

To: Deans and Department Heads

Please forward to tenure-line faculty and others as appropriate

Guidelines for Mid-Year Salary Compression for Tenured/Tenure-Track Faculty

Background:

OSU is committed to hiring and retaining the best faculty. Over the past two years we have committed significant resources to recruiting over 150 tenure-line faculty. While we were very competitive in recruiting some of the nation's best scholars, it is equally important that we retain our successful senior faculty. Therefore, the next step in strengthening our faculty is to development a fair and competitive salary structure that pays attention to salary compression. Salary compression occurs when the market-rates for new faculty hires outpaces the increases historically given by the university to tenured faculty. This investment in addressing salary compression is the first step in moving our faculty salary structure to be competitive with our peer institutions. We will continue this work across all faculty ranks over the next few years.

While there are many approaches to understanding compression, a common method is to look at the ratio of salaries across faculty ranks. Exceptional cases aside, meritorious faculty at the rank of professor or associate professor should be paid more than lower-ranked faculty. The Office of Budget and Fiscal Planning has studied the compression issue for tenure-line faculty at OSU (<http://oregonstate.edu/budget/>) as part of a long-term approach to faculty success. Using salary data from our peers and comparing it to our own salary data, we can see/compare the following salaries/salary ratios:

	<u>Assistant Professor</u> Mean salary (Ratio to Assistant)	<u>Associate Professor</u> Mean salary (Ratio to Assistant)	<u>Full Professor</u> Mean salary (Ratio to Assistant)
Peers	\$76,015 (1.0)	\$85,840 (1.13)	\$122,530 (1.61)
OSU	\$71,600 (1.0)	\$77,800 (1.09)	\$99,900 (1.39)

The specific ratios in Colleges vary depending upon the demographics of the faculty and the salary structure of different disciplines. These are also averages for all faculty members in a particular rank cohort. Appropriate individual salaries will depend upon years in rank, years since Ph.D., consistent and satisfactory service, and salary norms of the discipline. It is not expected that every individual tenure-line faculty member's salary will match these ratios. However, it is expected that the mean for the group of faculty should approximate these ratios.

Process:

Each college will receive a summary of their faculty salaries by rank and a lump sum annual salary dollar amount to address compression in their units. The dollar allocation was based upon a proportional allocation of the available annual salary dollars relative to the estimate of the dollar gap due to compression in the unit. The compression gap was taken as the larger of the gap based on disciplinary averages for peers or the 1.61:1.13:1 ratio for peers noted above. Allocations for units partially funded by the Statewide Public Service units were split into portions to be paid by E&G and by SWPS funds. The E&G allocation for CEOAS was similarly split with the estimated share of salaries paid from grants and contracts. Both SWPS funded units and CEOAS are expected to allocate the appropriate dollar amounts from those fund sources towards compression raises. Finally, an adjustment was made so each unit received at least 3% of their FY11 E&G faculty salary expenditures (the last year before we hired significant numbers of new faculty members). The Provost retains about \$400,000 in annual salary dollars to make adjustments and to address special cases.

OSU policy is to provide a 10 percent increase upon promotion in rank. Given this, and understanding that individual adjustments for members of the faculty will reflect disciplinary differences, years in rank, years since Ph.D (or terminal degree), and consistent satisfactory performance, units will approach salary compression adjustments by:

1. Establishing the mean of assistant professor's salaries for relevant units.
2. Adjusting salaries for associate professors so that they are 1.1 to 1.2 times the assistant professor mean.
3. Adjusting salaries for full professors so that they are 1.3 to 1.8 times the assistant professor mean.
4. Documenting an appropriate allocation of the raise dollars between associate and full professors. Across the University, about 80% of the salary gap (in dollars) is at the full professor rank.

It is expected that proposed salary compression adjustments reflect input from faculty in your units. We will ask for a summary of your process when submitting your salary requests.

Central review will be required for adjustments that place associate and full professors out of range, as well as for tenured faculty who do not receive an adjustment and are below the established range. Those currently higher than the proposed ratios (without adjustment) do not need review.

Timeline:

The raises will be effective January 1, 2013 for 12-month faculty and February 1, 2013 for 9-month faculty. The raises will be allocated in March paychecks, retroactive to those dates. The deadlines for the process are:

- Distribution of guidelines to Deans, Department administrators, Faculty: November 30.
- Distribution of HR spreadsheets and lists to Deans: as soon as they are ready.
- Deadline for requests to Provost for supplementary adjustments: January 31, 2013.
- Proposed increases and summary statistics to Academic Affairs: February 15, 2013.
- Final spreadsheets returned to HR/Business Centers: March 5, 2013.

++++

Note: Units are able to make adjustments for ranked faculty in Senior Research positions (Assistant Professor, Senior Research; Associate Professor, Senior Research; Professor, Senior Research) if appropriate. However, all salary compression adjustments for these ranked faculty members must come from the grants/contracts or other funds that support the position.

Questions about the raise process should be sent to Becky Warner. Questions about establishing dollar allocations to be used for compression should be sent to Sherm Bloomer.