

## Equal Pay for Equal Work

### Report of The Budget and Economic Status Committee 2007 - 08

#### 1. Faculty Salaries.

Statistical comparison using the CUPA (College and University Personnel Administrators) data base, the industry standard, shows that the median UTC full professor is paid approximately 80% of the median salary paid to full professors in similar institutions and disciplines. At this level UTC most full professors are paid in the bottom third of the salary distribution for faculty in the same discipline at other institutions. This result is virtually unchanged from the previous year. That is especially bad news because the 2007 – 2008 budget contained substantially more new monies than received on average during the 2003 – 2004, 2004 – 2005 and 2005 – 2006 budget cycles. It thus joins 2006 – 2007 as a relatively good budget year for the University, but not for faculty members here. Corresponding median salaries for assistant and associate professors are in the mid- and low 90s respectively.

The last two years of “good” budgets, relatively speaking, may be followed by a below average budget for 2008 – 2009, which will in turn be followed by two challenging years as the business cycle wreaks havoc on the finances of the State of Tennessee. Thus the poor performance of median faculty salaries over the last two budgets is particularly disappointing.

#### 1.A. Administration Policy on Faculty Salaries

Dealing with the Administration has been disappointing this year, but not entirely without results. Despite numerous differences of opinion, the Committee found Provost Oldham to be polite, logical and open to numerical reasoning. The academic year began with the Administration reneging on a negotiated and “on paper” promise to distribute \$476,000. in equity adjustments to faculty members receiving merit and exceptional merit (we use the previous EDO designations, as with the addition of a second below merit category there can be no doubt that the second highest level of performance represents meritorious accomplishment).

Despite strenuous efforts at penetrating the opaque process of major budgetary decisions at UTC, no clear explanation for this major last-minute deviation from the carefully prepared and negotiated budget was forthcoming. However numerous sources stated that the Provost was the decisive actor in this unfortunate turn of events. In discussions with the new Provost it became clear that he did not understand the depth of the faculty’s disappointment in yet another broken promise on faculty salaries. He also often stated that he was not convinced that UTC faculty pay was below industry norms. This became a major sticking point.

The statistics on UTC salaries and University salaries were clear.. What was not clear for the Provost was UTC's place in the hierarchy of institutions of higher education. The committee views UTC as the monopoly provider of education for an economic area with a population of 700,000. (monopoly does not mean sole provider, but an institution dominating its market.) As such UTC cannot define its place in the institutional hierarchy in a way that makes it impossible to fulfill the functional tasks thrust upon it. Our large regional economy requires a broad array of high quality programs. This in turn requires salaries sufficient to recruit and retain professors at the salary levels of competing high-quality institutions.

Instead of using the previous standard of the fiftieth percentile of the national public universities in the CUPA data base, the Provost eventually settled on a subset, SREB 3 schools, standing for Southern Regional Education Board level 3 (out of 10 levels, with level 10 for community colleges). This group, to which UTC has long been a member, has not a single prestigious institution in it, and is Southern in name and content, so there can be no claim of reaching beyond our status. Far from it, as almost all of the institutions have a much less difficult functional task (as defined above) than UTC, many are rural "low-cost" providers of university education, and many are below the level of educational prowess already attained by UTC.

The Committee believes that using the SREB 3 comparison group requires that median UTC salaries fall in the range of the 60<sup>th</sup> – 70<sup>th</sup> percentiles before they can be considered adequate, and above the 70<sup>th</sup> before they can be considered good. The midpoint of the "adequate" level (65) appears to generate salaries that are slightly higher for most ranks and disciplines than the previous standard used by the Budget and Economic Status Committee and past Administrations, the 50<sup>th</sup> percentile of the national distribution for public universities. Therefore, setting a target of the 65<sup>th</sup> percentile of SREB level 3 institutions takes us back almost exactly to the position accepted by the Administration at the beginning of the previous academic year, more than eighteen months ago.

#### 1B. Faculty Salaries – Where We Stand.

Median UTC salaries are considerably less than those of the 65<sup>th</sup> percentile of the SREB 3 group when examined by rank and discipline. Assistant Professors mostly populate the 40<sup>th</sup> – 50<sup>th</sup> percentile; Associate Professors are about half a decile lower, although the department to department variance is large. Full Professors bring up the rear, mostly coming in at the around the 25<sup>th</sup> – 40<sup>th</sup> percentile.

These salary levels are unacceptable and will not allow the long run maintenance of a high quality faculty. The faculty is the "capital stock" of the University and has a long turn-over period, as many successful faculty will work at the institution for thirty or more years. That means that quality problems will emerge very gradually. However once in place the problems will persist for decades because of the long time required to turn-over the stock of faculty. Squandering the capital stock of the University through poor administrative and budget practices is the height of folly.

## 1C. The Need for Accurate Measurement.

The Committee believes that an increase in the accuracy of administration analysis of UTC faculty salaries is required. We point out serious methodological problems and recommend improvements.

