



## University Senate TRANSMITTAL FORM

<b>Senate Document #:</b>	12-13-50
<b>Title:</b>	Review of Faculty Salary Inequities
<b>Presenter:</b>	KerryAnn O'Meara, Chair, Senate Faculty Affairs Committee
<b>Date of SEC Review:</b>	February 19, 2016
<b>Date of Senate Review:</b>	March 9, 2016
<b>Voting (highlight one):</b>	<ol style="list-style-type: none"> <li>1. On resolutions or recommendations one by one, or</li> <li>2. In a single vote</li> <li>3. To endorse entire report</li> </ol>
<b>Statement of Issue:</b>	<p>In March 2013, the Senate Faculty Affairs Committee presented a report to the Senate Executive Committee (SEC) noting that issues with inequities in faculty salaries exist at the University of Maryland (UMD). The SEC determined that additional information on these issues and further consideration of solutions should be undertaken before recommendations could be presented to the full Senate for review. Therefore, on March 26, 2013, the SEC charged the Faculty Affairs Committee (FAC) with conducting a broad review of faculty salaries and salary inequities at the University of Maryland. In its charge to the FAC, the SEC requested that the committee review current policies and procedures related to faculty salaries, distribution of raises devoted to merit, retention, promotion, and equity adjustments, and consider how salary compression and inequities should be addressed at the University.</p>
<b>Relevant Policy # &amp; URL:</b>	<a href="http://www.president.umd.edu/policies/2014-vii-400a.html">http://www.president.umd.edu/policies/2014-vii-400a.html</a>
<b>Recommendation:</b>	The Faculty Affairs Committee presents nine recommendations in the attached report, related to annual reviews of salary, department merit review procedures, faculty raises for tenure and promotion, training of department chairs and associate deans, and appeals for issues related to faculty salaries.
<b>Committee Work:</b>	The Faculty Affairs Committee (FAC) began reviewing the charge in spring of 2013, after a study of faculty salary step systems in place at peer institutions. The committee consulted with the Senior Vice President and Provost, Office of Faculty Affairs, the Division of Administration and Finance, the Office of the Provost, the Office of the President, and with deans, department chairs, and others with expertise in this area during its review. It

	<p>reviewed peer institution information, considered available data on faculty salaries at UMD, learned about past University processes to address systemic inequalities in UMD’s salary structure, and gained knowledge about current processes on campus to address salary equity issues. The committee also reviewed resources on salary equity and salary compression from peer institutions and organizations such as the American Association of University Professors (AAUP).</p> <p>The FAC found that key issues such as market forces, rising salaries for new appointments, biases, and salary adjustments due to retention offers have clear impacts on salaries, both nationally and at the University of Maryland. The FAC learned that departments and Colleges at UMD have different strategies and processes to address issues of salary inequity. However, through its discussions, the FAC recognized that the existing current practices and merit review processes are not sufficient to address the issues identified in its review, in part because of variable application of policies and best practices, and in part because of lowered funding for merit adjustments from the State of Maryland.</p> <p>Throughout its review, the Faculty Affairs Committee recognized that steps can be taken to improve understanding of existing salary inequities and increase attention to these issues on an annual basis. In developing recommendations, the committee sought to balance the desire of faculty to have greater voice and transparency in the salary process with necessary administrative authority and oversight, as well as the need to standardize some procedures while allowing for flexibility to accommodate differences in disciplines. After review, the Faculty Affairs Committee developed the recommendations in the attached report and approved final report on February 11, 2016.</p>
<b>Alternatives:</b>	The Senate could reject the recommendations. However, the Senate would lose an opportunity to improve issues related to faculty salary inequity and compression.
<b>Risks:</b>	There are no associated risks.
<b>Financial Implications:</b>	Financial resources may be necessary to implement these recommendations.
<b>Further Approvals Required:</b>	Senate approval, Presidential approval.

# **Senate Faculty Affairs Committee**

## **Senate Document #12-13-50**

### **Review of Faculty Salary Inequities**

**January 2016**

#### **BACKGROUND**

In March 2013, in response to a charge related to Faculty Salary Step Systems (Senate Document #12-13-05), the Senate Faculty Affairs Committee presented a report to the Senate Executive Committee (SEC) noting that issues with inequities in faculty salaries exist at the University of Maryland (UMD). The SEC determined that additional information on these issues and further consideration of solutions should be undertaken before recommendations could be presented to the full Senate for review. Therefore, on March 26, 2013, the SEC charged the Faculty Affairs Committee (FAC) with conducting a broad review of faculty salaries and salary inequities at the University of Maryland. In its charge to the FAC, the SEC requested that the committee review current policies and procedures related to faculty salaries, distribution of raises devoted to merit, retention, promotion, and equity adjustments, and consider how salary compression and inequities should be addressed at the University (Appendix 3).

#### **COMMITTEE WORK**

The Faculty Affairs Committee (FAC) was charged March 26, 2013 with examining existing salary-related policies for faculty at the University, considering how salary inequities come to exist, and if they do exist, how the institution can detect and reduce inequities in salary.

This report represents over two years of discussions, review of relevant data, and consideration of Big 10 peers and other public university practices. The FAC consulted with the Office of Faculty Affairs, the Division of Administration and Finance, the Office of the Provost, and the Office of the President throughout its review, and discussed the charge with multiple offices on campus in order to understand current practices. The FAC also reviewed guides written by the American Association of University Professors (AAUP) and peer institutions (as listed in the Resources section at end of the report).

As the FAC was deliberating this issue, the University President made a commitment to create a salary compression fund to address issues related to faculty salary inequity. In a report to the campus community, the President stated: "I am also resolved to eliminate salary compression, the result of hiring new employees at market rates but not providing for salary increases to current employees. Competitive counter-offers to retain our best people also amplify salary inequities. Thus, a high priority in the Flagship 2020 plan is to reduce salary compression in the coming years by creating a salary equity fund when state funding for salary increases is available." This commitment allowed the FAC to focus on issues of process, rather than where specific funding would be found for salary adjustments.

