

2017 Salary and Benefits Report

Faculty Compensation and Benefits Committee of University Senate

Committee Membership, 2016-2017:

Member	College	Source	Term Expires
Tom Lemberger, Chair	ASC	Faculty Council	2018
Michelle Carr, Vice Chair	Dentistry	Faculty Council	2018
Carla Curtis	Social Work	Faculty Council	2018
Raimund Goerler	Retiree	Presidential Appt.	2018
Robert Holub	ASC	Faculty Council	2017
Mike Lisa	ASC	Faculty Council	2017
Dana Renga	ASC	Faculty Council	2019
Matthew Saltzman	ASC	Faculty Council	2019
Sarah Schoppe-Sullivan	EHE	Faculty Council	2017
Eric Seiber	Public Health	Faculty Council	2017
Brent Sohngen	FAES	Faculty Council	2019
Richard Swenson	ASC	Faculty Council	2017
Kay Wolf	Academic Affairs	Academic Affairs	indefinite
Joanne McGoldrick	Human Resources	Acting Senior VP	indefinite

Ex-Officio Members:

Yvonne Oren	Human Resources	Compensation Professional
Laura Gast	Human Resources	Analytics Expert

Background

According to the University By-Laws (3335-5-48.12), it is the responsibility of the Faculty Compensation and Benefits Committee (FCBC) to “Study the adequacy and other attributes of the university’s policies and provisions for: (i) Salaries, outside professional services and supplemental compensation; and (ii) Retirement benefits, hospitalization, and medical insurance and other health benefits, life insurance, other insurance, travel reimbursement, educational benefits, recreational benefits, and other perquisites, benefits, and conditions of faculty employment”.

Each year, the FCBC issues a report to the university community at large, outlining the results of its ongoing examination of salaries, benefits, and other conditions of faculty employment at OSU. This report includes recommendations for compensation which are shared with university administration. These recommendations are based primarily on comparisons of OSU faculty salary data with salary data of established groups of peer institutions derived from the annual AAUP Faculty Compensation Survey.

2016-17 FCBC Activities

During the academic year 2016-17, FCBC met nine times and addressed the following.

- Finalized the report on executive compensation begun by last year’s committee.
- Summarized FCBC’s reports on growth of upper-level administrative employment and on executive compensation in a presentation to Faculty Council in September.
- Made a similar presentation in a meeting with the Provost and the chair of the Board of Trustees subcommittee on talent and compensation.
- Met with President Drake and Provost McPheron regarding the two reports just mentioned and prospects for faculty compensation.
- Discussed implementation of changes to health care plans implemented last year and proposed health plan changes for the coming years.
- Discussed the legislation (HB 520) that fixed the STRS mitigating rate for the coming years.
- Discussed on-boarding of new faculty in the context of information regarding retirement plan options.
- Discussed salary data for 2016-17 from the AAUP Faculty Compensation Survey
- Discussed the benefit of reduced bus fares that COTA offers to OSU faculty and staff.

Brian Perera (Office of Government Affairs) provided regular updates on the status of HB 520, the bill that ultimately passed the state legislature and sets the mitigating rate policy.

FCBC Goals for 2016-17 - Outcomes

Last year’s FCBC identified several issues for this year’s FCBC to consider. Here are those issues and outcomes.

- Identify ways to better inform faculty of the short and long term financial implications of the available retirement plan options and the impact of the mitigation rate policies. FCBC hopes to work with OHR to accomplish this. Outcome: Retirement plans are discussed in detail during the on-boarding process for new faculty.
- Initiate an effort to track and review compensation for associated faculty at OSU. Outcome: Provost's office is doing this.
- Review salary compression at OSU. Outcome: This review is being done in the Provost's office by the Institutional Research Group, headed by Julie Carpenter-Hubin.
- Continue to discuss and review parental leave policy for new faculty. Outcome: OSU's policy is within the wide band of policies at other comparable institutions.
- Make sure that the FCBC reports on executive salaries and on growth of administrators relative to faculty are understood by the faculty, the central administration and by the Board of Trustees. Outcome: Presentations were made to Faculty Council and to a meeting with Provost McPheron and Mr. Jurgensen, chair of the BoT subcommittee on Talent and Compensation.

Goals for 2018

- Monitor changes in the 403(b) program that will limit number of providers available to faculty.
- Monitor data on the number of and salary differentials among men and women in administration and faculty.
- Review forthcoming report from Provost's office on inversion and compression between ranks.
- Monitor changes in the provision and costs of benefits provided by the University.

Executive Compensation Concerns

FCBC published a report last year that documented that executive compensation at OSU has been well above the average at other academic institutions for the past several years. Our understanding from the central administration is that executive compensation is moving back toward being market competitive within our peer group. Exceptions will require justification.

Administrative Employment Growth Concerns and Recommendations

Acknowledging the difficulty in defining "administrator", last year's FCBC published a report that documented a large growth in employment of both upper-level administrators and associated and clinical faculty over the past several years. As defined in that report, administrative positions increased by approximately 80% over the period from 2000 to 2015 while clinical and associated research faculty increased by 165%. At the same time, the number of tenure-track faculty decreased by about 11%. For comparison, student enrollment increased by about 20% during this same period. At present, the tenure-track faculty is about 7% lower (about 230 faculty lower) than it was in 2014-15. There was an

increase of about 3% last year (net of 80 new faculty added). The Board of Trustees has as a goal in their “scorecard”* an increase to 10% more faculty than in 2014-15. Our understanding from central administration is that this goal is under reconsideration and that the Board's target ratio of tenure-track to associated faculty for the institution may be lower than what it was thought to be when the Board set its goal.

