UAR NUMBER: 137.03

TITLE: Faculty Salary Plan

ORIGINATOR(S):

Provost and Vice President for Academic Affairs

INITIAL ADOPTION: 7/1/2014

REVISION DATE(S): 1/6/2015; 07/09/2018

AUDIENCE: (SELECT ALL THAT APPLY)

✓ FACULTY STAFF STUDENTS VENDORS OTHER (SPECIFY):

PURPOSE:

To provide guidelines for salary increases for Standing I faculty. [footnote 1]

Procedural References: PAc-2, PAc-27, PAc-34

SCOPE:

Morehead State University Faculty

DESCRIPTION (INCLUDE DEFINITIONS):

Salary enhancement is a critical element of the university's broader employee development strategy. The following principles provide the foundation for the proposed Faculty Salary Plan which is aimed at (1) promoting and enhancing excellence in teaching, professional achievement, and service among faculty, and (2) attracting and retaining high-performing faculty in the areas of teaching, professional achievement, and service.

1. Alignment: The Faculty Salary Plan (FSP) should support and be aligned with MSU's core values, mission, goals, and strategy, particularly as related to the university's employee development strategy. As such, faculty salary increases must be a priority in university budgeting processes.

2. Promote High Performance: Faculty meeting the highest levels of performance in regards to teaching, professional achievement, and service should be compensated to a greater degree than others in order to recognize and promote outstanding performance in each of these areas. High levels of performance should be rewarded such that high performers are motivated to continue to perform at a high level and stay within the MSU community, and so that others are motivated to increase their level of performance.

3. Recognize Multiple Levels of Performance: Multiple levels of performance need to be promoted through the FSP. Faculty salaries need to support those who meet, exceed, and far exceed expectations. Differing levels of performance should be differentially rewarded. The FSP must help supervisors distinguish among and reward different levels of performance. Faculty Evaluation Plans (FEPs) provide the foundation for distinguishing between levels of performance. All FEPs should provide each faculty member with an overall numerical performance score that can be used to rank order faculty members in each department/school based on levels of performance.

4. Promote Sustained High Performance: The FSP should promote continued, long-term, high levels of performance, therefore performance-based salary increases will be added to the faculty members' base salaries. Such adjustments appropriately reward not only a single year of performance, but also promote high levels of performance on a continuing basis. These base salary adjustments also communicate a long-term commitment to higher performers, facilitating their retention at MSU.

5. Transparency and Communication: MSU faculty should understand the process by which their salary is determined. Faculty members should understand exactly what their performance expectations are and how their level of performance influences salary increases, or the lack thereof. The FSP should be communicated clearly to all faculty members. The FSP should be supported by regular communication between supervisors and the faculty who report to them.

6. Developmental: The FSP should be delivered in such a way that it fosters developmentally focused conversations between supervisors and the faculty members who report to them. Annual reviews based on department/school/college FEPs [footnote 2] should provide the foundation for a continued and regular dialogue regarding faculty performance.

Footnote 1 This Faculty Salary Plan provides the guidelines for addressing salary issues for existing full-time tenure-track and tenured (i.e. Standing-I) faculty members. Guidelines for addressing salary issues for full-time fixed-term faculty members are included in Appendix C. It is assumed all new faculty members will be hired at market competitive salaries.

Footnote 2 Hereinafter referred to as unit FEPs.

APPROVED BY:

VICE PRESIDENT: [signature] DATE: 7-9-18

APPROPRIATE INSTITUTIONAL REVIEW: DATE:

PRESIDENT: [signature] DATE: 7-9-18

7. *Supervisor Involvement:* The FSP should support broader employee development efforts including coaching and performance feedback provided by supervisors. Supervisors are the "front line" in these efforts. Supervisors have a direct responsibility for motivating and developing high levels of faculty performance. Supervisors must have discretion in regards to faculty salary decisions based upon faculty performance to support high levels of faculty performance.
8. *Fairness and Justice:* Salary decisions should be based on objective performance criteria. Individuals should understand exactly how they are evaluated and be given multiple opportunities to discuss performance expectations and their level of performance with their supervisor. Individuals should be provided with clear and direct feedback so they can adjust their future performance as necessary. Individuals should understand how they can best respond to their performance evaluation. The FSP must be based upon faculty performance expectations as outlined in their appropriate unit FEPs. FEPs must adequately identify multiple areas of performance expectations (PAc-35) and help supervisors differentiate between levels of faculty performance in each of these performance areas.
9. *Foster Collaboration and Teamwork:* The FSP should reward not only individual performance, but also reward behaviors that foster collaboration and teamwork throughout the university. A wide range of behaviors that contribute to MSU's core values, mission, goals, and strategy should be rewarded. The FSP should promote a culture of collaboration at MSU. Therefore, FEPs should reflect not only individual performance, but also performance behaviors that support the broader university mission.

The FSP Model

<u>*Overview*</u> The FSP model includes both market and performance-based salary adjustment components. Market salaries are defined as the CUPA[3] median salary per 4-digit CIP code by rank. Performance criteria established in the unit FEPs provide the basis for making salary adjustments such that the highest performing faculty members will receive larger salary increases. The goal is for base salaries of faculty members with sustained high levels of performance to be at or above the market median, while sustained lower level performance results in salaries below the market median. All increases awarded under the FSP will be applied to faculty base salaries.

The FSP model is based on the assumption that the sum of the faculty salaries in each department/school is at least equal to the sum of the CUPA median salaries for each of those departments/schools.

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[1] This Faculty Salary Plan provides the guidelines for addressing salary issues for existing full-time tenure-track and tenured (i.e. Standing-I) faculty members. Guidelines for addressing salary issues for full-time fixed-term faculty members are included in Appendix C. It is assumed all new faculty members will be hired at market competitive salaries.

[2] Hereinafter referred to as unit FEPs.

Department Chairs, Associate Deans, Deans, and the Provost have the responsibility of determining if FEPs are applied fairly and that there are no unreasonable differences in unit FEP processes across the university. Likewise, the Faculty Senate has the responsibility of reviewing unit FEPs for compliance with PAc-35.

Annual Performance Review Process

1. The performance review period for full-time Standing-I faculty members will consist of one calendar year: January 1 through December 31.

2. By the 2nd Friday in January of each year, full-time Standing-I faculty members will submit an annual performance review portfolio in accord with their unit FEP. Faculty members who do not submit a performance review portfolio meeting these requirements by the due date will not be eligible for a salary increase.

3. By the 3rd Friday in February, Department Chairs/Associate Deans will provide a written performance evaluation (including a performance score[4]) according to the guidelines established in the unit FEPs to all full-time Standing-I faculty members submitting a performance review portfolio. This evaluation forms the basis for determining performance-based pay adjustments. More specifically, each full-time Standing-I faculty member in a department/school will be assigned a merit score[5] on the basis of their placement in the overall ranking of performance scores for their unit. Final merit scores are determined and shared with unit faculty members after the completion of all FEP-based appeals (see #4 below).

4. As provided in the unit FEPs, faculty members may appeal evaluations/performance scores at the department/school level by the 1st Friday in March. Appeals at the unit level can address both procedural (due process) and substantive issues. Appeal decisions must be submitted to the Dean by the 2nd Friday in March.

5. Also by the 2nd Friday in March, Department Chairs/Associate Deans will provide their Deans with a summary report including the performance score earned by each faculty member (as guided by the unit FEP) and their recommended merit score based on a rank ordering of performance scores for all full-time Standing-I faculty members in their unit. There is no appeal process associated with merit score rankings. Department Chairs/Associate Deans will also submit the portfolios of faculty members recommended for equity-adjustment[6] consideration to the Dean by this date.

6. By the 3rd Friday in March, the Dean will meet with the Department Chairs/Associate Deans to determine which faculty members will receive an equity adjustment. There is no appeals process associated with equity adjustments.

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[3] CUPA salary survey data is updated annually. The actual data from the most current CUPA database will be used to identify the market median salary by 4-digit CIP code and by rank (i.e. assistant, associate, or full).