Key conclusions from these discussions and recommendations are outlined below.

#### **❖ Key Issues Affecting Salary Inequity**

In its review, the FAC agreed that in as much as salary expresses the value faculty members bring to each unit, to a field or discipline, and to the students that benefit from their knowledge, faculty compensation should reward excellence in the areas of scholarship, teaching, and service. This principle should be clearly articulated in a unit's merit policies and it should be accompanied by explicit statements of the quantitative and qualitative metrics by which merit will be judged.

Market forces such as supply and demand have always influenced faculty salaries (Bowen & Sosa, 1989). However, institutional policies also impact pay (Hearn, 1999).

The FAC understands that there are at least three institutional forces that can interfere and shape salaries that are not about faculty contributions and time in rank and can foster salary inequalities.

First, salary compression occurs as newly-hired faculty enter the institution at significantly higher salaries than those before them (Richardson & Thomas, 2013). Salary compression at the University of Maryland, like other higher education institutions, is driven by many factors, but important ones include: economic cycles, external budget constraints, and competition between academic programs as they rise in rankings. Examination of recent data, research, and trends suggests:

- Faculty hired in lean budget years are unlikely to ‘catch up’ to the salaries of those hired in flush years;
- Sustained or intermittent periods of salary freezes cripple the ability of units to offer equitable salary treatment to faculty;
- As rankings rise across the institution, and increasingly strong applicants are sought for Assistant Professorships, newly-hired faculty are receiving salaries close to those of Associate or Full colleagues who were hired a decade or more prior – intensifying compression. This is further exacerbated in years with no COLA or merit funding, whereby salaries remain stagnant for multiple years.

Compression is a concern because across many types of organizations, pay compression has been found to have negative impacts on job satisfaction and organizational commitment (Ladika, 2005; McNatt, Glassman, & McAfee, 2007).

Second, national studies have shown gender bias in research university salaries. These gender biases are attributed to different starting salaries as well as to differences that accrue over time in rank (Curtis, 2010, 2011; Porter et al, 2008; Schuster & Finkelstein, 2006). Analysis of national databases using every possible relevant variable still find at least a 5 percent or more “unexplained” salary gap between men and women faculty (Curtis, 2010; Porter et al., 2008). Among all institutional types, doctoral-serving universities tend to have the greatest salary differential between men and women faculty, holding relevant factors constant (such as discipline, rank, time on campus, productivity) (Curtis, 2010, 2011).

The FAC learned during its review that beginning in the 1970s, the University of Maryland recognized the presence of gender differences in faculty salaries through the work of the President’s Commission of Women’s Affairs (later renamed the President’s Commission on Women’s Issues [PCWI]), which undertook an examination of gender bias in faculty salaries and made salary adjustments on an annual basis. The FAC worked with the University Archives and past representatives of the Commission to learn more about the Commission’s work, and found the following note in a report titled “Summary of Issues (1974-94) from the President’s Commission on Women’s Affairs”:

"One of the earliest works of the Commission was an equity study of women faculty salaries by a subcommittee... A study of Possible Sex Bias in Faculty Salaries-October 27, 1985. This led to the establishment in 1975 of an annual faculty salary equity review by the Office of Academic Affairs and the Office of Institutional Studies which was conducted yearly until 1990 when it was discontinued due to budget constraints. The Commission continually encouraged and monitored the studies and feels it is important to resume them."

Third, the process of administrators offering retention raises to faculty with outside offers can exacerbate faculty salary inequities. The FAC recognizes the University has an interest in retaining faculty with competitive external offers, and faculty have an interest in being able to present competitive outside offers. However, the process by which outside offers are considered and met with retention offers lacks

transparency and consistency; is vulnerable to favoritism and self-advocacy; and can reward research and grant accomplishments while ignoring other contributions made to the University. There can also be gender differences in which faculty seek outside offers (e.g. the 2015 Faculty Work Environment Survey results found more men faculty participants reporting having had an outside offer than women). The lack of transparency and accountability embedded in the process can cause resentment among faculty who are as accomplished but prefer to remain at UMD, for example, for family reasons, and do not entertain outside offers.

The FAC understands that there will always be some degree of inequity embedded in any reward system as large and decentralized as the system at UMD. Also departments will always vary in some important ways in how salary adjustments are made. However, the committee also feels it is important that UMD demonstrate its stated commitment to fair, efficient, and inclusive policies and practices by creating a stronger set of checks and balances to ensure equitable faculty salaries.

The FAC recognizes that identifying issues of salary inequity requires careful attention to the myriad of factors that shape salary and not to a single variable (i.e. gender, race, rank, discipline, or time in rank). The FAC also recognizes that any formula developed to assess salary inequity needs to be simple enough that it can be transparent and understood by all faculty. Furthermore, salary decisions must take into account merit (i.e. job performance) as well as equity (fairness of salary relative to faculty of similar discipline, rank, productivity and time in rank).

#### ❖ **Current Practices Related to Salary Inequities at UMD**

To date, the University of Maryland has two ways in which issues of compression and merit can be addressed. However, the FAC sees a lack of transparency and consistency with both current practices and believes that they alone are not sufficient to address issues of equity. The first current practice is the annual merit review process. The University of Maryland Policy on Faculty Merit Pay Distribution (VII-4.00[A]) suggests that a portion of available merit money be used by departments to address salary compression and equity issues (in Section II.B.2.d). In addition, the merit review policies governing all department merit policies indicate that there is supposed to be an appeals process built into annual merit decisions heard by a faculty committee within the College or faculty ombudsman.

