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ABSTRACT

These two papers present opposing arguments regarding the issue of using market factors to determine faculty salaries. In the first paper, Thomas E. Wagner begins by outlining factors that are relevant to determining faculty pay, including years of service, academic rank, teaching ability, research and scholarship, community and institutional service, type and location of the college, and market value of the professor's discipline. Next, five approaches to determining institutional salary rates are highlighted and the applicability of the principle of "pay for market value" to each of the models is discussed. Finally, Wagner describes the method of determining faculty salaries used at Oakland University, which uses a combination of years of service, rank, market value, and merit component. In the second paper, Billie Wright Dziech argues against market value salary structures, indicating that the current competition with business and industry is a temporary, rather than a permanent condition. She urges colleges to be cautious about institutionalizing the practice, stressing that community colleges cannot compete financially with business and industry, that these institutions lack the flexibility to respond to fluctuations in the market place with salary cuts and lay offs of tenured personnel, that wide gaps in compensation promote internal conflict, and that devaluing the salaries of humanities faculty undermines the intrinsic values of higher education. (HB)

FACULTY PAY IN AN AGE OF HIGH TECHNOLOGY

Thomas E. Wagner
and
Billie Wright Dziech

Presented at the 63rd Annual Convention of the American Association of Community and Junior Colleges, in New Orleans, LA, April 24-27, 1983

Faculty Pay In An Age of High Technology

1983 Annual Convention of the American Association of Community and Junior Colleges

In an article in the April 6, 1983, Chronicle of Higher Education, Suzanne Perry posed the question, "What is the market value of a professor [in 1983]?" She observed, "That question has become increasingly important to college and universities as they compete with each other, and with industry, for faculty members in such high-demand fields as business, engineering, and computer science...[M]arket factors have led to major - and in some cases widening - salary gaps among disciplines."

The issue of determining faculty pay in higher education has become an increasingly complex and urgent problem. In the following remarks Dr. Thomas Wagner, Vice-Provost of the University of Cincinnati, argues that faculty pay must be based upon current market value. Dr. Billie Dziech, Professor of English at the University of Cincinnati, counters that such an approach poses more problems for higher education.

PAYING FACULTY ACCORDING
TO MARKET VALUE,
THOMAS E. WAGNER

The traditional approaches to determining faculty salaries on two-and four-year campuses are no longer viable. In an age of high technology and increased competition with industry and business, we in higher education must re-examine traditional approaches to faculty pay and must consider new ways of meeting the economic demands of the future.

With the exception of arguments about limited space on campus, faculty salaries are probably the most emotional issue an academic administrator has to face. Most institutions have salary structures which were developed by trial and error over time, and such structures are thus the results of past traditions rather than informed policy decisions. In too many institutions, faculty salary policies have not been determined by the people currently responsible for the development of policy but rather by those long since forgotten. The irony is that contemporary administrators and faculty will spend hours justifying the salary structure that is in place, but give very little consideration to developing more equitable and intelligent approaches to remuneration for faculty.

At the end of the twentieth century, higher education faces financial limitations that will force us to re-examine current assumptions about salary structures and to readjust those structures so that institutions can continue to offer quality education. Twenty years ago it was possible to offer most faculty somewhat similar pay rates, but the realities of the present make such simplicity improbable.

In 1983, we have come to realize that most faculty will probably remain where they are for quite some time. It is not possible, as in the past, for faculty to move to new positions. Greater turnover in the past meant that institutions had more money within salary lines to manipulate pay; but today people are staying on campuses longer, and their salaries are going up. This means that salary costs are, in a sense, beyond the control of the institution. Even early retirement programs have not had a great impact on the growing costs of fixed faculty populations. Although, it has abated somewhat, inflation is another unattractive reality with which academe must live. A third problem is that higher education has become increasingly labor intensive. In most instances, approximately eighty to ninety percent of an institution's budget is committed to paying its personnel. This leaves little or no room for negotiating salaries with individuals. Then too, recent litigation and federal regulations requiring equity adjustments for women and minorities have severely affected institutional budgets. All of these influences contribute to the complexity of the economic situation on college campuses. Viewed collectively, they demonstrate the compelling need for new and more equitable ways to compensate faculty.

