University of Denver Faculty Senate
Financial Planning Committee
Salary Analysis Project
November 9, 2004

Historically the University of Denver (DU) has been blessed with dedicated and quality faculty. Some might even suggest that the dedication of the faculty played a major contributing role in the university's survival of financial crises in the 70's and 80's as they stood by the university during extended periods of low and no salary increases. Even before this, Denver and the mountains were viewed as a good place to live and work and the university tended to trade on this very positive image by paying faculty somewhat less than many other private institutions around the country, perhaps with some justification as the cost-of-living here in those earlier years was relatively low.

However, times have changed and the academic culture along with it in more recent years. Faculty are just as dedicated as they have always been but the generational messages of the 'baby boomers' and 'gen X' have not been lost on them. Just being a good place to live no longer has the influence it once had as professionals aspiring to careers in academia are now more interested in the career opportunities that an institution provides in addition to receiving value for value. In addition, the 90's have seen Denver join other large urban areas in becoming a much more expensive place to live.

DU has changed too. Beginning with the new administration in the late 80's DU is now on a sound financial footing, through construction and renovation has developed an exceptional physical plant, and is in the process of looking to the future to enhance the quality of its students; faculty; and curriculum. In fact it is the stated goal of the administration to move DU up into line with a compatible set of comparable private educational institutions.

There is widespread support among the faculty for this goal and its associated objectives. Given this goal, there are strong positive correlations between salaries/benefits and the quality of faculty, students and curriculum which constitute the interdependent components of the academic enterprise. In the spirit of assisting the university administration in achieving this goal, the Financial Planning Committee of the Faculty Senate felt it could provide a valuable service by undertaking a salary analysis study that would take a look at where we are and what it will take to become <u>at least</u> an average member of a Compatible group of comparable private institutions.

from adjacent data points. For some reason, most of these situations occurred in the 2000-2001 academic year.

Salary data from the American Association of University Professors (AAUP) Faculty Salary Surveys published by the Chronicle of Higher Education was also collected and used to verify and validate the NEA figures. Some AAUP data was used for the three professional ranks in the 2003-2004 academic year, as NEA data was not yet available for this year.

Comparable institutions that are evaluated in this study were determined by UPAC's Sustainability Task Force. Using a wide range of criteria, the Sustainability Task Force in its report identified comparable institutions in three groupings: Competitive; Aspirational; and Super-Aspirational. A listing of these groupings, along with some of the comparative descriptive information and rankings of these programs used in the UPAC report dated April 5, 2002 is provided in Table 1. The names of the last two of these institutional group

Top-Ranked: These institutions are also all Private doctoral degree granting entities with one being quasi Public. All of these programs are in the top half of the tier 1 rankings and DU is far behind them in all of the comparative descriptive measures. DU's longer term goal is to achieve competitive membership in this group with regard to attracting students.

The Provost's Office classifies the annual raise pool as a merit-pay raise, not a cost of living adjustment. One rationale for this is to allow both the Provost's Office and the various Deans to be able to hold back a portion of the raise pool for special merit awards or equity adjustments. However, from the standpoint of an employee, it is of significant interest to know whether the raise pool, from year to year, allows the employee to 'keep up with' inflation.

Table 2 provides data regarding the level of the CPI, and the percentage change in the level (representing inflation). The table shows information for the U.S. and its four geographic sub-regions. The Denver data is for the Denver-Boulder Metropolitan Area (DMA), including Greeley. The time period covered goes back to 1984.

Besides the 19 year averages, other time periods displayed in the averages for the percent change data include 14 year averages going back to 1990,

2.5

2 . 5

												4.40	4.00
			3.61				3.36			3.19	3.12	3.89	4.50
	2.48	[redacted]	3.38	1.94	2.37	3.61	1.66	3.59	3.58	1.91	1.97	3.74	5.50
	2.89	[redacted]	2.17	2.56	2.54	2.59	3.42	3.00	2.87	3.47	2.08	4.22	4.50
	1.31	[redacted]	2.59	2.92	2.84	1.33	3.24	2.39	3.36	2.30	2.76	4.42	4.40
	2.00	2.89	1.49	2.42	2.62	1.51	3.69	2.53	3.18	2.86	2.76	4.30	4.00
3	2.96		[redacted]	2.77	2.69	1.88	3						

8 7

the merit-raise pool has exceeded the inflation rate over the time period shown. However, the mean difference of .60 or 6/10ths of 1 percent is relatively small.