[4] A performance score is the overall numerical rating assigned to each faculty member using the unit FEP as a guide. Each unit FEP must specify a performance score associated with meeting minimum expectations.

[5] Merit scores are assigned on a scale of 0-3 based on the overall distribution of performance review scores within the department/school. See #2 in the Model Design section below for a detailed explanation.

[6] See #4 in the "Model Design" section below for details.

7. By the 4th Friday in March, the Dean will provide written notification to each faculty member of their assigned merit score. Salary adjustments associated with merit scores, as well as the amount of salary equity adjustment (if applicable), will be determined and each faculty member notified once the salary increase pool is known. Assigned merit scores and associated salary adjustments may not be appealed.

<u>Model Design – Determining Salary Adjustments</u>

1. The salary increase pool available to a department/school is determined by multiplying the unit's market shift percentage change[7] by the current sum of the salaries of all full-time Standing-I faculty members in the department/school. Of this amount, 15% will be held at the college level to address salary equity issues (see #4 in this section). The remaining 85% of the salary increase pool will be distributed at the department/school level based on prior year performance (as described in the "Annual Performance Review Process" section above).

2. Merit scores will range from 0-3 (with 3 representing the highest level of merit). Department Chairs/Associate Deans will rank order the performance scores of all full- time Standing-I faculty members in the department/school. No more than the top 20% of faculty members in the unit may be assigned a merit score of 3. No more than the top 70% of faculty members in the unit may be assigned a merit score of 2 or 3. There is no limit on the assignment of merit scores of 1 or 0.[8] **It is possible that every faculty member in a department/school may earn a merit-based salary increase.** Faculty members assigned a 0 merit score fail to meet minimum performance expectations (according to their unit FEP) and are ineligible for a salary increase.

3. The value of a unit of merit is a function of[9]:

   a. The market shift percentage change in CUPA median salaries for the unit.
   b. The current salaries for all full-time Standing-I faculty members in each unit.
   c. The distribution of merit scores among department/school faculty. (The greater the number of faculty members receiving merit-based salary increases, the lower the value of each unit of merit. Likewise, the greater the number of merit scores 2 and 3, the lower the value of each unit of merit).
   d. The distribution of the salary increase pool between the department/school and the college levels.

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[7] Market shift percentage change is the percent change in actual CUPA median salary by 4-digit CIP code by discipline and rank (summed over all full-time Standing-I faculty members within the department/school) from the prior year to the current year (details provided in Appendix A). At the president's cabinet's discretion, additional funds beyond this market shift percentage change may be added to the salary increase pool.

[8] A fixed distribution of merit scores of 2 and 3 helps to ensure supervisors will effectively differentiate between levels of performance and that a true incentive effect is pursued, whereby there is greater incentive for higher levels of faculty performance. Rounding up from the 20% and 70% limits is permitted but does dilute the value of each unit of merit.

[9] A detailed explanation of the calculation of the value of a unit of merit is presented in Appendix A.

4. 15% of the salary increase pool available to fund performance-based increases for each department/school is set aside at the college level to provide a pool for making salary equity adjustments for full-time Standing-I faculty members in that college. The process and guidelines for distribution of these equity-adjustment funds at the college level are:
    a. Department Chairs/Associate Deans recommend faculty members for equity adjustment consideration to the Dean. The Dean, after reviewing faculty member portfolios and in consultation with the Department Chairs/Associate Deans makes the final decision regarding the distribution of equity-based salary increases. Each dean will provide to the provost an annual justification for the specific use of the college-level equity funds. Each dean will also provide the faculty in their respective colleges a summary of the types of issues addressed through the distribution of the equity funds.
    b. The college pool of funds is available to address a variety of potential salary inequities. Examples include, but are not limited to:
        i. Salary compression among consistently high-performing senior faculty that is attributable to rapidly advancing market salaries for new faculty hires.
        ii. Salary inequities across disciplines within a single department/school. For example, some discipline market median salaries by rank may advance more rapidly than others within the same merit pool.
        iii. Long-term high performance warranting salary adjustments not captured through typical application of the model.

