2010-2011 UTK Faculty Salary Study

Prepared by the UTK Faculty Senate Budget and Planning Committee

Introduction

For more than a decade the Faculty Senate Budget and Planning Committee has compiled faculty salary data at regular intervals. During the 2010-11 academic year, the Faculty Senate Budget and Planning Committee obtained faculty salary data from the UT Office of Institutional Research and Assessment, separated by department and rank. This data is posted on the Faculty Senate website. We also obtained comparison data from public universities classified as Research Very High (RVH), THEC Peers (THEC), and Top 25 universities (T25). The data reveal that in general UTK faculty are severely underpaid, earning on average 89% of RVH salaries, 90% of THEC salaries, and only 86% of T25 salaries. However, separation of data by rank and department reveals widespread unevenness of the salary inequities. Average salaries as a percentage of those in comparison groups ranged from less than 75% in one department to over 100% in another. Moreover, these salary differences among departments show no clear connection to independent assessment of departmental quality. For example, a study carried out by the mathematics department that ranked 15 departments in the College of Arts and Sciences according to the midpoint of the percentile ranges of the S, R, and Research data sets in the recent National Research Council report showed the following: Department A was in percentiles 61, 49, and 56, respectively in S, R, and Research data among its peers nationally, while the salaries of its full professors (an appropriate group due to the time frame of the NRC study) were only 75-81% of average salaries in each of VRH, THEC, and T25. Department B was in percentiles 23, 27, and 20, respectively, compared with its national peers, yet had full professor salaries equal to 95% of VRH, THEC, and T25 (around 90% of each when taking out the maximum salary, which presumably belongs to the governor's chair in the department). While NRC rankings cannot be applied to all disciplines, these observations suggest that historical UTK faculty salary policies have not only left faculty underpaid in general, but have produced disparities in pay relative to quality that pose risks for demoralization and defection of some of our most productive members.

How did we reach this point? While our university has faced budget pressures due to decreasing state appropriations, the response by the UT System to those pressures has not been uniform. According to data from University of Tennessee budget documents, system-wide spending in the category of Instruction, which is the category that directly funds most faculty salaries/benefits and hence the *primary* activities of our mission as a public university, grew by 14.3% 2005-9. In the same period, funding in all remaining functional categories grew by 24.9%. Put another way, compared with the 44.2% share of total expenditures devoted to Instruction in 2005, the 42.1% share in 2009 represents a \$22 million diversion from Instruction into other categories, or about \$9.2 million for our campus. By comparison, the amounts needed to bring overall salaries to parity with RVH, THEC, and T25, respectively, are \$11.3, \$10.4, and \$13.6 million. Had funding for Instruction maintained its share of funding over the period, we'd almost be there. Questions about this diversion of funds are posed in our report on assessment of non-academic programs. The main purpose of the present report is to draw attention to the salary situation and offer a faculty perspective on how to improve it.

Summary of Raise Proposals

Finding resources to support our mission is a perpetual problem, but we believe that support for tuition increases and state appropriations is more likely when those funds are being used to meet clear needs, and for purposes such as instruction and research that are important to students and taxpayers. Evidence for this assertion is provided by Chancellor Cheek's successful effort last year to obtain a 0.5% tuition increase targeted at improving class availability and other clear instructional goals. Guided by this theme, we will consider several options to address the salary situation, some old and some new.

ACROSS THE BOARD PERCENTAGE: All faculty and staff receive an equal percentage pay raise.

Advantages: All staff and faculty benefit. Significant raise can boost morale overall and help maintain parity with cost of living.

Risks: In the absence of performance or market based raises, equal percentage raises can damage the morale of faculty who show significant merit or are underpaid relative to the market in their field. Additionally, if raises are awarded across the board as a percentage of current salary pools without correcting below-market trends for whole departments, divisions or colleges, we risk undermining many of our strong programs. (See Market Adjustment below.)

ACROSS THE BOARD FIXED DOLLAR: All faculty and staff receive an equal dollar amount.

Advantages: All staff and faculty benefit; the raise is much more significant for the least paid, and faculty goals to improve pay of those earning lowest wages are furthered.

Risks: Can represent a very small percentage raise for faculty, doing little to impact market disparities or keep up with cost of living.

MARKET ADJUSTMENT: Distribution of faculty raises is based on faculty performance, market competitiveness of colleges/divisions/departments/units, and salary comparisons with peer departments/units in Top 25 or other aspiration/peer groups.

Advantages: Historical irregularities in starting salaries, timing and amounts of merit raises, changing university priorities, and fluctuations in departmental quality can all lead to the kind of inequities in pay described in the Introduction. Market based adjustments can be backed by data that provide a convincing argument that resources are needed to improve salaries and avoid possible defection or low morale. Greater impact than across the board raises on faculty who are performing well but comparatively underpaid. Administration could determine distribution to colleges and departments; departments could determine the best way to meet inequities internally (with an approved plan).

Risks: In the absence of merit raises, high performing faculty who are already comparatively well-paid might perceive the raises as unfair. In fields without something comparable to NRC rankings, market competitiveness (i.e. national standing) could be more difficult to measure.

TOP 25: Raises are distributed to departments in relation to their success at moving the university towards the Top 25 goals, and within departments to those individuals having the greatest impact on those goals.

