To: Marty Ytreberg, UI Faculty Senate Chair

From: Norman Pendegraft, Chair
University Budget and Finance Committee
Re: Cost of Hiring Faculty

Attached is the committee’s report to the Senate regarding Cost of Hiring Faculty. The committee assigned this task to a subcommittee chaired by Prof. Brandt. The full committee subsequently adopted the report of the subcommittee as its own.
We contacted the deans of each of the colleges and asked them to supply three sets of information:

1. Cost of the search process. Please include the following costs where applicable: advertising; travel for either the candidate, candidate’s spouse or members of the search committee; meals associated with the hiring process; communication costs over and above normal budget items such as for conferencing.
2. Costs of bringing a new employee on board at the UI such as travel to look for housing if subsidized and moving expenses.
3. Startup costs. Please include whatever costs your college/department would consider in bringing in a new faculty member such as scientific equipment and laboratory startups, specialized equipment and software acquisitions, summer salary.

The attached spreadsheet summarizes the information provided.

It is clear from the information that hiring new faculty is an expensive and time consuming effort for the University. The average cost of a faculty search is $5800. This number does not include the time of the staff and faculty engaged in the search. Dean Stauffer of the College of Engineering estimated the time cost to the College of Engineering for evaluating faculty candidates exceeds $12,000/search accounting for the involvement of faculty committee members, the chair of the search committee, the involvement of the Dean and the time of staff supporting the search.

Moving expenses for new faculty averaged $7000.

By far the greatest and most variable cost of hiring new faculty was the “startup” investment made by the University. This cost varies substantially depending on the discipline of the new faculty member. Moreover, the cost to the university does not represent the full cost of start up as many of the deans detailed the efforts undertaken with granting agencies and other institutions to share and control startup costs. Each of these arrangements represents a substantial investment of time and good will by University officials.

Startup costs ranged from $2500 to $600,000. These startup costs involve three different components. First, colleges make direct financial investments in supporting new faculty. These startup investments are reflected in the attached spreadsheet. Depending on the college and department, these costs can include outfitting laboratories and purchasing equipment to support scientific research, providing computing resources to support teaching and research, upgrading art, dance, music and physical education studio space to support creative activity and enabling faculty to arrive on campus to begin their research and prepare for teaching prior to the start of the academic year contract on August 15.

Second, opportunity costs are incurred when experienced faculty leave and new faculty are hired. These costs are not reflected in the spreadsheet numbers. Whenever an experienced faculty member is replaced with a new faculty member, opportunity costs are incurred. Dean Stauffer reported that since 2011, the College of Engineering has hired 27 new faculty members. All but two of these hires
replaced more senior faculty who retired or left the university. This turnover results in a substantial lost opportunity cost to the University as it takes three to five years before a new faculty member is able to be a productive and contributing member of the faculty. He concludes that “about 40% of our college faculty will be new in a 5-year period. This is a tremendous disruption.”

Third, startup often includes indirect costs and cost sharing by research and agency partners of the University. A number of college deans reported on indirect costs associated with hiring new faculty. Dean Pregitzer, of the College of Natural Resources, reported recent startups have included such costs as negotiating super-computer time with another institution. Dean Joyce, at the College of Science elaborated that to implement recent startup packages, his college has worked with institutes such as IBEST, and granting agencies such as INBRE and EPSCoR. WWAMI faculty startup is covered by the WWAMI program itself. Moreover, Dean Joyce adds, that the College of Science has left positions open in order to capture the salary savings for startup, given up F & A on research grants that new hires obtain in exchange for startup support and borrowed from the Vandal Loan Fund to support startup packages.

The cost of hiring new faculty is significant. On average, combined search and moving expenses for a new faculty member are almost $13,000. As indicated, this number does not include the time of UI faculty staff and administrators devoted to the search and hiring process. Moreover, the University invests heavily in startup costs for new faculty. The burden of these start up investments has resulted in serious compromises at the College level in hiring, commitments from external partners of the university, and loan liability.