**Report of the 2017 Faculty Total Compensation Task Force**

The 2014 Faculty Total Compensation Task Force was commissioned by the Executive Vice President and Provost in recognition of the commitment to Effective Total Compensation for faculty and staff made in the university Strategic Priorities. The 2014 Faculty Total Compensation Task Force was charged with developing a plan that enhances the competitiveness of Ohio University's faculty compensation towards the goal of recruiting and retaining "the very best scholars and artists and teachers."

Specifically, the Task Force was asked to quantify the current average faculty salary position, identify appropriate institutional peer comparisons, recommend goals for increasing faculty salary, and recommend a raise pool structure.

The task force collected salary and compensation data comparing our faculty to Ohio peers, University peers, and national averages by discipline and by rank. This information was used to identify appropriate peer comparisons, determine a competitive average salary, and project costs associated with attaining that position over a three-year timeline.  The resulting recommendations were as follows:

- Move the average salary for tenure-track faculty to the position of 3rd among the four-year public universities in Ohio by investing $1.3 million per year for three years for a total of $3.9 million;
- Invest a proportional percentage (2.19%) in compensation for regional tenure-track faculty which is an estimated investment of $540,000 over three years;
- Invest a proportional percentage (2.19%) in Group 2 faculty, which is an estimated investment of up to $740,000 on the Athens campus and up to $940,000 on the regional campuses;
- Evaluate employee health benefits and the impact of the Patient Protection and Affordable Care Act on total compensation.

**The 2017 Task Force Charge**

With the completion of the three-year faculty compensation initiative, a new task force was convened to develop a plan to ensure that faculty compensation is in line with the university strategic goal of recruiting and retaining exceptional faculty including the following tasks:

- Review the results of the recently completed faculty compensation plan
- Create an updated plan that considers all aspects of the previous plan:
  - Review and potentially update the peer set approach used for establishing the goals of the plan
  - Review and potentially update the actual goal relative to the peer set

o Review and potentially update the methodology used to project salary inflation and determine any investments needed

o Review and potentially update the implementation of the plan including the timeframe and how the plan addresses not only Athens tenure-track faculty but also non-tenure-track faculty and regional campus tenure-track and non-tenure-track faculty

This task force was co-chaired by David Descutner, (Interim EVP and Provost) and John Day (Associate Provost for Academic Budget and Planning). Elizabeth Sayrs replaced David Descutner when she took over as Interim EVP & Provost.

Other members included:

- Three Deans: Bob Frank (College of Arts & Sciences), Hugh Sherman (College of Business) and Matthew Shaftel (College of Fine Arts)
- Two representatives from Faculty Senate: Ana Rosado-Feger (Associate Professor, Department of Management, College of Business) and Dale Masel (Associate Professor, Department of Industrial and Systems Engineering, Russ College of Engineering and Technology)
- Two department chairs: Valerie Young (Chair, Department of Chemical and Biomolecular Engineering, Russ College of Engineering and Technology) and Beth Vanderveer (Interim Chair, Department of Human and Consumer Sciences)
- A regional faculty representative: Jim McKean (Interim Associate Dean, Law Enforcement Technology, Chillicothe Campus)
- A non-tenure track faculty representative: Cindy Hartman (Associate Lecturer, Educational Studies, Patton College of Education)

**Structure of the Previous Plan**

A detailed understanding of the structure of the previous plan is helpful for putting the results of the plan in context, and to serve as a basis for the review of plan.

The approach of the previous plan opted for goal linked to faculty salary (as opposed to total compensation) compared to the other four-year public universities in Ohio. Limiting the peer set to only the other universities in Ohio necessitated averaging salaries across disciplines given the variations in disciplines existing across the state. This resulted in a single average salary across all colleges/disciplines for each rank (assistant professor, associate professor and professor). The goal was to reach the third highest average salary at each rank over a period of three years.

