Report of the Faculty Salary Policy Review Task Force

August 15, 2011
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Introduction

- The Faculty Salary Policy Review Task Force (Task Force) work is part of Saint Mary’s College of California (College) Strategic Plan.
- This work addressed concerns from various stakeholders about:
  - Progress towards stated salary goals in the existing policy,
  - The size and appropriateness of existing faculty salary peer groups,
  - Salary differentials of the greater Moraga, and
  - Realities of “hard-to-hire” disciplines.
- Prior to the launch of the Task Force, an independent analysis of the current state of faculty compensation at the College was presented by Frank A. Casagrande Consulting, LLC to a select group of faculty and administrators and confirmed some of the voiced concerns.
- The Task Force, appointed by the President, was composed of Trustees, Faculty, Academic and Administrative Leadership, and Support Staff.
- The Task Force charge was based on Section 3.5 of the Building on Strengths Strategic Plan 2007-2012: “The Task Force will review the faculty salary policy, reexamining competitive benchmarks, considering flexibility in meeting College needs (e.g. ‘hard-to-hire’ positions) and addressing the need to attract and retain excellent faculty. Reasonable measures of progress will be set.”
- The following pages highlight our process, work, and recommendation.
The Task Force met more than a dozen times over the last fifteen months.
The initial work was around Knowledge Building and Design.
The Knowledge Building Phase of the Task Force work included:
- Learning about faculty compensation and compensation management theory,
- Examining the current faculty salary structure and policy,
- Discerning a faculty salary philosophy, and
- Examining market practices and structures for faculty compensation.
The Design Phase of the Task Force work included:
- Creating a valid and reliable peer group,
- Establishing a geographic salary differential,
- Determining appropriate market levels of salaries,
- Developing a recommended structure for core salaries, and
- Establishing a mechanism for managing “hard-to-hire” supplements.
The final work on Implementation included refinement of the salary policy and estimating costs.
The recommendations of the Task Force will be made to the President.
Recommendations – Basic Tenets

- The Task Force recommendation is anchored in the following tenets:
  - A Faculty Salary Philosophy that reflects mission, values, and market realities;
  - A faculty salary peer group of 48 “like” institutions of higher education;
  - A faculty salary scale that:
    - Anchors at the 50th percentile of peer group salaries,
    - Steps from the 25\textsuperscript{th} to 75\textsuperscript{th} percentile of peer group salaries,
    - Reflects a 15\% Moraga geographic salary differential, and
    - Increases the number of steps for Professor rank to 10;
  - A policy that is transparent and unbiased in the application of salary supplement for “hard-to-hire” disciplines.

- The following pages include more information and details on each tenet.
Recommendation – Faculty Salary Philosophy

- Saint Mary’s College celebrates the three traditions which have sustained it since its earliest years: liberal arts, Catholic and Lasallian. The College defends the goodness, dignity and freedom of each person, and fosters sensitivity to social and ethical concerns. The College seeks faculty from different social, economic and cultural backgrounds who come together to grow in knowledge, wisdom and love. The faculty salary policy reflects the mission, traditions and values of Saint Mary’s College of California as they relate to the larger world and to internal operations.

- The College recognizes that it must attract and retain outstanding faculty who are committed to the College’s mission and to their own personal and professional growth. Thus, the College is committed to paying salaries according to the guiding principles of equity (internal fairness), stewardship (financial/fiscal prudence), and market forces (external competitiveness) to sustain a high quality education. The following principles are derived from the College’s mission:
  - Enable faculty to support themselves and their dependents with dignity and an acceptable standard of living.
  - Attract faculty to come to Saint Mary’s College for reasons first and foremost aligned with the mission. While an interest in the mission by the faculty is necessary for a strong institution, the salary should be sufficient to attract and retain faculty in the San Francisco Bay Area.
  - Recognize that the long-term financial viability of the College depends upon balancing institutional values such as fairness and concern for individual dignity with fiscal prudence and market competitiveness. In doing so, the faculty salary policy acknowledges that market forces are neither irrelevant to compensation practices nor sufficient as the sole justification for compensation practices.
  - Specify the circumstances under which supplemental pay will be utilized and implemented. Favoritism will be expressly disqualified.
  - Assess both the market strategy of looking at salary supplements for “hard-to-hire” disciplines and for internal adjustments, the peer comparators, and the salary policy as a whole.
Recommendation – Faculty Salary Peer Group

