April 12, 2016

MEMORANDUM

TO: Dr. Juné Youatt, Provost
FROM: Dr. John Bell, Chair
SUBJECT: Recommendation for 2016-17 Faculty Merit and Market Pool Increase

The University Committee on Faculty Affairs (UCFA) recommendation for the faculty merit and market pool increase in the 2016-17 academic year continues to be developed on the basis of the following principles:

- recruitment and retention of high quality faculty;
- maintenance of the quality and integrity of our academic program;
- recognition of faculty productivity as enrollments and competitive pressure for grants escalate; and
- desire to maintain and increase faculty morale.

UCFA is also concerned about the long term impact that the ongoing erosion of university-funded health benefits will have on faculty compensation; specifically;

- the initiation of health care premium sharing for all faculty as of July 2002;
- the elimination of funded post-retirement health care coverage for spouses for new hires as of July 2005;
- the elimination of funded post-retirement health care coverage for new hires as of July 2010;
- the substantial increases in premiums for health care and pharmaceutical coverage; and
- the long-term implications of the Affordable Care Act.

Together, these elements all point to tangible decreases in compensation benefits for faculty at MSU, which should ideally be counterbalanced by commensurate salary increases.
Over the past decade, UCFA has used MSU's relative position among Big Ten universities as a key indicator of the university's performance in upholding the principles identified above. In 2015, UCFA recommended an overall increase of 5.25 percent.

As of 2015-16, MSU faculty salaries ranked 11th (of 14 institutions) in the Big Ten, two positions higher than the previous year; but, still two positions below the 2009-10 ranking of 9th place. Our goal in recent years has been to reach the middle of the Big Ten by exceeding the anticipated Big Ten average increase. Due to financial circumstances, over the past decade, this goal has not been achieved.

Significant environmental and programmatic changes also impacted compensation variables over this period. As noted on page one, post-retirement healthcare was eliminated for new employees in 2010. This change now impacts about a quarter of the faculty, diminishing MSU's total compensation increases.

With continued stable financial conditions and the need to remain competitive, we recommend a 4.75 percent salary increase for 2016-17 academic year. Our recommendation includes a 4 percent general merit pool increase and 0.75 percent market adjustment pool increase.

Given that average Big Ten continuing salaries have increased between 3 to 4 percent in recent years, a 3-5 percent total increase akin to last year would likely only allow us to maintain our lagging position at 11th out of 14. The recommended 4.75 percent increase would likely allow us to make progress relative to our peers.

As clearly emphasized by the Empower Extraordinary Campaign, MSU's faculty is a formidable force for creativity, discovery and learning. In order to maintain the strong position of MSU as one of the world's leading academic institutions, UCFA strongly recommends that the 2016-2017 Faculty Merit and Market pool increase be commensurate with the strength of our programs.

Attachments

Table 1: Big Ten Faculty Salary Rankings for 2015-16.
Table 2: Big Ten Faculty Compensation Rankings for 2015-16.
2015-16 Faculty Salaries

Big Ten average*: $116,373

MSU Rank in AAUP Big10 Institutions for Faculty Salary

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*Does not include Northwestern – average including Northwestern $119,365
1 Maryland has not responded to survey – data form 2014
2 Rankings overtime adjusted to include Rutgers and Maryland
### 2015-16 Faculty Compensation

![Bar chart showing faculty compensation across Big Ten institutions.]

**Big Ten average**: $148,698

#### MSU Rank in AAUP Big10 Institutions for Faculty Compensation

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- Includes pro-rata attribution of post-retirement benefits for eligible population

*Does not include Northwestern – average including Northwestern $152,554

1. Maryland has not responded to survey - data from 2014
2. Rankings overtime adjusted to include Rutgers and Maryland