

Compensation Committee 2015-16

Recommendation from Faculty Salary Sub-Committee

Friday, May 6, 2016

Membership:

Our sub-committee includes Daniel Diaz, Hiroko Hirakawa, Christine Riley, Natalya Shelkova, Richie Zweigenhaft.

Task:

Our sub-committee was assigned the task of recommending a formula for developing faculty salaries.

Goal:

In creating this formula, we had several goals in mind:

1. Align with the Guilford Values of Excellence, Diversity, Justice, Equality.
2. Create Clarity through more Transparency, Predictability, Consistency.
3. Build Trust by reducing the resentments engendered by of past practices.

Outcomes:

We believe that in working toward the above goals, we have the opportunity to create several advantages that have not been available before:

1. An equitable **salary target for every faculty** member. Everyone will understand how his/her target salary was calculated.
2. A predictable process for developing salaries for **new faculty**. This process has been unclear in the past, and has caused resentment among those who have served on search committees and did not understand how or why a particular salary was being offered; several department chairs reported that they have been in the position of offering a salary higher than their own, only to have the junior faculty candidate with less experience turn them down because the salary was too low. This could still conceivably happen under the new scenario, but it will happen less often, and there will be a rationale for it that everyone understands.
3. Salaries that are developed based on **credentials** -- irrespective of race, gender and other factors where disparities have historically developed. When we are able to calculate target salaries for everyone, we will know the extent to which inequities exist, and can identify those that are, or appear to be, discriminatory for priority attention.
4. A built-in system for calculating automatic salary increases when faculty are **promoted** to a higher rank. The college can plan for these increases in advance, since we generally know how many faculty will be eligible for promotion, and we will know the cost of the corresponding raises. Anyone applying for promotion

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will know the amount of their salary increase, should they be promoted.

5. A standing **faculty personnel committee** to work with the Academic Dean to implement any of our recommendations that the President approves, and to work through subsequent faculty compensation issues. This could include determining exceptions to the formula [for such things as diversifying the faculty, or reducing the differential compensation for academic discipline as it is phased out], being involved with the faculty merit process, or making periodic adjustments to the policy as needed.

Consultation:

- Consult with Academic Dean on February 12, 2016
- Faculty Forum - February 24, 2016
- Online Survey - Sent to all faculty after Feb 24 forum
- Social Sciences Division faculty - March 23, 2016
- Faculty Forum - April 6, 2016
- Discussion with Provost and former faculty member at Dickinson College - April 8, 2016
- Individual conversations, feedback from group discussions

Formula Recommendation [see Appendix 1]:

We are proposing a formula that includes the following components:

Base Salary: An established base salary for each academic rank. Regardless of any other factors, everyone will know the minimum annual salary for each rank. We have not established exact numbers for those just yet. Our intention is to index our formula to the average among our peer institutions for each rank. For now, we are using numbers from the Peer Group sub-committee's preliminary list to develop our examples.

Example:

Assistant Professor: \$52,000.

Terminal Degree: We are proposing a dollar increment [\$5,000] be added to

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the base salary for each rank for all faculty members who have completed the terminal degree in their respective fields. This will allow us to financially incentivize any faculty that we may hire [or who are already here] who have not completed their terminal degree; it will also allow us to intentionally “grow our own” in disciplines where it may be especially difficult to recruit fully credentialed faculty to Guilford. In the case of Associate and Full Professor ranks, most, if not all, already have the terminal degree, so they will automatically receive this increment over their base salary.

Example:

Assistant Professor:	\$52,000
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Terminal Degree:	\$ 5,000
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Academic Discipline (to be phased out over time): [see Appendix 2]

This is the most controversial component of our formula. From what we already know about the salary spread in each of the academic ranks, it appears that we are already reflecting the pressure of the academic marketplace through salary differentials based on academic discipline. We propose to phase this out over time, as all salaries are improved, relative to our peers.

This component of the formula is a specific dollar amount added to the base salary to reflect the higher salaries being paid across higher education for faculty within specific disciplines.

Currently at Guilford College, there is about a \$20,000 difference between the highest and lowest paid Assistant Professor; the majority of this gap can be attributed to the market pressure for faculty in some specific disciplines. In the model we are proposing, there is a maximum of a \$15,000 “market factor” that would be implemented, depending on the discipline. Computer Science, Accounting and other disciplines experience the most market pressure; English, and most Social Sciences and Humanities experience the least market pressure.