At present a number of factors are relevant in determining faculty pay. These include yeras of service, academic rank, teaching ability, research and scholarship, community and institutional service, the type and geographic location of the institution, and the market value of the professor's discipline. Of these, the latter demands even greater consideration than it has been accorded previously. Whether we like it or not, we must recognize that market value is going to become increasing vital in the next several years.

On most campuses, there is great pressure for equalization of faculty salaries; but such equality cannot help us to meet the demands of a complex situtation. Faculty and administrators talk about teaching and public and institutional service as important factors in determining remuneration; but the truth is that excellent teaching and service do not make a faculty member more saleable. If one is a good teacher, if he or she is involved in public or campus service, that fact is recognized locally. However, national reputations are seldom based on these considerations. In the national market, people are paid for their scholarly reputations and for the market value of their skills. In other words, they are paid for their values to their disciplines and for the disciplines' values to the institution.

Recent data published in the Chronicle of Higher Education and in other journals indicates that faculty in certain disciplines such as business, the high technology areas, and computer science are demanding and receiving higher salaries. In order to hire an accounting professor, an institution must pay more than for an English or history professor. Even when accountants or computer scientists are paid more, salaries in higher education are still substantially below the market in the business community. Many faculty in high-demand disciplines can probably earn fifty to a hundred percent more if they work in industry or business.

Higher education cannot afford to insist on a tightly-structured salary system in which everyone is paid at the same rate. If we do so, we will have great difficulty recruiting faculty in high-priority disciplines. An institution that wants a quality computer science program must employ people who are competitive in the market; to do that, it must pay them what they can earn in the market. This doesn't mean that the institution must meet exactly the salary an individual would earn in industry. There are intrinsic values attached to working on a campus. The professor has more discretionary time and more freedom. He or she can supplement his academic salary with pay from consulting work. The institution can stress these unusual benefits to working in higher education; but it must also be able to establish salary structures that will allow it to compete for high technology personnel.

Is it possible to devise such structures? At present there are at least five basic approaches to determining institutional salary rates. The first is one in which the institution and individuals hold separate negotiations on salary. A second method is that of informal negotiations with guidelines; for example, there may be minimum and maximum salaries at each rank. The third is more structured; there is a minimum salary, and then there are basic steps through which a person moves in an automatic fashion but with some discretionary decisions. The discretionary decisions usually involve promotion in rank so that an individual at the top of one rank would advance to the next level only after a decision was made about the individual's value to the institution. A fourth and more structured system is one which adds a merit component to the salary. Finally, there is the most structured salary system, that in which people enter at the bottom of the salary schedule and move up automatically.

An institution's salary policy should be developed with full consideration to institutional circumstances and history. The policy must be acceptable to and understood by both the faculty and administration. There must be specific reasons, understood by all, for paying people the salaries they receive; professionals must understand the financial realities with which the institution must cope. The principle of pay for market value can be applied in any of these five models if the institution and its personnel are willing to adapt individual circumstances to develop more coherent salary policy.

One example of a successful salary program is that of Oakland University. Its plan offers an interesting approach for both two-and-four-year institutions. It includes three factors: a combination of years of service and rank; the market value of the individual's discipline; and a "personal factor," which is basically a merit component.

Of importance here is the second or "departmental factor" or market value. The departmental factor is determined annually by the academic Vice President's office. The University simply adds to the individual's base salary an additional amount for the department's market value. This does not mean certain faculty are better prepared or more valuable professionals. It simply recognizes that their skills are in greater demand and that they are, therefore, of more worth in the overall market. Since Oakland University has faculty collective bargaining and the salary policy has been developed through the collective bargaining process, it is clear that it has devised a viable and tested method for dealing with the problem of faculty pay in an era of high technology.

Community/junior colleges, even more than universities, must be prepared to respond to the challenges of the market place. Such rapid response is at the heart of their mission. The two-year college has a long history of working with business and industry to train men and women in practical disciplines. It must demonstrate that it values the practical as well as the academic disciplines and that it recognizes the financial realities with which we must live at the beginning of a new era in education.

