

# Analysis of Instructional Summer Compensation

## Introduction

The Administration has proposed altering the Summer compensation formula for instructional salaries effective Summer 2006. The formula at present is based upon a typical teaching load of six (three-hour) courses. A seventh (three-hour) course taught in the Summer has traditionally been compensated at the same rate.

The two proposals being offered are to alter this rate from one-sixth (i) to *one-eighth* or to (ii) *one-ninth*.

The stated rationale for this change is two-fold. The first is to bring us in line with compensation formulas used on the campuses of our sister institutions. The second is to address the problem of salary *compression* and in some cases *inversion*. That is, according to the Provost's presentation to the University Budget Committee the savings generated by the reduction in the formula will be reallocated. In the more extreme case of altering the formula from one-sixth to one-ninth the savings is on the order of a one percent salary package.

## Considerations

At present a typical faculty member teaching one three-hour course in the summer receives an additional one-sixth of his/her base salary, bringing the total *annual* compensation to seven-sixths of the nominal base salary. Under Proposal #1 this proportion would be altered to nine-eighths. In this case instructional staff would see a 25% reduction in their Summer compensation, and an effective 3.6% reduction in their *annual* compensation. Under Proposal #2 the proportion is further reduced to ten-ninths: a reduction of 33.3% in the Summer compensation, and an effective 4.8% reduction in their *annual* compensation.

$$\frac{\frac{7}{6} - \frac{9}{8}}{\frac{7}{6}} = 3.6\% \qquad \frac{\frac{7}{6} - \frac{10}{9}}{\frac{7}{6}} = 4.8\%$$

Salary packages on this campus for the past three years have been 1.5%, 1.5%, and 2.0%. The prognosis for near-term salary packages at this rate are on the order of 1.6%. Indeed, if a longer view is taken, the average salary package over the past ten years has been 2.6%.

In the Fall 2004 and Winter 2005 terms the salaries of *combined* faculty, adjunct and staff represented 74.5% of tuition revenue generated. This proportion is 47.9% when considering *only* faculty and adjunct compensation versus tuition revenue generated. By comparison, in the Summer 2004 term the salaries of all instructional staff represented 35.0% of tuition revenue generated. These percentages are based (in the first case) upon tuition revenue of \$39,291,323 for the two terms, the faculty and adjunct staff compensation of \$18,818,931, and administrative staff compensation of \$10,467,567.

$$\frac{\text{Fall/Winter combined salaries}}{\text{Fall/Winter tuition revenue}} = \frac{\$29,286,498}{\$39,291,323} = 74.5\%$$

$$\frac{\text{Fall/Winter instructional salaries}}{\text{Fall/Winter tuition revenue}} = \frac{\$18,818,931}{\$39,291,323} = 47.9\%$$

$$\frac{\text{Summer instructional salaries}}{\text{Summer tuition revenue}} = \frac{\$2,782,067}{\$7,946,159} = 35.0\%$$

Said more positively, the regular academic year generates 25.4% profit taking into account *all* salaries, compared with 65.0% in the Summer term. Note too that these figures are based upon tuition dollars generated (according to Financial Services), and *not* upon State funding.

According to data provided by Financial Services in June of 2005 the percentage of faculty at Senate rank (Assistant, Associate and Full Professors) participating in the Summer term instruction is 67.5%.

It has been deemed important on this campus that students be taught by full-time faculty. This has been part of the University's marketing emphasis for many years, a way in which our campus distinguishes itself from competing institutions. Indeed, the undesirability of our campus' past reliance on adjunct faculty has been a key argument for the introduction of new faculty lines.

## Conclusion

Based upon the preceding considerations, the Task Force of the University Budget Committee concludes that

- The Summer term is a rather profitable enterprise for the University when compared with the conventional two-term academic year;
- The Summer term represents a substantial and critical component in total compensation to participating instructional staff;
- The proposed alterations to the Summer compensation formula would result in actual annual salary cuts to nearly two-thirds of full-time faculty;
- At projected salary package rates, it will take as many as three years for participating instructional staff salaries to return to their 2005 annual compensation level;
- Altering the fraction one-sixth upon which the computation of Summer term salaries has been based for more than 25 years is arbitrary;
- Compression and inversion inequities are not genuinely addressed by either of the Administration reallocation proposals;

As such the Task Force vigorously opposes the Administration's proposal for altering the Summer salary formula. We call upon the Administration to prevent individual units from

implementing either of the above options. Any change to the Summer compensation formula should be a campus-wide decision.

Moreover, the Task Force believes that compression and inversion inequities should be addressed in a systematic way as other inequity issues have been addressed in preceding years. Specifically, a fixed percentage of future salary packages for the next five years should be designated as a line item for this purpose.

**Task Force Members**

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