To translate this goal into a specific target over the three years, the first step was to calculate the three-year average salary increase for each rank for Ohio University and faculty at the Ohio Peers. For Ohio University faculty, this average annual

increase was 2.8% for Professors, 3.2% for Associate Professors, and 4.0% for Assistant Professors. These numbers are different from the annual raise pool percentage because the total salary at a particular rank changes as a result of the raise pool but also increases for promotions, increases from Dean's merit pools, equity adjustments, and the differential between faculty leaving and new faculty being hired.

The determination of the amount of investment needed to move our salary positions by rank then took the three-year average salary increase for the other institutions at higher positions than ours and determined the additional amount Ohio University would have to put into its salaries above the amount it was normally putting in as listed above. So the basic assumption was that the other universities would continue to invest in salaries at the same rate as they had for the past three years. This calculation of the salary investment needed to overtake the university currently at the third position was done separately for each of the three ranks – professor, associate professor and assistant professor.

With non-tenure track and regional tenure-track faculty, the 2014 task force was confronted with the lack of any salary information with which to compare our salaries. The solution for this challenge was to put a similar percentage investment into salaries for these faculty groups.

**Review of the Results of the Previous Plan**

The first item for the task force was to review the results of the completed 2014-15 to 2016-17 faculty compensation plan. The table below shows the average salaries for the 12 public universities in Ohio (Central State does not publish its average salaries) for each faculty rank across four years. The table starts with the year prior to the plan (the 2013-14 Base Year) and then shows the average salaries for each of the three years of the plan during which additional salary investments were made (2014-15, 2015-16 and 2016-17).

**Base Year**

| Professor | | | | Associate | | | | Assistant | | |
|---|---|---|---|---|---|---|---|---|---|---|
| OSU | 139,239 | 1 | | OSU | 94,148 | 1 | | OSU | 84,761 | 1 |
| UA | 111,236 | 2 | | UT | 83,658 | 2 | | MU | 74,998 | 2 |
| UC | 111,026 | 3 | | UA | 83,057 | 3 | | UT | 73,280 | 3 |
| KSU | 109,915 | 4 | | MU | 82,136 | 4 | | KSU | 71,275 | 4 |
| WSU | 108,986 | 5 | | KSU | 82,012 | 5 | | UA | 70,931 | 5 |
| MU | 106,724 | 6 | | WSU | 81,990 | 6 | | CSU | 70,815 | 6 |
| UT | 106,525 | 7 | | OU | 79,303 | 7 | | OU | 70,367 | 7 |
| OU | 105,522 | 8 | | UC | 78,736 | 8 | | WSU | 66,882 | 8 |
| CSU | 100,069 | 9 | | CSU | 74,984 | 9 | | UC | 63,841 | 9 |
| BGSU | 99,252 | 10 | | YSU | 73,468 | 10 | | BGSU | 63,012 | 10 |
| YSU | 90,685 | 11 | | BGSU | 65,918 | 11 | | YSU | 60,843 | 11 |
| SSU | 72,485 | 12 | | SSU | 61,933 | 12 | | SSU | 52,597 | 12 |
| To 3rd | 5,504 | | | To 3rd | 3,754 | | | To 3rd | 2,913 | |

**2014-15 Actual**

| Professor | | | | Associate | | | | Assistant | | |
|---|---|---|---|---|---|---|---|---|---|---|
| OSU | 142,200 | 1 | | OSU | 96,100 | 1 | | OSU | 85,200 | 1 |
| UC | 116,400 | 2 | | MU | 85,600 | 2 | | MU | 81,900 | 2 |
| UA | 112,500 | 3 | | KSU | 84,400 | 3 | | KSU | 73,700 | 3 |
| KSU | 111,600 | 4 | | WSU | 84,200 | 4 | | UT* | 73,100 | 4 |
| MU | 111,400 | 5 | | UT* | 83,700 | 5 | | OU | 72,100 | 5 |
| WSU | 110,700 | 6 | | UA | 83,400 | 6 | | WSU | 72,100 | 6 |
| OU | 109,700 | 7 | | OU | 82,300 | 7 | | CSU | 71,400 | 7 |
| UT | 106,400 | 8 | | UC | 80,600 | 8 | | UA | 70,300 | 8 |
| BGSU | 102,800 | 9 | | BGSU | 78,000 | 9 | | UC | 69,400 | 9 |
| CSU | 101,100 | 10 | | CSU | 74,900 | 10 | | BGSU | 66,600 | 10 |
| YSU | 89,500 | 11 | | YSU | 72,800 | 11 | | YSU | 61,200 | 11 |
| SSU | 73,100 | 12 | | SSU | 63,500 | 12 | | SSU | 53,600 | 12 |
| To 3rd | 2,800 | | | To 3rd | 2,100 | | | To 3rd | 1,600 | |

