MEMORANDUM

TO:     Dr. Kim Wilcox, Provost
FROM:   Dr. Catherine Ernst, Co-Chair
        Dr. John Powell, Co-Chair
SUBJECT: Recommendation for 2007-08 Faculty Salary Increase

The University Committee on Faculty Affairs (UCFA) salary increase
recommendation for the 2007-08 academic year is developed within the
following context. One year ago, UCFA salary recommendations for the
2006-07 period were guided by MSU's 8th ranking within the Big Ten
and by MSU's 2005-06 salary allocation lagging the Big Ten average by
approximately 0.6 percent.

Accordingly, the 2006-07 UCFA recommendation was framed by 0.6
percent to restore the disparity created in 2005-06; an annual increase
amount of 3.6 percent approximating the increases planned across the
Big Ten and 0.5 percent to improve our position. (This latter factor was
not awarded in the previous year due to constrained budget
circumstances.)

Presently, based upon preliminary Chronicle of Higher Education data,
2006-07 MSU faculty salaries are expected to drop to 9th of 11 in the Big
Ten (by a narrow margin - see Attachment A). Average compensation
levels are expected to rank in the middle of the Big Ten (but below the
mean), inclusive of retirement and health care expenses (see
Attachment B). Final calculations are not yet available for 2006-07.

The 2007-08 best available information currently anticipates salary
increases at other Big Ten schools will average 4.5 percent.
Additionally, the salary margins for ranks beneath MSU are very small.
MSU is currently estimated to be $5,100 short of the mid point (or 6th in
the Big Ten), while we are only $1,300 above the 11th place institution.
Absent strong action, MSU is likely to continue dropping in rank.
Further, while tenure system faculty FTE remain below levels of ten years ago:

- Student credit hour production is up 5 percent over five years and 16 percent over ten years
- Total sponsored expenditures are up 47 percent over five years and 102 percent over ten years, and
- Total scheduled course sections are up 4 percent over five years and 10 percent over ten years

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, the faster national economic recovery, indeed, intensifies the need for increases here at MSU in order to recruit and retain faculty.

For 2007-08, UCFA recommends a 5.5 percent increase, comprised of:

- 4.5 percent to match anticipated average Big Ten increases for 2007-08, and
- 1 percent to narrow the gap between existing MSU salaries and the mid-point of the Big Ten. (This represents an accumulation of the traditional 0.5 percent narrow the gap factor from the previous year and provides a similar factor for the current year.) The gap between MSU’s current average salary level and the mid-point of the Big Ten median is now estimated at 5.8 percent. In other words, to reach the middle of the Big Ten would require a 10.3 percent increase.

It is also recommended that the dollar market component of any increase be the same or less than that allocated in 2006-07. 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 2006-07 Big Ten average salaries and compensation rankings are appended for your review. UCFA recommends continuation of a health care advisory committee to include UCFA representatives and experts from across the university to identify possible long-term changes necessary to serve faculty needs and provide necessary cost containment. A draft document is anticipated at the conclusion of the year with comments requested by mid fall for subsequent governance discussion.

Attachments
2006-07 Faculty Salary Averages

Attachment A

Purdue: $86,231
Iowa: $87,427
MSU: $87,573
Indiana: $87,768
Wisconsin: $89,327
Ohio State: $92,636
Minnesota: $95,288
Penn State: $95,657
Illinois: $95,659
Michigan: $103,608
W. Virginia: $119,249
2006-07 Faculty Compensation Averages

- Northwestern: $153,682
- Minnesota: $127,822
- Michigan: $127,789
- Penn State: $117,690
- MSU: $117,604
- Illinois: $117,512
- Ohio State: $116,737
- Wisconsin: $115,434
- Purdue: $113,033
- Indiana: $111,653
- Iowa: $105,135