COLORADO SCHOOL OF MINES
EARTH • ENERGY • ENVIRONMENT
Office of Academic Affairs
Office of Academic Affairs
1500 Illinois Street
Golden, CO 80401-1887
Office: 303-273-3020
Fax: 303-273-3244

January 11, 2017

To: Faculty Senate

Re: Response to Salary Concerns

Dear Faculty Senators,

Please find below detailed responses to the salary queries you provided me in your communication of December 19, 2016. I would be more than happy to discuss these further if you so desire. Also, please feel free to distribute this communication as you see appropriate.

Below, in bold, I list the Senate's salary questions verbatim followed by my responses. These responses have been informed by input from the Deans and the EVPAO.

Thanks…

Sincerely,

Thomas M. Boyd
Interim Provost

Before responding directly to each question, I would like to provide background on the overall budget process, and in so doing provide last year's budget numbers as context for some of my later responses to your individual questions.

1. During each spring semester, Budget Committee reviews enrollment projections and tuition increase proposals. The tuition increases that we consider are informed by third-party tuition elasticity studies. The most recent such study was conducted this past fall. These studies show – to no one's surprise – that in terms of cost of attendance, we are an expensive institution and have very little flexibility to increase tuition much beyond CPI. As such, our tuition increases for the past several years have closely matched CPI, particularly on the resident side of the house (last year, resident tuition increased 3.0%; non-resident increased 4.0%).

   From these considerations, the Budget Office estimates the total general fund revenue that will be available in the next fiscal year. Last year, the Budget Office projected a total general fund budget of \$188.8M. Given graduate student enrollment declines, this budget projection was slightly more (~\$600k) than revenue we actually expect to bring in this year.

2. From this estimate of total revenue, we subtract our ongoing, fixed, mandatory costs (e.g., existing salaries and benefits, existing bond payments, existing utilities, etc.). Last budget cycle, these fixed costs were \$181.7M, leaving \$7.1M of projected budget available to accommodate new costs in FY17.

3. Budget Committee then reviews mandatory cost increases that must be absorbed by the new budget (e.g., classified salary increases, if any, mandated by the State; bond repayment increases, utility increase projections; etc.), and subtracts these additional costs from the projected revenue available. Last year, our projected increase in mandatory costs was \$3.8M. Removing this from the available projected budget left \$3.3M of new budget from which the institution could support non-mandatory cost increases and new initiatives across the entire institution.

Office of Academic Affairs
1500 Illinois Street
Golden, CO 80401-1887
Office: 303-273-3020
Fax: 303-273-3244

4. From this available pool, Budget Committee recommended to the Board a 2% salary increase for academic and administrative faculty. The State mandated no salary increases for classified employees. Again, the proposed increase in academic and administrative salaries was tied mostly to CPI considerations. This proposed salary increase cost \$1.4M from the available pool, leaving \$1.9M of budget to fund all other new initiatives (e.g., new positions, new TA support, new infrastructure, etc.).

In laying this out, it is my intent to make two points: 1) in a budgetary environment in which we are not projecting significant enrollment nor significant tuition growth (i.e., our current environment), there is very little budget available to fund any new initiatives (i.e., \$3.3M out of a total budget of \$188.8M), and 2) even within this environment almost half of the available budget was used to support faculty salary increases.

In past years, from this raise pool, we first pay for promotion and tenure actions. These increases are "hardwired," and taken off the top of the raise pool. We provide faculty 8% salary increases for a promotion and tenure action, and 8% for a separate promotion action (i.e., associate to full, or teaching faculty promotion). I can find no documentation as to why we provide P&T actions this level of raises; this has just been our practice. Last year, institution wide, P&T actions accounted for about 0.3% of the available raise pool. The remaining 1.7% (\$1.19M) is then distributed to the colleges for all other raise considerations (i.e., equity and merit).

This past year, there was a slight variation to the process described above that we will not repeat. The variation was due mainly to my inexperience as Provost. This past year, we distributed the full 2.0% to each of the colleges. The colleges then paid for P&T actions off the top of their allotment, and distributed the rest to the Departments for allocation. Moving forward, we will return to the practice of paying for P&T actions off of the total sum available rather than that distributed to the colleges individually.

**1. To avoid conflicts of interest (or their appearance), can salary monies tied to promotion and tenure advances be separated from salary monies used to support the overall raise pool?**

Yes, we could set up a separate pool from which to pay for P&T actions. In practice, however, I'm not sure this does much because: 1) as current practice "hardwires" P&T raises, there is no real conflict of interest (i.e., we simply follow current practice and use budget in the raise pool to meet our P&T obligations, then allocate the rest), 2) as the P&T actions are taken off the top through a standard mechanism, we in essence already form a separate P&T pool from the budget available, and 3) ultimately, the creation of separate pools will not – by itself – increase funding available for other faculty raises.