**2015-16 Actual**

| Professor | | | | Associate | | | | Assistant | | |
|---|---|---|---|---|---|---|---|---|---|---|
| OSU | 145,500 | 1 | | OSU | 98,000 | 1 | | MU | 86,200 | 1 |
| UC | 119,100 | 2 | | UT | 92,600 | 2 | | OSU | 86,000 | 2 |
| UT* | 117,200 | 3 | | MU | 86,100 | 3 | | UT | 82,800 | 3 |
| MU | 116,300 | 4 | | KSU | 85,200 | 4 | | OU | 74,700 | 4 |
| OU | 112,800 | 5 | | OU | 84,200 | 5 | | CSU | 73,600 | 5 |
| UA | 112,200 | 6 | | WSU | 84,200 | 6 | | KSU | 73,200 | 6 |
| KSU | 111,700 | 7 | | UA | 83,200 | 7 | | WSU | 72,100 | 7 |
| WSU | 110,700 | 8 | | UC | 81,899 | 8 | | UC | 72,000 | 8 |
| CSU | 105,400 | 9 | | BGSU | 79,900 | 9 | | UA | 70,100 | 9 |
| BGSU | 104,700 | 10 | | CSU | 78,700 | 10 | | BGSU | 68,600 | 10 |
| YSU | 88,300 | 11 | | YSU | 73,000 | 11 | | YSU | 61,000 | 11 |
| SSU | 73,100 | 12 | | SSU | 63,500 | 12 | | SSU | 53,600 | 12 |
| To 3rd | 4,400 | | | To 3rd | 1,900 | | | To 3rd | 8,100 | |
| W/out UT | 3,500 | | | W/out UT | 1,000 | | | W/out UT | - | |

**2016-17 Actual**

| Professor | | | | Associate | | | | Assistant | | |
|---|---|---|---|---|---|---|---|---|---|---|
| OSU | 149,500 | 1 | | OSU | 99,800 | 1 | | MU | 88,000 | 1 |
| UC | 121,800 | 2 | | UT* | 95,800 | 2 | | OSU | 87,300 | 2 |
| MU | 119,800 | 3 | | MU | 90,200 | 3 | | UT* | 83,200 | 3 |
| UT* | 119,100 | 4 | | WSU | 88,900 | 4 | | OU | 80,100 | 4 |
| KSU | 117,000 | 5 | | KSU | 88,700 | 5 | | WSU | 77,900 | 5 |
| WSU | 117,000 | 6 | | OU | 87,000 | 6 | | CSU | 76,100 | 6 |
| UA | 114,800 | 7 | | UA | 85,400 | 7 | | KSU | 74,800 | 7 |
| OU | 113,700 | 8 | | UC | 84,200 | 8 | | UC | 74,600 | 8 |
| CSU | 111,300 | 9 | | BGSU | 82,200 | 9 | | UA | 73,400 | 9 |
| BGSU | 108,300 | 10 | | CSU | 81,700 | 10 | | BGSU | 71,000 | 10 |
| YSU | 89,900 | 11 | | YSU | 74,200 | 11 | | YSU | 61,200 | 11 |
| SSU | 73,100 | 12 | | SSU | 63,500 | 12 | | SSU | 53,600 | 12 |
| To 3rd | 6,100 | | | To 3rd | 3,200 | | | To 3rd | 3,100 | |
| W/out UT | 6,100 | | | W/out UT | 1,900 | | | W/out UT | - | |
| | | | | | | | | | | |
| Investment | 1,342,000 | | | Investment | 562,400 | | | Investment | - | |

In the Base Year, our salaries were ranked 8th for professor, 7th for associate professor and 7yh for assistant professor.   The average salaries for assistant professors are typically much closer across the universities since initial hires tend to be closer to market to be competitive.  As you move up in the ranks, other factors like time in rank, impacts of raise pools and differential merit lead to greater variation across universities.