So, here is our dilemma:

- If we mirror the market in our salaries:
 - Are we following our Guilford Value of Equality and Justice?
 - Are we perpetuating the existing biases that we know are reflected in the market?
- If we don't mirror the market in our salaries:
 - Are we harming our ability to attract the best faculty in all disciplines?
 - Are we reducing our ability to retain the ones we already have?

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The faculty members we have spoken with are polarized on this issue. Many feel passionately that we should -- *and others feel that we should not* -- pay a premium to faculty in different disciplines.

Example:

<u>Discipline with low market pressure:</u>	<u>Discipline with high market pressure:</u>
Assistant Professor: Prof	Assistant Prof
\$52,000 \$52,000	\$52,000 \$52,000
Terminal Degree: Degree	Terminal Degree
\$ 5,000 \$ 5,000	\$ 5,000 \$ 5,000
Discipline: English Chemistry	Discipline: Chemistry
\$ 0 \$ 7,500	\$ 0 \$ 7,500
Total	Total
\$57,000	\$64,500

Prior Experience: Because our faculty come to us with a variety of backgrounds and experiences, this sub-formula* allows us to calculate how we will ‘credit’ all faculty [existing and incoming] with the experience they had when they came to us. Each faculty member will end up with a calculated number of years of prior experience.

*Example of how a Prior Experience sub-formula might work:

- 100% Credit for each year of full-time College teaching
- 75% Credit for each year of related professional experience
- 60% Credit for each year of High School/other FT teaching
- 40% Credit for each year as Teaching Assistant/Graduate Assistant

For example, if a faculty member came with 5 years of high school teaching, we would credit them with 3.0 years of experience in our formula,

[5 years x 60% = 3.0 years].

Experience at Guilford: This will be based on the faculty member’s date of hire and will provide us with their number of years of Guilford teaching. This number will be combined with the computed “Prior Experience” number from above.

Once the total number of years of experience has been calculated, it will be multiplied by an identified salary increment per year. We are proposing \$200 per

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year, as an estimated starting point. [When we get peer data, we will make a more informed estimate]. This could/should be re-evaluated each year for adjustment. So, our example above of someone who had 5 years of high school teaching experience who also has 4 years of teaching at Guilford would have 7 total years experience [3.0 computed years of prior experience + 4 years at Guilford].

That 7 years would be multiplied by \$200 = \$1,400.

Example:

<u>Discipline with low market pressure:</u>		<u>Discipline with high market pressure:</u>	
Assistant Professor	\$52,000	Assistant Professor	\$52,000
Terminal Degree	\$ 5,000	Terminal Degree	\$ 5,000
Discipline: English	\$ 0	Discipline: Chemistry	\$ 7,500
Credit for Experience	\$ 1,400	Credit for Experience	\$ 1,400
TARGET SALARY	\$58,400	TARGET SALARY	\$65,900

The Dickinson Model

Through our discussions with faculty groups, we learned about the model used at Dickinson College in Carlisle, PA, a small private liberal arts college of great depth and quality [not unlike Guilford College]. The attraction of that model is that there is no salary premium paid to faculty in the higher-demand disciplines. Upon further research, we realized that some version of their salary model could help us resolve the dilemma about whether or not to include a salary component for market differences across academic disciplines.

Dickinson College does not, in general, pay different salaries to faculty in different disciplines. Although they do experience some salary compression [many faculty with similar credentials are paid at or about the same salary], Dickinson is at the higher end of salaries, nationally, so the salary compression has not posed a big problem for them. This model has been in place for at least the last 40 years, so we know it has weathered both the good and bad economic times.

Here are the components of that system that the Dickinson Provost believes makes it successful:

- Faculty are made aware of the system when they are hired. It works the way they are told it will. This tends to build trust and confidence.
- Salaries are generally good, across the board [85-89 percentile of AAUP data].
- Their faculty views itself as egalitarian and therefore is supportive of the model.

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- Faculty are in control of many of the decisions about faculty compensation. A Faculty Personnel Committee [5 elected faculty members and the Provost] determines if and when to make exceptions to the program, how the merit is allocated, etc.
- They have good research support for faculty.
- They are imaginative - they can sometimes hire partners of candidates, sometimes they are the lucky recipients of partner hires [e.g., a computer science faculty accepted a lower salary than s/he could get elsewhere because their partner already worked there].
- They have developed a “grow their own” process when necessary; e.g., they hire someone who has not finished their doctorate [ABD] or a masters’ level person in a high-demand discipline and help them finish their degree.
- There is no salary differential provided to hire faculty from diverse backgrounds; paying good salaries to all faculty has worked well in promoting diversity on campus.
- New faculty in three disciplines - computer science, international business, and economics - have, in recent years, had the option of *up to* a \$5,000 increment upon hire; this is determined by the Faculty Personnel Committee. Tellingly, no faculty in those disciplines who were hired before this provision was implemented have come to ask for that differential.

