

# FY 2007 SALARY POLICY REPORT

Office of the Vice Provost & Associate Vice Chancellor of Academic Affairs  
for Budget and Planning

Faculty salaries are the single most important component of the budget of the University of Colorado at Boulder. As such it is important to track and analyze trends in salaries. Every year the Provost's Office of Budget and Planning does this by producing a salary policy report. The purpose of this report is to review our various campus goals relating to faculty salaries and to examine progress made toward attaining those goals.

## I. General Merit Allocations

Each faculty member's salary is adjusted annually to reflect merit on the part of that individual. However, overall increases to the faculty salary pool depend upon general budget conditions on campus, economic conditions in the state and the policies of the Regents. The stated campus goal is to provide sufficient funding annually so that the average salary for the entire body of faculty as a whole on campus matches that of our AAU-Public peers. Since the campus has lagged behind our peers in terms of average faculty salaries, the annual campus budget process attempts to make a salary pool allocation of at least inflation plus one percent for annual merit increases for faculty in order to try to catch up.

Data on average salaries by unit and rank in comparison to AAU-Public peers are available on a one-year lag from Planning, Budget and Analysis. These data for the campus are summarized below, but for a full report, see:

<http://www.colorado.edu/pba/facstaff/facsal>

The average salary increments for the entire Boulder Campus Academic Affairs Division from fiscal year 1999 to fiscal year 2007 are listed below along with the Consumer Price Index for the Denver/Boulder region. These increases are inclusive of all salary pools (i.e., general merit, self funding unit merit, gender equity and special merit), and they include tenured and tenure-track faculty, faculty with rank of instructor and all professional exempt employees in Academic Affairs. The median increase for tenured and tenure-track faculty is also shown. The inflation plus one percent goal has been consistently bettered since 1999 and in most years the T/TT median has also exceeded inflation by at least one percent.

<b>Fiscal Year</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Percentage Increase	4.92	4.59	4.66	5.99	6.97	2.90	3.25	3.32	3.50
T/TT Median Increase		4.21	3.90	5.33	5.80	2.02	2.30	2.39	3.45
Denver/Boulder CPI	3.30	2.40	2.90	4.00	4.70	1.90	1.10	0.10	2.10

Unfortunately, a comparison to AAU peer institutions shows that gains made by the campus toward its comparative salary goal have been lost in recent years. Note that the salary increase amounts below are calculated in a much different manner than those above. The percentage increases above show the increase in a salary pool, those below are weighted averages by rank. (Note: Data for FY07 will not be available in order to make peer comparisons until early in the fall of 2008.)

<b>Fiscal Year</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
Comparison to AAU	-6.70	-7.70	-5.80	-2.40	-2.10	-3.00	-4.30
CU % Change		3.30	5.10	6.70	2.20	3.10	2.49
AAU % Change		4.40	3.00	2.90	1.80	4.10	3.95