In the first year of the plan (2014-15), the additional investment in faculty compensation was $672,910 for professors, $486,983 for associate professors and $122,989 for assistant professors. This resulted in our average salaries going from 8th to 7th for professors with the gap between us and the university in third position shrinking from $5,504 to $2,800.  The average salaries for associate professors remained at 7th but the gap shrank from $3,754 to $2,100. Average salaries for assistant professors went from 7th to 5th with the gap also shrinking from $2,913 to $1,600.

In the second year of the plan (2015-16), the trends for the other universities were projected again and new gaps were computed. This resulted in new investment targets of $238,564 for professors, $407,388 for associate professors and $202,212 for assistant professors.

During this second year, the source of data for this analysis was disrupted when Wright State University stopped compiling this salary information on behalf of the four-year universities in Ohio and Institutional Research had to start getting this information from the AAUP survey published in *Academe* as opposed to coordinated sharing directly between the universities.  Also in this year, the University of Toledo (UT) stopped reporting full salary details in the AAUP survey.  These changes have introduced questions about the data as well as challenges for the overall approach, which will be discussed in more detail later.

In this second year, the average salaries for professors went from 7th to 5th but the gap increases to $4,400.   Closer examination of the average salaries at this rank shows a jump in the average salaries for UT professors of $10,800 (10%) in average salary over the previous year, which is extremely high when you look at changes across all the other universities over time.  This makes the UT results questionable potentially due to them now including additional salary elements like professorships or overloads in their averages. If you discard UT, our average salaries would rank 4th and the gap would be $3,500.

Also for associate professors, the UT average shows a large jump from 5th to 2nd ($8,900 – over 10%) over the prior year.  Our rank moved to 5th (4th if UT is discarded) and the gap drops to $1,900 ($1,000 without UT).  For assistant professors, once again UT shows a jump of $9,700 (over 13%). Our rank moved up to 4th (3rd if UT is discarded) but the gap increased to $8,100 (zero if UT is discarded).

In the third year of the plan (2016-17), the investment amounts were maintained at the same levels used in the second year. The results of this year were mixed. The rank for professors dropped back to the base year rank of 8th with a gap of $6,100 basically erasing all of the gains from the first two years and a widening gap slightly. For associate professors, the rank dropped one level and the gap increased slightly with the overall gain for the plan at one rank (two without UT) and a smaller gap. For assistant professors the rank of 4th (3rd without UT) is up across the three years from 7th but the gap is slightly higher.

Overall, the results of the plan were limited and highlight some of the challenges with this approach to determining the competitiveness of faculty compensation. Clearly the ranking among peers using average salaries is volatile and sensitive to many factors some of which may or may not be directly related to competitiveness. The task force review of these results and the structure of the plan surfaced many issues, which are discussed in greater detail below.

**Identified Issues**

The 2017 task force identified a number of issues inherent in this approach as part of its review of the aspects of the plan listed in its charge. These include issues with the data used, the methodology and the peer approach.

Issues with data

As mentioned in the review of the results, there are two issues that have emerged that make it difficult to continue to use the historical comparison of Ohio Public Universities:

- This salary ranking was previously complied by Wright State using data that each institution submitted at the same time they submitted information to *Academe*. That process is no longer occurring and we have been attempting to reproduce that information from the data in *Academe* by ourselves.
- The methodology utilizes data from each institution about the annual percentage inflation in salaries reported to *Academe* to create an inflationary trend line for each institution. Neither Toledo nor Shawnee State provides that information any more.