- The Task Force examined existing PAC IIA and WCC peer groups for faculty salary benchmarking within the existing policy.
- The Task Force agreed that:
  - The PAC IIA group is significantly influenced by public institutions of higher education that had fundamentally different funding mechanisms than the College,
  - The WCC group had sparse data availability, and
  - Neither group adequately addressed geographic salary differentials in the Moraga area.
- The Task Force examined a wide array of schools, and agreed on a peer group of 48 “like” institutions based on:
  - Mission,
  - Private Not-For-Profit Status,
  - Carnegie Classification of Masters Large,
  - Enrollment,
  - Endowment,
  - Division I Athletics,
  - AACSB Accreditation,
  - Lasallian, and
  - WCC Membership.
- Appendix A contains select information about the group’s characteristics.
Recommendation – Faculty Salary Peer Group

- Bellarmine University
- Belmont University
- Bradley University
- Bryant University
- Butler University
- Campbell University
- Canisius College
- Creighton University
- Drake University
- Elon University
- Fairfield University
- Gonzaga University
- Hampton University
- Houston Baptist University
- Iona College
- Jacksonville University
- La Salle University
- Le Moyne College
- Lewis University
- Loyola College in Maryland
- Loyola Marymount University
- Manhattan College
- Marist College
- Mercer University
- Mount St. Mary’s University
- Niagara University
- Pepperdine University
- Providence College
- Quinnipiac University
- Rockhurst University
- Sacred Heart University
- Saint Bonaventure University
- Saint Josephs University
- Saint Thomas University
- Santa Clara University
- Seattle Pacific University
- Seattle University
- St. Mary’s University
- Stetson University
- University of Detroit Mercy
- University of Portland
- University of Redlands
- University of San Diego
- University of San Francisco
- University of Scranton
- Villanova University
- Wagner College
- Xavier University
The Task Forces deliberated on approaches for recognizing appropriate salary differential for the Moraga area and decided on using information from the Economic Research Institute (ERI).

The ERI data below indicates a salary differential for the Moraga area of approximately 20%. What this means is that if a given set of jobs on a national level pays $72,000, that the same set of jobs would pay 20% more or $86,400 in Moraga.

The median salary differential for the peer group locations is approximately 5%. The detailed list by city is attached as Appendix B.

Therefore, the recommended net geographic salary differential is 15%.
The Task Force examined College and University Professional Association of Human Resources (CUPA-HR) National Faculty Salary Survey for Four-Year Institutions (NFSS) and American Association of University Professors (AAUP) data across several years and groups of institutions.

It was agreed to use the most recent CUPA-HR NFSS data for the new peer group since it contained not only salary differentials by rank but also by discipline. (See Appendix C for select survey data by discipline and rank).

The following chart includes 2010-2011 peer group weighted average of median (p50) faculty salary for disciplines within the College that were not deemed “hard-to-hire” with and without the 15% Moraga geographic salary differential.

<table>
<thead>
<tr>
<th></th>
<th>CORE FACULTY</th>
<th>P50</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Professor 68 Weighted</td>
<td>89,096</td>
<td>102,460</td>
</tr>
<tr>
<td>Associate</td>
<td>47 Average</td>
<td>68,956</td>
<td>79,299</td>
</tr>
<tr>
<td>Assistant</td>
<td>18 at P50</td>
<td>55,819</td>
<td>64,192</td>
</tr>
<tr>
<td>Grand Total</td>
<td>133</td>
<td></td>
<td></td>
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</tbody>
</table>
The Task Force also examined CUPA-HR NFSS for “hard-to-hire” disciplines, mostly in the School of Business.

