Faculty Market-Based Compensation – Frequently Asked Questions
(rev. April 3, 2019)

History and Overall Goal

Q1: Why are we implementing a market-based compensation model for faculty?
A: In the fall of 2015, President Staben announced the goal to increase employee salaries to 100% of market (on average) by 2025. This goal was accompanied with a charge to develop and deploy a market-based compensation system, which is data-driven, objective, and transparent.

Q2: What is UI’s salary goal?
A: The goal is to increase salaries to 100% of market (on average) by 2025.

Q3: Does this mean that every faculty member will be paid the market rate in their discipline?
A: No. Some faculty members will command salaries above market rates, while the salaries of other faculty members will be below market rates.

Q4: Where will the funds to support salary increases come from?
A: Increases for positions permanently budgeted on general education sources will be supported by general education funds (i.e. state support, tuition revenue, etc.). When other sources provide whole or partial funding of a faculty position, then those other sources must provide additional funding to support salary increases.

Faculty Governance

Q5: How have faculty been involved in the development of the compensation model?
A: Faculty have actively engaged throughout this process:

1) Faculty Senate established the Faculty Compensation Task Force (F-CTF) in October 2016. The F-CTF consisted of 16 members, 13 voting and 3 ex officio members: one faculty member from each academic college and one from faculty-at-large (10), the Faculty Secretary, the Vice President of Finance and Administration, the Executive Director of Human Resources, the Vice Provost for Faculty (ex officio), the Director of Institutional Effectiveness and Accreditation (ex officio), and a representative from the Provost’s office (ex officio). The F-CTF was co-chaired by Patrick Hrdlicka (professor of chemistry) and Wesley Matthews (Executive Director of Human Resources). The F-CTF met thirteen times during FY17 to define UI’s institutional peer group (i.e., market), select suitable salary databases, and draft guiding principles. A F-CTF website was developed where meeting minutes were posted and faculty were given an opportunity for feedback. In addition, F-CTF co-chair Hrdlicka gave periodic updates to Faculty Senate.

2) The F-CTF met twice with Provost Wiencek during the fall of 2017 to discuss adjustments to - and deployment of - a preliminary version of the compensation model in connection with the FY18 mid-year salary adjustments.

3) In March of 2018, the F-CTF co-chairs provided Provost’s Council with input regarding distribution of forthcoming CEC (Change in Employee Compensation) funds.
4) A subgroup of deans and F-CTF members met periodically between April 2018 and April 2019 to review and compare UI’s promotion raise practices relative to peer institutions. Recommendations to adjust current practices, were forwarded to the provost and vice provost for faculty.

5) Throughout FY19, the Faculty Affairs Committee (FAC) worked with the vice provost for faculty on developing guidelines for determining performance-based salary increases and clarifying salary policies in the Faculty-Staff Handbook.

6) Throughout FY19, F-CTF co-chair Hrdlicka worked with the Provost’s Office on further refining, analyzing, and implementing the faculty compensation model.

**Market (institutional salary comparison group)**

Q6: What is UI’s institutional salary comparison group?
A: UI’s institutional salary comparison group, henceforth also referred to as ‘the market’, encompasses all U.S. public and private doctorate-granting institutions. It includes R1, R2, and R3 institutions as defined by the Carnegie classification framework.

Q7: UI is an R2 institution. Why does UI’s institutional salary comparison group include R3 institutions?
A: Inclusion of R1 and R3 institutions in the institutional salary comparison group provides a more robust salary dataset than using only salary data from R2-institutions. A preliminary analysis revealed that market salaries, on average, were similar for the R1/R2/R3 vs R2-only datasets.

Q8: UI aspires to become an R1 institution. Should UI’s institutional salary comparison group reflect this?
A: UI is currently an R2 institution. Using an R1 or R1/R2 salary comparison group was not deemed a politically or financially viable option at the time. However, the F-CTF recommended that the institutional salary comparison group and/or UI’s overall salary goal be reevaluated and adjusted as the institution moves closer towards realizing its aspirational R1 goal and/or overall salary goal.

**Salary Databases**

Q9: Which salary databases are used?
A: CUPA-HR (College and University Professional Association for Human Resources) serves as the primary data source for faculty salaries. Alternative data sources (e.g., the Oklahoma State University survey; Bureau of Labor Statistics) are used with appropriate scaling factors in isolated cases (e.g., if CUPA-HR does not provide a sufficiently robust dataset for a given discipline/rank combination). CUPA-HR offers a large dataset (more than 100 universities participate), is updated annually, can be tailored according to our needs, and has a user-friendly interface amenable to institution-scale applications. Market salaries – expressed as averages, medians, or percentiles – are available for most discipline/rank combinations.

