

Update on UW Faculty Retention: Scenarios for Increasing UW Employee Salaries

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UW Board of Trustees Retreat

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Goal (UP3 Action Item 65): “Faculty salaries at or above the fiftieth percentile of those prevailing at public research universities.”

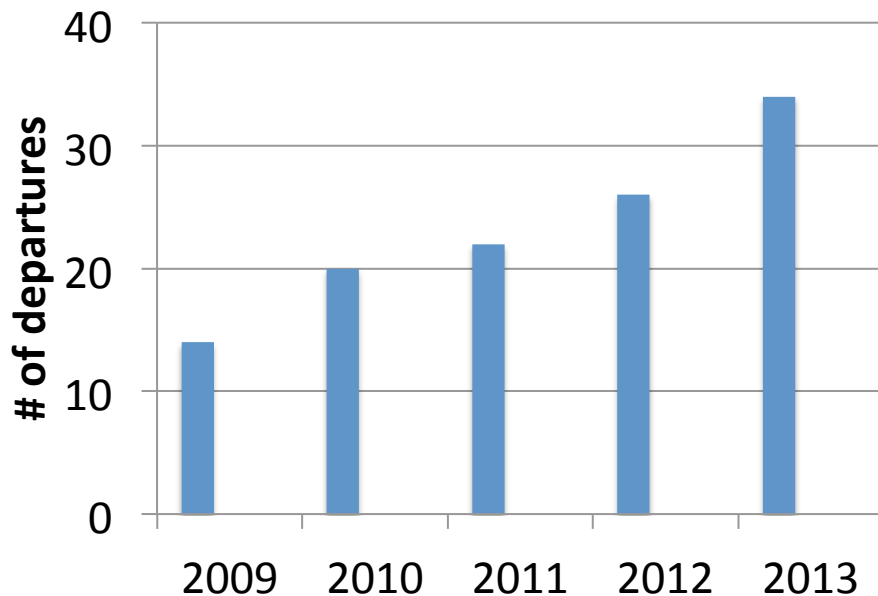
Outline

1. Update on UW faculty attrition
2. A history of UW faculty salary adjustments
3. Scenarios for bringing UW salaries up to the **average** of other public research universities
4. An evaluation of revenue sources

1. UW Faculty Attrition

- ***We are losing strong faculty members at an accelerating rate***

Chart 1. Faculty departures since last raises were issued (2009), not including retirements or deaths.



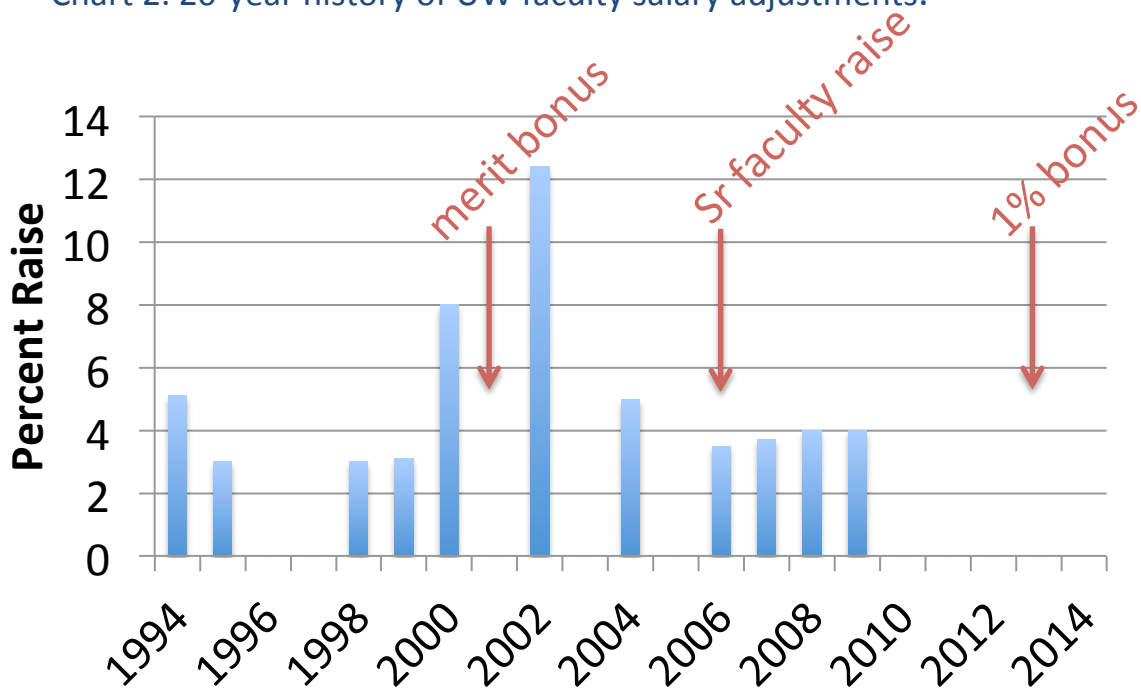
- In 2013, faculty announced departures for positions at institutions including U. Calgary, Purdue, U. Arizona, U. Memphis, U. Missouri., N. Carolina State, N. Carolina A&T, US Attorney's Office, Texas Tech, Texas A&M, U. Idaho, U. Utah, Howard University, Kansas State, U of Western Sydney Australia, George Washington U.
- Number departing would have been higher if not for aggressive counter-offers in the last year to 7 high-performing faculty whom we retained.
- Counter-offers, mandatory promotion raises, and augmentations for department heads reduce the funds for hiring new faculty, resulting in net losses in faculty size.