**2. How do salary and start-up for new faculty hires impact the raise pool? Is money ever taken from the raise pool to augment the offer to new faculty?**

Answering the Senate's second question first, to the best of my knowledge, funds assigned to the raise pool have never been used to augment salary offers for new faculty.

In an indirect way, however, start-up and new faculty lines do indeed impact the amount of funds available to do other things. Start-up commitments are part of the mandatory costs that compete for our underlying budget. Reducing start-up costs frees up available budget that could be used elsewhere, including faculty raises. Likewise new staffing– whether academic, administrative, or classified – compete for overall budget that could be used for other things. Reducing staffing lines, immediately frees up available budget that could be used elsewhere, and in the out years diminishes the number of staffing lines competing for a fixed raise pool.

**3. Salary compression occurs when an organization has small differences in pay regardless of experience, skills, level, or seniority of its employees. A sensitive issue arises at Mines when new faculty are hired with starting salaries higher than those of existing faculty at the same rank with established teaching and research portfolios. Similarly, dissatisfaction arises when high performing faculty receive**

Office of Academic Affairs
1500 Illinois Street
Golden, CO 80401-1887
Office: 303-273-3020
Fax: 303-273-3244

**similar salary raises to low performing faculty. Mines should consider equity increases for existing faculty to prevent them from feeling undervalued and to mitigate internal departmental tensions.**

**a. Do DHs, DDs, and Deans consider salary compression issues? If so, how?**

Yes. As an example, during the first three years of CECS existence both CECS and the other colleges were required to do extensive calculations at the time of providing equity and merit increases. These calculations established reference salaries for each discipline and rank at Mines using a system and databases defined by the Provost as follows:

1. Average (not median) salaries for each discipline and rank (including instructors) were obtained from CU, from the Oklahoma State University salary survey (a national instrument), and from the CUPA survey (another national instrument). These data were obtained for 10-20 "peer" institutions, where the peers were chosen by the DH and approved by the Dean and Provost. HR, not the departments, obtained data.
2. A normalized salary was computed for each faculty member by dividing their salary by the reference salary for their discipline and rank.
3. These normalized salaries were plotted against time (either time in rank, or since PhD, or at Mines – different scenarios were plotted). Then a trendline was computed on this plot.
4. Finally, people who were either well below or well above these trendlines were examined on a case-by-case basis to determine if there was a need for equity adjustments.

During those first three years, the Provost required Deans to set aside a portion of the raise pool (typically about a 1/3 to 1/4) and use it for equity adjustments before giving merit increases. Merit increases were to then be given so as to be consistent with the annual evaluation of the faculty members.

For new faculty hires, again as an example, the CECS Dean and the hiring DH look at all faculty in the college at the equivalent rank, sorted by discipline, and compare proposed start-up and salary to that of recent hires at the equivalent rank, with the goal to make sure we usually don't come in over those recent hires' current salaries. However, this has not always possible. Last cycle we discovered inequities that led to three recent hires in a particular department getting equity salary bumps due to a planned new hire action. This does not, of course, address compression between assistant and associate (nor associate and full) ranks, but to answer the question we do consider salary compression.

**b. Do DHs, DDs, and Deans consider external salary data for existing faculty? If so, how?**

See the responses to question 3a above and 6 below.

**c. Could Mines new-hire budgets contain monies to provide equity increases to existing faculty?**

I'm not quite sure how this would work. Budget for new hires and budget for salary increases, equity or otherwise, are separately approved budget items.

**4. How does the Mines administration determine salary increases considering cost-of-living data and merit based on teaching, research, and/or service?**

At an institutional level, for the past few years, the primary drivers have been two fold: 1) overall budget availability, and 2) within this constraint, CPI considerations. Within the existing budget pool, merit increases are considered on a case-by-case basis by the respective Deans and DHs.

Office of Academic Affairs
1500 Illinois Street
Golden, CO 80401-1887
Office: 303-273-3020
Fax: 303-273-3244

**5. The following items are not always clearly communicated to faculty:**

Before addressing specifics below, I want to note that as outlined above, issues related to tuition increases, budget utilization, size of raise pool, etc. are all discussed within Budget Committee each spring semester. Budget Committee has broad representation: 2 DHs, 3 full-time academic faculty members (one of which is a Senate representative), 1 Dean, 1 administrative faculty member, and a number of ex officio members. All of these members participate in all discussions that themselves occur in open meetings. While I agree that communication has been, and continues to be an issue, I have to openly wonder how we move our institutional culture forward to one that expects as part of the shared governance process committee representatives to not only attend committee meetings, but to also actively communicate what is happening at these meetings with their respective constituencies.

**a. How and when is the annual faculty raise pool determined? How is this dependent on tuition increases?**

See information provided in my preamble to this response for an overview of the budget process.

**b. As new items are added to the operating budget, how do these expenditures impact faculty salaries?**

Again, I think from my description of the budget process you can see the impact of adding additional budget items to the amount of budget available to do other things, like supporting faculty raises.