Q10: Can I access the CUPA-HR database?
A: The full CUPA-HR dataset is only available via subscription. However, tables with market rates for relevant CIP/rank combinations are posted on the Provost’s website.
Q11: Why do we not use salary surveys conducted by discipline-specific national organizations (e.g., American Chemical Society for chemists and chemical engineers)?
A: Salary surveys conducted by discipline-specific national organizations use different methodologies, which precludes a direct comparison between disciplines. In contrast, CUPA-HR is a one-stop comprehensive database which uses one sampling methodology across most disciplines.

Q12: What are CIP codes?
A: CIP (Classification of Instructional Programs) codes are a taxonomy of academic disciplines at institutions of higher education in the United States. The CUPA-HR and OSU datasets list salary data by CIP code and academic rank. A list of UI’s active CIP codes is available on the Provost’s website.

Q13: What are the differences between two-, four-, and six-digit CIP codes, and why are four-digit CIP codes used?
A: The two-digit series represent the most general groupings of related programs. The four-digit series represent intermediate groupings of programs that have comparable content and objectives. The six-digit series represent specific instructional programs. For example, “40” denotes Physical Sciences, “40.05” denotes Chemistry, and “40.0504” denotes Organic Chemistry. Four-digit CIP codes are generally used for determination of market rates as a compromise between sufficient disciplinary granularity and an adequate number of datapoints.

Q14: How are CIP codes determined for faculty in academic units?
A: Faculty members, unit leaders, and deans collaborated to identify an appropriate four-digit CIP code. Units must offer an academic program within the particular CIP code family and be directly related to the position.

Q15: How are market rates determined for faculty who are not in traditional academic units (e.g. library staff, extension faculty)?
A: Market rates for these faculty have been determined through other data sources such as the Bureau of Labor Statistics in partnership with the appropriate leadership (usually deans or directors) from that area.

Q16: I have a joint appointment. How is my CIP code determined?
A: Joint appointments have not been consistently documented or delineated in the past. Most appointments are actually “buy-outs” of time from a home department, but a handful of cases involve appointments intended to be joint appointments. We have used the market-based salary of the faculty member’s primary department’s CIP code.

Compensation Model
Q17: What is the difference between market rate, target salary, and actual salary?
A: The market rate is the average salary reported in the reference database for a specific CIP/rank combination within UI’s institutional salary comparison group. The target salary is calculated taking several fixed measures into account (see below). A faculty member’s actual salary may be below, equal to, or exceed their target salary.
Q18: How is a faculty member’s target salary calculated?
A: The target salary calculation takes the following factors into account:

- The faculty member’s academic rank, CIP code, and tenure status (tenured, tenure-track, or non-tenure-track)
- The market rate for a specific CIP/rank combination
- Academic year vs fiscal year appointment
- Full-time vs part-time appointment
- A longevity factor, which takes into account years of satisfactory performance in rank. Longevity tables are available on the Provost’s website.

Q19: Does the compensation model consider performance? And, if so, why is a performance factor not included in the target salary calculation?
A: The overall market-based compensation model for faculty also includes a significant performance component that is reflective of a faculty member’s performance relative to other faculty in their unit. Since performance requires an annual assessment, it is not included as a parameterized factor in the target salary calculation. Unit leaders and deans are given latitude to make recommendations on performance-based raises following the annual evaluation process, as part of the annual CEC (Change in Employee Compensation) process.

Q20: Who is eligible for performance raises?
A: Faculty members who have met or exceeded expectations in their annual evaluation may be eligible for a performance-based increase as part of the annual CEC process.

Q21: What is the underlying philosophy behind the longevity tables?
A: The longevity tables were designed to:

- maximize our ability to recruit talent (e.g., the longevity scale starts at 90% for new assistant professors, i.e., target salaries will be close to market rates)
- reward timely career progression (e.g., the longevity factor for assistant professors reaches its maximum following a successful 3rd-year review; the longevity factor for associate professors reaches a maximum following five years of satisfactory performance in rank, coinciding with the first opportunity for an associate professor to be considered for promotion to full professor).
- mimic the salary increases observed under our current promotion policy
- minimize salary compression between ranks
- reward institutional loyalty of productive employees (e.g., steep longevity progression for full professors, until a maximum is reached approximately mid-way through a typical career)

Q22: Why does the longevity component not extend beyond 100% of the market rate for a given CIP/rank combination?
A: By capping the longevity component at 100% of the market rate for specific CIP/rank combinations, funds become available for performance-based salary increases.
Q23: Why does the longevity scale start at 83% for full/distinguished professors?
A: Calculating the target salary of a fifth-year associate professor as 100% of the market rate for associate professors within a specific CIP and the target salary of a newly promoted full professor as 83% of the market rate for full professors within a specific CIP code, most closely mimics our current promotion policy.