Data source: UW Office of Academic Affairs

2. History of UW faculty raises

- ***At no time in the past 20 years have UW faculty gone so long without salary adjustments***
 - Raises granted in 11 of the past 20 years for an average annual raise pool of 2.74%
 - No raises for the past 4 years
 - This is the longest time in at least 20 years without a raise

Chart 2. 20-year history of UW faculty salary adjustments.



Notes:

2001: Pool equivalent to \$1500 per full-time employee was distributed on merit

2006: In addition to the 3.5% raise pool, \$2.96M was allocated to senior faculty retention

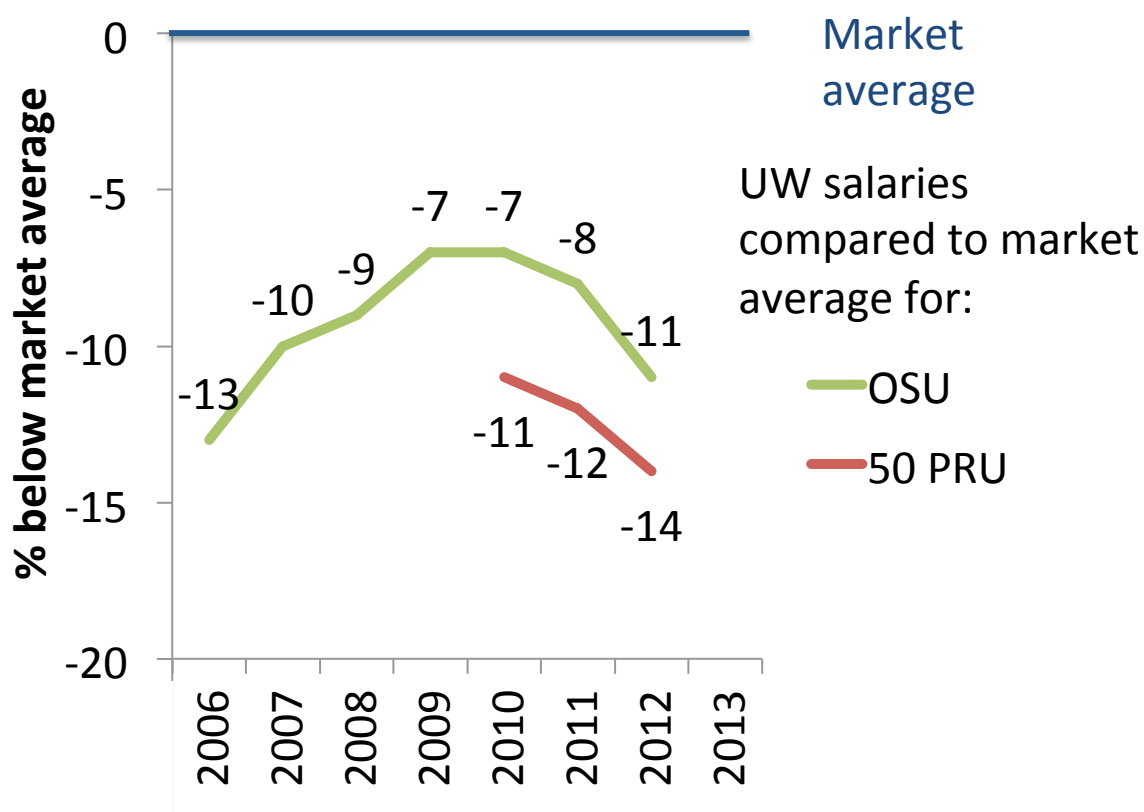
2013: 1% bonus up to \$1200 granted to all employees with satisfactory job performance

