April 1, 2008

MEMORANDUM

TO: Dr. Kim Wilcox, Provost
FROM: Dr. John Powell, Chair
SUBJECT: Recommendation for 2008-09 Faculty Salary Increase

The University Committee on Faculty Affairs (UCFA) salary increase recommendation for the 2008-09 academic year is developed within the following context. One year ago, UCFA salary recommendations for the 2007-08 period were guided by MSU's 9th ranking within the Big Ten and lagging the Big Ten salary median by approximately 5.8 percent.

Presently, based upon Chronicle of Higher Education data, 2007-08 MSU faculty salaries remained at 9th of 11 in the Big Ten (by a narrow margin - see Attachment A). Average compensation levels rank in the middle of the Big Ten, inclusive of retirement and health care expenses (see Attachment B). Effective July 1, 2005, retirement health care benefits are limited to the employee only (and will not be available to spouse/partner) for faculty and academic staff. Attachment C depicts MSU's approximate compensation ranking, eighth, when all employees are covered under the current employment structure. This view represents resources available to recruit and retain academic staff hired since July 1, 2005.

The 2008-09 best available information currently anticipates salary increases at other Big Ten schools will average 4.0 percent, the rate of change this year. Additionally, the salary margins for ranks beneath MSU are very small. MSU is currently estimated to be $4,695 short of the midpoint, or 6th in the Big Ten.

Further, while tenure system faculty FTE remains below levels of ten years ago:
- Student credit hour production is up 4.5 percent over five years and 11.5 percent over ten years
- Total gift and grant expenditures are up 34 percent over five years and 108 percent over ten years
Total scheduled course sections are up 2.6 percent over five years and 5.4 percent over ten years.

There have been 115 MSU-affiliated new businesses or business expansions involving MSU faculty members over the most recent three-year period.

Higher salaries are needed to recognize faculty productivity and to assure future recruitment and retention. While the adverse financial circumstances of the state of Michigan make such increases difficult, there is no prospect for a significant future upturn that would warrant the deferral of necessary salary adjustments.

For 2008-09, UCFA recommends a 5.0 percent increase, comprised of:

- 4.0 percent to match anticipated average Big Ten increases for 2008-09, and
- 1 percent to narrow the gap between existing MSU salaries and the mid-point of the Big Ten. Based on preliminary data, the gap between MSU’s current average salary level and the Big Ten median is now estimated at $4,695 or 5.1 percent of MSU’s average faculty salary.
- While a 5.0 percent increase is significant in these circumstances, it reflects a phased approach to augmenting faculty salaries. Full augmentation to the mid-point of the Big Ten would require a 9.1 percent adjustment.

It is also recommended that the dollar market component of any increase be the same or less than that allocated in 2007-08. The practice of funding promotions centrally from the Office of the Provost should be continued. Finally, UCFA endorses the guidelines regarding merit included in the Provost’s Academic Personnel Salary Adjustment Guidelines from the current year.

Preliminary 2007-08 Big Ten average salaries and compensation rankings are appended for your review. UCFA recommends continuation of a health care advisory committee that includes UCFA representatives and experts in the area of health from across the university. This group will work with the University administration and Human Resources to identify and implement programmatic changes in the area of health and health care. The goal of this group is to provide programs to improve health, maintain quality health care programs, and reduce the growth of health care expenditures.

Attachments
2007-08 Faculty Salary Averages

Northwestern: $124,170
Michigan: $108,854
Penn State Univ: $99,530
Illinois: $98,760
Minnesota: $98,672
Ohio State Univ: $95,876
U Iowa: $93,528
Wisconsin: $91,317
Michigan State Univ: $91,181
Indiana U: $91,119
Purdue: $89,511
2007-08 Faculty Compensation Averages - w/o spousal retirement coverage

- Northwestern: $160,044
- Michigan: $134,077
- Minnesota: $127,131
- Penn State Univ: $122,550
- Illinois: $120,956
- Ohio State Univ: $119,938
- U Iowa: $118,941
- Michigan State Univ: $118,539
- Wisconsin: $118,143
- Purdue: $117,483
- Indiana U: $115,599