

FY 2013 SALARY POLICY REPORT

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

The purpose of this report is to review salary policy and examine progress toward the end of attaining the various salary goals of the Provost.

I. General Merit Salary Allocations

A) Objective: When funding is available, faculty salaries are supplemented annually according to individual merit determined through annual evaluations. The goal is not only to reward individual faculty merit but to provide sufficient funding annually so that the average salary for the entire body of faculty on campus matches that of our AAU-Public peer institutions.

B) Policy: Individual salary increments are determined according to policies specified elsewhere, however, the following principles are worth repeating:

- 1) The standards for merit evaluation in the areas of teaching, research and service should be clearly stated by every unit for review by those undergoing evaluation.
- 2) The standards should be reasonably stable over time in order to allow faculty the opportunity to make professional decisions on the allocation of their effort in a rational and efficient way.
- 3) Peer faculty input is a necessary component of the annual evaluation process.
- 4) All general merit increases must be based on individual merit.
- 5) Evaluations should account for short run, year-to-year variations and attempt to smooth salary increases relative to merit over time.

C) Process: Every year, the campus budget office prepares an annual budget for the next fiscal year. That budget specifies a “Standard Factor Increase” (SFI) to be applied to the continuing salary budget pool of every unit. A campus goal set in the mid-1990s by then President John Buechner is that this SFI be at least inflation plus one percent for annual merit increases for faculty. The campus pool may be reduced for investment in unit merit, to address individual retention or to correct inequities. An additional SFI adjustment may be made by deans in their own school or college in order to address college-level salary issues. Appropriate faculty approval is necessary for such college level adjustments to the faculty salary pool. Individual units will be notified of their own allocation based upon their roster of active faculty (including continuing instructor-ranked faculty) and professional exempt employees. Standard factor increases will not be passed on for vacant, temporary or pooled budget.

D) Data: There is a great deal of salary data available to campus decision makers for making equitable and fair increments on a year-to-year basis. Scatterplots that plot each faculty member’s salary against years since highest degree are provided in the fall to each school or college for all units in those schools and colleges. In addition, 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 on the following page, but for a full report as well as a list of peer institutions, see:

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

II. Salary Increments for Fiscal Year 2013

The average salary increments for the entire Boulder Campus Academic Affairs Division from fiscal year 2001 to fiscal year 2013 are listed below along with the projected Consumer Price Index for the Denver/Boulder region. This inflation rate is forward looking for policy purposes, but is actually based on data lagged from two years before. In other words, the Fiscal Year 2013 inflation rate of 3.7 percent that the State of Colorado uses for the FY budget is actually based in part on the rate that consumer prices increased in the Denver-Boulder region in 2011 and 2012. For information on the inflation rate used, please refer to:

<http://www.colorado.edu/pba/budget/budgetdevinfo/inflation.html>

The increases represented below 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.

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Percentage Increase	4.66	5.99	6.97	2.90	3.25	3.32	3.50	5.1*	5.27	0.20	0.37	3.00	2.13
T/TT Median Increase	3.90	5.33	5.80	2.02	2.30	2.39	3.45	7.74+	4.92	0.00	0.00	2.82	1.96
Denver/Boulder CPI	2.90	4.00	4.70	1.90	1.10	0.10	2.10	3.60	2.20	3.90	-0.66	1.90	3.70

*Excludes Mid-Year

+Includes Mid-Year

In addition, a comparison to AAU peer institutions is provided. 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, so as rank weights change the change percentages are affected. This table is also lagged by one year as data for FY13 is not available to make peer comparisons until early in the fall of 2014.