As part of the FAC's review of current practices, it met with department chairs from the departments of Economics and Physics as well as the deans of the College of Arts and Humanities and the School of Public Health to discuss their practices and to understand any challenges or problems that they experienced with existing salary policies. The FAC confirmed its impression that there is a great deal of variability across academic departments in how annual merit review occurs. In some departments, a faculty salary committee reviews annual merit scores and faculty salaries to determine appropriate salary adjustments (for merit and compression), subject to department chair approval. In other departments, a faculty committee assigns merit scores but does not see salaries or determine any salary adjustments for either merit or salary compression. Some departments set aside a portion of merit funding to raise salaries in cases of outside offers and do not provide salary compression adjustments. Some deans make routine salary adjustments for reasons of equity when faculty are promoted, while other deans do not. Deans may bring requests to the Provost to provide retention offers; in some years, funding is provided by the Provost to retain faculty who have written offers from peer institutions, but in other years such funding has not been available, which has disadvantaged some departments over others. The FAC's guests noted that departments chairs are not given guidance on what portion of available merit funding should be set aside to provide retention offers and address salary compression each year.

During this discussion, the issue of salary adjustments for promotion from assistant to associate professor and associate professor to full professor was raised. There was consensus that the minimum adjustment set by the Provost's Office is too small and exacerbates salary compression. Furthermore, some deans and department chairs reevaluate faculty salaries at promotion to ensure the salary is equitable within the new rank and current market conditions, but other deans do not, so some faculty receive only the minimum

adjustment required and no other raise. Current practices at promotion thus further distance faculty salaries from each other. The FAC agreed that even though market conditions for disciplines differ, the accomplishment of being promoted at UMD should be rewarded more equitably.

Likewise, there was discussion of a need for review of hiring salaries and start-up packages for equity within departments when faculty are hired into the same rank and have the same years of experience.

In summary, the FAC determined that current practices regarding the annual merit review do not sufficiently address issues of equity. In part, this is because not all departmental merit processes are implemented in the same way, with transparency and consistency. However, the larger issue UMD faces is the fact that merit pay is not provided by the State of Maryland every year, and the amount of merit is not large. Thus, relying solely on the merit review process to provide remedy for salary equity and compression is not sufficient.

The second current practice to address issues of equity at UMD is a more centralized process through the Provost's Office. Each year, salary guidelines are set by the University System of Maryland (USM) (an example of which can be found in Appendix 1), and in most years, the USM gives each institution the ability to grant equity adjustments for salaries. The current process at UMD is overseen by the Associate Vice President for Finance & Personnel within the Office of the Provost, which provides the salary guidelines and forms for salary equity adjustments on its website (Appendix 2). A department chair who has identified an equity issue can present a case to the dean, who conducts a secondary review to ensure that a problem has been appropriately identified. The dean can send the case forward to the Associate Vice President for Finance & Personnel, who reviews the case to ensure it is complete and the salary information provided is accurate. The Provost reviews each case personally and makes a determination as to whether to support the request, and the case is forwarded to the University President, who has final approval authority for all equity adjustments at UMD. If the President approves the case, a raise is approved and implemented, and the adjustment is reported to the Chancellor and the USM. For cases to be approved through the equity adjustment process, the case needs to demonstrate that the faculty member has been highly productive and contributing great value to the unit, and that comparisons to the cohort show disparities in salaries. Funding for adjustments through this process typically come from the unit and/or College. In consulting with the Associate Vice President for Finance & Personnel, the FAC learned that about 12-15 salary adjustment requests for equity reasons are handled through this process each year.

Currently, the University does not have a standing review committee or other body whose charge is to gather data on faculty salaries on an annual basis to measure salary compression and inequities.

The UMD ADVANCE program took a step towards creating greater transparency around faculty salaries by creating a faculty salary Dashboard in 2011. ADVANCE obtains salary information for each College through the Office of Institutional Research, Planning, and Assessment (IRPA) each year and enters it into an online tool, whereby tenure-track and tenured faculty can log in and see where their salary stands next to others in their College, by rank and in quartiles. Such information can be used by faculty to advocate for higher salaries and by administrators in setting equitable salaries within Colleges. The ADVANCE Program has received feedback that the Dashboard has been an important tool for individual faculty in understanding their salary vis-a-vis their colleagues and national norms in their discipline. One limitation of the current Dashboard is that it does not account for years in rank. Another limitation of this resource is it is for tenure-track faculty only. The Dashboard could be expanded to include full-time professional track (PTK) faculty if IRPA was able to expand annual data collection for the Dashboard. Likewise, additional refinements of the tool could be added such as reporting by time in rank. The link to sign on to the ADVANCE Dashboard can be found here: <http://www.advance.umd.edu/dashboard-main>

#### ❖ Peer Institution Practices

During its review, the FAC reviewed Big 10 peer institutions as well as best practices from other public research universities with ADVANCE grants to better understand how faculty salaries are reviewed and adjusted for equity in other settings. The FAC synthesized the processes used at several universities together for the sake of brevity. The FAC found at least three different kinds of practices undertaken by higher education institutions to address salary inequities. These include:

- (1) **An annual periodic review of salaries and window to submit salary adjustment requests.** In some research universities an annual report of full-time faculty salaries is run for each college. These salaries are sent to deans and department chairs. Each fall by a set date (e.g. by the second week in October), department chairs/deans who review the list and identify a salary equity concern by an established benchmark established by the campus (e.g. discrepancy by rank one standard deviation from the mean) can submit a letter of request to have the faculty member's salary adjusted for equity reasons. In addition to salary compression, some universities allow an employee or department chair to make a request for salary adjustment based on new job duties and merit. An equity officer or small faculty committee is formed to hear these salary adjustment requests and make a recommendation to the Provost about salary adjustments. Systems similar to this model can be found at the University of Illinois at Urbana-Champaign, the Ohio State University, and UCLA, among others.
- (2) **A university-wide study of faculty salaries conducted by either the Provost's Office, Office of Diversity/Equity, an independent consultant hired by the university, a Senate committee, or a commission.** Some institutions do an annual study, while others commit to undergoing such review every 3 years. The results are used by the Provost to make appropriate salary adjustments to ameliorate conditions found in the study. Systems similar to this model can be found at the University of Nebraska at Lincoln, the University of Minnesota, Northwestern University, Penn State University, and Purdue University.
- (3) **An automatic review of salaries each fall within Colleges and automatic adjustment (and immediate salary increments provided) when faculty salaries within a department are outside an agreed-upon range.** This process has been used at the University of Massachusetts Amherst, Iowa State University, and MIT, among others.