<table>
<thead>
<tr>
<th>&quot;Hard to Hire&quot;</th>
<th>P50</th>
<th>15%</th>
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<tbody>
<tr>
<td>Professor</td>
<td>16</td>
<td>112,986</td>
</tr>
<tr>
<td>Associate</td>
<td>8</td>
<td>100,746</td>
</tr>
<tr>
<td>Assistant</td>
<td>8 at p50</td>
<td>100,268</td>
</tr>
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</table>

The following page compares the current salary scale to 50th percentile market data geographically adjusted to Moraga.
<table>
<thead>
<tr>
<th>STEP</th>
<th>ASSISTANT</th>
<th>ASSOCIATE</th>
<th>PROFESSOR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>II</td>
<td>I</td>
</tr>
<tr>
<td>1</td>
<td>55,049</td>
<td>58,227</td>
<td>66,369</td>
</tr>
<tr>
<td>2</td>
<td>56,700</td>
<td>59,974</td>
<td>68,360</td>
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<tr>
<td>3</td>
<td>58,401</td>
<td>61,766</td>
<td>70,411</td>
</tr>
<tr>
<td>4</td>
<td>60,153</td>
<td>63,619</td>
<td>72,523</td>
</tr>
<tr>
<td>5</td>
<td>61,958</td>
<td>65,527</td>
<td>74,699</td>
</tr>
<tr>
<td>6</td>
<td>63,816</td>
<td>67,493</td>
<td>76,940</td>
</tr>
<tr>
<td>7</td>
<td><strong>115,308</strong></td>
<td><strong>115,857</strong></td>
<td>102,021</td>
</tr>
</tbody>
</table>

PRE 1989

CUPA P50

CUPA “HARD-TO-HIRE” P50
The recommended salary scale is anchored at the market median (p50) of the peer institutions by rank, adjusted by 15% for geographical salary differentials on the prior page.

The salary scale is anchored midway in the steps (in yellow) between steps 3 and 4 for the 6 step schedule, and between steps 5 and 6 for the 10 step schedule.

The 95% between Scale I & II was preserved from the existing structure.

The 3% between steps was preserved at the Assistant and Associate Rank and a 2% step was used at the Professor rank.

The range of salaries within each rank, plus and minus 10% from P50, approximates the difference between the 25th percentile and 75th percentile of the market. Step 1 approximates the 25th percentile of the market and the last step the 75th percentile.

<table>
<thead>
<tr>
<th>STEP</th>
<th>ASSISTANT</th>
<th>ASSOCIATE</th>
<th>PROFESSOR</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
<td>I/I</td>
<td>II</td>
</tr>
<tr>
<td>1</td>
<td>56,378</td>
<td>95%</td>
<td>59,633</td>
</tr>
<tr>
<td>2</td>
<td>58,069</td>
<td>95%</td>
<td>61,422</td>
</tr>
<tr>
<td>3</td>
<td>59,811</td>
<td>95%</td>
<td>63,257</td>
</tr>
<tr>
<td>4</td>
<td>61,605</td>
<td>95%</td>
<td>65,155</td>
</tr>
<tr>
<td>5</td>
<td>63,454</td>
<td>95%</td>
<td>67,109</td>
</tr>
<tr>
<td>6</td>
<td>65,357</td>
<td>95%</td>
<td>69,122</td>
</tr>
<tr>
<td>7</td>
<td>-</td>
<td>-</td>
<td>-</td>
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The most significant deliberation in Task Force meetings was on the potential use of salary supplements for "hard-to-hire" disciplines.

The Task Force members were not unified in agreement to move forward on developing a policy that includes salary supplements; the members did agree to develop a policy that recognizes and establishes salary supplements solely as an adjustment to market conditions that would otherwise constrain the College’s ability to pursue its strategic objectives. The concerns discussed on this matter are presented later in this report.

Currently, chief among the relevant market conditions to deal with is difficulty in recruiting and retaining faculty in business and accounting disciplines. This difficulty has been dealt with in a limited number of cases with a salary supplement over the current scale.

The analysis of 2010-2011 CUPA NFSS data demonstrated a difference in market median (50th percentile) faculty salaries of up to $30,000 for “hard-to-hire” disciplines which have been highlighted in Appendix C.

The market premiums associated with these disciplines constrain the College’s ability to attract and retain qualified faculty.