Faculty raises are awarded on merit, a portion of the raise pool is used for mandatory raises and addressing equity issues. Data source: UW Office of Academic Affairs

3. UW employee compensation scenarios

- ***Raises are essential to bring salaries towards market average***
 - Progress was made during 4 years of raises 2006-2009
 - UW salaries have lost ground compared to other universities' salaries in the four years with no raises

Chart 3. UW faculty salaries compared to OSU and 50 PRU comparators.



OSU = Average of all institutions surveyed by OSU
50 PRU = 50 Public Research Universities

Data source: UW Office of Institutional Analysis

3. UW employee compensation scenarios

- ***It doesn't pay to wait to attack this problem***

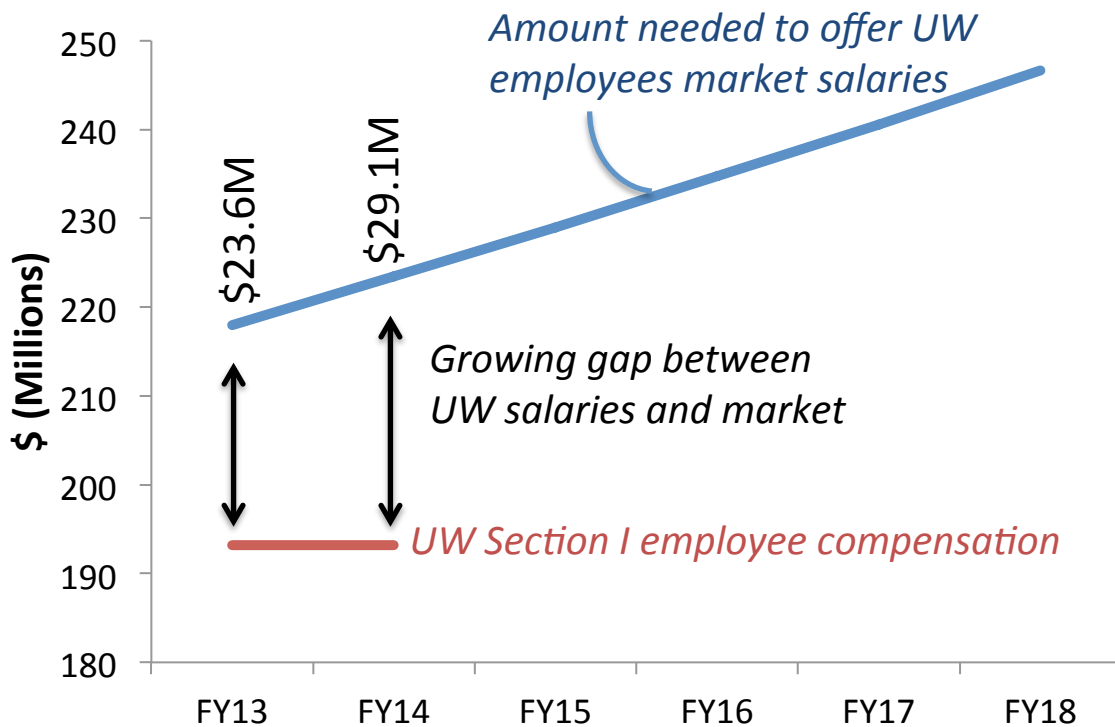
Inputs:

- Faculty market average based on comparison of 50 Public Research Universities; UW faculty is 14% below market average; all UW employees are at 12.5% below market average
- Inflation rate (average of last 10 years): 2.5%

Outputs:

- \$23.6M is required to bring salaries to market in FY13
- \$29.1M is required to bring salaries to market in FY14

Chart 4. UW Section I salary budget compared to market.