In looking across these different strategies, some key considerations emerge:

- (a) In most cases, formulas and studies of faculty salary involve multiple regression analysis considering rank, tenure, time in rank, department/college, and examination by gender and race to identify cases of possible salary inequity.
- (b) Institutions vary between (1) centralizing the process so all requests go from individual faculty and department chairs to the Provost or dean, or (2) engaging faculty shared governance in the process by assigning the task to a Senate committee or to an appointed faculty review committee.
- (c) Institutions have also differed in choosing (1) an open process wherein faculty and departments chairs can make a request for salary adjustments annually, providing their own evidence in each case, and (2) a routinized practice, based on an established formula that identifies equity issues in one standard objective way.
- (d) Although the focus of the FAC's search was faculty salary equity, it is reasonable to consider the interaction of salary equity and merit. That is, it is reasonable to assume that a faculty member who has consistently received positive merit reviews would receive priority for salary adjustments when inequities are found over a faculty member who has consistently received low or no merit.
- (e) Regardless of strategy, all salary equity processes assume there is some funding available for salary adjustments. Although institutions tend not to explain where these funds come from in publicly available documents, it is likely they become part of institution or College budgets, as

acquired through retirement/resignation savings, overhead, or set-aside funds committed to this purpose.

## **RECOMMENDATIONS**

The FAC believes it is important for the University of Maryland to have a transparent, accountable, routine, and equity-minded approach to identifying and addressing salary inequity. We believe it is important that UMD practices balance administrative decision-making and oversight with faculty need for transparency, voice, consistency, and recognition.

Having examined salary equity procedures and mechanisms and considered alternatives that might work at UMD, the Faculty Affairs Committee makes the following recommendation(s):

Regarding an annual review of salary:

- 1. To increase transparency, the Faculty Affairs Committee recommends that the University of Maryland ADVANCE Dashboard be accessible and advertised to faculty as a resource, and that it be expanded to include full-time professional track faculty (recognizing some definitional work will need to be done first to differentiate among appointment types and develop a standardized base). This Dashboard will provide faculty salaries by percentiles and rank by College. This allows individual faculty to be more aware of how their salary fares in relationship to others by rank in their College and in comparison to disciplinary norms.*
- 2. To increase attention, awareness, and accountability of salary equity issues, the Faculty Affairs Committee recommends that early each fall, a report be developed that lists all faculty salaries for each College, taking relevant variables into account. This report should be sent to each dean and department chair and indicate which salaries in the College or department are out of alignment with an established benchmark. Examples of possible benchmarks are to flag salaries that are: (a) more than one standard deviation from the mean, accounting for rank and years of service; (b) in the 25% quartile by rank in the College as shown by the ADVANCE Dashboard; or (c) more than 7% lower than the median salary for that rank. The FAC suggests that the annual report be generated by IRPA or by University Human Resources. The FAC suggests that the Provost's Office work with IRPA to establish the appropriate benchmark and reporting mechanism. Multiple examples of how other campuses have approached such analysis are included in the Resources section of the report.*
- 3. To ensure faculty performance is taken into account in bringing cases forward for salary compression or equity adjustments, the Faculty Affairs Committee recommends that deans and department chairs add annual merit review data to the list of faculty salaries that were flagged as out of alignment with the established benchmark. The Faculty Affairs Committee also recommends that deans report any subsequent salary adjustments made to the Office of Faculty Affairs and an annual report of salary adjustments be made to the Senate. Dean's offices would create a second list of faculty whose salaries were compressed (based on the report they received) AND also had above average merit review evaluations over the previous 3 years. Deans and department chairs would use this second list to recommend salary adjustments for their faculty (faculty whose salaries were compressed and had above average merit). Faculty would then be notified that department chairs and dean would support an equity adjustment. Deans and department chairs would submit a proposal through the existing process facilitated by the Office of the Associate Vice President for Finance & Personnel.*
- 4. To ensure there are not systemic inequities by gender and race, the Faculty Affairs Committee recommends that IRPA conduct an annual salary analysis to be submitted to the Office of Faculty*



*Affairs*. This analysis would take into account all relevant variables and make sure there were not systemic differences in faculty salaries by gender and race.

Regarding department merit review procedures:

5. *To ensure greater consistency and fairness in merit review procedures, the Faculty Affairs Committee recommends that the joint task force referenced in the University of Maryland Policy on Faculty Merit Pay Distribution (VII-4.00[A]) be formed to review College and departmental merit pay policies and practices for consistency.*
6. *The Faculty Affairs Committee recommends that unit-level merit pay committees be provided relevant data and make recommendations regarding salary equity adjustments in each unit. We recommend that these committees provide recommendations to the department chair, in order to ensure faculty voice in department-level decision-making related to equity. Please note that in this context, the Faculty Affairs Committee uses the word “unit” to include departments and non-departmentalized Colleges. The committee’s proposed revision to the policy on merit pay distribution to implement this recommendation can be found immediately following this report.*

Regarding faculty raises for tenure and promotion:

7. *To recognize the accomplishment associated with faculty advancement more substantially and equitably across campus, the Faculty Affairs Committee recommends that a higher minimum salary adjustment be set for advancement to tenured associate and full professor. We further recommend the Provost provide guidance to deans regarding recommendations for additional funds that may be added to this minimum by the College.*

Regarding training of department chairs and associate deans:

8. *To increase consistent application of policies, the Faculty Affairs Committee further recommends that all department chairs, deans, and associate deans be trained annually on current and any new policies and procedures, and be advised of data related to retention and equity adjustments from the previous year.*

Regarding appeals for issues related to faculty salaries:

9. *The Faculty Affairs Committee recognizes that there may be cases in which faculty are denied salary equity adjustments due to the unfair judgement of administrators at all levels. Faculty who feel they have been ill-served by administrators in the process for requesting a salary equity adjustment should be advised to consult with the Faculty Ombuds Officer and use the University of Maryland Policies and Procedures Governing Faculty Grievances (II-4.00[A]) to seek redress, which includes review by a Senate Grievance Committee. The Faculty Affairs Committee recommends that current faculty be made aware of these existing policies and procedures.*

If enacted these recommendations could accomplish several objectives:

First, this process would ensure that regular, routine attention is paid to faculty salary equity by the institution. The ADVANCE Dashboard helps provide transparency around salary and knowledge of salary ranges. The generation of an annual salary list sent to administrators, indicating potential inequities, ensures that administrators are more aware and are given data to help them make a case for faculty salary adjustments.

Second, this process allows the University to ensure that issues of job performance and salary equity are considered side by side when considering salary adjustment recommendations. Automatic adjustments for salary compression would not necessarily take into account merit; current merit processes do not always take into account salary compression.

Third, by establishing a centralized benchmark for assessing salary equity and applying it to all cases, the process should be perceived as more equitable and more transparent to faculty. It will also ensure different standards are not used across campus for assessment of what it means for a salary to be “compressed.”

Fourth, these recommendations work towards greater recognition of faculty at promotion and greater parity for that recognition across campus.

The Faculty Affairs Committee believes these processes could work in tandem with the new salary compression fund announced by the University President to address issues of salary inequity.

## **CONCLUSION**

Studies have shown that it is not just the existence of fair salary outcomes (such as actual salary figures) that influences faculty retention, advancement, and organizational commitment, but the perception of fair processes used to make salary decisions (Daly & Dee, 2006; Lawrence, Celis & Ott, 2014). Therefore, the FAC believes that undertaking these recommendations is not only a matter of the outcome of faculty salary equity but a process that could increase trust in the process used to make salary decisions.

## **RESOURCES**

A Guide to Conducting Salary Equity Studies for Higher Education Faculty (AAUP)

[http://www.academic.umn.edu/wfc/Paychecks\\_%20A%20Guide%20to%20Conducting%20Salary%20Equity%20Studies%20for%20Higher%20Education%20Faculty.pdf](http://www.academic.umn.edu/wfc/Paychecks_%20A%20Guide%20to%20Conducting%20Salary%20Equity%20Studies%20for%20Higher%20Education%20Faculty.pdf)

UC Berkeley Faculty Salary Equity Study

<http://vpf.berkeley.edu/sites/default/files/Equity%20Study%20Report%20final%201-26-15%20--revised.pdf>

North Carolina State University Faculty Salary Equity Studies

<https://oied.ncsu.edu/faculty/faculty-diversity-data-and-reports/>

University of Cincinnati

<http://www.uc.edu/content/dam/uc/orgs/ucleaf/docs/ExternalEvaluation2014.pdf>

University of Virginia

<http://advance.virginia.edu/NSF/8c%20PRO-Faculty-Salary-Study-Task-Force-Report-August-20-2014.pdf>

University of Michigan

<https://www.provost.umich.edu/reports/Faculty%20Salary%20Study%20Report%202012.pdf>

*Acknowledgements:* The FAC wishes to thank Jason Speck, University Archivist for this assistance in researching the Women’s Commission role in addressing issues of gender equity in salary, and Cindi Hale, Maureen Cropper, Drew Baden, Jane Clark, and Bonnie Thornton Dill for visiting the FAC committee.

## **APPENDICES**

Appendix 1 – University System of Maryland FY 2016 Salary Guidelines

Appendix 2 – University of Maryland Proposed Salary Increase Form, Office of the Provost, Finance & Personnel

Appendix 3 – Senate Executive Committee Charge on the Review of Faculty Salary Inequities

UNIVERSITY OF MARYLAND POLICY ON FACULTY MERIT PAY  
DISTRIBUTION

APPROVED BY THE PRESIDENT, APRIL 13, 1992; AMENDED  
FEBRUARY 19, 2002; MAY 4, 2010; Technical Amendments August 17,  
2010

This administrative policy addressing faculty merit pay distribution was developed pursuant to the Report of the Merit Pay Task Force endorsed by the Campus Senate on May 22, 1991. The term “faculty” is defined as tenured/tenure-track faculty and permanent status/permanent status-track library faculty.

I. Administration, procedures and policies at the Provost and Dean level.

- A. Merit dollars will be transmitted from the Provost to the Deans as a percent of total salary budget. A small percent of the merit increment may be maintained in the Provost's office to reward colleges which are exceptionally productive in the areas of research/scholarship/creative activity, teaching and advising, and service, or to address special problems.
- B. Deans will distribute funds to departments using their discretion. Deans should distribute money to reward departments which are exceptionally productive in the areas of research and scholarship, creative activity, teaching and advising, and service. Deans may retain a small percentage of salary money for special problems.

