

# **FCBC Annual Salary Report, 2009**

## **Appendix D**

## Principles for Faculty Reward Systems in a High Performance Academic Culture

The Ohio State University has evolved over time with a continuous focus on achieving excellence along all dimensions of research, teaching, and service. Perhaps most noticeable over the years has been a concentration on developing all aspects of a high performance culture in which outstanding achievements are aligned with carefully guided decisions about resource allocations. At its core, the assumption is that achievement of agreed upon performance objectives should provide the primary basis for allocating institutional resources. In effect, accountability is a guiding principle that should be reflected in guidance provided to individuals as well as in assessments of their performance.

Furthermore, it is understood that for a high performance culture to succeed, assessments of goals and supporting institutional actions to make such achievements possible should be continuously discussed in an open and clear fashion. For example, rather than developing static models of “once a year performance appraisal,” the most effective assessment process involves continuous coaching in which guidance is provided, and linkages between performance and resource availabilities are consistently clarified. At Ohio State we live in a dynamic institutional environment in which continuous feedback is essential, not simply desirable.

It is also important to recognize that the university is committed to developing policies guiding faculty reward systems that are clear and equitably implemented. Each set of policies, while appropriately tailored to the specific needs of disciplines and departments, is expected to explicitly address the following issues:

1. Annual performance appraisals reduced to writing and involving a face-to-face interaction are essential. Without the ability to explore perspectives through interaction, and without establishing the surety provided through written commitments, one increases the likelihood of disagreements and misunderstandings. Most importantly, without such actions the connections between contributions and reward distributions will be murky and subject to inaccurate assumptions.
2. Faculty members can and do contribute differently to the multiple missions of departments and colleges at different points in their careers. At times it is important to expect achievements in multiple dimensions; at other points in a career, research achievements should weigh most heavily; at others it may be more appropriate to acknowledge greater contributions to our teaching and service missions. There should be explicit agreement with each faculty member about the expected contribution focus or foci and the levels of achievement expected of him/her in a given year. The overall mix of contribution patterns should be such that the portfolio of department/college objectives is achieved.

3. We all operate within relatively defined markets. Those markets should largely, though not entirely, dictate levels of reward differentiation. That includes initial salary levels, annual increases, and support resource distributions. Markets are defined externally and not simply by rank. Thus, faculty members in some disciplines will require higher salaries or different levels of support than those in others. Furthermore, within markets, submarkets exist based on perceived excellence. Thus, if faculty member A in market I is seen as more productive than faculty member B also in market I, the salary and support levels for A will be higher than for B, even if they are of the same rank. Such differences are a reflection of scarcity, and that applies to gender, race, or other conditions that might create scarcity. While difficult to accept for some, failure to recognize this will deprive the university of its ability to compete effectively. Interestingly, one also has to deal with the fact that markets are defined in part by like institutions. Generally, top tier institutions will respond affirmatively to markets created by other top tier institutions and not markets based on resources second or third tier institutions are willing to allocate. Indeed, it is not unusual to find second or third tier institutions over-committing resources to lure a faculty member from a top tier program. That does not mean that the top tier program can or should necessarily let that action set the market rate for the targeted faculty member.
4. Promotion standards should be explicit (i.e., written) and reflect the desire for excellence in the pattern of contributions expected of faculty members. They should also reflect the reality that (a) not all faculty members will be able to contribute excellence in all evaluation dimensions and (b) there is a multi-faceted institutional responsibility that must be achieved by the skills of faculty collectively.
5. Faculty members actively participating in centers and institutes, or with joint appointments, should have explicit a priori agreements about how rewards will be distributed for specific activities. Thus, if a faculty member is publishing in a key journal for the center or another department, but one not seen as “top tier” by the home department, the impact of such action on reward distribution should be clearly established. If we truly believe in the value of interdisciplinary work, then rewards should flow from excellence in publications from center/institute as well as home department perspectives. Similarly, agreements about teaching effectiveness or service contributions should be clarified prior to any evaluation period. Certainly, the impact of such interdisciplinary work on promotion and tenure decisions should be clarified ahead of time and structured to encourage such activity.
6. Distributions of college/department resources for travel, research assistance, secretarial support, etc. should reflect the performance level of individual faculty members. Such expectations must be established prior to any evaluation period.

