmark median salaries broken down by discipline and rank.

A university administration and board of trustees planning the next steps toward greatness and top twenty status can and should be laying the groundwork and joining hands with faculty to find creative means for addressing serious faculty salary problems as an integral element of any "stride toward greatness." Borne of hope and conviction, this report seeks to open and expand a campus dialogue on one such issue intended to forge that necessary administration-board-faculty partnership.