This result provides some insight as to whether the faculty is keeping up with the cost of living in Denver. The merit-pay raise as announced by the Provost's Office allows for slightly more than the increase in cost of living. If this raise simply flowed to the faculty unadjusted, then annual raises have more than kept up with the cost of living.

However, given the hold-backs by both the Provost's Office and the various Deans, it becomes problematic whether the 'general faulty member' has indeed kept up with the cost of living – though there is some room for the hold-back process before it begins to cut into the cost of living for the faculty.

But hidden within the CPI values is a specific cost-of-living issue that needs to be considered, the price of housing in Denver. From 1990 to the present, while the Denver CPI values increased by about 50 percent, the median price of a single family home went up by more than 150 percent. Housing may still cost more in a few places around the country but the rate of increase in Denver has been one of the highest in the U.S. since 1990. This is having a growing impact on DU's ability to attract, hire, and retain good new faculty, especially younger faculty at the assistant professor level. Other universities in large urban areas have instituted various housing/mortgage assistance programs for new faculty. It might be a good time for the university to give serious consideration to some sort of housing assistance initiative at DU too.

Table 4 provides data on average salaries by comparative group, and the nature of the gap between DU salaries and the average for the comparative group. Also shown is the dollar increase in average salaries over the time period and the change in the gap over time along with the average annual percent change in salaries.

Competitive: While remaining near but below this group average over time, DU has not made much progress during this period. In 1995 the gap was 1.66 percent of the DU average salary and was still 1.65 percent in 2003. In fact DU was actually slipping slowly behind beginning in 1997 until the downturn in the economy took hold. The slippage appears to coincide with the point in time when DU merit-salary pools began to drop below four percent (see Table 3).

Compatible: There is a more significant gap in average salaries between DU and this group. In 1995 the gap was about $9,000 or 17.5 percent, by 2003 the gap was some $11,000 representing 16.4 percent. Because DU had a slightly higher yearly average percent increase, it was able to reduce the percentage gap a bit but not the dollar amount. One implication of moving into competition with this Compatible group will be the substantial impact on the university's budget due the necessary adjustments in faculty salaries.

	51.9	53.7	55.3	57.0	58.7	59.9	62.2	64.5	67.8	15.9	3.40
	52.76	53.97	55.85	5							

Top-Ranked: With regard to this group, the gap of some $10,000 in 1995 more than

University of Colorado - Boulder	56.8	58.2	59.0	61.1	63.4	64.9	67.5	70.1	74.6
Colorado State Un									

1

[redacted]

Salary information by tenure-track professorial rank was also collected. Table 8 provides averaged summaries of this data. This information gives some additional insight to salary performance at DU relative to its comparable groups.

Professor: It is at the full Professor level that the greatest salary gaps appear. This could be a reflection of the low salaries that faculty started with who have been here for a long time. Or it could be that faculty leave DU at some point in their careers for greater salary opportunities and there may be a s at som

65.18	67.32	69.63	72.14	74.99	78.23	81.92	85.58	89.09	91.12
1.08	0.12	0.23	0.04	0.39	2.33	3.02	3.78	3.89	1.92
75.89	78.49	81.57	84.28	87.41	90.43	94.48	98.48	102.28	105.64
1.79	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

by the university into housing assistance for new faculty is warranted. The rate of growth in salaries at DU in the aggregate have kept pace with the Competitive group, but the DU average began and ended the study period slightly below the average salary for this group.

Given these findings, growth in faculty salaries will need to be at a much higher rate than has been the case over the past 14 years. This will be necessary to: 1) keep pace with the Compatible and Top-Ranked peer groups; and 2) close the gap between the average salary at DU and these groups. Each year that salary growth is similar to that characterizing recent history, the greater the gap will become making it that much harder to close the gap in the future.

It is clear from this salary analysis that a substantial amount of financial resources are needed to achieve even the average position in the Compatible peer grouping with regard to the total compensation package. It is also clear that the administration will not be able to find the kind of money needed to do this within the current operating budget in the near term. It is going to take some of the "new revenue streams" that the administration has been talking about to address the identified salary issues in a meaningful way. Thus, it is encouraging to hear that the Chancellor has made increasing the endowment a high priority goal on his active agenda as this is the most likely source of new revenue that can be used to make the required compensation adjustments in the shorter rather than the longer term.