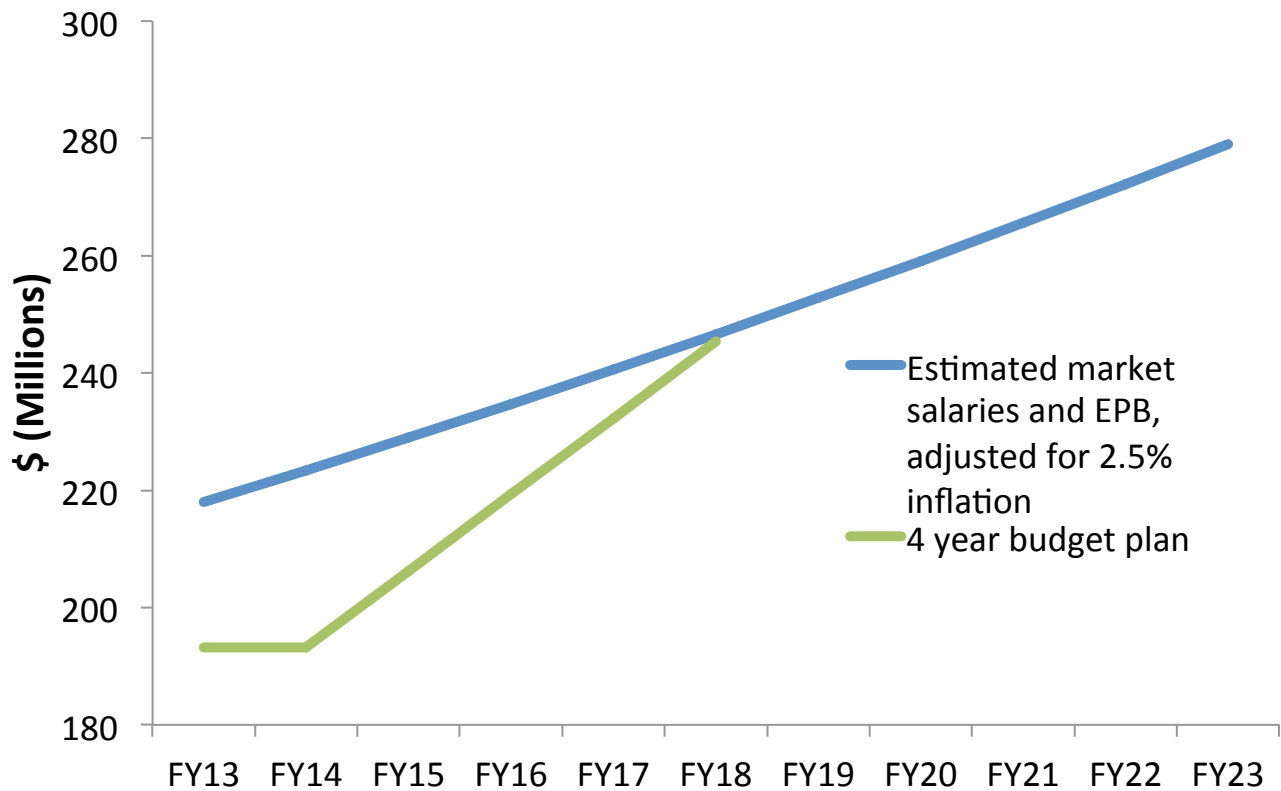


Data sources: UW Office of Institutional Analysis; UW Budget Office

Scenario 1: 4 years to market average

- ***It would take \$13.0M additional each year for 4 years to reach market average (\$26.0M additional per biennium).***

Chart 5. Scenario to bring UW compensation to market average in 4 years.