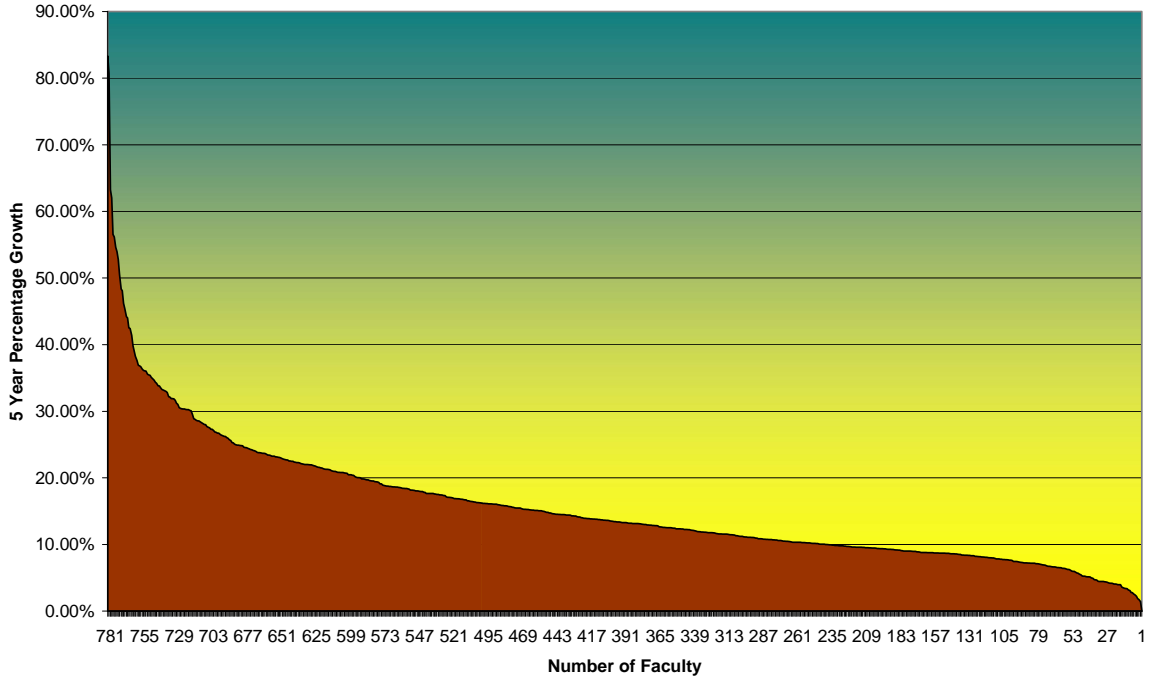
## II. Long-Run Salary Growth

Productive faculty members should see real growth in their academic salaries through the merit allocation process over time. By examining a panel of faculty who have been on campus for five or seven years, it is possible to see long run trends in salary growth. The table below shows that there are 783 faculty who have been rostered at CU for the period '03 to '07 and 676 who have been rostered from '01 to '07. Average cumulative salary increases for these periods are well above inflation and even above the cumulative level for inflation plus one percent. This implies that the average faculty member who has been on campus over this period has seen real salary growth.

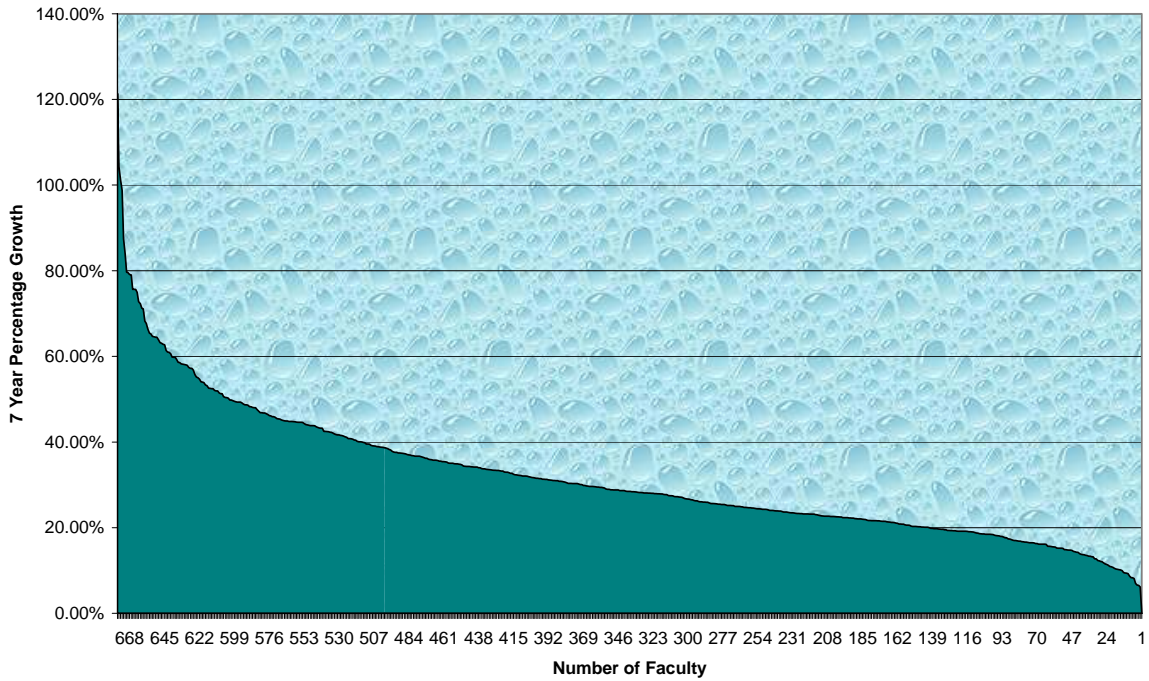
Years of Service	5 ('03-'07)	7 ('01-'07)
Number of Individuals	783	676
Mean Cumulative Salary Growth	13.6%	28.8%
Cumulative Inflation	5.3%	14.6%
Inflation plus one percent	9.5%	21.5%
Individuals below Inflation	47	47

