



To: Sue Ott Rowlands, Provost and Executive Vice President for Academic Affairs
From: Janel Bloch, Chair, Faculty Senate Budget Committee *Janel Bloch*
Date: January 17, 2017
Subject: Recommendation of Process for Addressing Faculty Salary Equity Adjustments

Background

At your request, in Fall 2016, a committee was formed to recommend a process for addressing salary equity issues when funding becomes available. The members of this committee (which includes five volunteer members of the Faculty Senate Budget Committee) are listed below.

- Janel Bloch, College of Arts & Sciences
- Linda Dynan, College of Business
- Carrie McCoy, College of Health Professions
- Amber Onorato, College of Arts & Sciences
- Joe Rubleske, College of Informatics
- Ken Jones, Director, School of the Arts
- Cynthia Reed, Dean, College of Education & Human Services

Additionally, you and Vickie Natale, Assistant Vice President for Planning and Institutional Research, have been participating in consultative roles.

Definition of terms

The discussion below is based on the following definitions, provided by Lori Southwood, Senior Director of Human Resources:

- **Across-the-board increase** is a pay increase that provides a wage or salary increase (in dollar or percentage terms) to all eligible employees, more or less in the same way.
- **Merit increase** is a performance-based increase awarded for meeting or exceeding performance standards established for the annual evaluation period. The purpose of a merit increase is to reward performance and contributions.
- **Equity adjustment** is a pay change outside of the normal salary programs such as reclassification, merit increase, etc. Equity increases are considered generally to correct a salary issue or address salary inequities such as (1) internal salary equity/compression between positions of comparable worth or (2) external equity to ensure that the employee's salary reflects the average salary of similar positions in the market.

Therefore, as we understand it, equity issues can arise from a variety of reasons, including compression, which can result from lack of merit and cost-of-living raises over the same time that market salaries are increasing. Severe compression or equity issues can lead to salary inversion—when comparable individuals of higher rank have salaries lower than those of lower rank.

Recommendation

When faculty were asked to prioritize equity, merit, and across-the-board adjustments in surveys given in Fall 2015 and Fall 2016, all were considered important. However, the largest percentage of faculty (45% in both surveys) ranked equity adjustments first. Therefore, we recommend that a portion of any available raise pool, enough to significantly address most equity issues, be specifically designated for that purpose.

The faculty survey results were less conclusive for across-the-board and merit, with the totals ranking across-the-board (33%, #1 and 28%, #2) and merit (22%, #1 and 39%, #2) first or second being 61% in each case.

Therefore, we recommend that portions of the raise pool also be devoted to both across-the-board and merit, with the following stipulations:

- We recommend that the across-the-board portion provide an increase (in dollar or percentage terms, depending on the funding available) to the base salary after any equity adjustments.
- We recommend that merit consider performance over at least the last four years.

However, we also realize that funding may not be sufficient after addressing equity to accommodate both across-the-board and merit to a meaningful degree. We believe that the major consideration should be which would have the most positive effect on morale. Assuming the pool is large enough and that guidelines are put in place to award all deserving faculty appropriately, merit would seem better able to address performance differences. While across-the-board would ensure that everyone received a raise, it would not take performance into account and could perpetuate equity issues.

Operating under the assumption that any available raise pool will include a significant equity portion, below are the key elements of our committee's recommendation for administering equity adjustments. This recommendation also incorporates input from the Faculty Senate Executive Committee and the Faculty Senate Budget Committee.

Prioritization

We recommend that the following guidelines be used when identifying recipients of equity adjustments:

- Years of service, performance, and other relevant information should be taken into account.
- Cases of inversion and other severe compression should be given priority.

- In determining which cases are most severe, percentage of salary, rather than dollar amount should be used, as \$5,000 is 10% of a \$50,000 salary, but only 5% of a \$100,000 salary.

Use of external benchmarks

Addressing equity issues within NKU departments should be the priority.

However, external comparisons should also be made, realizing that there may be good reasons for NKU salaries to differ from these. Vickie Natale has used data-on-demand from CUPA to gather three sets of averages and medians:

- All public master's level institutions (n=273) {NKU's basic Carnegie classification}
- Public master's level large programs (n=102) { NKU's Carnegie classification with program mix included}
- NKU's 16 benchmark institutions

When external comparisons are needed, we recommend that chairs and deans use the medians for the 102 large public master's institutions. However, there may be situations when the medians for the 273 public master's, 16 benchmarks, or even all public master's might also be useful as a comparison. Department chairs and deans should be able to justify cases where individuals are significantly above or below both NKU and CUPA medians. We recommend using medians because they are less subject to distortion by outliers than are averages.

A spreadsheet with comparisons, for each individual faculty member, between current salaries and the medians and averages in the above data sets is being sent with this memo. The calculations in the spreadsheet rely on the accurate assignment of CIP codes, so those may need to be reviewed as well.

The current spreadsheet is for informational purposes only, as it needs to be updated with both 2016-17 salary information and the results from the most recent CUPA surveys. Assuming that the CUPA data are available by March 1, I expect that it will be possible for me (in conjunction with Shawn Rainey in Institutional Research) to provide you with an updated spreadsheet by March 15, 2017. The finalized spreadsheet should be provided to deans and department chairs.

Identification of recipients of equity adjustments

We recommend that department chairs identify possible recipients of equity adjustments and provide these recommendations to deans, who will review and modify as necessary. The deans' recommendations will be reviewed by the provost, who will also modify as necessary. In the interest of transparency and to ensure that all faculty receive adequate consideration, we suggest that this process work as follows:

- The provost should announce a deadline by which department chair recommendations for equity adjustments are due to deans. All faculty should be made aware of the criteria for which identification for equity adjustments will be based.
- The department chairs should notify all eligible faculty members recommended.

- Any eligible faculty member who has not been notified should then be given the opportunity during a specified time frame to submit a rationale to be reconsidered. This request should go to the college dean, with a copy to the department chair, and might, for example, address special circumstances of which the dean and/or chair may not be fully aware of based on salary comparisons and performance reviews alone.
- Each dean should respond in writing to each faculty member asking for reconsideration.

Speed of addressing equity adjustments

Recent faculty surveys indicate that salary equity issues have taken a toll on faculty morale at NKU. Ideally, an amount sufficient to significantly address most equity issues in a single year will be set aside. However, we understand that funding availability could prevent all issues from being completely addressed at once. If this is the case, then a percentage increase for all affected parties could be established.

Plan for going forward

Because of budget constraints, in recent years, NKU has not been able to adequately address equity issues in a consistent manner. Going forward, we recommend that the process described in this memo be repeated each year.

Transparency

We request that the process for addressing equity issues be explained to faculty through a provost or president announcement at the same time a raise pool is announced.

Thank you for considering our recommendations, and we appreciate the opportunity to provide this input. If you have any questions or would like us to do further analysis, please let me know.