A Proposed Faculty Salary System for the University of Washington

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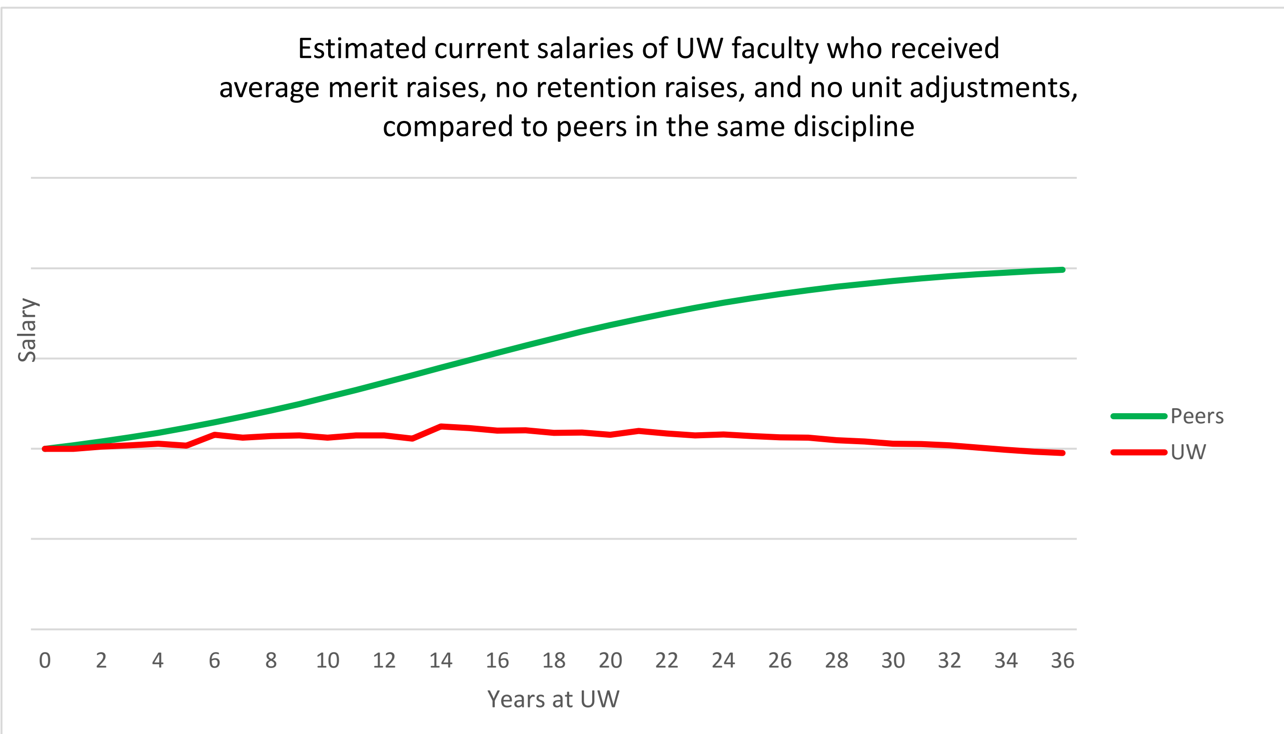
The Problem

The problem with the current system is obvious to any faculty member who has lived in it. The 2% per year across-the-board allocation ("regular merit") coupled with the discretionary allocation ("additional merit"), have together totaled about 2.5% per year on average over the 16-year life of the policy. This has been far too small to keep pace with the academic salary marketplace. We have thus been overly reliant upon deans to sporadically back-fill the deficiency using retention or, less commonly, unit adjustment raises. The system feels unpredictable and, to many, unfair.

The graph below[i] shows the result: Faculty who rely on the broadly available merit pool, with no retention raises or unit adjustments, barely keep pace with rising entry-level salaries.



The Proposal

This legislation is designed to empower faculty by bringing more of the resources we annually invest in faculty salaries under faculty control, reducing reliance upon dark money.