For context, we note that non medical-center revenues increased 5.8% per year over the last 15 years. These increases have been strongly driven by two categories that can be linked to the productivity of tenure track faculty, grants and contracts (+8.6%/yr) and tuition and fees (+6.9%/yr). When compared to faculty salaries, tuition and fee revenue generated per \$ spent on faculty has increased 4.2% per year and grant and contract revenue per \$ spent on faculty member has increased 5.9% per year. These results illustrate gains in faculty productivity, and strongly support increasing faculty numbers.

While comparisons to our peer institutions are tenuous, nevertheless a trend was noted when comparing the ratio of administrators to student enrollment. The ratio of administrators to tenure-track faculty has long been higher than at peer institutions, and data through 2013 suggests it has grown to be twice as large. Administrative representatives on FCBC have suggested that much of the growth in this difference is accounted for by growth at OSU’s medical center. We will continue to seek additional information on the relative size of administrative growth at the medical center versus the academic units in the coming year.

The reduction in number of tenure-track faculty and the lack of clear direction from administration to alter the trend are concerns. Many departments have lost a significant portion of their faculty and are concerned about their ability to attract new faculty in their reduced state. The inability of units to maintain faculty numbers arises from many factors, but is likely mostly related to a relatively flat budget on the academic side of the University. Resources such as those from the “Discovery Themes” initiative have supported some hiring but it is not clear that they will change the trend. Further, these funds are targeted rather specifically to those themes and do not support general faculty recruitment. FCBC emphasizes that tenure track faculty are an important resource for undergraduate and graduate education, cutting-edge research, and public service.

Recommendation: We recommend the central administration to increase the number of tenure-track positions in the coming years as an important step toward achieving our goal of excellence as a major research university. We recommend that the central administration present its priorities for the tenure-track faculty regarding numbers and compensation as soon as possible.

* The Board of Trustees Scorecard can be found at:

[https://oaa.osu.edu/assets/files/bot/scorecards/2017/4-april/Academic Initiatives.pdf](https://oaa.osu.edu/assets/files/bot/scorecards/2017/4-april/Academic%20Initiatives.pdf)

2016-17 Faculty Salary Comparisons

The following section of this report contains a comprehensive review of 2016-17 OSU faculty salaries compared to those of faculty at other institutions within the following groups of established peers:

- American Association of Universities (AAU) – composed of 58 leading research universities in the US and two in Canada.
- Benchmark Institutions – composed of 10 similarly sized and structured comprehensive universities selected by the Office of Academic Affairs
- Big Ten Academic Alliance [formerly Committee on Institutional Cooperation (CIC)] – composed of the 14 Big Ten institutions.
- US News Top 25 Public Institutions

Salary data are given both unadjusted and adjusted for local cost-of-living. Historical data are provided for some groups and for OSU.

Data in this section of the report may be used to evaluate the competitiveness of OSU faculty salaries, a critical measure of the institution's drive toward excellence. These data include only base salaries, and do not include other forms of compensation such as off-duty pay, overloads, consulting, or other forms of supplemental compensation. Data for retirement, health insurance, and other benefits are not included in the report because of questions about their comparability across institutions.

The 2016-2017 Faculty Salary Comparisons continue to indicate a stagnation or decline of salaries at Ohio State depending on which group of peer institutions one selects. The stagnation or decline crosses all ranks, but has been especially severe in the past few years at the rank of assistant professor. While we have no evidence that OSU has experienced difficulties in recruiting assistant professors over the past few years, we would anticipate that low salary levels for assistant professors will eventually have a damaging impact on recruitment and retention of our most desirable incoming faculty members.

We focus our attention on the data pertaining to AAU institutions adjusted for cost of living (pp. 19-21 in attached document). Over the past eleven years (2007 – 2017), we have seen a decline in every rank of this portion of the survey: Professor 20th → 30th; Associate Professor 24th → 29th; Assistant Professor 19th → 33rd. We reached our highest rankings in 2010, but we are currently at a low point, with our overall ranking having dropped from 20th to 30th. With unadjusted salaries, OSU's overall ranking is 42nd. In 2010, it peaked at 34th.

We would like to stress three aspects of faculty salaries that are particularly important:

1. Over the past six years, faculty salary increases in many colleges have been small, averaging 1.5%-2%. For many, these small increases are effectively offset by increases in health plan premiums and co-pays. Inflation further erodes compensation. This situation does not contribute to the positive working environment that encourages faculty to be productive and pleased to stay at OSU.
2. We are barely keeping pace in unadjusted salaries with peer institutions in our benchmark comparison group, the AAU, and the Big Ten Academic Alliance. This means that we may be missing an opportunity to attract and retain the excellent faculty who will empower an improvement in our academic ranking against our aspirational peers.

3. Competitive salaries are an important component of OSU's plan for academic excellence. The President and Provost have invoked five public universities – UC Berkeley, UCLA, the University of Virginia, the University of Michigan, and the University of North Carolina – as aspirational peers. Virginia, Michigan, and North Carolina rank overall 13th, 15th, and 19th in cost-of-living adjusted salaries for all AAU institutions. OSU is 30th. In non-adjusted salaries, Virginia, Michigan, and North Carolina rank overall 23rd, 25th, and 36th, whereas OSU is 42nd. To achieve excellence, a sustained effort needs to be initiated to close this gap.

While the present exercise is undertaken at a high, university-wide level, we note that it is appropriate for many university units to utilize alternative data sets to review and manage salaries for their faculty because market-competitive salaries for some disciplines fall well outside the average over disciplines. Depending upon the OSU unit, the universities housing the best department in a particular field may not be included in the four groups of peer institutions listed above. FCBC encourages units to continue reviewing such unit-specific data, but does not review or report such data itself.

On Behalf of the Committee,

Thomas R. Lemberger
Chair, Faculty Compensation and Benefits Committee