II. Departments

- A. The Chair has the authority and responsibility to determine merit increases with the approval of the Dean. However, the Chair will be required to follow certain procedures as outlined below.
- B. Each unit shall develop a merit pay distribution plan. The plan must include approval by a majority of the tenured/tenure track faculty of the unit in a secret ballot. Following approval by the faculty, each unit's merit pay distribution plan shall be reviewed for sufficiency and consistency with University merit pay policy first by the Dean and then by the Senate's Faculty Affairs Committee. The plan should include the following components:
  - 1. A Merit Pay Committee. The Merit Pay Committee shall be directly elected by the tenure-track and tenured faculty and shall contain a distribution of faculty from the tenure-track and tenured ranks. In the case of the Library faculty, the Merit Pay Committee shall be directly elected by the permanent status-track and the permanent status faculty and contain a distribution of faculty from the permanent status-track and the

permanent status ranks. Insofar as possible, the Merit Pay Committee's composition shall also reflect the gender and racial distribution and the various scholarly interests of the department. It is recognized that this distribution may not be achievable on a year by year basis in some departments, but over a period of years, a reasonable degree of representativeness should be achieved. Each year the chair shall review the makeup of the Merit Pay Committee over the previous five years to assure that a reasonable representation has been achieved and if it has not, the chair is to take appropriate action to rectify the situation.

a. The Merit Pay Committee may act as an advisory committee to evaluate and rank faculty accomplishments with merit dollar distribution left to the Chair's discretion or may actually act with the Chair to distribute merit dollars. (The term *Chair* refers to a Chair, Director, or Dean of a non-departmentalized school or college.)

**b. The Merit Pay Committee shall also be provided data and make recommendations to the department chair regarding salary equity adjustments.**

**bc.** The method of selection of the Merit Pay Committee should be an integral part of the merit pay distribution plan.

2. The plan should include procedures for evaluation that meet the following criteria:

a. The evaluation procedure should evaluate and give significant recognition to contributions to teaching, research/scholarship/creative activity, and service, including advising and extension efforts or professional activities in the case of Library faculty. The method of evaluation in each of these areas should be articulated clearly.

b. The evaluation should reflect performance over at least the immediate past three years. For years when merit pay is not available, the achievements of the faculty members will be taken into consideration for that year (or years) during the next year in which merit pay is available.

c. Merit pay should generally be distributed in dollar increments rather than as a percentage of salary.

d. A stipulated portion of the merit pool may be reserved for the Chair's discretionary use to address special salary problems.

- e. The Chair shall report to the Merit Pay Committee his or her final salary recommendations.
  - f. Each faculty member shall receive a letter from the chair containing his/her new salary and the salary increase. The letter should identify (at least in general terms) the Merit Pay Committee's evaluation of the faculty member in the areas of teaching, research/scholarship/creative activity, and service and how this was used to assign the merit increase. The letter shall inform the faculty member that he/she may request a meeting with the chair to receive an explanation of the merit pay decision.
- 3. The Merit Pay Committee and Chair will each certify that they have followed the unit's Merit Pay Distribution Plan, or will indicate areas where they have deviated with a rationale.
  - 4. Each chair shall evaluate the salary structure of the department yearly and consult with the appropriate administrators (Dean or the Provost) to address salary compression or salary inequities that have developed in the unit.
  - 5. The Plan should include an appeals process.

### III. Implementation and Review


- A. Each unit will submit its plan as specified in II.B by December 1, 2010. Notice of approval by the Dean and the Senate Faculty Affairs Committee shall be given to the originating unit and a copy of the approved plan shall be transmitted to the Office of Academic Affairs. The unit shall post the approved plan on its web site so that its faculty can access it.
- B. No later than five years after implementation of these recommendations a task force jointly appointed by the President and the Senate shall evaluate the effectiveness of these recommendations.
- C. This policy is subject to the applicable policies of the Board of Regents, including its salary policy.

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OFFICE OF THE CHANCELLOR

**To:** USM Presidents  
**FROM:** William E. Kirwan   
 Chancellor  
**DATE:** May 19, 2015  
**RE:** FY 2016 USM Compensation Guidelines

1807  
 University of Maryland,  
 Baltimore

1856  
 University of Maryland,  
 College Park

1865  
 Bowie State University

1866  
 Towson University

1886  
 University of Maryland  
 Eastern Shore

1898  
 Frostburg State University

1900  
 Coppin State University

1925  
 Salisbury University

1925  
 University of Baltimore

1925  
 University of Maryland  
 Center for Environmental  
 Science

1947  
 University of Maryland  
 University College

1966  
 University of Maryland,  
 Baltimore County

### *I. Introduction*

With the completion of the General Assembly's 2015 Session, we are now able to provide guidelines for the compensation of faculty and staff of the University System of Maryland (USM) in Fiscal Year 2016. As we transition from FY 2015 to FY 2016, we start with a bit of good news. With regard to the FY 2015 COLA, you will recall the possibility that the 2% increase that took effect on January 1, 2015 might be rescinded as part of this year's budget process. We were extremely pleased when the Governor announced on May 6 that the FY 2015 COLA will remain intact in the coming fiscal year. Unfortunately, the FY 2016 budget does not provide for COLA or merit increases. Thus, we are left with limited tools to improve compensation, with positive developments including:

- The ability to provide "retention" salary increases as necessary to retain faculty and operationally critical staff; and
- An adjustment to the Nonexempt salary structure which will allow for modest increases to Nonexempt employees currently paid at rates lower than the minimum salaries in the adjusted FY 2016 structure.

The following mandatory guidelines take effect July 1, 2015 and continue through the fiscal year. They are intended to implement the State Budget requirements related to employee compensation that will arise in FY 2016. Each President may establish institutional guidelines consistent with this document and related USM policies to ensure their appropriate administration on your campus and to address compensation processes and issues specific to your institution.



## *II. Scope*

- A. **Employee Categories.** The guidelines apply to all USM Faculty and Staff employees in Regular or Contingent I or II status, regardless of the source of funding for the employee's position. The only categories of compensated individuals exempted from the guidelines are adjunct faculty, graduate assistants, fellows, post-docs and student employees.

As a reminder, please note that the Maryland Minimum Wage Act of 2014 increases the minimum wage for all Maryland workers to \$8.25 per hour as of July 1, 2015. The new minimum wage will apply to all USM employees, including student employees and general assistants as of that date.

