

ANNUAL REPORT ON FACULTY SALARY AND COMPENSATION 2002-2003

COMMITTEE ON PRIORITIES AND RESOURCES

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Each year the Faculty members of the CPR present a Salary and Compensation Report to the Faculty. In it, Amherst is compared with two groups of schools. One, a "traditional group," decided on by the Trustees, and, the other, a group of eleven elite, liberal arts schools.

Summary

1. Amherst's salary rankings are in the middle to bottom half of the traditional group and in the middle of the pack for the Liberal Arts group; rather disturbingly, though, the gap between Amherst and the top ranked schools of both groups is growing. For full Professors, the gap grew about 25 percent in the Traditional group and about 50 percent in the Liberal Arts group.
2. Growth in Faculty salaries and benefits has exceeded inflation over the past year for each Professor category. It should be noted, however, that rates of increase fell as compared to the previous two years.
3. For last year, among the Liberal Arts Group, the rate of salary increases placed Amherst eighth of eleven schools for Professors, sixth of eleven for Associates and eleventh of eleventh for Assistant Professors.
4. Using Compensation minus Salary as a measure of benefits, we find that Amherst's Professors' current benefits rank 8th of the 13 traditional schools and 7th of the 11 Liberal Arts schools. For Associates, the rankings are 4th of 13 among the traditional schools and 6th of 11 among the Liberal Arts schools. For Assistant Professors, Amherst ranks 1st among the Traditional group and 2nd among the Liberal Arts group.
5. The data that this report use (as other reports in the past have) provide mean values for the entire group of Faculty in each group. Because we do not know the distribution of professors within each rank for each school, we are uncertain of how to interpret Amherst's relative position. If, for example, Amherst has a relatively large number of Assistant Professors who are almost ready for promotion, then Amherst's Assistant Professor group mean would be higher than other schools. We have attempted to guess at the biases within the data, but none of our conclusions are certain.

Committee Position:

In order to review salaries and benefits in a meaningful way, we must have better data and a better way of comparing ourselves to others. We call on the Trustees to create a rule by which we can all see whether Amherst is keeping its compensation up to “competitive levels.” In order to do this, we must 1) decide on a given group of schools with whom we compare ourselves; 2) get the appropriate data from those schools in order to make meaningful comparisons; 3) determine the ranking that Amherst should attain among our chosen schools; 4) regularly conduct intensive reviews of salaries and benefits.

Comparison of Salaries

As we argued last year, when looking at “All Ranks” it might make sense in an Administrative Brief to discuss the overall cost of the Amherst Faculty, but the category “All Ranks” does not tell us the relative, competitive position of Amherst’s salaries relative to its peers. Since Amherst has a high proportion of Professors, a weighted average of all ranks will tend to show Amherst with a high “All Rank” salary. We, on the Faculty side, might need to recognize the limitations of the costs of salary increases given the top-heaviness of our Faculty, but we should not celebrate the Amherst top ranking in this category as an indication of “competitiveness.”

Looking at the Professor category, we find that, over the past three years, the Amherst full Professor mean ranks eighth among the Traditional Group and fourth and fifth among the Liberal Arts group. We should note that the gap between the top ranking schools and Amherst is growing. In 2000-01, the difference between Amherst and the top ranked Traditional Group school was \$37,400. In 2002-03, that difference had climbed to \$46,400, an increase of 24%. Comparing Amherst to Dartmouth rather than the top school (Harvard), we find the gap increasing from \$3,700 to \$5,600, an increase of about 50%. The gap between Amherst and the top ranked Liberal Arts school climbed from \$3,000 in 2000-01 to \$5,300 in 2002-03, an increase of almost 80%. This is cause for concern.

After the push in Professor incomes several years ago, we should not let Amherst’s position slide, as the data suggest is happening. The three-year initiative on salaries was aimed at raising Amherst’s position relative in its peer group. It was a short-term initiative to bring Amherst salaries back into line with the comparison group. Although the initiative did raise salaries faster than they had been rising, it did not appear to have had a large impact on Amherst’s relative position. As the 2000-2001 report concluded about that three-year salary initiative,

Even with the special salary initiative, we barely kept pace in some of the comparative calculations. Of course, we recognize that compositional changes may indeed have muted the effect to some extent. Still, many schools also had large salary increases (exceeding inflation by at least 3 percent per year) over this time period, so Amherst's initiative was not especially unique. In the future it will be important to see whether these trends elsewhere continue and, if so, how the College will respond to them.