The graphs on the next page show the distribution of cumulative increases over the continuous faculty. Most faculty have seen 10 to 30 percent growth over the five year period and 20 to 60 percent increases over the seven year period. At the bottom end, however, there are 47 faculty who have had increases below cumulative inflation in both the seven and five year periods. In other words, six percent of the faculty have failed to keep up with inflation over the past five years and seven percent over the past seven years.

**5 Year Salary Growth  
AY03-AY07**

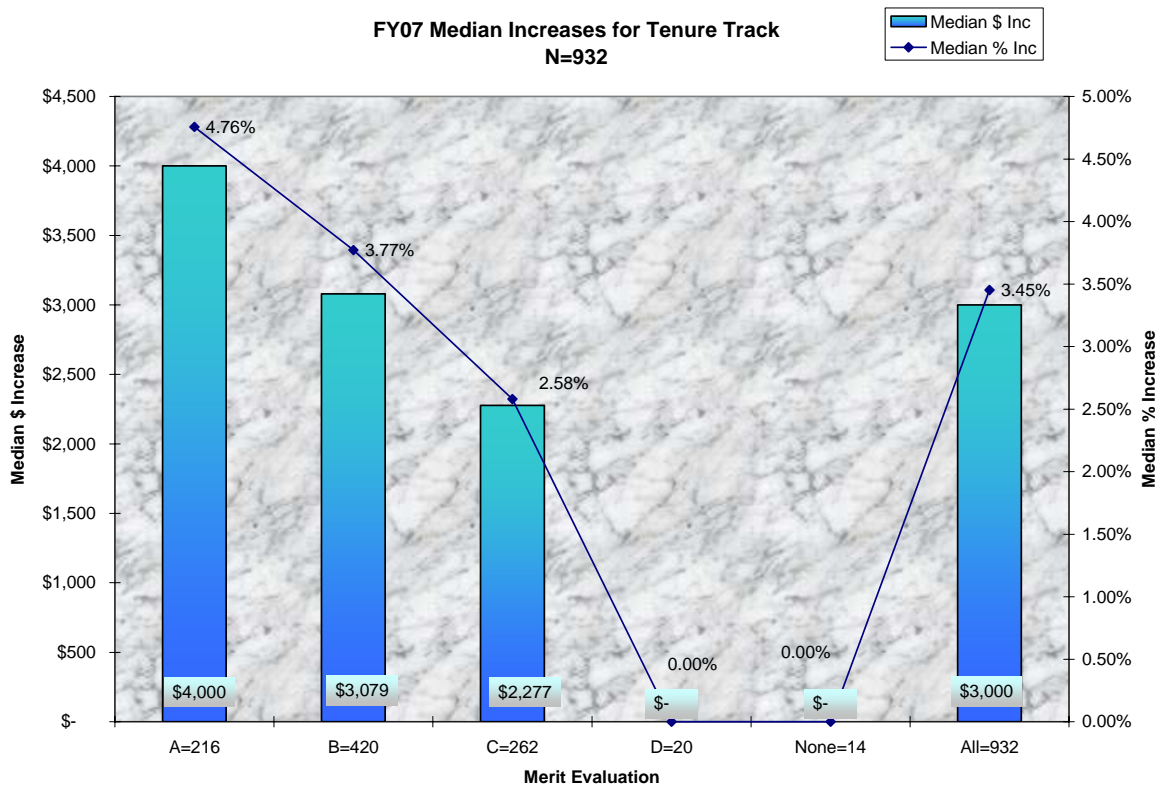


**7 Year Salary Growth  
AY01-AY07**



### III. Merit Increases versus Merit Evaluation

In order to see if annual faculty salary increases are differentiated relative to merit, average increases can be compared to overall faculty merit achievement. Every faculty member on campus is rated by his or her college as “A”—Far Exceeds Expectations, “B”—Exceeds Expectations, “C”—Meets Expectations, “D”—Below Expectations or “E”—Unsatisfactory. Average salary increases in dollar terms by ratings groups show a fairly strong pattern of higher rewards for better evaluations. It should be noted that the relationship between increases and merit will not be perfect but should be strong. Among the reasons for the expected lack of perfect correlation are that both career and annual merit can be taken into account in awarding salary increases, and different units award increases that are calculated variously using either absolute (i.e., dollar amount) or relative (i.e., percentage amount) standards. The data below show a strong relationship between merit evaluation and award.



### IV. Salary Compression

There is no stated campus objective or policy with respect to salary compression other than annual salary increments are to be merit-based. Nevertheless, relative compression can be examined by looking at the ratio of salaries for full professors relative to assistant professors at CU and at our AAU peers. Peer institutions show a higher “full premium” (70 percent) relative to CU (62 percent). The range of the “full premium” across CU departments goes from a low of 13 percent to a high of 103 percent.

Tenure Dept	AAU Full/AAU Asst	CU Full/CU Asst	CU Full/AAU Asst
AS - Anthropology	1.77	1.67	1.57
AS - Applied Math	1.69	1.78	1.74
