PRESIDENT'S FACULTY COMPENSATION AD HOC COMMITTEE
REPORT TO PRESIDENT

Karla Hughes

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Membership:

Co-chairs: Karla Hughes and Kimberlee Sharp
Staff Support: Phil Gniot and Teresa Lindgren

Members:
Kim Clevenger
John Ernst
Beverly Klecker
Stephen Lange
Teresa Lindgren
Roger McNeil
Ron Morrison
Kimberlee Sharp
Allen Risk
Greg Wing
L. K. Williams
Ann Rathbun

Introduction:

During summer and fall 2011, the Office of Human Resources developed and reviewed several faculty compensation models that might be used as a basis for determining the compensation of new faculty and guiding the compensation of all faculty, including non-tenure-track faculty. The Office of Human Resources also intended to establish a framework for merit compensation through these models.

In November 2011, President Andrews established the Ad Hoc Committee on Faculty Compensation to:

- Review the model developed by Human Resources based on CUPA data and consistent with compensation at peer institutions;
- Provide feedback concerning additional information needed or questions not yet addressed in the model; and
- Discuss communication strategies for informing the University Community about this work.

The Committee held its initial meeting December 14, 2011 with Dr. Andrews issuing the initial charge and framework. Regular meetings were held on Wednesday mornings beginning in February and concluding in April.

General Discussion Summary:

At each meeting Phil Gniot presented the model including adjustments requested by the group to further illustrate particular aspects of the process. For example, the model was adjusted to align with the tenure calendar as well as requirements for time in rank prior to promotion. In addition, the group discussed the impact of faculty turnover as an issue that was related to faculty compensation as well as the budgetary implications of the model.

Ad Hoc Members agree that MSU needs to be able to follow through on implementation and that policy revisions and alignment with any approved compensation model are conditions of implementation. As a result, several sub-groups were formed to address concerns/issues and were charged to bring information and recommendations to the committee as a whole. Those workgroups were:

1. **Budget Implications:** Members – Roger McNeil, Kimberlee Sharp, Stephen Lange, Phil Gnoit, Teresa Lindgren

2. **Recruitment and Retention Issues/Costs:** Membership – Ann Rathbun , Stephen Lange, L.K. Williams

3. **Model Phase-In:** Members – Roger McNeil, Kimberlee Sharp

4. **Salary Model Adjustments:** Members – Ron Morrison, Stephen Lange, Beverly Klecker

Based on discussions by the workgroups and further discussion by the committee as a whole, the committee considered the following implementation scenarios:

- Cost of single-year implementation
- Cost of two-year implementation—provide for range in adjustment in year two
- Cost of three-year implementation that:
  1. Brings any individual salary under model minimums in year one
  2. Adjusts faculty salaries half way to proper range penetration in year two
  3. Completes the faculty salary in range adjustment in year three

Discussion on additional funding and performance included two scenarios:

- Addressing high and low of performance of faculty within each College:
  1. Top 20% of faculty with high performance would receive salary adjustments when the model implementation occurs plus a % or fixed dollar increase for high performance;
  2. Top 60% of faculty within a College would receive a salary adjustment when the model is implemented; and,
  3. Those whose performance places them in the lower 20% of faculty within a College would not receive a salary adjustment when the model is implemented nor would there be a performance increase.

- Those whose performance places them in the lower 20% of faculty within a College would not receive a salary adjustment when the model is implemented, even if their salary is below the model minimum salary.

The group concluded that the model should allow some degree of flexibility in determining the salaries of new assistant professors. Discussion resulted in the group agreeing that

- Hiring would be allowed up to control point of range regardless of time in rank for new assistant professors
- Actual starting salary recommendations will be predicated on experience in rank as well as exceptional qualifications, especially at the associate and professor level.

The final model was designed to:

- Ensure that the University hires individuals at appropriate market salary levels;
- Enable the University to retain faculty members in a salary market range by their respective rank and discipline over time (i.e., addresses salary compression); and
- Allow the University to reward superior performance.

Ad Hoc Committee Recommendations:

A performance-driven, market-based model should be implemented under the following guidelines:

1. Immediate implementation of plan should include bringing any tenured and tenure-track faculty below range minimum to the specified control point.
2. Concurrently, plan implementation should be completed to bring all tenured and tenure-track faculty to their proper in-range adjustment based for their time in rank based on performance neutrality. In no case would any faculty member's salary be reduced.
3. The model should include Instructors and action taken in compensation should address this group.
4. As the model is implemented, additional funds should be set aside to recognize superior performers in the following manner:
    - Deans in collaboration with Chairs should define the top 20% of tenured and tenure-track faculty for each college using existing performance data encompassing the previous five years.
    - Funds provided for this purpose will be awarded to the top 20% as a one-time, non - recurring salary increase. Determination of performance will be through an evaluation process based on the new Faculty Evaluation Plans (FEP) currently being developed.
    - $2,000 is suggested as amount to be awarded. Twenty percent of 387 equals 77 faculty which translates into an estimated additional investment of $154,000 plus approximately 22% fringe benefit cost.[1]
    - These funds will be in addition to the implementation of parts one and two of the implementation model.
    - The formula for rewarding Instructors who perform at the superior level has yet to be determined.

[1] Specific amounts are estimates and would need to be verified by Teresa Lindgren