Implementation Timeline and Reviews of the Faculty Salary Plan

The Faculty Salary Plan will be implemented during the spring term of 2015 and applied to faculty performance during the 2014 calendar year. The plan will be reviewed every two years beginning in the spring term of 2017 to assess the associated outcomes, including the use of college equity funds, and determine if modifications are needed.

The Provost and Executive Vice-President of Academic Affairs will appoint a Faculty Compensation Review Committee consisting of the faculty regent, chair of the faculty senate, a second faculty senate representative, two department chairs/associate deans, one dean, and one faculty member representing each of the four colleges. The committee will provide a written assessment report to be submitted to the Provost by May 1 for the two previous years.

Appendix A

Calculation of Department/School Salary Increase Pool

The model is based on the assumption that the sum of the full-time Standing-I faculty salaries in each department/school is at least equal to the sum of the actual CUPA median salaries for each of those departments/schools. The pool of salary increase funds available to a department/school/college is constructed as follows:

1. List all full-time Standing-I faculty members in each department/school by 4-digit CIP code.
2. List the CUPA median salary (the actual CUPA data – not a derived value) for last year associated with each faculty member's 4-digit CIP code (by rank) and sum across all faculty members in the department/school.
3. List the CUPA median salary for the current year associated with each faculty member's 4-digit CIP code by discipline and rank and sum across all faculty members in the department/school.
4. Calculate the percentage difference between the sums from #2 and #3 above.
5. Sum the current salaries of each faculty member in each department/school. Multiply this sum by the percentage calculated in #4 above for each department/school. This provides the dollar amount of funds available for a raise pool attributable to each department/school.
6. The salary increase pool identified in step 5 is divided into a pool to be allocated at the department/school level (85%) and a pool to be allocated for equity-based salary adjustments at the college level (15%). Thus, the calculation of the value of a unit of merit in each department/school is based on this 85% pool of funds.

Appendix B

Calculation of the Unit Value of Merit

Departmental/school merit score allocations will be valued as a fixed percentage adjustment of each eligible faculty member's base salary. The actual amount of money available to a department/school for salary increases is a fixed percentage of the total base salary pool of the eligible departmental/school faculty. For example, if 2% "market-shift" money is available for department/school-level performance-based pay raises and a total base salary for 10 faculty members in that unit is $360,000, then $7,200 will be distributed among these faculty, based on the distribution of unit merit scores (i.e. 1's, 2's and 3's) and the percentage value of a department/school unit of merit. If a departmental/school merit unit is valued at .91% (see Steps 1-3 below), then a faculty member whose base salary is $50,000 and who receives a merit score of 2 will receive a salary increase of (.0091) x (2) x ($50,000) = $910.

The procedure for determining the value of a department/school merit unit as a percentage of base salary is described as follows:

STEP 1- Multiply each eligible faculty member's base salary by the department/school merit score awarded to that person. Then sum all of these values. Suppose in the above example that this resulted in $792,000.

STEP 2- Determine the total department/school base salary pool. In this example it is $360,000. Then divide the value from Step 1 by this base pool. This results in a weighted average of the merit scores awarded in that department/school. In this example the value obtained is 2.2.

STEP 3- Divide the market-shift percentage allotted to the department/school salary increase pool by the value from Step 2. For the information in this example, the market shift percentage allotment is 2%, so that the approximate value of a merit unit in this department/school is .91% (2% divided by 2.2).

Appendix C

FSP Model Application for Full-Time, Fixed-Term Faculty Members

Full-time, fixed-term faculty members[10] are an integral resource at Morehead State University and will be evaluated annually according to the guidelines in their unit's Faculty Evaluation Plans. Given the different performance expectations between full-time, fixed-term faculty members and Standing-I faculty members, the performance-based salary adjustment process for full-time, fixed-term faculty members will be conducted separately from Standing-I faculty members.

Since full-time, fixed-term faculty members typically represent a small percentage of the full-time faculty workforce at MSU, their performance scores will be pooled at the college level for determining the distribution of merit scores (instead of at the department/school level as is the case for Standing-I faculty members). All other components of the Faculty Salary Plan identified in this document will apply.

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[10] This process applies only for those full-time fixed-term faculty members expected to return for the following academic year.