**c. How much influence do Academic Affairs, the Board of Trustees, and the State of Colorado have on faculty salaries?**

To the best of my knowledge the State has no influence on how we deploy discretionary portions of our budget.

The BOT ultimately approves the annual budget. In my time on Budget Committee, the BOT has never micromanaged budget items included in the request that they approve. They do look, however, at the overall budget and ensure things make sense and are equitable. So, in this sense, particularly in an environment where classified staff have not received raises for a number of years, it is likely that the BOT would question the creation of a significant raise pool for one class of employees while another class receives none.

AA through Provost representation, as well as through Dean, DH, and faculty representation has a significant influence on allocation of new discretionary budget.

**6. How are salary inequities across disciplines addressed at Mines? Large salary inequities may not promote a healthy, long-term, motivating work environment for faculty in lower compensated fields.**

Within the colleges we depend on national data as well as ASEE salary surveys to determine norms for discipline-to-discipline comparisons as described above. During the first three years of the colleges, using those norms we took specific actions to bring departmental normalized salary averages closer to 1.0. So, for example, the first year of CECS, AMS's normalized salaries were about 0.88 of the national average, while CEE was closer to 1.1. Thus, AMS got a bigger overall raise pool than CEE. Every year, although individual colleges get some fixed percentage of raise pool with which to work, each department may get more or less, based on how the Deans handle equity adjustments across departments. Once those are handled, a common percent is given to each department for all other salary actions.

Also, as the Senate knows, in Fall, 2016 we issued an RFP for services to be provided from a third party to help us assess our institutional compensation strategy. The intent of this assessment effort is to develop a total compensation strategy (salary and benefits) and philosophy that aligns with our mission and is informed by a

Office of Academic Affairs
Office of Academic Affairs
1500 Illinois Street
Golden, CO 80401-1887
Office: 303-273-3020
Fax: 303-273-3244

market analysis for faculty and administrative/professional staff (FLSA exempt employees). We intend the study to:

- Assess total compensation market competitiveness of Mines' compensation elements including benefits;
- Consider Mines' competitive placement broadly within similar institutions of higher education and among identified peer institutions;
- Benchmark/analyze faculty compensation and benefits array including assessing how different approaches to employee vs. employer contributions and participation might align with a total compensation strategy and with market competitiveness; and
- Propose requisite alternatives and recommendations.

**7. How are non-tenure-track faculty salaries balanced with respect to tenure-line faculty salaries? Newly hired Teaching Faculty, for example, with similar rank qualifications as newly hired tenure track Assistant Professors typically earn lower starting salaries and find themselves on more gradual salary trajectories over time.**

The prior Provost targeted teaching faculty salaries by academic rank at roughly 75% of the tenure line salaries at the same rank. The 75% was chosen to be consistent with how the UC system scales its salary packages across tenure line and lecturer ranks. We continue to use 75% as the benchmark for teaching faculty salaries within departments.

How has this impacted salaries of our teaching faculty ranks? Again, as an example, at the time CECS was created, teaching faculty salaries were on average about 53% of the equivalent tenure line salaries. Today, within CECS, teaching faculty salaries average between 70% to 76% of the equivalent tenure line salaries. Within CERSE, the Dean has proactively worked for past two years to correct significant salary deficiencies in our teaching faculty ranks, most notably in LAIS where teaching faculty salaries are still low compared to the 75% metric we have established, but have improved significantly. Within CASE salaries for assistant and associate teaching faculty (i.e., more recent hires) are very close to the 75% metric. Full teaching faculty within CASE and CECS, however, do show evidence of salary compression. The Deans are aware of this and working toward addressing this deficiency.

**8. Does the Administration have a consistent, transparent strategy to retain star faculty?**

There is no consistent strategy across campus. We are generally more reactive and handle cases on a case-by-case approach, which I freely admit is not necessarily a good thing. Things that we have done, however, include: creation of three, three-year rotating chair positions awarded by the Deans to explicitly retain faculty stars; in addition we sometimes do mid-year salary adjustments (in the case of CECS this was done by taking money from the pool of salaries available from open faculty positions, leaving less to hire with); and other times we make equity adjustments during the next salary increase cycle.

**9. The academic year begins in late August, but the first paycheck is received at the end of September. Can this undesirable practice be handled better?**

Yes. There are two items of note here:

1. We do provide incoming new faculty the ability to receive an advance on their first paycheck to help overcome this very difficulty, and
2. Payroll is now formally part of HR. Recently, the AVPHR approached me about the possibility of moving faculty to a bi-monthly, rather than monthly pay schedule. At a minimum, this would move a

COLORADO SCHOOL OF MINES
EARTH • ENERGY • ENVIRONMENT
Office of Academic Affairs
Office of Academic Affairs
1500 Illinois Street
Golden, CO 80401-1887
Office: 303-273-3020
Fax: 303-273-3244

faculty member's first pay check up to the middle of September, and maybe move it to the end of August. I have not pursued this discussion further, but would be more than happy to do so.