Payment of salary supplements, then, is the College’s deliberate response to market-driven constraints; it is a dictate of necessity which the College looks to minimize, lest it erode the College’s mission-driven commitment to equity in light of Catholic principle.
Recommendation – Salary Policy

- The Task Force recommends modification of the current salary policy to include modified salary goals and administrative guidelines.
- The detailed modified policy is attached as Appendix D.
- The recommended salary goals are:
  - Alignment of midpoint of College salary scale, for each rank, at the average of the peer group market median data.
  - Preservation of current six steps for Assistant and Associate Professor Rank and expansion of current seven steps to ten steps for Professor Rank.
  - Aim for internal fairness across ranks.
  - Salary supplement to be limited to “hard-to-fill” positions determined by the Provost with support of Deans and reported to the Senate.
  - Funding for salary supplements should be separate and apart from salary pool.
Recommended salary administration guidelines are:

- Change in faculty salary pool to be a permanent part of budget discussions.
- Competitiveness of faculty salaries linked to 48 “like” institutions.
  - Salary data to be drawn from most recent CUPA-HR NFSS data.
  - Data to be adjusted based on ERI geographic salary differentials for Moraga area.
- Salary supplements administered by Provost with Deans:
  - Limited to disciplines with premium of at least 15%, individuals with a terminal degree and require research in discipline.
  - Total salary, with supplement, not to exceed market median.
  - Disclosure of supplements to Faculty Welfare Committee (FWC).
  - Supplements may come with performance expectations.
  - Chief Financial Officer to report on salary supplements and funding sources.
- Should the result of the process above deviate over time from salary goals, adjustments shall be made to return to the goals as quickly as feasible.
- Every three years, policy implementation will be reviewed.
- Every six years, policy will be reviewed.
- FWC will compare College faculty salaries to goals and share with community.
The Task Force considered implementation under several potential scenarios.

The following estimates are for implementation in 2012-2013 fiscal year, assuming either immediate implementation of the 10 step scale for professors or a phased implementation of 1 additional step per year.

- **Immediate Implementation**
  - **Projected Cost**:
    - 2012: $1,046,123
    - 2013: $1,141,970
    - 2014: $1,180,797
    - 2015: $1,231,951
    - 2016: $1,231,951

- **Phased Implementation**
  - **Projected Increase**:
    - 2012: $764,199
    - 2013: $980,968
    - 2014: $1,216,582
    - 2015: $1,275,384
    - 2016: $1,275,384

The Task Force recommends implementation as soon as practical.
Dissenting Opinion

The deliberations of the Task Force were marked by well-argued disagreements on many key issues, and both supporters and opponents of the new (proposed) policy acknowledge that many challenges need to be addressed should the College decide to implement differential pay. Opinions voiced and discussed included:

- **Philosophical Disagreements**
  - The entire concept of salary supplements is inconsistent with the Catholic, Lasallian, and Liberal Arts traditions upon which the College is built.
  - Making salary supplements an official College policy marks a significant philosophical shift, and sets a clear precedent for continued fragmentation of the faculty in the future.

- **Budgetary Concerns**
  - The College has been unable to make a long-term financial commitment to a consistent salary policy. Unless this changes, successful implementation of any policy will be very difficult.
  - The new policy will require bigger expenditures (for the salary pool) and the creation of new endowments (to pay the salary supplements). Neither of these presently exist.

- **Complexity, Transparency and Trust**
  - Compared to the current policy, the new policy is far more complex, and potentially open to deliberate or accidental abuse.
  - The new policy perpetuates the current problems of being inconsistent and insufficiently transparent regarding the salary information that will be shared with the faculty.
  - The new policy gives a great deal power to the Provost and Dean, positions (i.e., not individuals) that have violated the current policy by implementing (and expanding) the use of secret salary supplements.
Next Steps

- Presentation of recommendation to:
  - President,
  - Faculty, and
  - Board of Trustees.
- Phased-in implementation beginning in the 2012-2013 fiscal year or sooner.
- Ongoing maintenance and communication of investments in faculty salaries.
Appendices

- Appendix A – Peer Group
- Appendix B – Economic Research Institute Data
- Appendix C – CUPA-HR National Faculty Salary Survey Data
- Appendix D – Proposed Faculty Salary Policy