If funds are limited, higher education must accept responsibility for developing salary structures that are reasonable and that are based on the long-range interests of the institution. This means that salaries must be structured so that the institution can attract and retain quality personnel and so that it can predict salary costs from year to year. The only way to meet the demands of an increasingly complex society is to recognize that market values influence the world of higher education. We must respond to those influences or risk decreased quality in higher education.

The Case Against Market Value Salary Structures

Billie Wright Dziech

A temptation against which academe must guard is that of treating temporary states as if they were permanent conditions. The result of giving in to such temptations is that the solution often becomes a more serious and far-reaching dilemma than the original problem. This is the case with the current furor over higher education's competition with business and industry for personnel trained in high technology. The "quick pay fix," trying to offer pay which corresponds to market value, is a popular cure. The problem is that it may do enormous damage to the "doctor" or institution that prescribes the cure.

Higher education in general and the community/two year college in particular have a somewhat checkered past with respect to "quick fixes." We are people who pride ourselves on applying sophisticated methods of inquiry to reach enduring solutions to complex questions. And yet our personal history has its darker moments. The optimism of the 1960's sent two-year college founders and administrators into secondary schools and baccalaureate and graduate institutions, where they raided staff and graduating classes for faculty to teach the hordes of students of all ages and types who were to flock to the classrooms and laboratories of their newly constructed buildings. The results of our rapid responses to faculty shortages, student surpluses, and financial euphoria were that some new faculty did not meet professional standards and that segments of our new and extremely heterogeneous student constituencies suffered until we perfected methods of teaching them. But before we had time to analyze our experiences, a new panic was upon us. Now there were too few students, too many faculty, too little money.

The point is that higher education in general and the two-year college in particular are extremely vulnerable to external influences over which we have limited control. This means that colleges must be very cautious about institutionalizing the practice of paying any group significantly higher wages on the basis of market value.

Most of us are aware that there have for years been salary discrepancies among disciplines. The issue in 1983 is that these are now serious threats to the institution as we know it. The April 6, 1983, edition of the Chronicle noted that the discrepancy between average salaries in business and the arts increased 5% in one year alone, from 45% more for assistant professors of business and management (whose situations are comparable to those of high technology personnel) to 50% more than assistant professors in arts and letters. In 1981-82, assistant professors in computer and infor ation services averaged pay of $26,233. Their counterparts in the humanitaies and social studies averaged less than $19,000.[1]

Before we throw up our hands in pseudo-powerlessness and declare that there's nothing we can do, there are some fundamental points that deserve serious reflection from academicians considering the "quick pay fix" to attract high technology faculty. There are four critical questions which must be considered.

(1) Is it realistic to assume that a community/two year college, or a graduate school for that matter, can seriously compete financially with business and industry for the talents of high technology graduates?

If the answer is no and such competition is not infeasible, should we not direct our energies toward discovering and communicating what higher education <u>can</u> offer prospective employees? We know that since the 1970's, quality of life concerns have become increasingly important to workers; many will take lower pay in exchange for better schedules and work locations or more fulfilling jobs. Instead of engaging in futile monetary competition, should we not improve and advertise the advantages we <u>can</u> offer? Few employers can compete with the opportunities we provide for flexibility of work schedules, professiona autonomy, job security, and creative and varied career endeavors.

If we cannot compete financially, we can and do offer opportunities for faculty to supplement their incomes by consulting and performing other services for business and industry. Instead of seeing business and industry as our competitors for personnel, should we not concentrate on improving partnerships with them? At a recent conference, Herbert I. Fusfeld, director of New York University's Center for Science and Technology Policy, told participants that "'in the overwhelming majority' of the partnerships he studied, the co-operative research programs with industry had been initiated by the universities, rather than by companies."[2] Two-year college, as well as university, faculty can explore various kinds of partnerships that will allow faculty in high technology and other temporarily high demand areas to supplement their incomes and still enjoy the advantages of the academic life style. If we oversimplify complex personnel problems and treat them only as monetary and supply-demand issues, we cannot effectively solve the current crisis we face.

