

*Updates on Plans and Priorities:
Salary Gap Analysis
and Faculty Losses*

UIC



UNIVERSITY OF ILLINOIS
CHICAGO • SPRINGFIELD • URBANA-CHAMPAIGN

**Prepared for Presentation to the
Board of Trustees
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Five Strategic Priorities

- ▶ **Develop UIUC into the nation's preeminent public research university**
- ▶ **Develop UIC into the nation's premier urban public research university**
- ▶ **Position U of I Medical Center and health sciences colleges for next quarter century**
- ▶ **Develop UIS into one of the nation's top five small public liberal arts universities**
- ▶ **Successfully launch Global Campus**

I. Salary Gap Analysis

*What is the competitive gap?
How do we fix it?*

Goal for Salary Competitiveness

- ▶ Retention and recruitment of top faculty are key to accomplishment of strategic priorities
- ▶ To achieve salary competitiveness, must:
 - 1) establish a goal;
 - 2) identify the competitive gap; and
 - 3) develop a plan to close the gap
- ▶ ***Goal – Raise faculty salaries to the 67th percentile of each campus's peer group within 5 years***

University of Illinois at Urbana-Champaign
Full-Time Instructional Faculty, All Ranks Average Salaries
IBHE Peer Group
(Dollars in Thousands)

Top 1/3

| 1990 | | 2000 | | 2006 | |
|-------------------|-------------|-------------------|-------------|-------------------|-------------|
| UC Berkeley | \$63.5 | Chicago | \$99.6 | Pennsylvania | \$124.2 |
| Pennsylvania | 61.6 | Pennsylvania | 96.6 | Yale | 122.0 |
| Chicago | 61.4 | Yale | 94.9 | Chicago | 120.6 |
| Yale | 60.9 | UC Berkeley | 93.8 | Columbia | 116.0 |
| Columbia | 59.2 | New York | 93.0 | Northwestern | 115.8 |
| U.C.L.A. | 59.1 | Columbia | 92.5 | New York | 111.1 |
| New York | 58.2 | Northwestern | 91.6 | Duke | 110.5 |
| Duke | 58.2 | U.C.L.A. | 88.5 | UC Berkeley | 108.1 |
| UC San Diego | 57.7 | Duke | 87.3 | Wash. U. (St. L.) | 107.6 |
| Northwestern | 56.5 | UC San Diego | 85.9 | U.C.L.A. | 107.5 |
| Michigan | 56.5 | Wash. U. (St. L.) | 83.5 | Brown | 106.5 |
| Johns Hopkins | 55.9 | U.S.C. | 82.0 | U.S.C. | 106.1 |
| Brown | 54.6 | Michigan | 81.2 | Michigan | 100.3 |
| U.S.C. | 54.1 | North Carolina | 79.5 | UC San Diego | 99.5 |
| Rochester | 54.0 | Rochester | 78.3 | Johns Hopkins | 98.3 |
| Texas | 52.6 | Johns Hopkins | 78.3 | Texas | 95.2 |
| UIUC | 52.0 | Brown | 77.4 | UIUC | 92.9 |
| North Carolina | 52.0 | UIUC | 75.2 | Rochester | 92.5 |
| Wash. U. (St. L.) | 51.5 | Wisconsin | 75.2 | North Carolina | 92.4 |
| Wisconsin | 49.2 | Texas | 74.5 | Wisconsin | 87.0 |
| U. Wash. (Sea.) | 48.0 | U. Wash. (Sea.) | 68.5 | U. Wash. (Sea.) | 86.8 |

Goal:
67th Percentile

Source: AAUP Faculty Compensation Survey

University of Illinois at Springfield
Full-Time Instructional Faculty, All Ranks Average Salaries
IBHE Peer Group
(Dollars in Thousands)