- B. **Types of Compensation Not Restricted by the Guidelines.** Except for certain reporting requirements explained in this memo, the restrictions and requirements of the guidelines do not apply to the following types of compensation:

1. Increases for promotion to a new position;
2. Increases resulting from the reclassification of an employee's position;
3. Payments for additional duties, such as summer and winter term teaching, overload teaching, on-call or clinical coverage, and temporary service in an acting capacity;
4. Summer compensation for nine- or ten-month faculty funded by sponsored sources or the institution; and
5. Awards, including Board of Regents awards for staff and faculty, and institution service and other awards.

## *III. Guidelines*

### **A. Salary Structures**

1. **Exempt Salary Structure:** The current salary structure for Exempt Staff employees remains in effect through FY 2016. Consistent with Board of Regents policy, the USM will conduct a market analysis of Exempt salaries in the coming months, with the possibility that we will present recommendations to adjust the USM's Exempt salary structure in early 2016, for implementation in FY 2017.
2. **Nonexempt Salary Structure:** On May 6, 2015, the Board approved adjustments to the USM's Nonexempt salary structure for FY 2016 which will provide for 4% increases to the structure that was in place as of January 1, 2015. The institutions will implement the new Nonexempt salary structure on July 1, 2015. At that time, adjustments will be made to increase salaries of employees (including Contingent I and II Staff employees)



whose July 1 salaries are less than the new minimum salaries in each range, to reflect the minimum of the appropriate pay range in the revised Nonexempt structure.

3. Adjunct Faculty: Adjunct faculty who meet the criteria for designation as Adjunct Faculty II under BOR Policy II-1.07 are eligible for a per-course compensation increase that brings their compensation to at least 10% more than the minimum adjunct compensation paid by the institution. Such increases must be in place by the beginning of the Fall 2015 semester.

#### B. Merit and COLA

The FY 2016 budget does not allow for merit or COLA increases in the coming year. As noted earlier, the FY 2015 COLA will remain intact in the coming year.

#### C. Retention Increases for Staff and Faculty Employees

Once again, the USM will be able to provide increases necessary to retain Faculty and "Operationally Critical Staff." This option is intended for Faculty and Operationally Critical Staff who are being recruited by other institutions, or where there is strong evidence that a preemptive action may be necessary to prevent the loss of a valued employee.

The USM's ability to offer these limited salary increases was the result, in large measure, of the restraint exercised by our institutions in using this option in Fiscal Years 2011 through 2014. The judicious use of retention increases is equally important in FY 2016. Accordingly, this option should be administered as follows:

1. Faculty Retention Increases: To support a Faculty adjustment, the institution must have one of the following:
  - A written offer to the Faculty member from another institution;
  - Written evidence, including e-mail or other correspondence, that the Faculty employee is being recruited by another institution, or a search firm for an institution, at a compensation level likely to exceed the Faculty employee's current compensation;
  - Documentation that the department has experienced retention problems in recent years that likely will result in the loss of a valuable Faculty employee if a retention adjustment is not made; or
  - Other strong evidence that the institution is at imminent risk of losing a Faculty employee in the absence of a retention adjustment.

2. Staff Retention Increases: To support an adjustment for a Staff employee, the institution must first demonstrate that the employee is "Operationally Critical Staff," defined as a Staff employee who:

- Is in a position in which the institution has experienced retention problems in recent years;
- Has specialized or unique skills or experience that could not be replicated by the recruitment of a new employee without: 1) increased compensation costs, or 2) significant disruption to critical operations of the unit in which the individual is employed; or
- Where the loss of the employee(s) would cause a loss of federal or other sponsored research funds from contracts and grants or seriously compromise the institution's ability to compete for sponsored research contracts or grants.

In addition, the institution must have, for the operationally critical employee, one of the following:

- A written offer to the employee from another employer;
- Written evidence, including e-mail or other correspondence, that the employee is being recruited by another employer, or a search firm for an employer, at a compensation level likely to exceed the employee's current compensation; or
- Other strong evidence that the institution is at imminent risk of losing an Operationally Critical Staff member in the absence of a retention adjustment.

A retention increase may be permitted for a Faculty or Staff employee in a department or unit where the salaries of newly hired individuals or prior retention increases to others have created serious compensation disparities among similarly situated employees. Finally, if the institution wishes to provide such increase to operationally critical staff members who are part of a collective bargaining unit, the appropriate bargaining unit representative should be notified in advance of any salary adjustment.

#### D. Variable Compensation Programs for Faculty

Institutions with established Faculty incentive programs (e.g., Total Approved Salary) related to externally funded contracts, grants, and clinical services may increase compensation up to the previously established ceiling, as appropriate and governed by institutional policy and procedures. The incentive program ceiling for an individual cannot be increased. Additional State and auxiliary funds may not be used to fund additional compensation under this option. For employees who are compensated with direct Veteran's Administration (VA) payments, the Total Approved Salary may reflect adjustments made to the VA component as required by the VA.

E. Unauthorized Compensation Increases

The following compensation increases are not permitted in FY 2016:

1. Cost of Living Adjustments (COLAs)
2. Merit Increases
3. Contract Renewal Increases: Any salary increase related to the renewals of contracts for contractual faculty and Contingent Staff employees not otherwise authorized by these guidelines
4. Non-Cumulative Cash Bonuses: Non-cumulative cash bonuses (described in BOR Policy VII-9.20, Section X.A and B)
5. Non-Salary Taxable Compensation: Increases in non-salary taxable compensation (e.g., house and car allowances, and deferred compensation contributions), unless authorized by the President and approved in advance by the Chancellor.

F. Other Salary Adjustments

Other compensation adjustments generally should not be made during the fiscal year. When justified (e.g., a mid-year "acting" status change in pay, supplemental compensation for contractual employees for health coverage cost increases, equity increases required to comply with federal and state equal opportunity employment laws), salary adjustments may be made. Any such adjustments, except for those listed in Section II(B) of this memorandum, should be included in the institution's periodic report to the Chancellor.