(2) If we treat this as only a supply-demand problem, have we given realistic and intelligent consideration to the future when the supply will meet the demand and there will be enough or perhaps too many trained in high technology?

If high technology classrooms are already filled to overflowing and we are striving to meet increased student demands, it is evident that sooner or later this temporary crisis will have ended, and the market and academe will have enough or perhaps more high technology personnel than they need. Have we considered the consequences to the institution if we have employed some faculty at exorbitantly high pay rates and then discover that there is a surplus in their disciplines? John P. Dolly, Dean of the College of Education at Wyoming has expressed concern about the problem of surpluses where shortages now exist. Dolly comments, "You're going to have problems. You'll be staffed with a bunch of people with outrageously high salaries. I think evenutally faculty members are going to start pointing at them and saying, 'Hey, we want those salaries too.'"[3]

As we contemplate luring high technology faculty to the campus with salaries that are $10,000 above the norm, we need sober reflection on one of the essential differences between the market place and academe. When the supply exceeds the demand in the "real" world, the typical employer does not hesitate to wheel and deal financially and to wave goodbye without trauma to employees who have become too expensive. We in academe do not possess that privilege. Tradition and tenure mean that, except in dire exigency, most of our faculty are here to stay for as long as they wish; and when there are new faculty shortages in other disciplines tomorrow, how will we cope with the pay of high technology personnel who will suddenly have become a financial burden?

(3) Have we given informed and sensitive consideration to the effect that the "quick pay fix" will have on the environment of higher education?

This question goes beyond superficial discussions about collegiality, beyond the desire that faculty in different disciplines be compatible enough that they can lunch together without throwing food at one another. In 1983, educators are, if not an endangered species, at least a threatened species. In some instances, we have lost credibility in the society upon which we depend; and in almost all cases, we are suffering serious financial trauma. This is not a time when we dare involve ourselves in internal strife over salaries. This is a time for unity, a time when we must convince the community of our <u>collective</u>

worth. Robert J. Korbach, associate professor of economics at the University of North Dakota makes the point quite well: "You don't maintain solidarity if you allow fiefdoms to tear you apart... There's not enough pie to go around."[4]

(4) Finally, of course, there is that very elemental question: What are the intrinsic values of higher education, and how will these be affected if the "quick pay fix" is implemented?

We know what these values are supposed to be. We of the community/junior college have struggled long and hard to prove to skeptics that we are more than training schools and degree mills, that we are committed to educating the whole human being. If we abandon that position now simply to find a quick and easy solution to a temporary problem, our institutions may never be the same. The "quick pay fix" tells students, faculty, and the community loudly and clearly that higher education values the man who understands the intricacies of computers more than those who have devoted their lives to exploring the intricacies of the human mind.

Paul Strohm, Chairman of the Department of English at Indiana University, notes in an article in Academe:

> Planning worthy of the name must take into account our grim present circumstances, but must also look beyond them to the decade to come. Such planning must be something more than a series of stratagems aimed at survival at any cost. It must be informed and directed by our idea of the kinds of academic institutions and programs and traditions we want to deliver to those who receive them in the 1990s.[5]

In the same periodical Robert M. O'Neil, president of the University of Wisconsin system concludes an article on "hard times" in academe by observing:

> Finally, don't forget the 1990s. Whatever we do in the short run must be done with appreciation of the long-term consequences. It would be tragic if we took steps in the '80s to meet current exigencies which disabled our universities from meeting the educational needs of the students of the late 1990s and beyond.[6]

Institutions, like individuals, invest in that in which they truely believe. If we are genuinely committed to the values for which we have stood all these years, then--to state it crudely--we must be willing to put our money where our mouths and pens have been. We must find a way to attract faculty in high demand disciplines without devaluing the services of others. If we choose the alternative, the consequences may be far-reaching and disastrous. One day we may discover, to our discredit, that the money we invested in training people to master technology has little real value if we were not equally eager to invest in teaching them to understand themselves and others.