Recommendation for Faculty Formula for Equitable Salaries:

1. Implement the recommended formula [see Appendix 1]. Share it broadly so all faculty will know their equity targets.
2. Eliminate the market factor over time. Incrementally minimize the differential based on academic discipline as all salaries increase.
3. Identify the % of our peer salaries that we should aspire to.
4. Build funding into every year’s budget to make progress toward this goal.
5. Track and report our progress toward equity target salaries every year.

Our understanding of the values endorsed by the Dickinson model are the most closely aligned with Guilford values; we believe that it should be our long-term goal to use a formula that pays all faculty based on the same criteria.

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We believe that using the formula that we have outlined here will provide the highest likelihood of improving faculty salaries in a systematic and transparent way. Using a process that is transparent [when everyone knows the formula], including faculty in the implementation stage as well as the ongoing administration of it, and applying the formula consistently over time could provide a way to build trust as we work together to live out our values in our compensation practices.

Aligning with the values reflected in the Dickinson Model would suggest that our formula should eliminate, as soon as possible, the factor that provides differential pay for the higher-demand disciplines, as we make the average of all our faculty salaries more competitive with our peers.

Recommendations for Implementation:

1. Identify a Faculty Personnel Committee to oversee the implementation of the program. This group would advise the Academic Dean on the best way to transition to this new salary model.
2. Once a formula has been refined and approved:
 - a. Create a TARGET EQUITY SALARY for each current faculty member.
 - b. SHARE the formula and any subsequent changes widely. Every faculty member should know his/her equity target and understand how it was derived.
 - c. Determine the cost of full implementation and estimate the number of years it will take to get there. Calculate the gap between all actual and all target salaries to see how far away we are, institutionally, from our goal. The College could commit to reach the goal in some number of years. If, for example, we are \$2 million away from the target, and the college committed to reach the goal in five years, we would all know that it would take approximately \$400k per year. If only \$200k were available in a particular year, we could calculate the extent to which our goal would be delayed, and be explicit about that.
 - d. Establish a set of PRIORITIES for implementation based on the approved Compensation Philosophy. Share the priorities with all faculty. Make sure it is integrated with the plan for staff salary improvements.
 - e. In the short term, hire NEW FACULTY at a rate that is equitable within their Guilford department [the Academic Dean and the Department Chair and/or the new Faculty Personnel Committee can determine this together]; new faculty will also know their Target Salary; they will be moved toward their target *in the same way* as all other Guilford faculty.

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This assures that the formula does not advance the salaries of new faculty at a faster rate than it does existing faculty.

Recommendations for a Standing Faculty Personnel Committee:

We have recommended that a standing **Faculty Personnel Committee** be formed that will work with the Academic Dean to implement any recommendations that the President approves. This committee will also help to determine subsequent changes to the formula and other faculty compensation issues.

Below are some specific recommendations for this committee:

1. **Reflecting our desire for valuing diversity in our Faculty:**

Valuing diversity is an integral part of our college mission, and its relevance to the issue of compensation becomes more urgent, considering that the recent demands made by concerned students include, among others, “the hiring of more people of color in faculty, staff and resident advisor positions.” But how to reflect our commitment to diversity in our faculty pay structure is a difficult issue, and passionate arguments were made on this topic among the faculty we talked with. Many feel it is important to “put our money where our mouths are” and pay higher salaries for those we want to recruit. Those same faculty acknowledged the difficulty of defining diversity in this context, and in even knowing whether someone brings a component of diversity that we cannot see or ask about in the interview process. It was also pointed out that valuing diversity should go beyond the time of hiring, and should include a comprehensive plan to make Guilford more welcoming to faculty of color. Still others felt that if we paid everyone well, we would be better able to attract and retain faculty from all backgrounds. The only consensus appeared to be that faculty are committed to finding ways to more intentionally value diversity in the campus experience.

It is in this context that we have chosen not to recommend that a diversity component be included in the faculty salary formula. Instead, we recommend that the Faculty Personnel Committee work in tandem with the faculty to identify and recommend concrete measures of hiring and retaining more faculty of color and other marginalized groups by helping to create a more welcoming atmosphere.