Advantages: Focus on goals important to students would make targeted tuition increases more acceptable. Awarded departments would provide online showcases concerning their efforts, allowing students and the general public to see those tuition dollars at work, and boosting the image of the university. Efforts such as great teaching, mentoring, and advising that are important to the Top 25 initiative would be rewarded to a greater extent than they are now. Faculty who are underperforming in research/scholarship would have an incentive to lead or become involved in these efforts. More rapid progress towards the Top 25 goals would lead to improved state appropriations through the funding formula and possibly through improved university image.

Risks: Consistent, clear, and compelling data about departmental impact on Top 25 goals could be difficult to obtain and assess. There might be an evolving tendency to "spread the love around", resulting awards to departments that have made less than first-rate efforts. Some of the Top 25 goals, such as increasing the number of graduate degrees or research grant dollars, have at most a tenuous connection to undergraduate tuition in the eyes of students and the public.

MERIT: Raises are distributed among faculty who "exceed expectations" according to traditional measures, or are applied in special cases such as when a faculty member receives an external offer at a significantly higher salary.

Advantages: Targets faculty who are performing at the highest level. Can prevent faculty defections to other universities.

Risks: Emphasis on external offers punishes loyalty and can damage morale. Some faculty may fish for jobs simply to get a raise, wasting resources. Giving raises to faculty with external offers can end up costing more than just paying faculty market competitive salaries to begin with. Faculty who are motivated to leave due to low pay might find other reasons to leave after receiving a job offer, making counter-offers ineffective. There is anecdotal evidence that standards for "exceeding expectations" vary greatly among departments/units. "Lake Wobegone" departments with high national standing may not be permitted to claim that most of their faculty exceed expectations—even if, by national standards, they do.

Implementation Recommendations

ACROSS THE BOARD: Given the recent stagnation in wages of university employees, we recommend that the proposed 1.6% raise for all employees be distributed as some reasonable combination of fixed dollar and percentage raises across the board.

MARKET ADJUSTMENT: Given the market disparities revealed by our salary study, we recommend that a significant portion of any additional raise pools that become available in the near future be devoted to market adjustments of faculty salaries. We recommend that each College be asked to produce a data-driven plan to determine the national rank or standing of each of its academic units (departments) from the standpoint of market competitiveness for faculty. For example, the recent NRC study explicitly measures aspects of a department that are important to faculty, hence the desirability of being hired by that department, hence the level of salaries that its faculty may command. Other rankings, such as those by *US News and World Reports*, represent the desirability of an institution to students and the quality of students who attend. Such factors are more important to the Top 25 goals than the market-based salary expectations of faculty. Rankings by units should be in terms of percentiles compared with units in the same field at other universities, in order to adjust for differences in numbers of programs nationwide. Salary goals should be based on departmental/unit percentiles within the ranking established by the college. That is, departments are not considered as directly competing with other, perhaps very different departments within their colleges, but rather finding their relative position among departments in their disciplines other universities. For example, one could specify that the average salary in each rank of faculty members who are “meeting expectations” should be as follows, according to the percentile rank of the department against its peers at other universities:

Percentile—Target Salary

90-------------110%
75-------------105%
60-------------100%
45-------------95%
30-------------90%
15-------------85%
0---------------80%

Each department would calculate the cost to bring every rank up to the target percentage (not less than $0), and any market salary pool would be distributed proportionally to departments, if the pool is insufficient to meet the goals in all departments. For example, Department A, mentioned earlier, using any of the three data sets, would fall in the percentile range of 45-60, and would have a target percentage of 95% in all ranks, whereas Department B would have a target percentage of 85% in all ranks. Departments would distribute raises to individual faculty via a college-approved plan that focuses on moving a significant percentage of faculty (among those meeting expectations) towards the percentage goal. Note that a department that is “average” among its peers has a target salary of 95% at in all ranks, while no department would have a target below 80% in any rank.

Such a strategy provides an incentive for departments to work to improve (or at least maintain) national status and focus on activities related to that status, with clear rewards for doing so. For example, faculty may choose to submit more papers to journals that are widely read enough to be included in the citation indexes used in the NRC data.

TOP 25: We propose requesting a 0.5% tuition increase annually for ten years to provide a recurring fund devoted to helping our university achieve (and eventually maintain) our Top 25 goals, especially those connected to undergraduate education. Departments would compete periodically for a share of the recurring funds by writing proposals highlighting activities that are helping us reach the Top 25 goal. Proposals would include a three-year budget and data-based assessment plan. The budget would include a plan to distribute a significant salary bonus pool among those principally involved in the proposal (or do we want to include permanent raises that revert back to the pool when the faculty member leaves the university?). Winning proposals would be made public (except possibly for budget details) and each winning department would be required to have a visible web presence describing its activities and including the results of assessment. Technical support for the web site and other dissemination activities would be a part of the proposal.

MERIT: We support reserving funds for merit raises, especially for faculty who do not adequately benefit from market adjustments. This group would include those whose national stature is arguably significantly higher than that of their departments, or who are exceeding expectations in departments with already high salaries relative to the comparison groups. We also recommend looking into the creation of recurring funds devoted to annual merit bonuses. Bonuses can provide substantial rewards without long-term commitment of funds to a particular faculty member.