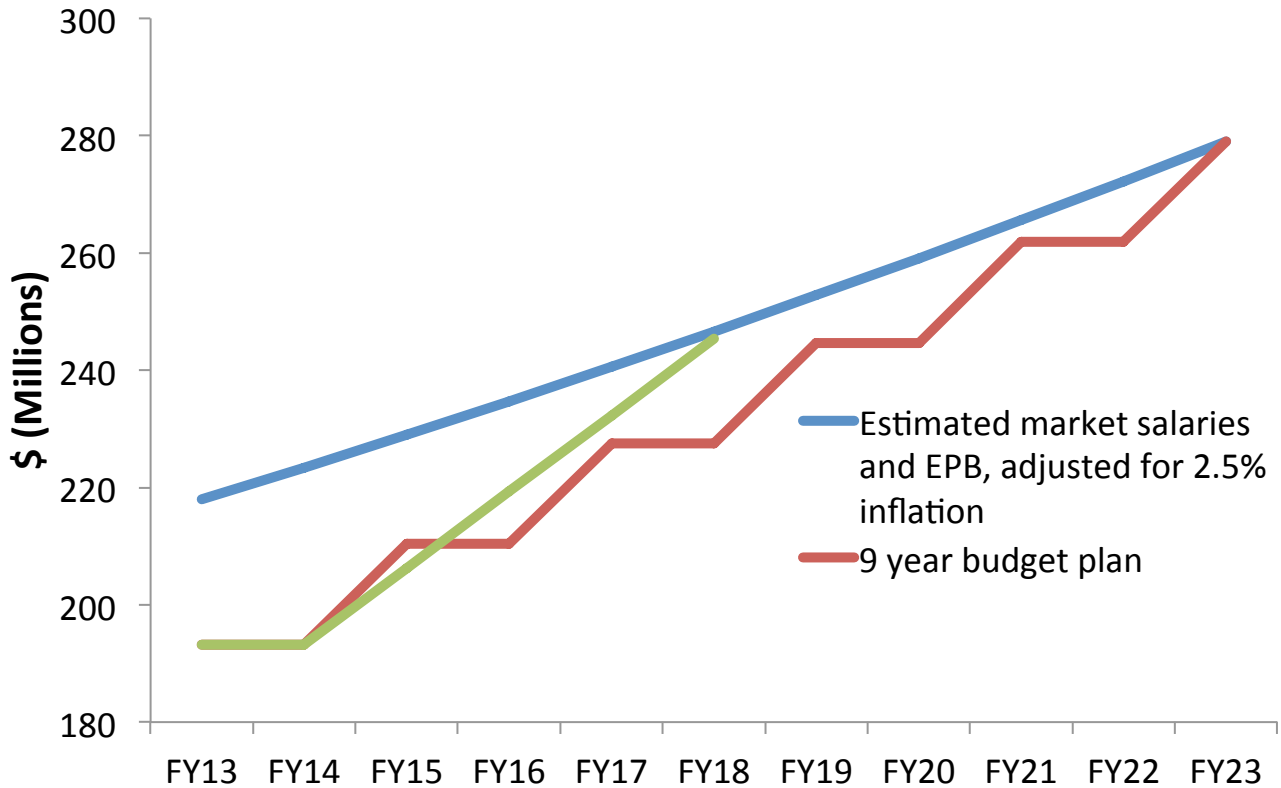


Data source: UW Budget Office

Scenario 2: 9 years to market average

- ***It would take \$17.2M additional each biennium for 9 years (4.5 biennia) to reach market average***

Chart 6. Scenario to bring UW compensation to market average in 9 years.



Data source: UW Budget Office

4. Sources of funding

- ***Could UW find between \$17 and \$26M in recurring funds each biennium?***

Sources of funding:

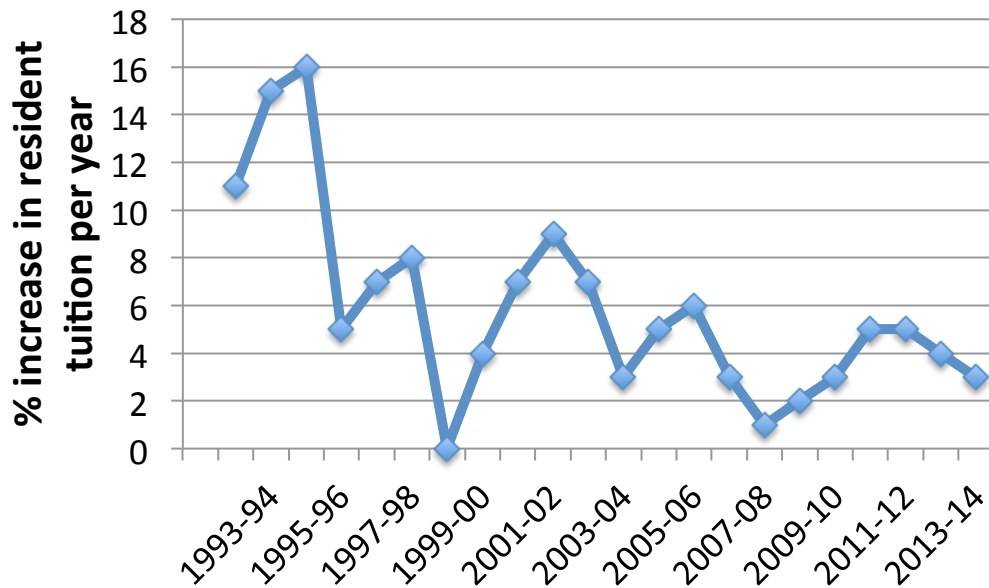
- ✓ Legislative appropriation
 - ✓ Reallocation of UW block grant
 - ✓ Tuition increases
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- ✓ **Legislative budget request:**
 - Each 1% raise for UW section I employees requires \$1.7M in new funding (all raises are distributed on merit basis)
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- ✓ **Reallocation within UW budget:**
 - If UW budget were not cut by a further \$11.7M/ biennium, some or all of that amount could be reallocated to salaries
-
- ✓ **Tuition increases:**
 - UW tuition is lowest of all public doctoral institutions, so 1% increase raises only approximately \$0.5M/year

Tuition & fee increases over the past 20 years:

1. Percentage increases

- **Over the past 20 years, UW tuition & fee increases have ranged from 0% to 16% per year. The history is erratic.**

Chart 7. Percentage increases in UW resident undergraduate tuition & fees



- **UW tuition & fee increases are less than national averages.**

	2012-13 tuition increase	Average annual increase, last 10 years
UW	3.7%	3.6%
All public universities	4.8%	6%

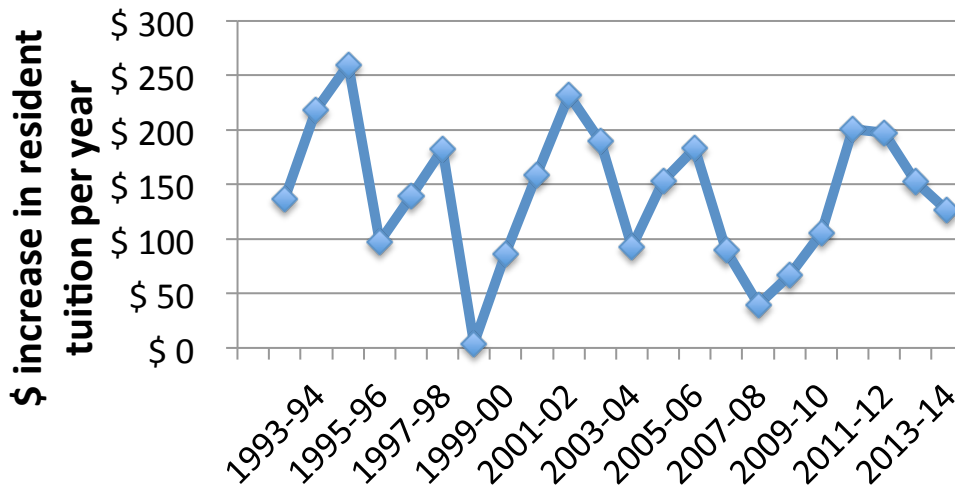
- Since we are looking at possible revenue to fund salary increases, it is more helpful to look at the *dollar amount* of tuition increases, not percentages.