7. Faculty teaching assignments (e.g., measured by courses or credit hours) can reflect the contribution levels of faculty to different college/department missions. Thus, in order to secure roughly comparable support levels, faculty not contributing significantly to research objectives should expect to contribute through higher quality or more extensive service or teaching loads than faculty having significant research impact. Similarly, faculty with outstanding teaching performance may well expect lesser service obligations, and so on. The point is simply that no two faculty members are exactly alike in ability to fulfill specific department or college missions. Therefore, resource distributions to support them should vary, and it follows that evaluation should then be different. The key is to have discussions about such issues prior to any evaluation period.
8. There are times when faculty members or administrative leaders may wish to change the nature or pattern of contributions an individual faculty member makes to department goals. In such situations there should be agreement about something akin to “investment credits” that a department or college is willing to make to support the change needed or desired. However, those agreements should be explicit and in the form of “if you do this (e.g., reinvigorate a research program or improve teaching effectiveness) at a particular level of success (e.g., publish in a top tier journal or secure external funding or achieve specific measures of teaching success), the department/college will do the following (e.g., provide summer support for x summers or provide a teaching assistant or provide travel funds).”
9. Perceptions of fairness and equity are essential in any system for distributing resources. If differentiation is perceived to be based not on performance but on prejudice, stereotyping or other bias this will affect a unit’s ability to recruit and retain the very best talent available. If, over time, such inequities develop in a unit, good leadership calls for the active correction of such inequities. But this refers to market based inequities, not differences based solely on rank or time in system unless these factors are explicitly made part of the reward distribution system. If a unit’s leadership waits for someone to demonstrate “market value” by waiting for actual receipt of an outside offer, it is simply granting another institution the psychological edge for recruiting away an undervalued faculty resource. As a simple practical matter, it is almost always the case that it is more expensive to retain a faculty member after an external offer is received. A key function of department/college leadership is to proactively assess the market value of faculty and allocate resources in a way consistent with such assessments.

## High-Performance Faculty Reward System Principles: a Response

There is much to be said in favor of many of the HPFR System principles laid out in the Provost's memo, and especially of its stated commitment to "developing policies guiding faculty reward systems that are clear" (p.1). Much of what follows is an attempt to further clarify the principles presented in the memo, or at least to indicate areas where lack of clarity remains a problem: given that policies and practices are expected to derive from principles, these latter need to be formulated with exceptional clarity and precision. However, some of what follows identifies and criticizes a trend which the memo reinforces, that is leading OSU away from the *liberal* (academic) ideal of a university based on the exchange of ideas among equals to a *neo-liberal* (business) model of competition for resources which promotes inequality. Now questions as to whether a business model should prevail at OSU, and whether this trend can be slowed or reversed, are issues that remain open to inquiry and debate; being aware of what is happening is crucial, in any case.

Point 1 and the first part of Point 4 propose policies essential to a reward system that is clear and that can be equitably implemented: promotion standards should be explicit (i.e. written), and annual performance appraisals should be both written and discussed in face-to-face interactions between individual faculty members and their evaluators. Point 5 extends this general principle to the specific case of faculty who participate in interdisciplinary centers and institutes or have joint appointments: promotion and reward standards must be made explicit (in writing) ahead of time, to reflect and take into account evaluation criteria that otherwise might differ between departments and centers/institutes, or between two (or more) departments. Where applicable, making standards explicit applies to teaching effectiveness and service contributions as well as research. Explicit agreement is particularly important where disciplinary and interdisciplinary evaluation criteria may differ, given OSU's commitment to fostering interdisciplinary research in a mostly discipline-structured university.

Points 2, 4, 7 and 8 all address, in one way or another, the multiple dimensions of faculty contributions to the missions of the university – dimensions which are usually condensed into the three rubrics of research, teaching, and service. (Point 2 effectively condenses them down to two, by contrasting periods when "research achievements" predominate with periods when "contributions to... teaching *and* service" prevail. But it is not clear whether the "important" expectation of "achievements in multiple dimensions" refers to all three, or to various combinations of two of the three, or either.) Most important, though, is the recognition that faculty may contribute to the two or three dimensions at different levels of achievement at various times in their careers – and that recognition of this differentiation should be made explicit on a yearly basis as part of the process of making reward criteria clear: "There should be explicit agreement with each faculty member about the expected contribution focus or foci and the levels of achievement expected of him/her [for each dimension] in a given year" (Point 2). So far, so good; Points 7 and 8, however, muddy the waters considerably. The key questions are: *who* decides which dimension(s) faculty focus on in a given year (Point 8), and whether contributions to the three dimensions are in fact to be rewarded *equitably* (Point 7).

Point 8 introduces an alarming departure from the principle of “explicit agreement” (Point 2) about possibly different levels of achievement across the two or three dimensions proposed in Points 2, 4 and 7: it implies (perhaps unwittingly) that an administrator may *unilaterally* change a faculty member’s expected distribution of effort across the evaluation dimensions; presumably, such a change is either “desired” by the faculty member or “needed” in the eyes of an administrator. There is, of course, all the difference in the world between reaching an agreement with an administrator to devote more effort to one area or another, and being told to do so because it is “needed” by an administrator. Moreover, the notion of “investment credits” dispensed as an incentive or palliative to facilitate or reward such a change is ambiguous, if not misleading: the term “investment credit” suggests that an advance of resources is provided in expectation of a desired (or needed) result – but all the subsequent examples follow an if-then logic, instead. The examples, in other words, involve a *pay-back* reward system (IF you do this, THEN the administration will do this), not investment credits at all. This will turn out to have important repercussions for the fairness of a competitive HPFR system, discussed below.