**Leaving out Disciplines.** Overall UTC faculty salary averages are misleading and should not be used. Because of the relatively large number of engineers, business professorships, and endowed professorships such a comparison will always overstate UTC salaries. An accurate analysis requires comparisons made by rank and discipline by median salary. The resulting medians can be compared to the distributions provided by rank and discipline in the CUPA data base. The resulting percentiles can then be summed and averaged, yielding the true picture of the relative overall standing of UTC salaries.

**Categorization Problems.** The salary comparisons in CUPA are highly sensitive to the definition of the sub-discipline of the professorship. For example in the CUPA data professors of Judaic Studies make considerably more than professors of religion and philosophy. Our chair holder should be evaluated in the former group rather than in the latter group. Leaving this chair holder in the latter group elevates the departmental average by many deciles. The same methodology is applied for several of our endowed professorships. The administration has stated that they cannot categorize professors accurately because of “strict CUPA rules” that require all professors to be reported “in their departments.” However when it comes to the SIM Center engineers, they are reported with other departments in a department not found at UTC, “General Engineering.” Other CUPA accounting rules are not followed because “that is the way we do it here.” Therefore the committee disagrees with the claim that proper categorization is precluded by an outside authority. It seems that UTC, in fact, controls the categorization. The committee recommends that UTC change its policy and support accurate categorization.

**Former Administrators.** There are a number of former administrators who leave their positions and migrate to teaching positions. Administration policy is to grant them their administrator salary, which is frequently far higher than the departmental average. This biases the reported numbers upwards. The committee recommends that such cases not be reported as part of the salary data submitted to CUPA.

**Department Heads.** CUPA accounting guidelines indicate that department heads teaching four or more courses a year should be included in the salary submission with twelve month salaries reduced to a nine month level. UTC does not do this. The committee recommends that UTC include department heads that meet the teaching requirement in our CUPA submission.

Missing Professors. UTC's submission to CUPA for 2007 – 2008 was for 301 Professors, Associate Professors and Assistant Professors. Even accounting for the missing department heads there appears to be a significant number of professors missing. In years past a detailed accounting of the missing professors found that the lowest paid full professors were occasionally omitted. The committee recommends that UTC accurately submit to CUPA salaries for all qualifying professors.

SIM Center. The Committee recommends that Sim Center professors be reported as a separate department.

#### 1.D. Addressing the Salary Gap.

In round numbers UTC needs approximately \$3 million dollars added to faculty members' salaries, in addition to the annual increase needed to match the growth of salaries in the SREB 3 group, which has been running at about 4% per annum.

This \$3 million should be distributed broadly to the meritorious faculty members who are under-paid relative to equally meritorious professors having the same rank and discipline at similar universities. The Committee recommends a methodology using approximately the 65<sup>th</sup> percentile of the SREB 3 comparison group as setting the standard for "equal pay for equal work" for UTC professors. Therefore the median UTC salary by rank and discipline should be raised until it approaches this level. The committee notes that a focus on restricting the bulk of the raise money to 20% of the faculty through the super merit category would make it mathematically impossible to move the median UTC salary from its present position to the 65<sup>th</sup> percentile of SREB 3. This pay plan precludes equal pay for equal work and will lead to the median UTC salary falling steadily further behind the median salaries at comparable institutions. This is not an opinion. It is arithmetic.

The arithmetic of the salary gap compels the Committee to repeat the recommendations of past Committees: an equity distribution of \$900,000 per year, distributed by a formula based on salary relative to rank and discipline. The formula should be broad, covering all faculty at or below the 70<sup>th</sup> percentile of SREB 3. This would cover over 90% of UTC's professorate. The formula should be linear with amount of the distribution varying by the amount of the individual salary relative to the 70<sup>th</sup> percentile of SREB 3.

In budget years where developments preclude fully funding the \$900,000, the Administration should fund a minimum of \$400,000 as an indication of "good faith." Failure to do this can be interpreted as indicating that the administration is planning faculty salaries that are permanently below those found at comparable institutions.

## 2. Tuition Policy

The Committee discussed the pros and cons of establishing parity between UTC and UTK tuition. To summarize the discussion the list of pros carried the day. The main drawback is a political concern that Knoxville would not like the link, as it would symbolize UTC's attempt to match their level of educational quality. Our current status as "Feudal Vassal" would thus be disturbed, provoking consternation among the lords in Knoxville. While undoubtedly true, a large majority of the committee expressed the view that this would be a good thing (both the tuition parity and provoking consternation). The committee therefore recommends that UTC formally adopt tuition parity as a goal. Tuition parity will be achieved gradually, and requires that the annual increase in UTC tuition be 1 or more percentage points higher than the Knoxville Campus.

## 3. Creativity.

Marshall University, one of our comparator institutions, has a splendid new interdisciplinary laboratory science building named after Senator Byrd because he personally allocated the funds. It is huge. The University of Alabama has a splendid new interdisciplinary laboratory science building named after Senator Shelby because he personally allocated the funds. It is huge. Both of these facilities are expensive, far beyond the funding received from the respective states. Does our University have a splendid new interdisciplinary laboratory science building named after Senator Corker? No. Have we asked for one? Dollars to doughnuts says we have not. That would be sheer financial negligence, yet we fear this is the case.

In our straightened financial circumstances we cannot afford to be so careless.