Q24: Why does it take so many years of satisfactory performance for full/distinguished professors to reach a longevity factor of 100%?
A: The market dataset for full professors includes faculty with a very broad range of “years in rank”, from newly promoted professors to professors who have been in that rank for 30 or more years. When the compensation model was initially deployed, 17 years of satisfactory performance in rank was deemed an appropriate timeframe to reach a longevity factor of 100%. Further analysis suggested that the longevity progression should be accelerated (11 years of satisfactory performance in rank to reach a longevity factor of 100%).

Q25: Why are non-tenure track faculty assigned market rates that are a percentage of the market rate for like-rank tenure-track faculty within that CIP code?
A: The databases do not provide sufficiently robust discipline-specific datasets for non-tenure track faculty. When the compensation model was initially deployed, internal data supported defining the market rate of non-tenure track faculty as ~85% of the market rate of like-rank tenure-track faculty. Subsequent analysis of CUPA-HR data has provided support for calculating the market rates of non-tenure track faculty as 90% of the market rate for like-rank tenure-track faculty in the same CIP code.

Q26: Why are market rates of instructors and senior instructors linked to tenure-track associate professors in the same CIP code?
A: The databases do not provide enough discipline-specific responses for instructors and senior instructors. When the compensation model was initially deployed, internal data supported defining the market rates of instructors and senior instructors as ~65% and ~70% of the market rates for associate professors in the same CIP. Subsequent analysis of CUPA-HR data has provided support for this approach.

Q27: Why are instructors and senior instructors hired at 100% of their discipline-specific market rates, and why is there no longevity progression for these employees?
A: Offering starting salaries below the discipline-specific market rates would render the institution at a competitive disadvantage when hiring new instructors. Hence, the longevity schedule starts instructors and senior instructors at 100% of their market salary. While there is no longevity progression, these faculty are eligible for additional performance-based salary increases.

Q28: Does the compensation model reward mediocre performance?
A: No. Longevity progression is based on years of satisfactory performance, i.e., receiving a “3” or “meets or exceeds expectations” according to the previous and current annual evaluation process, respectively. In addition, faculty members meeting or exceeding expectations, may be eligible for performance-based salary increases as part of the annual CEC process.
Future Salary Distributions
Q29: How will future CEC funds be distributed?
A: The methodology for distribution of available CEC funds will be established annually by the Provost in consultation with the Provost’s Council and input from faculty. Funds may be used to cover promotion and retention raises, bring salaries to a minimum level relative to target salaries, keep up with market and moving targets, reward exceptional performance, etc.

Q30: Will there be across-the-board cost of living adjustments in the future?
A: No, unless required by the state. In principle, inflation and other cost of living adjustments should be reflected in a market-based compensation model (i.e., steadily increasing market rates).

Q31: Will there be across-the-board salary increases in the future?
A: Most likely not unless required by the state. The switch to a market-based compensation system enables us to deploy salary increases in a more data/market-informed manner.

Q32: Will promotion raises remain in place?
A: Yes, promotion raises will remain in place. Current promotion increases are:

<table>
<thead>
<tr>
<th>Position Change</th>
<th>Academic Year (AY)</th>
<th>Fiscal Year (FY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instructor to Senior Instructor</td>
<td>$2,500</td>
<td>$3,050</td>
</tr>
<tr>
<td>Assistant Professor to Associate Professor</td>
<td>$6,000</td>
<td>$7,300</td>
</tr>
<tr>
<td>Associate Professor to Professor</td>
<td>$8,500</td>
<td>$10,300</td>
</tr>
</tbody>
</table>

Q33: Are faculty at risk of a salary decrease if their market rate decreases from one year to another?
A: No, faculty members will not witness a decrease in their actual salary even if dictated by changes in market rates. However, the calculated target salaries might decrease, which may impact future salary decisions. To minimize spurious year-to-year fluctuations, three-year rolling averages of market rates will be used.

Q34: Is there a difference between a “merit-based salary increase” and “performance-based pay increase”
A: “Merit-based pay increase” is a term associated with the former compensation system, in which there was an implicit expectation that an overall annual evaluation score of “3” or above automatically would result in a merit-based pay increase. This is no longer the case. Presently, faculty members who have met or exceeded expectations, may be eligible for a performance-based pay increase.