AS - Art & Art History	1.64	1.43	1.42
AS - Astro Plnt Sci	1.51	1.62	1.59
As - Atms Ocean Sci	1.76	1.44	1.52
AS - Biology MCD	1.69	1.64	1.64
AS - Chem & Biochem	1.79	1.65	1.57
AS - Classics	1.81	1.91	1.89
AS - Cmp Lit & Humn	1.90	1.64	1.59
AS - Communication	1.76	1.89	1.76
AS - East Asian L/C	1.78	1.85	1.93
AS - Ecol & Evo Bio	1.64	1.59	1.48
AS - Economics	1.63	1.46	1.31
AS - English	1.80	1.50	1.55
AS - Ethnic Studies	1.85	1.42	1.47
AS - Film Studies	1.78	1.55	1.34
AS - French/Italian	1.77	1.63	1.56
AS - Geography	1.73	1.72	1.72
AS - Geological Sci	1.61	1.60	1.54
AS - German/Slavic	1.73	1.98	1.89
AS - History	1.87	1.69	1.57
AS - Integrat Phys	1.67	1.58	1.61
AS - Linguistics	1.62	-	1.30
AS - Mathematics	1.68	1.43	1.37
AS - Philosophy	1.90	1.69	1.71
AS - Physics	1.59	1.55	1.48
AS - Political Sci	1.81	1.84	1.75
AS - Psychology	1.83	1.86	1.93
AS - Religious Std	1.89	1.70	1.78
AS - Sociology	1.81	1.77	1.78
AS - Spanish/Port	1.81	1.81	1.72
AS - Spch/Lang/Hear	1.67	1.64	1.48
AS - Theatre/Dance	1.69	1.74	1.71
AS - Womens Studies	2.05	1.71	1.71
Business	1.34	1.13	1.27
Education	1.73	1.52	1.52
EN - Aerospace	1.58	1.48	1.59
EN - Chemical	1.65	1.49	1.54
EN - Civil	1.56	1.40	1.44
EN - Computer Sci	1.46	1.29	1.37
EN - Electrical	1.50	1.41	1.37
EN - Mechanical	1.59	1.76	1.75
EN - No Department	1.65	1.37	1.28
Journalism	1.73	-	1.73
Law	-	-	-
Libraries	-	2.03	-
Music	1.67	-	1.60
All	1.70	1.62	1.59

## V. Self Funding

In addition to the annual allocation from the general fund budget for faculty salaries, individual schools and colleges are allowed to supplement general fund allocations with self-funded increments at their discretion in order to enhance the total pool available for faculty salary increases. Monies dedicated to self-funding of salaries must be continuing in duration and can be based on external endowments and gifts or savings from other general fund accounts. Endowments currently supporting faculty salaries and benefits are responsible each year to provide a percentage increase at least equal to the generally funded merit increase. Additional endowment revenues can then be allocated for self-funded increases to other salaries. In addition, certain general fund accounts such as salary savings can be used to self-fund salaries in schools and colleges. The Provost must approve all self-funded increments.