Looking at these salary trends at the other schools, we see that salary growth was strong over the past year. Although Amherst's salary increases exceeded inflation by about 2 percent, they did not keep up with other schools. Looking at the 2002-03 annual increases in salary for Professors found, we find that Amherst's full Professor increases rank 9th of 13 among the Traditional schools and 8th of 11 among the Liberal Arts schools, as seen in the table below. If Amherst does not keep pace with its peers, Amherst will find itself, again, out of line with its salary levels and will have to, again, play catch-up. In these periods of catch-up, when Amherst salaries are falling behind, faculty lose income that is not regained unless subsequent increases are very large. The Administration should look, again, at Amherst's relative position and make sure that Amherst not only maintains but improves its position among its comparison schools.

Ranking of Salary increases 2002-03
(Professors, Associates and Assistants)

Professors		Associates		Assistants	
Pomona	8.63%	Pomona	10.92%	Williams	9.42%
Bowdoin	7.51%	Williams	8.71%	Carlton	9.22%
Williams	6.35%	Carlton	8.47%	Pomona	9.18%
Carlton	5.86%	Wellesley	8.18%	Davidson	7.74%
Davidson	5.63%	Davidson	7.86%	Wellesley	7.50%
Wellesley	5.37%	<u>AMHERST</u>	7.34%	Swarthmore	7.17%
Wesleyan	5.10%	Swarthmore	6.61%	Middlebury	6.72%
<u>AMHERST</u>	4.65%	Wesleyan	6.45%	Bowdoin	6.63%
Middlebury	4.09%	Bowdoin	5.46%	Haverford	6.17%
Haverford	3.86%	Middlebury	4.55%	Wesleyan	6.05%
Swarthmore	2.43%	Haverford	4.40%	<u>AMHERST</u>	5.68%

Source: AAUP Salary and Compensation Data, 2002.

For the Associate Professors, the Amherst data is very volatile since only 8.8% of professors are associates. This means that entry and exits make large differences within this category. However, the salary data show that Amherst salaries rank in the lower half of both the Liberal Arts Group and the Traditional Group. As in the Professor group, the gap between Amherst and the top ranked schools increased. For the Liberal Arts Group, the difference between Amherst and the top ranked school increased from \$4,800 in 2000-01 to \$7,100 in 2002-03 (an increase of almost 50%), and for the Traditional Group the increase was \$13,300 to \$19,100, over the same period. Unlike for Professors, Associate Professor salary increases have better matched our peers. Last year, the percentage increase among Associates ranked fourth of the 13 schools in the Traditional Group and sixth of the eleven schools within the Liberal Arts Group.

Among Assistant Professors, Amherst remained relatively strong among the Liberal Arts group and sat in the middle of the pack among the Traditional Group. In this category, the differences among the schools were far less, of course, and Amherst remained in relatively the same position behind Williams and Wellesley in each of the three years at about the same margin. Among the Traditional Group, Amherst lost some ground. This relative fall can be seen most dramatically in the overall salary increases received by Assistant Professors. Amherst ranked last among the Liberal Arts group for

Assistant Professor salary increases and ninth among the thirteen Traditional schools. If Amherst is to continue to attract and retain the best candidates, the Administration must pay special attention to the general lag in salaries across all ranks.

Relative Benefits

Benefit packages are difficult to compare across institutions. Benefits vary greatly from institution to institution so it is often difficult knowing just what is being compared. Indeed, comparing benefits piecemeal can lead to all sorts of erroneous conclusions about the relative “generosity” of individual benefits. As we have suggested for salaries, we believe that benefits reports should be prepared with increased access to data about the differences across institutions so that we can make meaningful claims about the relative position of Amherst. Without such data, we repeat, no claim about the relative “competitiveness” of Amherst has any real meaning.

Given our data limitations, we do not attempt to compare each component of benefits, nor can we say, with any precision, where Amherst stands relative to its peer institutions. We present data on total benefit amounts, as measured by (Total Compensation – Salaries) at each rank. These data do not include some of the benefits provided by Amherst, e.g., features of the post-retirement benefits. However, we should not think that Amherst’s ranking would necessarily rise if these non-included elements of compensation were added. Other institutions might also have benefits that are not included in these data. (In any case, since it is likely that the post-retirement benefit will change, we should not strongly consider it.) Given all these cautions, we can proceed to see where Amherst benefits rank, and whether there is evidence that Amherst needs to correct its benefit levels.

