

# MICHIGAN STATE UNIVERSITY

April 12, 2022

To: Dr. Teresa Woodruff  
Provost

FROM: Richard Fulton  
UCFA Chair

SUBJECT: Recommendation for 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. It is the faculty who are the core institutional assets for the delivery of the essential mission of the university.

The COVID-19 pandemic has severely impacted every aspect of the lives of all members of the MSU community from students to faculty and staff and all their respective families. Sacrifices have been made by all in the community and the faculty are especially mindful that not all sacrifices have been borne equally.

The faculty together pivoted from in person to remote teaching and work to continue the mission of the university and overall, the faculty have succeeded and achieved during a period of difficulty without precedent in recent memory.

The university has managed a period extreme financial uncertainty, and while the pandemic is not over, all indicators provided to UCFA from the administration or otherwise indicate that the university is not presently in a state of financial emergency. Student enrollments are stable, our investment funds have grown tremendously, and support from the state is projected to be solid. Year-by-year, difficult decisions must always be made to prioritize among the many worthy proposed activities and investments that MSU can make. Indeed, the long-term strength of the university is attested to by none other than the very recent issuance of the 'Century Bond' – a \$500M bond due in 100 years for the continuous support of capital projects. Maintaining its investment in its faculty must be also considered essential for the long-term health of the university.

It is annually required that the University Committee on Faculty Affairs (UCFA) propose a faculty compensation adjustment for the upcoming year. The recommendation reflects both previous cuts and the need for future strength. It also recognizes, as the administration and trustees have with the issuance of the Century Bond, that some optimal solutions will require multiple years of planning and effort. The recommendation is grounded in the following priorities of the faculty:

- 1) We are especially concerned about impact of lost salary and benefits due to pandemic-initiated cuts. The faculty, and their academic governance representatives, have made clear that they strongly believe that MSU can and should make restoration of lost compensation.

2) We have been experiencing strong inflation for more than the past year and inflation is widely expected to only grow in the foreseeable future. Our salaries must rise to keep pace.

3) Our salaries overall remain ranked low compared to peer Big10 institutions (our retirement benefits including the 10% match remain near the middle of the pack)<sup>1</sup>. Further, the faculty and the administration both strive to be competitive and rise with respect to broader collection of AAU member institutions. Our salaries are undeniably near the bottom of that comparison group<sup>2</sup>.

4) The principles of diversity, equity, and inclusion should provide additional guidance for overall faculty compensation policies. We are concerned that some portions of our faculty have historically not received sufficient starting pay nor subsequent raises and right now are receiving less than equitable pay. We wish to see that corrected.

5) UCFA appreciates the market reality that it is necessary to provide additional support for retaining key faculty who may otherwise be lured to other institutions. A suitable market pool should be allocated to retain these faculty. While we concur with the provost's support of equity goals, we note that the mechanism of re-titling and re-purposing the market pool into the 'excellence and equity' pool leaves it unclear to us what fractions of the pool will be targeted to either market and/or equity and diminishes our enthusiasm.

6) We strongly believe that the top priority should be for the faculty in its entirety to receive raises such that salary not only keeps pace with inflation but rises with continued years of meritorious service. The market alone clearly cannot achieve this.

To contribute responsibly to MSU's management of both real and imminent as well as possible future financial stress, the faculty made substantial temporary concessions to salary and retirement contribution matching. The initial budgeted cuts to faculty amounted to \$45M total: \$15M in a graduated temporary salary cut and \$30M from a halving of the retirement match. In addition, the bulk of faculty were to receive no raises for two years. It must be stated again that the faculty did not do less work during the period but rather did more and under more difficult circumstances. As MSU's financial situation stabilized and uncertainty lessened, cuts were ended ahead of the two-year schedule. The salary cut was dropped after one-year (approximately ~\$7.5M direct loss to faculty in the end) and the benefits reduction dropped after 1.5 years (approximately ~\$22.5M direct loss to faculty in the end). A mid-year 2% raise and a one-time \$1,500 bonus for all faculty was recently given as well. We note that the bonus was given in recognition of the extra work done by faculty and others.