Mid-Year Salary Adjustments during 2017-2018
Q35: How were mid-year salary increases determined?
A: The mid-year salary adjustments were based solely on market rates and salary targets. Each faculty member’s target salary was calculated, and mid-year increases were distributed on a sliding scale with the largest relative increases going to those furthest behind their salary targets and the smallest relative increases going to those closest to their targets. No increases were given to faculty commanding salaries above their salary target. Provost Wiencek sent out an explanatory memo to Provost’s Council detailing the process.
Q36: What effect did the mid-year salary adjustments have on the overall salary goal?
A: On aggregate, the mid-year salary adjustment moved faculty salaries from 89.6% to 90.8% of FY18 market rates. 535 of 794 faculty (67.4%) received salary increases.

CEC Salary Increases for 2018-19 Contracts
Q37: How were salary increases distributed during the CEC process?
A: Salary recommendations for eligible faculty were based on the following:
   1) Increases were recommended to adjust for changes in market rates. For positions experiencing increases in market rates from FY18 to FY19, salary increases were recommended to stay as close as fiscally possible to the prior percentage of market rate. For positions experiencing decreases in market rates, the recommendation was to leave salaries unchanged, unless the faculty member qualified for one of the increases listed below.
   2) For faculty with salaries below 80 percent of their target salaries, an adjustment was recommended to bring them to 80 percent of their target salary, irrespective of the change in market rate for the position. Colleges and units were given the option to not accept the recommended adjustment if the faculty member had received poor performance evaluations within the last five years.
   3) In addition to the above steps, a pool of funds was made available to each college to be used as follows:
      a) Up to 50% was to be used for performance-based increases for no more than one-third of the faculty in the unit,
      b) At least 50% was to be used to bring faculty closer to market salaries or to address equity/compression/inversion issues within units.

The process governing FY19 CEC salary adjustments was described in a May 2, 2018, memo from Vice President for Finance and Administration, Brian Foisy, and Provost and Executive Vice President, John Wiencek, which is available on the Budget Office website, Salary Guidelines page. Additional clarification was provided by Provost and Executive Vice President, John Wiencek, in a May 23, 2018, memo to the faculty, which is available on the Provost’s website, Market-Based Compensation page.

Q38: What effect did these CEC salary adjustments have on the overall salary goal?
A: On aggregate, the CEC process moved faculty salaries from 90.0% to 93.3% of FY19 market rates. 682 of 779 faculty (87.5%) received salary increases.

Vandalweb Portal
Q39: Can I see my salary calculations on Vandalweb?
A: Yes. Login to Vandalweb (www.vandalweb.uidaho.edu) then select “Employees”, “Employee Information”, and “Target Annual Pay.”

Analysis
Q40: Have you conducted a salary comparison for different groups of faculty following the implementation of the compensation model?
A: Yes, we have analyzed the dataset, asking “On average, how close is group X to their calculated salary target” and “is this value statistically significant different from the value observed for the UI faculty population” (P = 0.05; marked with *).
Overall: All faculty: 96.0 % of target

By gender: Female: 96.0 % of target
Male: 96.0 % of target

By college:
College of Engineering: 103.2 % of target*
College of Natural Resources: 101.4 % of target*
College of Education, Health, and Human Sciences: 97.2 % of target
College of Agricultural and Life Sciences: 96.3 % of target
College or Letters, Arts and Social Sciences: 94.3% of target
College of Arts and Architecture: 93.5 % of target
College of Science: 91.8 % of target*
Library: 86.9 % of target*
College of Law: 85.1 % of target*
College of Business and Economics: 83.8 % of target*

By rank:
Instructors: 94.5 % of target
Senior Instructors: 89.9 % of target*
Assistant Professors: 103.4 % of target*
Associate Professors: 91.0 % of target*
Professors: 91.3 % of target*

By rank/type (select):
Assistant, Clinical: 114.7 % of target*
Assistant, Extension: 100.5 % of target*
Assistant, Regular: 101.6 % of target*
Assistant, Research: 102.6 % of target*
Associate, Clinical: 98.5 % of target
Associate, Extension: 92.8 % of target
Associate, Regular: 90.9 % of target*
Associate, Research: 90.1 % of target*

Professor, Extension: 94.2 % of target
Professor, Regular: 88.3 % of target*
Professor, Research: 91.1 % of target

Questions
Q41: Who should I contact with questions about my CIP code, market salary, target salary, etc.?
A: Please begin by talking with your supervisor and college leadership. Unresolved questions are welcome in the Provost’s Office (208-885-7941 or provost@uidaho.edu).