The tables on pages 6 and 7 present ranked data for the Traditional Group and for the Liberal Arts group. As mentioned above, these dollar figures are simply total compensation minus salaries. These should give an indication of the total dollar value of Faculty benefits by rank.

These data tell a different story from the Benefit report of several years ago. Within the Professor category, Amherst ranks below Smith, Williams, Wellesley and Dartmouth in all three years and below Mount Holyoke for 2001-02. In the Associate category, Amherst is, again, ranked below Williams, Wellesley and Dartmouth in all three years. For two of the three years, Amherst is also below either Smith or Mount Holyoke. In the Traditional group, Amherst benefit levels rank at the top of the list at the Assistant level. This, in itself, does not indicate that Amherst hires competitively; it is possible that Amherst reappointment rates are higher and that the proportion of Assistants with more than four years of tenure within the Assistant rank is higher. However, given the large number of hires over the past few years, Amherst’s rank seems to indicate that benefit levels for Assistants are at or near the top of our peer group. These data fit the pattern of a deterioration of Amherst’s relative position that we identified (with caveats) about salaries in this and in last year’s reports. These are striking data and should be examined more closely by the Administration to discover more precisely whether these data do show that Amherst’s relative benefits are lagging behind those we would compare ourselves to.

Perhaps even more striking is Amherst's relative benefit levels compared with the Liberal Arts Group. It is difficult to know with which group Amherst should be compared, but with respect to the eleven liberal arts schools on the list, we should expect Amherst to rank near the top. Unfortunately, this is not the case. In the Professor category, among the eleven schools, Amherst ranks seventh, ninth and seventh again. Amherst is consistently behind Wellesley, Haverford, Middlebury, Williams, Carlton and Bowdoin. Slight changes in compensation would not affect the rankings very much -- the differences are relatively large. The difference between the top ranked school, Wellesley and Amherst is over \$8,000. Within Associates, Amherst ranks seventh, seventh and sixth. For this category, too, the differences are large. The difference between the top school and Amherst is about \$6,000. Within these two categories Amherst is in the bottom half of our comparison group of liberal arts colleges. Recall that for salaries, Amherst was ranked fourth or fifth, with very little differences between the top schools and Amherst. For the Assistant Professors, Amherst ranks third in each year, with very little difference separating the top five schools.

Compensation

We have compared Amherst's salaries and benefits. It is possible that, in sum, Amherst's total compensation places it higher in the rankings, as schools above Amherst in either the benefit category or the salary category might be different. Looking at the Traditional Group, we find that last year's ranking for total compensation found Amherst 8th among the 13 schools for Professors, 9th among the 13 for Associates and 4th among the 13 for Assistants. Among the Liberal Arts group, Amherst ranks 5th among the 11 for full Professors, 7th for Associates and first for Assistant Professors. Overall, Amherst's position in compensation does not change relative to salaries for the full Professors and changes slightly for Associate and Assistant Professors.

Conclusions and Recommendations

We have seen that the data from the AAUP do not place Amherst in a particularly strong position, neither for salaries nor benefits. We seem to hire Assistants at relatively high salaries (still behind Williams and Wellesley) but our relative position falls over the other two rank categories. The exact reason this occurs is not clear given the data. Because of the different distribution of professors within ranks, we are not able to make strong claims about Amherst's relative position. Do the rankings above reflect actual differences among professors of the same job tenure, or are they rather reflective of Amherst's distribution within ranks?¹ We do not know. However, if we cannot tell and this is also the data that the Administration is using, they, too, cannot make strong claims about the "competitiveness" of Amherst's salaries.

¹ For the Professor rank, for example, 54% have been in that rank for 10 or more years. We do not know whether this is relatively high or low; if it is low, though, then maybe the Professor mean salaries are artificially low and a full Professor with the same number of years of service is paid as well, or even better, than someone at another school. Currently, with this data, we simply cannot tell. Of course, this means that neither can the Administration.