Data source: UW Office of Institutional Analysis; Savingforcollege.com; FinAid.org

Tuition & Fee increases over the past 20 years: 2. Dollar amount of tuition increases

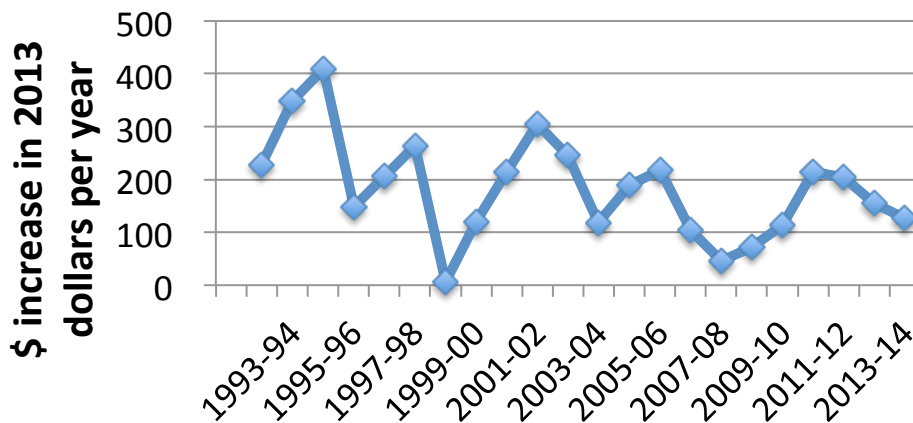
- **Over the past 20 years, UW tuition and fee increases have ranged from \$4 to \$260, not per credit hour but in total for the year.**

Charts 8. \$ increase in UW resident undergraduate tuition & fees



- **In inflation-adjusted terms, annual UW tuition and fee increases have been as high as \$410, but far less in recent years.**

Chart 9. Inflation-adjusted \$ increase in UW resident undergraduate tuition & fees



Tuition & Fee increases: 3. What is reasonable?

- In inflation-adjusted terms, past UW tuition and fee increases have been as high as \$410/year.
- An increase of \$440/year in resident undergraduate tuition would be equivalent to a 10% increase.
- Such an increase would bring in \$5M/year in additional revenue. Two such annual increases would generate \$10M/year by the end of a biennium.

Summary of revenue sources for salary increases

Revenue needed	Revenue sources	Amounts possible
\$17-26M per biennium	Legislative request	\$0-?M
	Internal reallocation	\$0-12M
	Tuition increases	\$0-10M
BIENNIAL TOTAL		\$0-22+M???

Repeated increases of this magnitude are required for the next two to five biennia to bring UW salaries to the **average** of market.

5. Concluding observations

- **The problem gets worse fast if we wait**
- **It will take strong will to find enough money**
- **If UW is to be a top-tier land-grant and flagship university, we must do everything possible**

The mind does not require filling like a bottle, but rather it requires kindling to create in it an impulse to think independently and an ardent desire for truth.

Plutarch, Περί τοῦ ἀκούειν τῶν φιλοσόφων

Appendix: Comparator Institutions

50 PRU:	50 Public Research Universities
Arizona State University Colorado State University Georgia Institute of Technology Indiana University-Bloomington Iowa State University Kansas State University Michigan State University Montana State University New Mexico State University North Carolina State University Ohio State University Oregon State University Pennsylvania State University Purdue University Rutgers-State University of New Jersey-New Brunswick Stony Brook University-State University of New York Texas A & M University University at Buffalo-State University of New York University of Arizona University of California-Berkeley University of California-Davis University of California-Irvine University of California-Los Angeles University of California-San Diego University of California-Santa Barbara	University of Colorado-Boulder University of Florida University of Idaho University of Illinois at Urbana-Champaign University of Iowa University of Kansas University of Maryland-College Park University of Michigan University of Minnesota-Twin Cities University of Missouri-Columbia University of Montana University of Nebraska-Lincoln University of Nevada-Reno University of New Mexico University of North Carolina-Chapel Hill University of Oregon University of Rhode Island University of Texas-Austin University of Utah University of Virginia University of Washington University of Wisconsin-Madison Utah State University Virginia Polytechnic Institute and State University Washington State University

OSU: 114 institutions surveyed by OSU, including institutions in the following Carnegie classifications:

- Research University/Very High Research Activity
- Research University/High Research Activity
- Doctoral/Research University and Other