#### Recommendation regarding restoration of lost compensation:

We are fully aware that the impacts of earlier losses are compounded over time. We are especially sensitive to the losses to our retirement accounts and our individual financial security in the future. At

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<sup>1</sup> See Supplementary Document 1. Ranking provided by MSU; data provided by AAU member institutions. The ranking includes all faculty whether tenure-stream or not. The UCFA represents all faculty. Administration has historically argued that this ranking is 'artificially' depressed from the 'true' ranking because MSU includes more non-tenure-stream assistant professor faculty in its reporting than other Big10 institutions. But the data are complex across all institutions and this simple argument does not explain why our ranking is similarly low at the associate level, of which there are far fewer non-tenure-stream faculty. An alternate view is that our salaries are weighted more heavily towards senior faculty at the professor rank.

<sup>2</sup> See Supplementary Document 2. Ranking provided by the University of North Carolina – Chapel Hill; data provided by AAU member institutions.

a time when the market rebounded, generating record gains for the university's investments, the faculty's new investment contributions were reduced by half. The faculty are very sensitive to a history of diminished retirement benefits at MSU (e.g., the ending of the traditional pension plans and reduction of health benefits for retirees and their partners). Faculty entered employment at an institution such as MSU with the expectation of strong benefits. Therefore, we recommend that the outstanding salary cuts stand without restoration but that the previously cut retirement match contribution funds be fully restored (i.e., the approximately ~\$22.5M loss by faculty be paid back to faculty.) We believe that this plan can be implemented in a fiscally responsible manner over a multi-year period<sup>3</sup>. We request that administration continue to consult with the UCFA and other academic governance entities to work out the details of implementing this plan. We believe this plan will go a long way towards restoring the faith of the faculty in their value by MSU, increasing morale and faculty retention.

#### Recommendation regarding future raises for faculty:

UCFA did not request raises for the previous two fiscal years though UCFA did communicate a plan to do so starting with the upcoming year. Using our guiding principles and priorities listed above together with basic data we have produced a multi-year raise model to achieve our faculty and administration's shared goals of excellence and equity. A primary driver is inflation. As noted above, since our last regular raise in Nov 2019, we have experienced between 9% to 10% inflation<sup>4</sup>. We are currently experiencing an annual rate of inflation of ~8%. There is no indication that inflation will return to historic lows. Second, it is our ambition in the near term to increase the salaries of faculty to the middle of our peer Big10 institution rankings. We recognize that rising in the Big10 rankings will require a multi-year plan and commitment that also responds to a changing environment. An example long-term plan is attached<sup>5</sup> which includes an initial raise larger than in recent pre-pandemic history to respond to the recent outstanding losses and inflation.

Based off that plan, ***we recommend a 10% total raise pool for the 2022/23 academic year*** split 2% allocated for the Excellence and Equity pool (formerly the 'Market pool') and 8% for the Merit Pool.

The UCFA continues to look forward to working with President Stanley and Provost Woodruff to best support the faculty in their current and future excellence on behalf of the state of Michigan and the world.

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<sup>3</sup> We appreciate that some impacted faculty are no longer employed by MSU or may retire during a multi-year restoration plan. In the interest of equity and giving the most support to the least-paid faculty, we prioritize returning the full lost retirement compensation over a multi-year period regardless of current status in the hopes that this will positively impact the largest number of faculty.

<sup>4</sup> Inflation over this time interval is integrated to arrive at the final inflation over the full time interval. Note that the time interval spans an early period of low inflation followed by the high inflation of the past year. All inflation data are from the FRED Economic Database of the Federal Reserve Bank of St. Louis <https://fred.stlouisfed.org/>

<sup>5</sup> Supplementary Document 3. This shows one multi-year scenario to increase the salary of e.g., assistant professors to the middle of the Big10 rankings. Note that this scenario DOES NOT account for inflation. The modeling framework was provided by leadership of the Senate. It is anticipated that the Senate and/or UCFA will continue to engage with the administration on the details of salary competitiveness plan implementation. Special thanks to faculty member Scott Imberman for providing the model and additional helpful data and analysis.