We believe that improving all salaries on campus will improve our attractiveness to all candidates as well as improve the welfare and morale of all faculty. We have identified practices related to hiring and building community that we believe will have a greater likelihood of broadening the scope of diversity on campus.

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2. Some Ideas for Hiring Practices:

Improve the Hiring Process: -

- Be consistent with how we conduct each search; provide clear guidance and support to search committees about best practices.
- Let applicants know about the salary range before bringing them to campus.
- Make sure search committee members know why a particular salary range is being offered.
- Be intentional at the beginning of each search about how to attract diverse candidates: If there are teaching perspectives or specialties that would be likely to attract candidates from various backgrounds, identify this in the advertisement.
- Suggestions from faculty for diversifying our campus community included reinstating “Opportunity Hires,” a program that apparently existed on campus in earlier years to attract diverse candidates; creating an endowed assistant professorship that is designed for early career faculty who bring fresh perspectives that we do not currently have on campus [though we were cautioned not to assume that they will be responsible for a specific dimension of diversity, formally or informally]; release time for faculty of color who bear a greater burden for mentoring students of color or other marginalized group; one course release for all first-year faculty to help with their transition into the Guilford campus culture; etc.
- Be creative with offering relocation funding, start-up funds, housing, faculty mentors, and other transition assistance.

3. Promotions: -

- Be consistent in determining how salaries change with promotions. Using the formula will provide this consistency.
- Build promotion increases into the budget so it is not dependent upon whether we have money ‘left over;’ make it an intentional part of the budget. If it gets cut, everyone, including Trustees, will know and know why.

4. Salary Increases: -

- a. If we have across the board raises, we recommend:

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- Base it on Consumer Price Index [CPI] or other accepted economic indicators of the increase in cost-of-living.
- Until everyone has reached their target salary, allocate raises in flat dollar amounts [not percentages] to the formula's base salary. Percentages exacerbate the inequities; flat dollar amounts benefit lower paid people more than higher paid.
- Example of how to achieve both of the above:
 - Determine the cost--of--living increase [e.g., 1.5%]
 - Calculate average salary at the college [e.g., \$50,000]
 - Multiply the CPI by the average annual salary [$\$50k \times 1.5\% = \750]
 - Allocate that dollar amount to each employee [\$750 to everyone]; for faculty, increase the base salary within the formula by that amount.

b. If we have merit increases: -

- Utilize the new Faculty Personnel Committee to help formulate policies on merit increases. Make sure everyone knows on what basis merit raises are determined [annual, end--of--year report? teaching evaluations? other? combination?].
- Include faculty in the assessment and allocation process for merit increases, working with the Academic Dean.
- Allocate merit increases in flat dollar amounts, not percentage of salary, at least until everyone has reached their target salaries, then re-assess.
- In order to not exacerbate current inequities and incentivize performance every year, allocate merit increase as a one--time merit bonus that is not added to the base salary.

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Appendix 1:

SAMPLE Faculty Salary Equity Formula																	
	Status	Academic Rank	Base Salary for the Rank	+	Terminal Degree Increment	+	Market Factor by Discipline	+	Years of prior experience*	+	Years of Guilford experience	x	Increment per year at Guilford	x	FTE	=	Target Salary [Hiring Salary]
7			Nine-month Salary				% of		Computed during		Computed from		\$200		1.00		
10	Non-Tenure Track	Instructor/Visiting	\$45,000		\$5,000		\$15,000										
12	Tenure track	Assistant	\$52,000	+	\$5,000	+	assigned by discipline (see below)	+	Hiring process	+	Date of Hire	x	\$200	x	1.00	=	
13	Tenure track	Associate	\$63,000		\$5,000								\$200		1.00		
14	Tenure track	Professor	\$80,000		\$5,000								\$200		1.00		
15																	
16																	

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Appendix 2:

Market Factors by Academic Discipline

Maximum Market Differential = **\$15,000**

<u>Disciplines:</u>	<u>% Market Factor</u>	<u>Added to Base Salary</u>
Humanities/ Social Sciences/ Education / Arts / Peace Studies / etc.	0%	\$ 0
Criminal Justice/ Geology / Some Foreign Languages / Some subdisciplines in Math/ Economics, etc.	35%	\$ 5,250
Chemistry / Health Sciences Sport Sciences, etc.	50%	\$ 7,500
Business Management	70%	\$10,500
Accounting, Computer Science, Network Security	100%	\$15,000