

# The Faculty Salary Plan at Le Moyne College

A Presentation by the Faculty Senate Finance Committee, February 2, 2009

(This text corresponds to the power point slides presented but there is more explanation here)

## Role of Compensation Systems

In the compensation literature, pay/compensation plans are generally seen as serving three functions for the organization. Those are the attraction of employees, the retention of employees, and providing incentives for development and promotion. Equity is also an issue. It is clear from the found documents of the Le Moyne College Faculty Salary Plan that all of these were issues in its adoption.

Specifically the plan was designed to provide faculty members with competitive starting salaries, a predictable and transparent salary structure as they advance their careers at the college, to prevent long-serving faculty from being “lapped” by newer faculty and to provide the faculty and the college with predictable raises to facilitate planning and avoid annual battles. Many of us would argue that it has achieved all of these goals in a manner that has been financially responsible for the College as well as the faculty.

## How Does the Plan Operate?

As originally conceived, the plan created, as the mathematicians might say, a distribution defined by four parameters. Those parameters were the starting salary for new assistant professors, the step raises for years two through thirteen and promotion raises to Associate Professor and Professor. This produced the salary scale that most of us have seen at various times. Later, continuing proficiency increments were added first for Professors and later for Associate Professors. All of these parameters were subject to annual adjustment by a cost-of-living factor. For this purpose, the Consumer Price Index was always used and we eventually settled on the time period August to August.

It was always agreed that some faculty could be hired at rates above the scale. These faculty members received the same step raises, promotion raises and increments as other faculty who were “on scale.”

## Financial Impact of the Faculty Salary Plan

The amount of funding necessary for the faculty salaries depends on many factors aside from the plan itself. These include new hires at salaries above the minima specified by the plan, growth or shrinkage of the faculty, aging of the faculty, increases or decreases in rates of promotion.

While many of you have heard that it costs CPI + 1% (or sometimes more) to fund the plan, in fact, in any steady-state situation with any fixed age and rank distribution of the faculty, the plan itself requires only CPI to fund itself every year. When it costs more than that, it is due to factors other than the plan which prevent us from achieving that steady state. Those factors would tend to raise the cost of salaries with any plan.

#### Have Salaries Risen Too Fast?

As demonstrated in several of the tables below, Le Moyne College faculty salaries have not gone up faster over the long term than those at other institutions. Accordingly, elimination of the salary plan would not mean we could distribute less money, at least not if we want to keep our salaries competitive.

We should note that Le Moyne College salaries have almost always risen less rapidly than tuition. In that sense, salaries have not been the principal factor driving up tuition. Indeed, salaries would have been a shrinking fraction of the college budget if the faculty had not increased in size.

Comparing Le Moyne faculty compensation with faculty compensation in a broad sample of comparable colleges shows ours to be appropriate, near neither the bottom nor the top. Over the past decade we have seen small improvements in our relative standing for professors and associate professors but none for assistants. In making such comparisons, it makes sense to use broad samples and to choose the samples before (rather than after) the salaries are examined. Several comparisons are offered in the tables below.

Table 1 - Le Moyne College Ranking among all Carnegie 2A Private Schools in New York, Ohio and Pennsylvania. 2006-07 (Academe, March-April 2007)

1 is the highest	Prof Rank	Assoc Rank	Asst Rank
Salary	15 of 47	15 of 47	31 of 47
Compensation	20 of 47	19 of 47	31 of 47

Notice that when one takes the more comprehensive measure of compensation (including benefits) Le Moyne pay rates lower, at least at the upper ranks.

Table 2 - Le Moyne College Ranking among the top 15 private schools with which we compete for students 2006-07 (Academe, March-April 2007)

1 is the highest rank	Prof Rank	Assoc Rank	Asst Rank
Salary	5 of 16	7 of 16	11 of 16
Comp	8 of 16	8 of 16	11 of 16

Canisius, Cornell (Endowed), Fordham, Ithaca, Marist, Nazareth, Niagara, Rochester, Scranton, Siena, St. Bonaventure, St. John Fisher, St. Rose, Syracuse, Utica

Table 3 - Le Moyne College Salary Rank for Given Years compared to our top 20 competitors for students (Academe, March-April 2007)

1 is the highest	Prof Rank	Assoc Rank	Asst Rank
1996-97	15 of 21	15 of 21	16 of 21
2000-01	12 of 21	12 of 21	17 of 21
2006-07	11 of 21	13 of 21	17 of 21

Does not necessarily correspond to list for Table 2 since this list is older.

Boston College, Canisius, Clarkson, Fairfield, Fordham, Ithaca, Marist, Providence, Scranton, Siena, St. Bonaventure, St. John Fisher, St. Lawrence, SUNY Albany, SUNY Binghamton, SUNY Buffalo, SUNY Geneseo, SUNY Oswego, Syracuse, Villanova

Table 4 - Le Moyne College Averages Compared to Group Averages for the top 15 private schools with which we compete for students 2006-07 (Academe, March-April 2007)

	Professor	Associate	Assistant
LMC Salary	\$89,000	\$71,900	\$51,700
Mean Salary	\$90,200	\$70,700	\$58,000
LMC Compensation	\$113,100	\$89,900	\$66,100
Mean Compensation	\$125,300	\$92,700	\$75,500

Canisius, Cornell (Endowed), Fordham, Ithaca, Marist, Nazareth, Niagara, Rochester, Scranton, Siena, St. Bonaventure, St. John Fisher, St. Rose, Syracuse, Utica

Table 5 - Le Moyne College Averages Compared to all 2A Schools in NY, the Mid-Atlantic, or New England 2007-08 (AAUP Salary Data and Chronicle Web Site)

	Prof	Assoc	Asst	Average
LMC	\$92,200	\$74,400	\$53,300	\$73,300
NY	\$89,003	\$70,721	\$55,851	\$72,838
Mid Atl	\$95,205	\$73,567	\$61,786	\$76,853
New Eng	\$96,261	\$74,627	\$60,642	\$77,162

## The Le Moyne Faculty Salary Plan and Flexibility

The Plan allows flexibility in determining what cost-of-living factor to use in any given year (with faculty participation). We have in the past sometimes deviated from the twelve-month consumer price index. Still the plan shows us what we should normally expect (what the default cost-of-living factor should be).

In deviating from the expected amounts provided by the plan, we expect the college to follow the procedures of the faculty handbook. In our view, this involves consultation with the Finance Committee and with the Executive Board of the Faculty Senate.

### What is in the Projected 2009-10 Budget?

We need to be clear that the President of the College has discretion to decide what budget to present to the Board of Trustees. Clearly, it only becomes the official budget with their approval.

Currently the budget includes a zero cost-of-living adjustment for 2009-10. This is true for administration and staff as well as faculty. If we used the August-to-August Consumer Price Index, the cost-of-living adjustment would be 5.4%. There is no funding proposed for step raises or continuing proficiency increments. Promotion raises are funded.

### Where Do We Go From Here?

The faculty representatives on the Compensation Task Force, which met from the Spring of 2007 to the Fall of 2008, took the position that the data indicated that we were allocating an appropriate amount of funds to salaries. We remained willing to talk about “better” ways to distribute the money we were allocating but we resisted salary systems in which we perceived the amount to be allocated year-to-year (either overall or to individual faculty members) to be discretionary. We were also willing to discuss modifications that might reduce the variability of cost-of-living adjustments from year to year to enable the College to plan more effectively.

The Compensation Task Force process now seems to be dead. The College has engaged a consultant to examine our salary system. The Finance Committee seeks your guidance about how we should respond to all of this. What positions should we take on these issues?