IV. *Required Approvals and Reports*

A. Prior Approval

The institution must obtain prior approval by the Chancellor, or the Chancellor's designee, for any FY 2016 compensation increase (other than those listed in Section II(B), "*Types of Compensation not Restricted by the Guidelines*") under the following circumstances:

- When the institution proposes to offer multiple (i.e., three or more) salary increases in a department or unit for retention, equity or other purposes.
- After the institution has awarded a total number of retention, equity or other increases in FY 2016 that exceeds 2% of the institution's full-time equivalent workforce.

Sufficiency of institutional funds will be a critical factor in the determination of whether to approve such increases. Since our institutions have had the opportunity in the last two years to correct salary distortions that may have arisen during prior years of frozen salaries, we expect to see few requests for multi-employee equity or other increases in FY 2016.

Compensation increases proposed under these conditions should be submitted approximately 30 days before their intended effective date and be accompanied by specific justification and documentation.

#### B. Required Reports

The following reports are required this year. They should be submitted to Associate Vice Chancellor JoAnn Goedert in the USM Office of Administration and Finance, no later than July 15, 2015, unless stated otherwise:

1. President's Affirmation Letter. Affirms that the salary and compensation actions taken for FY 2016 are consistent with the guidelines established herein, with the President's signature.
2. Periodic Report of Retention Increases and Other Salary Adjustments. Provides itemized detail of Faculty and Staff employee retention adjustments and "Other Salary Adjustments" made under Section III (F), above, that you have approved. The report should include a brief explanation in support of each decision.

For FY 2016, two reports will be required as follows:

November 20, 2015: For increases effective between July 1, 2015 and November 15, 2015; and

July 15, 2016: For increases effective between November 16, 2015 and June 30, 2016.

The deadline for the first report was established in order to meet a key Dec. 1, 2015 reporting requirement to the General Assembly. The second report is scheduled to capture data through the end of FY 2016.

These reports will include all retention and "other" increases within the scope of these guidelines made during the reporting period. Institutions that provided no compensation increases in a given reporting period simply will be required to acknowledge that fact.

3. Updated List of Institution Key Staff Employees. Includes, at a minimum, institution officers, direct reports to the President, and individuals whose contracts or other compensation agreements that fall under the USM Policy on the Review of Highly Compensated Personnel, containing compensation data for FY 2015 and FY 2016.
4. Report of Retirement Incentives. As required by the USM Retirement Planning and Incentives Plan approved by the Board of Regents in June 2014, this new report will identify all retirement incentives agreed to by the institution in the form of post-severance contributions to faculty or staff during FY 2015. For each employee provided a post-severance contribution, the report will include: the employee's department, position, and salary upon retirement of the employee; the amount, timing and fund source of the agreement; and the current status and the institution's future plan for the vacated position.

Suggested reporting formats for each of these reports and an affirmation letter template will be provided by June 30.

If you have any questions regarding these guidelines and reporting requirements, please contact JoAnn Goedert at (301) 445-1921 or via email at [jgoedert@usmd.edu](mailto:jgoedert@usmd.edu). Thank you very much.

cc: Joseph F. Vivona, COO/VCAF  
Vice Chancellors  
Vice Presidents for Administration  
Provosts and Academic Vice Presidents  
Janice Doyle

JoAnn Goedert  
Tom Hoffacker  
Lorri McMann  
Monica West

**PROPOSED FY2016 SALARY INCREASES**

**APPROVALS REQUESTED FOR:**  
**(check all that apply)**

\_\_\_\_\_ **Retention**  
 \_\_\_\_\_ **Equity**  
 \_\_\_\_\_ **Overall Increase of Greater Than 15%**

Name \_\_\_\_\_ UID \_\_\_\_\_

Title \_\_\_\_\_

\_\_\_\_\_ Tenured/Tenure-Track    \_\_\_\_\_ Non-tenured Faculty    \_\_\_\_\_ Exempt    \_\_\_\_\_ Nonexempt

\_\_\_\_\_ Instructors/Lecturers with Job Security    \_\_\_\_\_ Librarians

Dept./Unit \_\_\_\_\_ Director's/Chair's Endorsement \_\_\_\_\_

FY 2015 Annual Salary			\$
Increase	Retention	Equity Adjustment	Total Salary Adjustments
Dollar	\$	\$	\$
% Increase			%
FY 2016 Proposed Salary			\$

JUSTIFICATION:

Dean's/Director's Endorsement \_\_\_\_\_ Date \_\_\_\_\_

Vice President's Recommendation \_\_\_\_\_ Date \_\_\_\_\_

President's Approval \_\_\_\_\_ Date \_\_\_\_\_

**Please provide signed copies to: 1) Budget & Fiscal Analysis and 2) University Human Resources**





## University Senate CHARGE

<b>Date:</b>	March 26, 2013
<b>To:</b>	Ellin Scholnick Chair, Faculty Affairs Committee
<b>From:</b>	Martha Nell Smith  Chair, University Senate
<b>Subject:</b>	Review of Faculty Salary Inequities
<b>Senate Document #:</b>	12-13-50
<b>Deadline:</b>	December 15, 2013

The Senate Executive Committee (SEC) requests that the Faculty Affairs Committee conduct a broad review of faculty salaries at our University.

Specifically, we ask that you:

1. Review existing salary-related policies for faculty at our University.
2. Consider how salary inequities among faculty with comparable records and compression resulting from market-driven inequitable compensation should be addressed.
3. Review the overall principles of distribution of raises devoted to merit, retention, promotion, and salary inequities.
4. Consider whether post-tenure review should be reconsidered. If so, consider ways in which it can be used to detect and reduce inequities in salary.
5. Consult with the University's Office of Faculty Affairs regarding merit distribution.
6. If policy changes are recommended, consult with the University's Office of Legal Affairs
7. If appropriate, recommend whether existing policies should be revised.

We ask that the committee's final recommendations be submitted by December 15, 2013. If you have questions or need assistance, please contact Reka Montfort in the Senate Office, extension 5-5804.