Point 7 applies the general principle of differential expectations propounded in Points 2 and 4 to teaching assignments in particular. But it appears murky, if not contradictory: the admirable idea that “in order to secure *roughly comparable support levels* faculty not contributing to research objectives should expect [can be expected] to contribute through higher quality ... service or teaching loads” is difficult to square with the later statement that “resource distributions to support them [i.e. faculty contributing in different dimensions] *should vary* and ... evaluation *should be different*.” Why should resource distributions *vary* if one is allowed on principle, and via explicit prior agreement on criteria, to contribute *either* through research *or* through higher service or teaching loads? If an HPFR system is really to value and reward contributions in different areas equally, there should be a clearer statement to the effect that these “resource distributions” may *vary in kind* but *should not vary* quantitatively. Some examples of quantitatively equitable but qualitatively different resource distributions would add clarity, too: resource distributions to support research are legion (travel funding, GRA allocations, et al.); but what would comparable resource distributions to support higher quality service or teaching loads look like? (And are such resources really available in most department budgets?)

Clarification of these issues in Point 7 is particularly important given the principle propounded in Point 6, according to which support-resource distributions appear to be awarded on a differential basis. (Here again, it is not made explicitly clear that distributions are to vary *quantitatively* according to achievement, but that seems likely to be just what is intended.) Now it is one thing for a competitive HPFR system to adjust salary levels to *reflect* the performance levels of various faculty *ex post facto*; it is quite another to differentially allocate the support resources that make it possible to compete *in the first place*. In the same vein, providing true “investment credits” *up front* in order to enable faculty to change the focus of their contributions to department or college missions is very different from promising to reward such a change *if and when* it occurs (Point 6). Differentially rewarding highly-esteemed faculty with extra support-resource distributions establishes a permanent caste hierarchy by depriving other faculty of the support resources they need to compete for excellence and salary rewards. This is not only unfair, but also counter-productive: an HPFR system should *actively encourage everyone* to strive for excellence, not permanently disadvantage some or most of the faculty and relegate them to lower-caste status. (The same applies, *mutatis mutandis*, to differential allocation of resources in the university as a whole: rewarding some programs by starving others leads not to “One University” but to a “swiss-cheese university” where a subset of high-performance

programs gets surrounded by ever-growing gaps of imposed under-performance. A neo-liberal institution like that, having abandoned its commitment to universality, would no longer merit the name “university” at all.) A clear distinction should be made between rewarding superior achievement through differential salary adjustments *ex post facto*, and providing conditions for universal competition on a level playing-field through the *equitable* allocation of support resources.

One of the defining characteristics of neo-liberalism is the attempt to shoe-horn all decision-making into market models. In a liberal university, academic decisions are made on explicitly academic grounds, with business decisions supporting the academic enterprise; in neo-liberal institutions, business – or business-like – decision-making becomes paramount. Point 3 presents a rationale for the neo-liberal market model; Point 9, fortunately, takes most of it back. The fact is that the “market” in academic talent is so inelastic as to barely function as a market at all; it more closely resembles an auction – as Point 9 makes patently clear. The beauty of a properly-functioning market is that the market itself sets the prices so as to facilitate the widespread exchange of goods; in an auction, by contrast, individuals determine bid-prices themselves, and they do so primarily in order to *prevent* the exchange of goods – i.e. they bid just enough to prevent the item from falling into someone else’s hands. This is precisely the strategy Point 9 recommends for *avoiding* paying the so-called “market value” (in scare quotes in the original document) for academic talent – and it is sage advice indeed: *don’t* wait for an outside offer to “demonstrate ‘market value’” – adjust salary levels “proactively” to keep talent here. (The same auction strategy applies to initial hiring, too, of course: OSU is always *bidding* for talent against *specific* institutions, not “buying” talent in anything approaching an open market.) Of course, the auction metaphor has serious limitations as well: if an institution the size and caliber of OSU decides for good academic reasons that it should hire a faculty-member in a very rare area of specialization (a minor language, for instance, or some sub-field of theoretical physics), appeal to an auction model where there may be *no other bidding institutions whatsoever* would be pointless, and would be no excuse to pay that faculty member a pittance. This is, admittedly, an unusual example, but the principle applies generally: OSU should decide for itself what it values, and then reward accordingly – not let external (“market”) forces decide for us. The academic mission should always prevail over whatever models (market or auction, business or otherwise) are invoked to describe or justify decision-making.

The main point, ultimately, is this: academic salaries are set by administrators, not by some fictional market, and they should be set according to explicit and agreed-upon criteria consonant with the missions of the university. Academic talent is, of course, relatively rare – and often even more so among groups that are historically disadvantaged in our society: this will – and should – affect the price administrators end up bidding for their services. Along with its commitment to recognizing the various and variable performance dimensions (provided that they really are rewarded equitably), perhaps the most important principle in the entire memo is its explicit commitment to using a Faculty Reward System to hire and retain academic talent from such under-represented groups.