# Supplementary Document 1

**TABLE 1: FACULTY SALARY COMPARISON**  
**Big Ten Institutions Fall 2020**

Institution	Professor			Associate			Assistant			Wght'd		Tot	
	HC	Avg Sal	Rank	HC	Avg Sal	Rank	HC	Avg Sal	Rank	Avg Sal	Rank	Change Prior Yr.	HC
Northwestern U	660	\$217,118	1	316	\$138,860	1	204	\$120,432	1	\$179,445	1	0.3%	1,180
U Michigan-Ann Arbor	1,141	\$177,121	2	593	\$118,043	2	623	\$99,928	6	\$141,854	2	-1.1%	2,357
U Maryland-College Park	707	\$170,679	4	462	\$116,378	4	302	\$101,776	4	\$139,479	3	0.3%	1,471
U Wisconsin-Madison	945	\$161,001	5	380	\$117,772	3	485	\$101,270	5	\$135,920	4	5.8%	1,810
Rutgers St U-New Brunswick	815	\$175,212	3	525	\$113,830	5	641	\$90,545	11	\$131,549	5	-0.5%	1,981
U Illinois-Urbana-Champaign	857	\$158,954	6	501	\$108,894	6	565	\$101,904	3	\$129,150	6	-0.6%	1,923
Ohio St U-Main	1,043	\$154,846	9	727	\$106,911	8	605	\$97,068	7	\$125,455	7	0.6%	2,375
U Minnesota-Twin Cities	931	\$147,943	12	622	\$103,758	9	517	\$93,028	10	\$120,951	8	-0.3%	2,070
Purdue U-Main	922	\$148,344	11	526	\$107,559	7	670	\$93,762	8	\$120,949	9	0.0%	2,118
Indiana U-Bloomington	703	\$141,287	13	524	\$102,946	11	393	\$102,182	2	\$119,399	10	-1.5%	1,620
Penn St U-Main	1,038	\$158,928	7	756	\$103,698	10	923	\$84,696	13	\$118,343	11	0.0%	2,717
U Iowa	469	\$150,896	10	468	\$96,544	13	268	\$93,156	9	\$116,945	12	4.6%	1,205
<b>Michigan St U</b>	<b>801</b>	<b>\$155,156</b>	<b>8</b>	<b>620</b>	<b>\$102,712</b>	<b>12</b>	<b>717</b>	<b>\$83,720</b>	<b>14</b>	<b>\$115,991</b>	<b>13</b>	<b>-2.0%</b>	<b>2,138</b>
U Nebraska-Lincoln	434	\$130,840	14	390	\$94,898	14	396	\$89,131	12	\$105,812	14	-4.7%	1,220
Average w/out MSU		\$161,013			\$110,007			\$97,606		\$129,635		0.2%	

Source: AAUP faculty salary survey data.