Fiscal Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Comparison to AAU	-7.70	-5.80	-2.40	-2.10	-3.00	-4.30	-1.55	-1.41	-0.60	-1.50	-2.68	-2.92
CU % Change	3.30	5.10	6.70	2.20	3.10	2.49	6.98	3.74	4.20	-0.15	0.14	3.15
AAU % Change	4.40	3.00	2.90	1.80	4.10	3.95	3.95	3.64	3.30	0.77	1.34	3.40

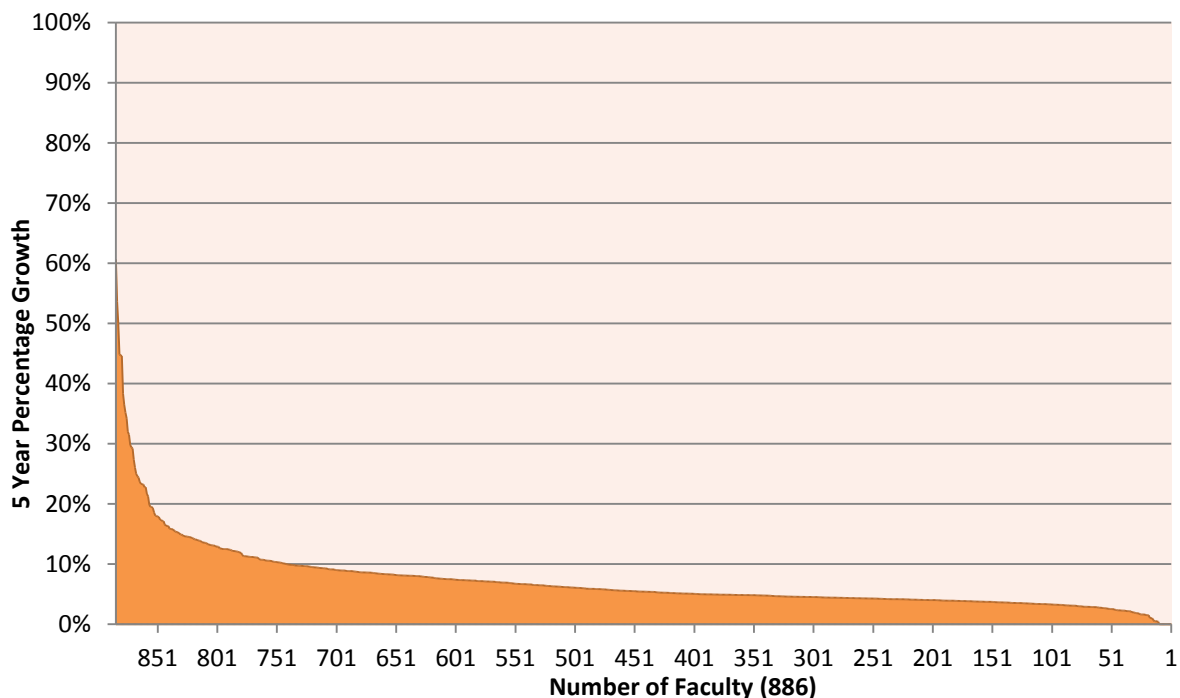
III. Long-Run Salary Growth

Productive faculty members should see real growth in their academic salaries through the merit allocation process over time. The application of merit principles in the annual increment of salaries, as well a policy of having an annual merit pool of at least one percent in excess of inflation should guarantee such real salary growth for productive faculty.