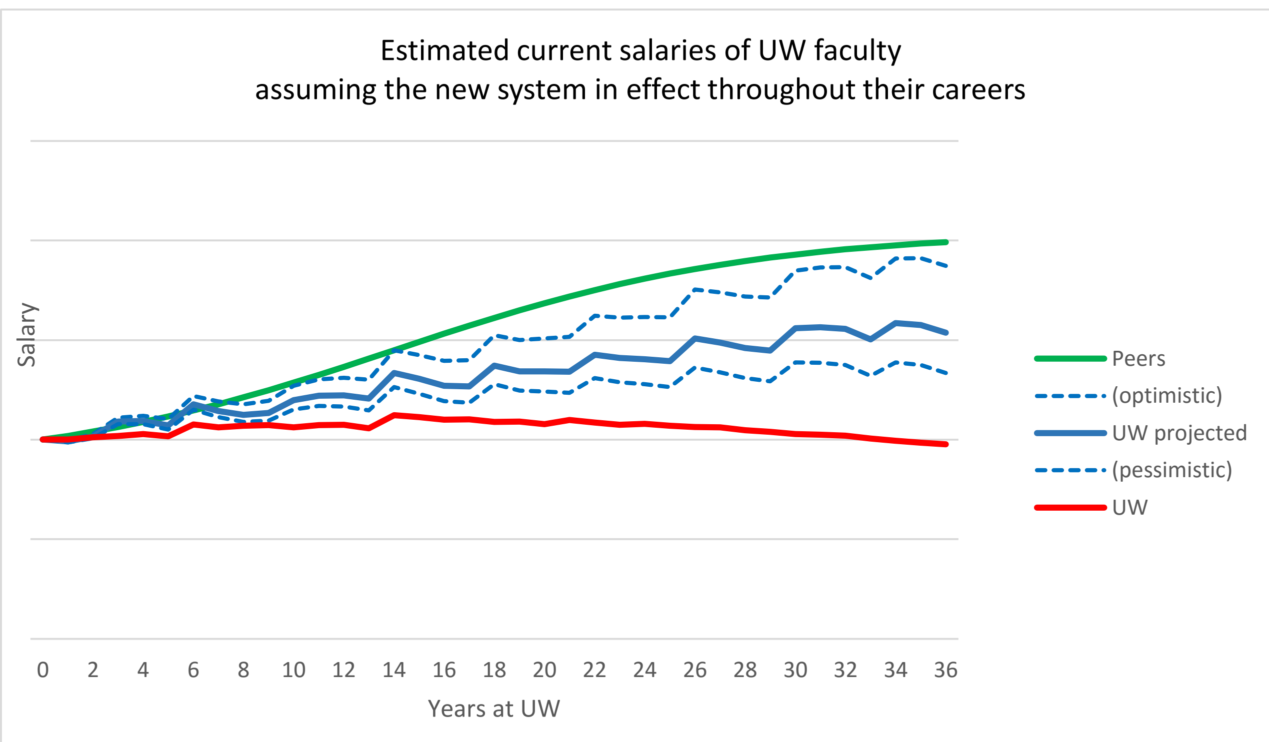
It provides these changes to existing policy:

- **12% promotion raises** (replacing 7.5%)
- **CPI-based "market adjustments"** (replacing 2% "regular merit")
- **Performance-based "tier advancements"** (a new category, 8% every four years on average)
- **Flexible "variable adjustments"** (replacing "additional merit" and "unit adjustment")
- (Retention policy is unchanged)

The new tier advancement category is especially important. Tier advancements, *under faculty control*, assure that individual performance is rewarded throughout a career, reducing the need for retention raises, which are *under dean control*. The tier advancement raise size and average frequency (4 years), together with the CPI-based raise, were chosen to assure improved salary progression. Nevertheless, provisions allow department-level customization of these raise amounts under faculty control. Additional raises can be authorized annually by deans through "variable adjustment".

We and others have quantitatively modeled the plan, and find that as long as the university continues annual investments into salaries that are comparable to historical levels of investment, there will be more than enough resources to cover the mandated raises.

The solid blue line on the graph below shows an estimate of what current salaries of UW faculty without retention raises or unit adjustments would be if the new salary system had been in effect throughout their careers, assuming annual investment in salaries continued at historical levels. The "optimistic" curve shows the effect of a full 1% annual investment in variable adjustments, while the "pessimistic" one shows what happens if only the mandated portions of the salary policy are funded.



By faculty vote, schools, colleges, or campuses can "opt out" of the tier portion (but only the tier portion) of the new system, instead using variable adjustments to ensure salary progression. Variable adjustments offer greater flexibility than the current system, as they can vary at the department level, and be allocated differentially to individuals on the basis of performance, equity, or other considerations, under the control of department faculty. Authorization to distribute variable adjustment raises originates with the dean.

The Advantages

Here are some of the advantages that the proposed system is designed to bring:

- Motivate and reward outstanding performance throughout a career, not just at two promotion times
- Replace annual merit reviews with less frequent, more meaningful, better rewarded reviews
- Give units more flexibility to appropriately reward excellence
- Reduce reliance on retention raises, especially preemptive ones
- Easily affordable when annual investment in salaries is comparable to past history
- If it motivates just an additional 0.33% annual investment in the salary pool (that's ***one-third of one percent***), then we will gradually close the gap with peers over the course of the professional careers of faculty who are starting now, and we will avoid recreating our dire compression problems in the next generation of faculty.
- Shift a small but significant amount of authority over faculty salary distribution from deans & provost to faculty

For more information:

faculty.washington.edu/johnmlee/salarypolicy/

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[i] The shape of the "Peers" graph on page 1 is an estimate, derived from an empirically based salary model developed by W. F. Koehler (*Ideas in Practice: Merit Pay—Equitable Selection of Recipients and Increments*, Engineering Education, vol. 75 no. 4, Jan 1985, pp. 225-30), with parameters chosen to match the reported average assistant professor, associate professor, and professor salaries at GCS peer universities, as well as observed average times in rank. The "UW" graph is computed by modeling inflation based on the average and distribution of actual inflation over the past 16 years, and raises reflecting average UW "regular merit" and "additional merit" raises over the same period, based on Chemistry Department records. For university-wide averages, the starting point (where the red & green curves meet) is the current average starting assistant professor salary across the university (about $92,000). The analogous graph for an individual department would have essentially the same shape, with the scale modified to start at the entry-level salary for that department.