

April 15, 2023

**MEMORANDUM**

**TO:** Dr. Thomas Jeitschko  
*Interim Provost and Executive Vice President for Academic Affairs*

**FROM:** Dr. Jamie Alan  
*Chairperson, University Committee on Faculty Affairs*

Dr. Bree Holtz  
*Vice Chairperson, University Committee on Faculty Affairs*

**SUBJECT:** Annual Recommendation on Faculty Compensation and Raises

Michigan State University and its faculty have long served a critical role in the state of Michigan, our country, and the world through education, outreach, groundbreaking scientific and medical advances, and scholarly and professional activity across all disciplines. The faculty is the core institutional asset for the essential missions of the university. Currently, student enrollments are at record numbers, financial support from the state of Michigan is projected to be solid, and our five and ten-year returns on investment have remained healthy despite the volatility of the current stock market.<sup>1</sup> Year by year, difficult decisions must always be made to prioritize among the many worthy proposed activities and investments that MSU can make. Maintaining its investment in its faculty must be also considered essential for the long-term health of the university. It is required annually that the University Committee on Faculty Affairs (UCFA) propose a faculty compensation adjustment for the upcoming year. Our recommendation reflects a need for investment in the faculty, especially in the areas of recruitment, retention, and wage stagnation when considered against the background of rising inflation rates. It also recognizes that this investment may require multiple years of adjustment to achieve the desired results.

The purpose of this memo is to recommend a faculty compensation adjustment for the upcoming year that reflects the need for investment in recruitment and retention, addresses salary equity concerns, and accounts for inflation.

**1. Recruiting and Retaining Faculty**

Our primary goals under this heading include a) Aspirational Goals and b) Salary Equity. We believe that these priorities match the strategic plan of the university, MSU 2030, specifically the desire to “Make MSU a workplace of choice — and a desirable place to

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<sup>1</sup> <https://investments.msu.edu/endowment-performance.html>

stay — for discipline-leading, innovative, creative and diverse staff, faculty and postdoctoral research associates.”<sup>2</sup>

As we are all aware, faculty at MSU have faced considerable instability and difficulties over the past years, including the changes made to institutional practice after the Nassar scandal, the challenges of the pandemic, rapid turnover in key leadership roles, a Board of Trustees that exhibits considerable conflict, and gun violence on campus. Faculty morale has suffered from these significant stressors, and our institution has garnered repeated negative press attention nationally. Considering these events and conflicts within the institution, faculty salary can be an important arena in which to leverage the strategic plan to attract and retain top talent. As such, it is essential to provide faculty members with equitable and adequate compensation.

As evidenced by the decline in the number of tenure-stream faculty members, we are particularly concerned about the state of our faculty: in 2017, we had 2,008 tenure-stream faculty, a number that has since decreased to 1,898 in 2022. It is crucial for any doctoral-granting institution to have a healthy number of tenure-stream faculty, and the decline in numbers raises the possibility that we may not be able to attract and retain top-quality faculty. Fewer faculty in the tenure stream also often results in an increased workload for those in tenured and tenure-track positions.

#### **a. Aspirational Goals**

The Big Ten Salary data shows that MSU ranks in the bottom half of pay and compensation (see Appendices A-C). Last year, the administration provided a salary increase of 5% for Merit and 1.5% for Excellence and Equity pool for faculty. Despite this increase, MSU salaries did not keep pace for inflation for the third straight year in a row.<sup>3</sup>

One shared goal is to maintain and improve our overall ranking, which means we must strategically keep pace with the salaries of peer institutions at each rank. However, we must ensure that this does not lead to salary compression, which could disproportionately affect faculty who have served MSU for many years without proportional salary growth. Additionally, we must offer competitive salaries to attract high-caliber faculty members. Therefore, it is crucial to balance our salary strategy to maintain the competitiveness of our institution while also ensuring that our current faculty are compensated fairly.

#### **b. Salary Equity**

Women and faculty members who are Black, Indigenous, and People of Color are often lost in the career pipeline. We must remain mindful of equitable pay raises across groups who have previously been disadvantaged in terms of salary. Salary equity should remain

<sup>2</sup> <https://strategicplan.msu.edu/strategic-plan>

<sup>3</sup> <https://data.aaup.org/ipeds-faculty-salaries/>

a priority across campus. We urge the various colleges to consider providing compensation that recognizes and addresses these disparities through the Excellence and Equity Pool. A healthy raise affords colleges the opportunity to address long-standing and lingering salary inequities. Thus, we see a need for an equity pool.

Overall, we believe that the continued success of our institution through top faculty recruitment and retention is a common goal and value of both the faculty and the administration. We look forward to working with you to ensure that faculty members are provided with fair and adequate compensation.

## **2. Inflation**

The administration must consider inflation when making faculty salary adjustments. The current inflation rate in the U.S. is 6%, according to the Consumer Price Index. Although we received a large raise last year, this raise does not cover the inflation we have been experiencing for the past three years (2021=7%; 2022=6.5%; 2023=6% (as of Feb. 2023)), essentially reducing the overall value of our salaries over time. Historically, when inflation rates were similar, MSU was generous when considering pay raises, presumably to keep pace with inflation. For example, in 1977 inflation was 5.74% and the raise was 5%; in 1978 inflation was 6.5% and the raise was 7%; and in 1979 inflation was 7.63% and the raise was 7.5%. We recommend that the administration follow this historical precedent and consider a compensation adjustment that accounts for the current inflation rate.

### **Recommendation for 2023-24 Faculty Raise**

Based on the need to align salary expectations with peer institutions, recruit and retain excellent faculty, account for inflation, and provide salary equity, the University Committee on Faculty Affairs strongly recommends a 10% total raise pool for the 2023/24 academic year. The committee notes that in past years the UCFA has consistently received lower raises than requested. Last year, we requested 10% and received 6.5%. Given inflation, a 6.5% increase put the faculty behind the catch-up schedule for faculty salaries (as recommended by UCFA in the Budget Memo 2022) and contributed to the faculty depreciation in relative compensation since 2020. The committee also notes that if we wanted to make an average faculty's salary match their spending power from 2021, they would require a raise in 2024 of ~12.79% (NOTE: faculty would still have the cumulative loss from 2022 and 2023).

Therefore, we recommend that this raise pool should be split between the Excellence and Equity Pool and the Merit Pool. Of the 10% total, we recommend that 2.5% should be allocated to the Excellence and Equity Pool to ensure that MSU remains competitive in recruiting and retaining top faculty. The remaining 7.5% should be allocated to the Merit Pool to reward faculty members for their exceptional performance and contributions to the university during these trying times.

The UCFA understands that investing in our faculty is crucial for MSU's long-term success. Competitive compensation and recognition for excellence help us attract and retain top faculty members who play a critical role in fulfilling the university's mission of education, research, and outreach. By keeping salaries in line with inflation and improving our ranking among peer institutions, we aim to make MSU an attractive employer for all faculty.

We appreciate the opportunity to collaborate with Interim President Woodruff and Interim Provost Jeitschko to maintain MSU's position as a world-class institution and a leader in academic excellence. Last year, the administration provided one of the largest increases (5%, 1.5%) in pay for faculty members in over three decades. This was a step in the right direction, and we appreciate their recognition of our faculty's hard work. We hope to continue building on this momentum from the AY21-22 budget memo, which recommended healthy raises for this year.