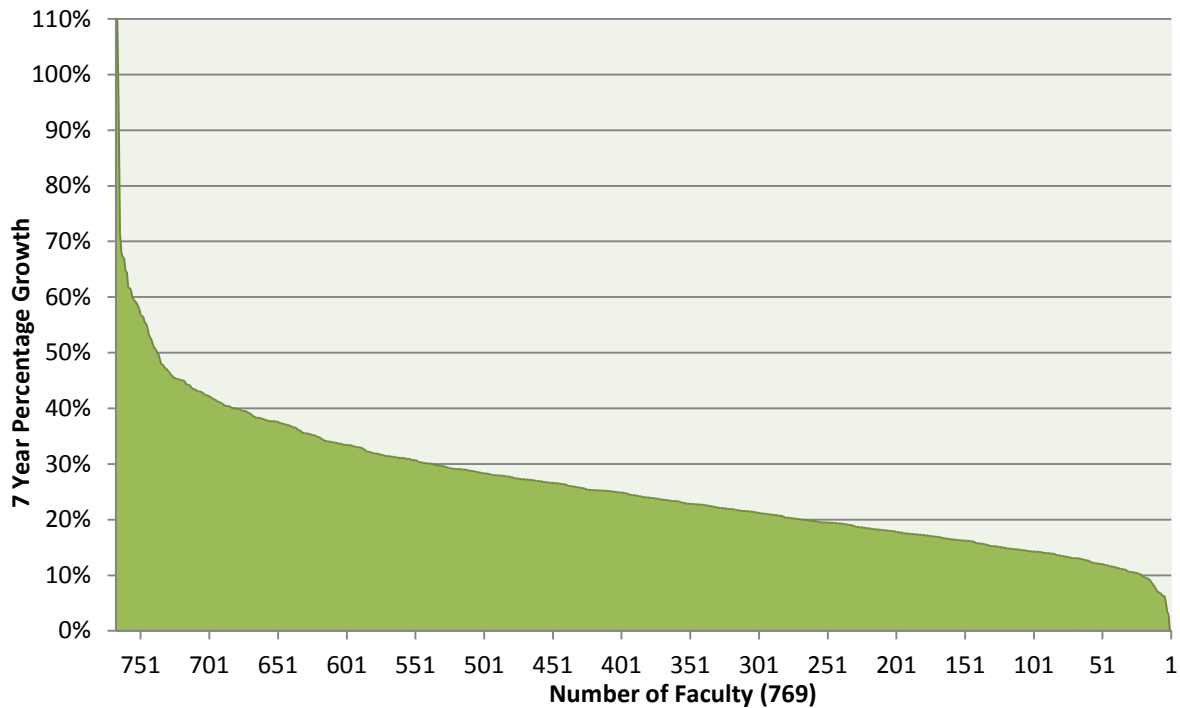
In order to examine the cumulative impact of annual increases over time, the Provost's Office maintains a panel data set of the salaries of faculty who have had continuous employment at CU for an extended period of time. These data help illustrate the contrast between cumulative increases in salary and inflation over extended periods. Current year data show that real long-run salary growth has disappeared for continuing faculty when considering the five year period from 2009 to 2013. Only one-fifth of the faculty have seen real salary growth over this time frame; the average real loss is almost 2 percent. This is a sharp reverse to the pattern from earlier years as can be seen by looking at a seven year period which shows increases well above inflation because of the sound increases from 2007 to 2008 and from 2008 to 2009.

Years of Service	5 ('09-'13)	7 ('07-'13)
Mean Cumulative Salary Growth	7.2%	26.1%
Cumulative Inflation	9.07%	15.48%
Number of Faculty	886	769
Percent with Real Growth	20.8%	86.3%
Mean Real Increase	-1.87%	10.62%