Issues with the methodology

- Using a single average salary for each rank results in averaging salaries across a wide variety disciplines with a wide range of salaries. Within our own data, professor salaries range from $86,779 to $173,825, associate professor salaries range from $67,954 to $162,749 and assistant professor salaries range from $52,000 to $147,005. It is difficult to make assumptions about competitiveness using an average of such wide variations.

- Establishing trend lines for each institution is highly sensitive to the computation approach.  Different trends can result depending on how the trend is computed (five-year average, three-year average, most recent year, etc.).
- Average salaries are highly influenced by factors such as retirements and movement of faculty across ranks.  Retirements at the professor rank or a higher distribution of more recently promoted associate professors could result a downward shift in the average even though individual salaries are not actually eroding when time-in-rank is considered.
- While the goal is to ensure competitive compensation, the approach only looks at salaries and ignores benefits since it is difficult to ensure that the benefits included are comparable across institutions.

Issues with the peer approach

- The market for faculty talent is national. We are not competing with just other universities in Ohio.
- While the theory was that we were comparing schools with similar economic environments (subsidy support within Ohio and statewide tuition caps), the reality is that there is a huge variation in resources across the 13 institutions from extremely small regional institutions like Central State, Shawnee, Youngstown and Wright State to a national flagship institution.
- In addition, the mix and proportion of disciplines across the Ohio institutions is highly variable. For example, not all have engineering and the size of the business school varies, both of which tend to have faculty with higher salaries.

**Observations and Recommendations**

An Alternative Peer Analysis

The task force focused most of its attention towards expanding the analysis to a national comparison as opposed to only comparing our averages to Ohio peers. The following observations were made

- Peer comparison should look at national averages by rank and discipline. An average across disciplines is difficult to interpret since the combination of disciplines and the number of faculty within a discipline being averaged is highly variable across institutions.
-  The match between disciplines across universities is not perfect since our departments do not line up exactly with the discipline mixes nationally.
- Even at a discipline level any set of peers will apply well to some disciplines but not others.

- As with the 2014 task force, the 2017 task force looked at two national faculty salary surveys that provide average salaries at the discipline level: the Oklahoma State salary survey and the CUPA-HR survey.
  - The data from the Oklahoma study compares salaries among High Research Activity – Research Universities by discipline and rank within discipline. This study uses six-digit CIP codes that match most closely with Ohio University's academic departments
  - The CUPA- HR survey similarly collects aggregated faculty salary data broken down by rank and discipline but uses four-digit CIP codes, which requires some of our departments to be combined.
- When you compare our average salaries to national averages by discipline, we have disciplines that are above average and disciplines that are below average – competitiveness should look at both the number of disciplines that are above as well as below average.

As a test of this concept, the task force used the Oklahoma study to calculate the number of faculty above and below average as well as the total dollars above or below by taking the amount times the number of faculty we had at each rank and discipline combination.  Parallel to the 2014 plan, this analysis was done in the base year and produced the following results:

|  | Professor | Associate | Assistant | Total |
|---|---|---|---|---|
| N Below | 25 | 24 | 15 | 64 |
| $ Below | (872,470) | (363,692) | (216,333) | (1,452,495) |
| N Above | 24 | 29 | 32 | 85 |
| $ Above | 747,610 | 878,885 | 404,594 | 2,031,089 |

The same analysis was done for the 2016-17 year corresponding to the last year of the previous and produced the results below

|  | Professor | Associate | Assistant | Total |
|---|---|---|---|---|
| N Below | 17 | 9 | 9 | 35 |
| $ Below | (474,569) | (294,646) | (144,084) | (913,299) |
| N Above | 31 | 43 | 36 | 110 |
| $ Above | 1,159,817 | 1,457,191 | 650,468 | 3,267,476 |

The results of this comparison showed that at each rank, fewer faculty were below average and more faculty were above average at each rank and the amount below average decreased while the amount above average increased.  This is a very different result compared to the approach using Ohio peers.