Traditional Group
Rankings of Benefits Payments
(Compensation –Salaries)
2000-2003
[thousands of dollars]

PROFESSORS	2000-01		2001-02		2002-03
Wellesley	31.5	Wellesley	33.5	Wellesley	34.6
Dartmouth	27.1	Harvard	30.1	Dartmouth	31.8
Williams	24.8	Dartmouth	29.6	Williams	28.8
Smith	24.2	Smith	28.8	Harvard	28.6
Yale	24.1	Williams	25.7	Smith	28.5
<u>AMHERST</u>	<u>23.9</u>	Yale	24.5	Yale	27.7
Wesleyan	23.4	U. Michigan	24.4	Indiana U.	26.3
U. Michigan	23.1	Indiana U.	23.9	<u>AMHERST</u>	<u>26.2</u>
Harvard	22.6	Mount Holyoke	23.5	Mount Holyoke	25.8
Indiana U.	22.4	<u>AMHERST</u>	<u>23.4</u>	UMass/Amherst	23.9
U. Virginia	22.2	Wesleyan	23.0	U. Michigan	23.3
Mount Holyoke	21.5	U. Virginia	22.4	Wesleyan	22.9
UMass/Amherst	20.2	UMass/Amherst	21.3	U. Virginia	22.4

ASSOCIATE PROFESSORS

Wellesley	22.4	Wellesley	22.5	Dartmouth	23.6
Dartmouth	19.8	Dartmouth	21.5	Wellesley	23.3
Williams	19.6	Williams	20.4	Williams	22.9
U. Michigan	19.1	U. Michigan	20.3	<u>AMHERST</u>	<u>21.1</u>
Mount Holyoke	18.1	Smith	20.0	UMass/Amherst	20.0
U. Virginia	17.8	Mount Holyoke	19.5	Smith	19.9
<u>AMHERST</u>	<u>17.7</u>	Harvard	18.4	Mount Holyoke	19.5
UMass/Amherst	16.9	UMass/Amherst	17.9	Indiana U.	19.4
Smith	16.8	Indiana U.	17.7	Yale	19.0
Indiana U.	16.6	<u>AMHERST</u>	<u>17.6</u>	U. Michigan	18.8
Wesleyan	16.2	Yale	17.5	Wesleyan	17.3
Yale	16.0	U. Virginia	17.1	U. Virginia	17.0
Harvard	14.8	Wesleyan	17.1	Harvard	16.5

ASSISTANT PROFESSORS

Williams	17.2	<u>AMHERST</u>	<u>18.8</u>	<u>AMHERST</u>	<u>19.8</u>
<u>AMHERST</u>	<u>16.8</u>	U. Michigan	17.9	Williams	18.1
U. Michigan	16.8	Williams	16.6	Dartmouth	16.9
Wesleyan	14.2	Dartmouth	15.2	Mount Holyoke	16.8
U. Virginia	14.1	Harvard	15.0	U. Michigan	16.4
UMass/Amherst	13.9	UMass/Amherst	14.6	Wellesley	16.4
Wellesley	13.6	Mount Holyoke	14.4	Indiana U.	15.8
Dartmouth	13.5	Wellesley	14.3	UMass/Amherst	15.5
Mount Holyoke	13.3	Wesleyan	14.2	Wesleyan	14.8
Smith	12.8	Indiana U.	14.1	Yale	14.8
Harvard	12.7	U. Virginia	13.5	Smith	14.0
Yale	12.5	Smith	13.3	U. Virginia	13.8
Indiana U.	12.4	Yale	13.1	Harvard	13.7

Source: AAUP Salary and Compensation Data, 2002

Liberal Arts Group
 Rankings of Benefits Payments
 (Compensation –Salaries)
 2000-2003
 [thousands of dollars]