**5 Year Salary Growth
AY09-AY13**



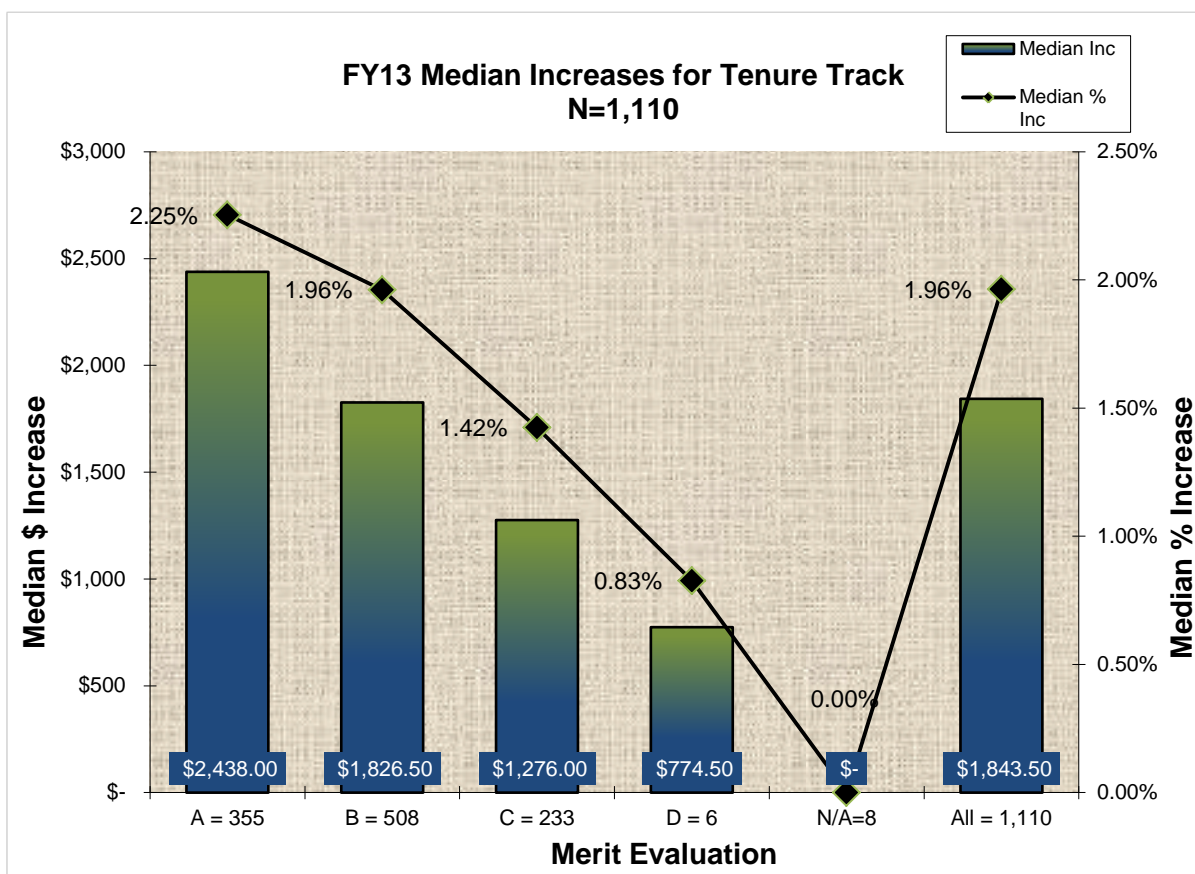
7 Year Salary Growth AY07-AY13



IV. Merit Increases versus Merit Evaluation

Campus policy dictates that annual salary increments for faculty should be based on an individual's merit as determined through a peer evaluation process. In order to examine the strength of this relationship, this report contrasts average salary increases for faculty groups in different merit classifications. Faculty receive annual ratings on a "FEMBU" scale (Far exceed expectations, Exceeds expectations, Meets expectations, Below expectations and Unsatisfactory). The table below shows that roughly one-third of faculty are rated as far exceeds expectations, 45 percent exceed expectations and 20 percent meet expectations. While salary increments were small for FY 13, the reward for being more highly rated was still quite strong. For instance, the "Far Exceeds Expectations" group received raises averaging 0.83 percent more than the "Exceeds Expectations" group on average.

It should be noted that the relationship between increases and merit, while strong, will not be perfect. 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; that different units award increases that are calculated variously using either absolute (i.e., dollar amount) or relative (i.e., percentage amount) standards; and that the "FEMBU" scale is not standardized across units. For instance in a recent year (2008), the campus mean was slightly above the "Exceeds expectations" level (3.04), but the range of average evaluations over units was from a high of 3.51 in one school to a low of 2.77 in another. Comparisons between units this varied are not particularly insightful. Nevertheless, the data below do show a strong relationship between merit evaluation and award.



V. Salary Compression

Salary compression reflects the perceived shrinkage between junior and senior ranked faculty salaries. There is no stated campus objective or policy with respect to salary compression other than that annual salary increments are to be merit-based. Nevertheless it is instructive to examine average salaries for compression.