To further evaluate this peer analysis, the task force updated this analysis using data available for 2017-18 that captures the year that there were no raises.  The results of this analysis are shown below.

|  | Professor | Associate | Assistant | Total |
|---|---|---|---|---|
| N Below | 24 | 15 | 16 | 55 |
| $ Below | (637,812) | (322,711) | (287,262) | (1,247,785) |
| N Above | 24 | 37 | 30 | 91 |
| $ Above | 973,258 | 1,039,977 | 451,806 | 2,465,041 |

As might be expected, the gains in terms of numbers of faculty and amounts were eroded in this year although there is still a gain over the base year.

Limitations of a Peer Analysis

As with any peer comparison approach, the use of the Oklahoma study still has many of the same limitations that are inherent and any approach that compares average salaries.

- In many discipline/rank combinations, we will have only one or two faculty. Such small numbers will be highly influenced by time in rank and performance over time.
- Since we only have averages for comparisons as opposed to medians in these national surveys, the data is subject to influence by outliers.
- Matching our department structure to national discipline breakdowns is imperfect. A few of our discipline/rank combinations have large variations with national combinations (e.g. Applied Health Sciences and Wellness, Social and Public Health).  This suggests that either our salaries in those disciplines are not competitive or that our departments may not have a comparable peer set.
- The results of such an analysis are also sensitive to the peers included. Not all universities participate in these national studies. The Oklahoma study uses peers in the same Carnegie classification but this group still has some significant variation on other dimensions.

These issues and the additional issues below pose particular challenges for attempting to quantify an investment needed to change our average salary position relative to a set of peers.

- The peer set in terms of other institutions with which we compete for faculty is not the same for every given discipline. As a corollary, not all departments necessarily belong in the same position relative to the national average.
- With small numbers of faculty in some of our rank/discipline combinations, the dollar variation above or below an average may be appropriate given factors such as time in rank or performance over time.
- As mentioned in the review of the previous plan, average salaries are subject to many factors beyond annual raises.

- They are more sensitive to the factors such as time in rank where a higher distribution of recently promoted faculty would result in a lower average salary but might not mean salaries are non-competitive.
- Similarly, a higher concentration of retirements of professors within a particular department might skew the average downward but might not indicate sudden non-competitiveness of salaries for remaining faculty.

For these and other reasons, the task force does not feel that the expectation that we could calculate a dollar amount to invest in order to change our average salaries relative to a peer group is realistic. The perceived accuracy of such a calculation is misleading and oversimplifies the challenge of competing effectively for faculty talent.

A peer analysis could be one useful high-level benchmark to track competitiveness, but quantifying the investment needed to maintain or enhance competitive position requires more complex analysis, including analysis at the college and department level..

Recommendation

When investments were made during the implementation of the 2014 faculty compensation plan, colleges were given latitude with respect to how those funds were distributed to individual faculty under the assumption that colleges and departments have better information about how factors like performance over time, time in rank and compression influence the competitiveness of their salaries.

Many colleges (and departments) have additional salary studies they use to determine if their salaries are competitive and could use these to determine competitiveness of compensation in a more "bottom-up" approach but not all disciplines will have this sort of information.

Salary competitiveness is sometimes addressed at the college level through Dean's pools and counter offers but often the dollars available for these efforts are limited.

An alternative that might be more effective could be to create a simpler approach such just targeting a certain percentage to add to faculty raise pools when funds are available rather than trying make a calculation to quantify an investment to affect an overall average in reference to some external metric. The task force recommends consideration of this approach including the use of some of the following features:

- Colleges could be asked to quantify their needs based on their more detailed knowledge of the factors influencing faculty salary competitiveness within their departments/disciplines based on discipline salary studies and an investment amount could be quantified using this information.

- This should also include an analysis of potential internal equity issues (e.g. male/female, underrepresented/majority faculty, etc).
- College and departments are in a better position to allocate compensation increases strategically to ensure competitiveness.
- This approach should also include both tenure track and non-tenure track faculty on both the Athens and Regional campuses and demonstrate that competitiveness is addressed across all faculty at all locations.