## Supplementary Document 2

### Faculty Average Salaries by Rank at AAU Universities, 2020-21

Institution	Professor		Associate		Assistant	
	Rank	Average	Ran	Average	Rank	Average
Columbia University in New York	1	\$ 280,800	1	\$184,700	1	\$152,700
University of Pennsylvania	7	\$ 236,800	7	\$146,700	2	\$140,300
Harvard University	4	\$ 254,900	4	\$153,600	3	\$139,700
Massachusetts Institute Technology	6	\$ 239,500	3	\$159,500	4	\$137,800
California Institute of Technology	14	\$ 214,200	#####	–	5	\$136,500
Stanford University	2	\$ 260,100	2	\$167,900	6	\$136,000
University of Chicago	5	\$ 251,100	12	\$141,200	7	\$130,400
Princeton University	3	\$ 257,600	5	\$151,400	8	\$124,200
Duke University	10	\$ 220,600	10	\$143,500	9	\$123,400
Northwestern University	11	\$ 217,100	13	\$138,900	10	\$120,400
Cornell University	28	\$ 186,200	17	\$131,400	10	\$120,400
Yale University	8	\$ 234,300	8	\$145,000	12	\$119,800
Tulane University Louisiana	45	\$ 157,900	55	\$99,600	13	\$118,800
Johns Hopkins University	18	\$ 202,900	11	\$142,900	14	\$118,400
Rice University	21	\$ 201,600	20	\$127,400	15	\$117,800
University of California-Berkeley	12	\$ 214,300	9	\$144,000	16	\$116,300
Washington University in St Louis	15	\$ 212,500	18	\$131,200	17	\$114,500
University of California-Los Angeles	9	\$ 234,200	6	\$149,300	18	\$114,400
University of California-San Diego	20	\$ 202,600	16	\$132,500	19	\$113,800
Dartmouth College	18	\$ 202,900	15	\$134,800	20	\$113,600
University of Texas at Austin	25	\$ 188,600	28	\$122,100	21	\$110,600
University of California-Davis	30	\$ 183,400	22	\$125,500	22	\$110,400
University of California-Santa Barbara	17	\$ 203,800	28	\$122,100	23	\$109,900
University of California-Irvine	23	\$ 192,100	19	\$129,200	24	\$109,800
Boston University	22	\$ 197,900	14	\$136,200	25	\$109,700
Vanderbilt University	16	\$ 208,100	23	\$125,400	26	\$109,000
Georgia Institute Technology-Main Campus	39	\$ 165,900	32	\$117,800	27	\$108,300
Emory University	29	\$ 185,900	26	\$122,300	28	\$108,200
Carnegie Mellon University	34	\$ 171,200	34	\$117,400	29	\$107,800
University of Rochester	36	\$ 169,900	30	\$118,300	30	\$106,400
New York University	12	\$ 214,300	24	\$125,200	31	\$104,400
University of Southern California	27	\$ 187,600	35	\$117,000	32	\$104,000
University of North Carolina at Chapel Hill	37	\$ 168,100	43	\$107,000	33	\$103,200
University of California-Santa Cruz	31	\$ 179,300	25	\$123,200	34	\$103,100
Indiana University-Bloomington	56	\$ 141,300	51	\$102,900	35	\$102,200
University of Illinois Urbana-Champaign	42	\$ 159,000	41	\$108,900	36	\$101,900
University of Maryland-College Park	35	\$ 170,700	36	\$116,400	37	\$101,800
Brown University	24	\$ 192,000	21	\$125,700	38	\$101,700
University of Wisconsin-Madison	41	\$ 161,000	32	\$117,800	39	\$101,300
University of Washington-Seattle Campus	49	\$ 153,800	40	\$112,200	40	\$101,000
University of Michigan-Ann Arbor	32	\$ 177,100	31	\$118,000	41	\$99,900
Case Western Reserve University	52	\$ 148,100	48	\$104,100	41	\$99,900
University of Colorado Boulder	57	\$ 141,100	54	\$100,000	43	\$99,700

