March 28, 2006

MEMORANDUM

TO: Dr. Kim Wilcox, Provost
FROM: Dr. Ross Emmett, UCFA Chair
SUBJECT: Recommendation for 2006-07 Faculty Salary Increase

The University Committee on Faculty Affairs (UCFA) salary increase recommendation for the 2006-07 academic year is developed within the following context:

- MSU’s average faculty salary ranks 8th of 11 in the Big Ten.

- Salary increases at other Big Ten schools averaged 3.6 percent in the previous year compared to 3 percent at MSU. A continuation of this difference threatens MSU’s current 8th rank in faculty salary. While formal calculations are not yet available for 2005-06, MSU’s average salary ranking within the Big Ten will likely drop to 9th.

- Although compensation is 5th of 11 in the Big Ten, our compensation position is threatened because of changes in faculty health care over the past five years, which include:
  - premium sharing moving from 0 to 14 percent (for 2006-07)
  - increases in physician co-pays
  - instituting a separate, higher co-pay category for bio-tech drugs, and
  - foregoing paid retirement health coverage for spouses of new employees.

- Over the past five years, while the faculty and academic staff FTE has remained approximately constant,
  - student credit hour production is up 9 percent
  - contract and grant activity is up 25 percent
  - study abroad credit hours have increased by 25 percent, and
  - web-based credit hours activity has tripled.
Further, the committee acknowledges that despite the university’s collective best efforts, health care costs still increased by approximately 38 percent over the past five years. In that regard, UCFA recommends establishment 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.

Higher salaries are needed to recognize faculty productivity and to assure future recruitment and retention. While the extraordinary 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.

For 2006-07, UCFA recommends a 4.7 percent increase, comprised of:

- 0.6 percent increase to restore the difference between the current year’s Big Ten average increase and MSU’s,
- 3.6 percent to match anticipated Big Ten Increase for 2006-07, and
- 0.5 percent to narrow the gap between existing MSU salaries and the mid-point of the Big Ten. The gap is now estimated at 3.7 percent.

UCFA recommends that within the recommended 4.7 percent increase, a minimum of $250 be allocated to all faculty with satisfactory performance ratings in recognition of increased premium sharing requirements.

It is also recommended that the dollar market component of any increase be the same or less than that allocated in 2005-06. 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.