School and college level contributions in recent years are as follows. Self-funding was not permitted in FY04 due to budget constraints.

<b>GF SELF-FUNDING</b>	<b>FY00</b>	<b>FY01</b>	<b>FY02</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>
Arts & Sciences	154,492	2,746	64,600	5,204	-	3,880	40,247	265,647
Business	23,791	41,200	1,024	103,170	-	80,320	0	4,000
Education	6,195	12,700	19,471	51,350	-	10,000	0	0
Engineering	118,191	76,207	77,968	41,260	-	48,733	52,852	74,044
Graduate School/VCR	20,407	30,550	31,684	4,353	-	26,361	33,089	32,352
Journalism	-	-	-	594	-	4,928	4,000	0
Law	4,702	10,000	-	73,075	-	-	0	10,000
Libraries	115	659	-	-	-	-	2,825	0
Music	10,319	29,674	4,000	20,472	-	7,300	0	26,456
Provost	6,979	18,430	37,314	7,898	-	872	0	7,852
<b>TOTAL SELF-FUNDING</b>	<b>345,191</b>	<b>222,166</b>	<b>236,061</b>	<b>307,376</b>	<b>-</b>	<b>182,394</b>	<b>133,013</b>	<b>420,351</b>

## VI. Differential Allocations Based Upon Merit

While our overall salary goal is for average salaries campus-wide to reach the average of our AAU-Public peers, not all units are of "average" quality relative to AAU peers. Consequently, our campus policy objective is to have average salaries in each unit comparable to the average salaries of departments at other institutions of similar quality. Departments of top-quartile quality should have compensation averages similar to the

top-quartile of our AAU peers, while units in the lowest comparable quartile cannot expect average salaries at the AAU mean.

Separate funds have been set aside from which the Provost can make differential salary pool allocations to individual units (schools, colleges, department, institutes) or to specific employee groups. Different strategies have been used to award differential salary pools, including unit merit, special merit, and retention supplements. In FY2001 through FY2003, unit merit allocations were determined based on the quality or merit of the unit compared to the current salary gap relative to AAU peers. A “special merit” pool of 1% of base salaries was set aside in FY2004 for those high-performing faculty ranked in the top 25% of each unit. Again in FY2005, nearly .75% was made available to reward and retain our top faculty across all units. In lieu of a Provost skim in FY06, Deans retained .50% for special merit, all new self-funding was devoted to special merit, and the Provost provided its own self-funding to provide extraordinary retention supplements to smaller units. In FY2007, efforts were made to close the gap between A&S faculty salaries and their AAU peers. The first part of the career merit process was completed during the Spring 06 merit cycle. The process was completed with a mid-year merit exercise in January 2007.

**D) Data:**

<b>DIFFERENTIAL AWARDS</b>	<b>FY02</b>	<b>FY03</b>	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>
Unit Merit	\$300,000	\$299,998				\$550,000
Unit Merit – A&S Mid-Year						\$1,500,000
Special Merit			\$895,924	\$768,701	\$762,134	\$108,460

**VII. Gender Equity**

It is a campus priority to eliminate any statistically significant differences in the average salaries of otherwise similar groups based on gender or ethnicity status. Each year the Provost’s Office undertakes a study of faculty salaries by using multiple regression analysis to test for the presence of statistically significant salary differences for women or members of minority groups. Information included in the regression analysis to help explain the pattern of salaries includes academic market, professional accomplishment (i.e., rank and tenure status) and experience. These data explain from 68 to 72 percent of the variation in faculty salaries. A variety of regressions are run to test for robustness of the results.

The most recent analysis undertaken in spring 2007 for FY 2006 and FY 2007 data shows a statistically insignificant coefficient on gender of almost -\$1,300. This coefficient has worsened from -\$126 for FY 2004. While the coefficient remains statistically insignificant, continued examination is warranted. Minority and female minority variables are included in the regression and also have insignificant coefficients. Significant predictors of salary included in the model are academic market, rank, years since appointment date, and whether the faculty member was appointed to their position 10 or more years after receiving their highest degree and number of faculty in the department.