University of Virginia-Main Campus	<u>26</u>	\$ 187,700	<u>27</u>	\$122,200	<u>44</u>	\$98,300
Brandeis University	<u>44</u>	\$ 158,400	<u>38</u>	\$113,200	<u>45</u>	\$97,200
Ohio State University-Main Campus	<u>47</u>	\$ 154,800	<u>44</u>	\$106,900	<u>46</u>	\$97,100
Stony Brook University	<u>38</u>	\$ 166,700	<u>39</u>	\$112,300	<u>47</u>	\$94,300
Purdue University-Main Campus	<u>51</u>	\$ 148,300	<u>42</u>	\$107,600	<u>48</u>	\$93,800
University of Iowa	<u>50</u>	\$ 150,900	<u>56</u>	\$96,500	<u>49</u>	\$93,200
University of Minnesota-Twin Cities	<u>53</u>	\$ 147,900	<u>49</u>	\$103,800	<u>50</u>	\$93,000
University of Oregon	<u>55</u>	\$ 143,100	<u>47</u>	\$104,300	<u>51</u>	\$92,000
Rutgers University-New Brunswick	<u>33</u>	\$ 175,200	<u>37</u>	\$113,800	<u>52</u>	\$90,500
University of Florida	<u>48</u>	\$ 154,700	<u>45</u>	\$106,500	<u>53</u>	\$90,100
University of Pittsburgh-Pittsburgh Campus	<u>40</u>	\$ 161,800	<u>46</u>	\$104,400	<u>54</u>	\$89,000
University of Utah	<u>58</u>	\$ 132,300	<u>58</u>	\$93,400	<u>55</u>	\$88,000
Pennsylvania State University-Main Campus	<u>43</u>	\$ 158,900	<u>50</u>	\$103,700	<u>56</u>	\$84,700
University of Missouri-Columbia	<u>59</u>	\$ 131,500	<u>60</u>	\$88,400	<u>57</u>	\$84,200
<b>Michigan State University</b>	<b><u>46</u></b>	<b>\$ 155,200</b>	<b><u>52</u></b>	<b>\$102,700</b>	<b><u>58</u></b>	<b>\$83,700</b>
Iowa State University	<u>61</u>	\$ 130,400	<u>57</u>	\$94,500	<u>59</u>	\$82,600
University of Kansas	<u>62</u>	\$ 122,900	<u>61</u>	\$85,400	<u>60</u>	\$82,300
University at Buffalo	<u>54</u>	\$ 144,100	<u>53</u>	\$100,100	<u>61</u>	\$80,800
University of Arizona	<u>60</u>	\$ 130,600	<u>59</u>	\$89,100	<u>62</u>	\$76,100

**Competitiveness Catchup Plan****\*\*Values in light green boxes can be changed\*\***

Enter ranking of comparator Big 10 School by Asst Professor Salary-----&gt;

7

&lt;----out of 14

## Historical

## Projected

FY19

FY20

FY21

FY22

FY23

FY24

FY25

FY26

FY27

Enter portion of annual merit raise as a percentage -----&gt;

2.5%

0.0%

0.0%

2.0%

10.0%

4.0%

4.0%

3.0%

3.0%

Enter portion of annual merit raise as a flat dollar amount -----&gt;

0.0%

0.0%

0.0%

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

\$ -

Estimated Big 10 Annual Raises -----&gt;

1%

2.0%

5.0%

2.0%

2.0%

2.0%

2.0%

Avg Asst Professor Salaries at MSU\*,\*\* -----&gt;

\$ 83,475

\$ 82,938

\$ 83,475

\$ 85,145

\$ 93,659

\$ 97,405

\$ 101,302

\$ 104,341

\$ 107,471

Avg Asst Professor Salary at #7 Big 10 School-----&gt;

\$ 91,167

\$ 92,027

\$ 92,947

\$ 94,806

\$ 99,547

\$ 101,537

\$ 103,568

\$ 105,640

\$ 107,752

Resulting Annual Merit Raise (%)-----&gt;

2.5%

0.0%

0.0%

2.0%

10.0%

4.0%

4.0%

3.0%

3.0%

% of #7 ranked Big10 School -----&gt;

91.6%

90.1%

89.8%

89.8%

94.1%

95.9%

97.8%

98.8%

99.7%

**Effective Raise Calculator** (for any faculty salary at MSU)

FY22

FY23

FY24

FY25

FY26

FY27

Enter FY22 Salary -----&gt;

\$ 150,000.00

\$ 165,000.00

\$ 171,600.00

\$ 178,464.00

\$ 183,817.92

\$ 189,332.46

Increase (%) Relative to FY22:

110.00%

114.40%

118.98%

122.55%

126.22%

% effective raise per FY:

10.00%

4.00%

4.00%

3.00%

3.00%