PROFESSORS	2000-01	2001-02	2002-03
Haverford	31.7	Wellesley 33.5	Wellesley 34.6
Wellesley	31.5	Haverford 33.1	Haverford 33.5
Carlton	24.8	Davidson 29.5	Middlebury 28.8
Williams	24.8	Carlton 26.9	Williams 28.8
Middlebury	24.7	Middlebury 26.1	Carlton 27.7
Bowdoin	24.4	Williams 25.7	Bowdoin 27.3
<u>AMHERST</u>	<u>23.9</u>	Bowdoin 24.3	<u>AMHERST</u> <u>26.2</u>
Wesleyan	23.4	Pomona 23.5	Pomona 25.4
Davidson	23.3	<u>AMHERST</u> <u>23.4</u>	Swarthmore 25.2
Swarthmore	22.5	Swarthmore 23.3	Davidson 24.6
Pomona	21.5	Wesleyan 23.0	Wesleyan 22.9
ASSOCIATES			
Haverford	27.5	Davidson 33.4	Haverford 27.4
Wellesley	22.4	Wesleyan 28.8	Wellesley 23.3
Carlton	20.0	Middlebury 28.4	Williams 22.9
Swarthmore	20.0	Carlton 21.1	Carlton 21.8
Williams	19.6	Bowdoin 19.5	Swarthmore 21.2
Bowdoin	18.3	Wellesley 18.5	<u>AMHERST</u> <u>21.1</u>
<u>AMHERST</u>	<u>17.7</u>	<u>AMHERST</u> <u>17.6</u>	Bowdoin 20.0
Pomona	17.0	Swarthmore 17.0	Davidson 19.1
Davidson	16.5	Haverford 11.5	Middlebury 18.6
Wesleyan	16.2	Pomona 11.5	Pomona 18.2
Middlebury	15.1	Williams 10.1	Wesleyan 17.3
ASSISTANTS			
Haverford	18.1	Haverford 20.8	Haverford 21.3
Swarthmore	17.7	Carlton 19.0	<u>AMHERST</u> <u>19.8</u>
Williams	17.2	<u>AMHERST</u> <u>18.8</u>	Carlton 19.8
Davidson	17.0	Davidson 17.8	Davidson 19.5
<u>AMHERST</u>	<u>16.8</u>	Williams 16.6	Williams 18.1
Carlton	16.7	Swarthmore 14.9	Swarthmore 16.4
Bowdoin	14.2	Bowdoin 14.4	Wellesley 16.4
Wesleyan	14.2	Wellesley 14.3	Bowdoin 15.2
Wellesley	13.6	Wesleyan 14.2	Wesleyan 14.8
Pomona	12.6	Pomona 13	Middlebury 14.3
Middlebury	12.0	Middlebury 12.7	Pomona 13.1

Source: AAUP Salary and Compensation Data, 2002

Because we do not know the relative tenures within rank for each of the institutions, we do not know whether the rankings express differences of length of service or actual differences in benefit levels within ranks. The comparisons are further complicated by the myriad benefits offered by each institution. However, these data certainly do not show that Amherst is out of line with its comparison groups. If anything, the data seem to show that Amherst is a leader neither in salaries nor in benefits. Nothing here indicates that Amherst's benefit levels are relatively high or in need of correction. The data is again consistent with the concern that Amherst has hired well (perhaps a reason for the high tenure rate) but allows for a deterioration of compensation over time. Whether this is a function of benefits associated with tenure of service or age, like retirement benefits (a benefit that has not been rigorously analyzed) or something else remains to be seen.

In 1998, based on concerns raised by the CPR, the Administration conducted a detailed study of Faculty salaries and found that Amherst's compensation had fallen behind peer institutions, especially for full Professors. This study required confidential data on individual salaries and years of service that other institutions would only allow the Dean of the Faculty and the Treasurer's office to use. Based on their study, the Dean along with the Treasurer and the Assistant Treasurer, advised the Board of Trustees to embark on the three-year salary initiative.

We believe that it is time to construct a regular schedule for these kinds of comprehensive reviews of salaries and benefits. We cannot continue to compare ourselves *ad hoc* to other schools, as we seem to have done through various benefit reviews.

We therefore propose the following measures to be undertaken: We need to 1) establish the institutions against which we compare ourselves. Our present comparison group was chosen 20 years ago, and the "Liberal Arts Group" was never voted on by the Faculty, nor approved by the Trustees. The group of schools should be schools with whom we compete for Faculty members. To which schools have we lost Professors? To which schools have we lost potential new hires? 2) define the position that Amherst will maintain in relation to our chosen group of schools. 3) gather the appropriate data in order to find the actual relative position of Amherst's salaries and benefits. Only when we have the measure and the standard can we 4) undertake regular, intensive reviews – we propose every three years – of Amherst's salaries and benefits to check and supplement the regular annual reports from the CPR.