We examine data on salaries by faculty rank and department for both AAU peer institutions and CU. In particular, ratios between the average salary of full professors and of assistant professors were calculated in order to form an index of relative compression. With the ratio of average full professor salaries to average assistant professor salaries among AAU peers available for baseline comparisons, information would be available as to whether various departments were experiencing salary compression relative to these peers. Salary data for AAU peers is from FY 2012. Data at CU data is shown for FY 2006, FY 2009 and FY2013.

Over all the data show that for AAU peer institutions full professors are paid an average premium of 70 percent relative to assistant professors (which is down from 73 percent in 2006). On a department by department basis, these AAU premiums range from 88 percent in Film Studies to 31 percent for Business colleges. At CU the full professor premium is somewhat smaller at 67 percent relative to assistant professors but trending toward the AAU average. Political Science and German/Slavic are the “least compressed” units.

Tenure Dept	AAU Full/AAU Asst FY12	CU Full/CU Asst FY06	CU Full/CU Asst FY09	CU Full/CU Asst FY13
AS - ALC	1.73	1.85	1.87	1.90
AS - Anthropology	1.75	1.67	1.51	1.52
AS - Applied Math	1.64	1.78	1.70	1.60
AS - Art & Art History	1.64	1.43	1.48	1.48
AS - Astro PInt Sci	1.56	1.62	1.73	1.61
AS - Atms Ocean Sci	1.63	1.44	1.59	1.51
AS - Biology MCD	1.65	1.64	1.51	1.45
AS - Chemistry	1.83	1.65	1.57	1.61
AS - Classics	1.73	1.91	1.84	1.74
AS - Communication	1.87	1.89	1.83	1.77
AS - Ecol & Evo Bio	1.61	1.59	1.61	1.56
AS - Economics	1.66	1.46	1.60	1.64
AS - English	1.79	1.50	1.57	1.53
AS - Env. Studies	1.63	1.38	1.47	1.51
AS - Ethnic Studies	1.84	1.42	1.34	1.52
AS - Film Studies	1.88	1.55	1.90	1.83
AS - French/Italian	1.83	1.63	1.66	1.70
AS - Geography	1.74	1.72	1.73	1.71
AS - Geo Sciences	1.64	1.60	1.60	1.61
AS - German/Slavic	1.63	1.98	2.00	2.03
AS - History	1.83	1.69	1.78	1.71
AS - Integrat Phys	1.63	1.58	1.57	1.73
AS - Linguistics	1.69	1.30	1.43	1.44
AS - Mathematics	1.59	1.43	1.35	1.38
AS - Philosophy	1.83	1.69	1.83	1.88
AS - Physics	1.58	1.55	1.62	1.62
AS - Political Sci	1.83	1.84	1.91	2.03
AS - Psychology	1.81	1.86	1.72	1.69
AS - Religious Std	1.88	1.70	1.73	1.76
AS - Sociology	1.79	1.77	1.79	1.84
AS - Spanish/Port	1.75	1.81	1.52	1.50
AS - Spch/Lang/Hear	1.70	1.64	1.82	1.79
AS - Theatre/Dance	1.62	1.74	1.74	1.27
AS - College Total	1.76	1.67	1.69	1.71
Business	1.31	1.13	1.12	1.20
Education	1.73	1.52	1.49	1.63
EN - Aerospace	1.61	1.48	1.42	1.58
EN - Chem-Bio	1.69	1.49	1.65	1.75
EN - Civil	1.59	1.40	1.45	1.45
EN - Computer Sci	1.52	1.29	1.26	1.29
EN - Electrical	1.60	1.41	1.39	1.49
EN - Mechanical	1.61	1.76	1.64	1.61
EN - College Total	1.60	1.44	1.44	1.50
Journalism	1.75	1.79	1.81	1.72
Law*	1.45	1.66	1.74	1.39
Libraries	-	2.03	2.00	1.71
Music	1.70	1.57	1.45	1.45
All	1.70	1.62	1.65	1.67

* The Law CU Full/CU Asst calculation uses the AAU Asst Prof average as the denominator