| | 1990 | | 2000 | | 2006 | |
|-----------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| Top 1/3 { | Clark | \$46.5 | Trinity | \$67.7 | Union | \$79.1 |
| | SUNY-Brockport | 46.5 | Union | 66.4 | Trinity | 75.8 |
| | Shippensburg (Pa.) | 45.1 | Clark | 64.2 | Clark | 75.3 |
| | Trinity | 44.6 | Shippensburg (Pa.) | 63.2 | Shippensburg (Pa.) | 69.6 |
| | Union | 44.1 | No. Michigan | 57.1 | Iona | 69.5 |
| | No. Michigan | 39.8 | UIS | 55.7 | SUNY-Brockport | 64.5 |
| | Iona | 39.1 | Iona | 55.0 | So. Dakota | 62.0 |
| | UIS | 38.6 | SUNY-Brockport | 54.0 | Auburn-Mont. | 61.4 |
| | Wisc.-Green Bay | 38.1 | Auburn-Mont. | 51.5 | UIS | 61.3 |
| | Charleston | 36.4 | Lake Superior St. | 50.7 | Marist | 61.1 |
| | Marist | 35.7 | Wisc.-Green Bay | 49.6 | No. Michigan | 60.9 |
| | Lake Superior St. | 35.2 | Georgia St. | 49.5 | Charleston | 60.2 |
| | Auburn-Mont. | 35.0 | Charleston | 49.3 | Wisc.-Green Bay | 54.7 |
| | Georgia St. | 34.9 | Marist | 48.7 | Georgia St. | 54.1 |
| | So. Dakota | 34.4 | So. Dakota | 46.9 | Lake Superior St. | n.a. |

Goal:
67th Percentile

Source: AAUP Faculty Compensation Survey

University of Illinois at Chicago

Full-Time Instructional Faculty, All Ranks Average Salaries

IBHE Peer Group*

(Dollars in Thousands)

| | 1990 | | 2000 | | 2006 | |
|---------|-----------------------|-------------|-----------------------|-------------|-----------------------|-------------|
| Top 1/3 | Chicago* | \$61.4 | Chicago* | \$99.6 | Chicago* | \$120.6 |
| | U.C.L.A.* | 59.1 | Northwestern* | 91.6 | Northwestern* | 115.8 |
| | UC Santa Barbara | 57.9 | U.C.L.A.* | 88.5 | U.C.L.A.* | 107.5 |
| | Northwestern* | 56.5 | UC Santa Barbara | 81.8 | Maryland-College Park | 97.0 |
| | UC Irvine | 55.0 | UC Irvine | 80.6 | UC Santa Barbara | 96.9 |
| | Massachusetts-Amherst | 53.9 | UC Davis | 80.1 | Temple | 91.8 |
| | UC Davis | 53.4 | UC Riverside | 77.5 | UC Irvine | 91.4 |
| | Maryland-College Park | 52.6 | Maryland-College Park | 74.4 | UC Davis | 91.2 |
| | Florida | 52.1 | Temple | 74.3 | UC Riverside | 88.4 |
| | UC Riverside | 50.4 | Delaware | 73.5 | Delaware | 88.3 |
| | Virginia Polytechnic | 50.3 | Massachusetts-Amherst | 72.5 | Massachusetts-Amherst | 87.7 |
| | Michigan State | 48.8 | UIC | 68.7 | Virginia Polytechnic | 86.3 |
| | Virginia Commonwealth | 47.9 | Michigan State | 68.6 | Arizona State | 85.7 |
| | Wayne State | 47.8 | Virginia Polytechnic | 68.5 | UIC | 85.6 |
| | Arizona | 47.4 | Arizona State | 68.5 | Michigan State | 85.3 |
| | Temple | 47.3 | Arizona | 68.4 | Arizona | 85.0 |
| | UIC | 46.8 | Virginia Commonwealth | 68.3 | Wayne State | 81.0 |
| | Hawaii At Manoa | 46.8 | Georgia | 67.8 | Florida | 81.0 |
| | Delaware | 45.4 | Wayne State | 67.4 | Utah | 80.0 |
| | Arizona State | 45.1 | Hawaii At Manoa | 66.2 | Georgia | 78.3 |
| | Vermont | 45.0 | Florida | 64.3 | Hawaii | 77.6 |
| | Florida State | 43.9 | Utah | 62.0 | Virginia Commonwealth | 74.8 |
| | Georgia | 43.5 | Florida State | 61.4 | Florida State | 74.3 |
| | Utah | 42.5 | Vermont | 58.4 | Vermont | 71.3 |
| | Oregon | 38.0 | Oregon | 57.4 | Oregon | 69.6 |

Goal:
67th Percentile

Source: AAUP Faculty Compensation Survey

*Includes three top competitors that are not in the IBHE Peer Group.

5 Year Plan

▶ **Goal – 67th Percentile of Peers**

- **“Keep Up”** with the competition (i.e., offer salary program each year that matches what other institutions are doing)
- **“Catch Up”** to close the gap
- Both are required to achieve the goal in 5 years

▶ **Annual \$ amounts needed:**

- **Keep Up** -- \$32.3 million
- **Catch Up** -- \$5.1 million
- **Total Average Annual Increment** -- ~\$37.4 million

▶ Budgeted ~\$26 million in FY 2006 and FY 2007 for 3 percent salary increases; cost increases as base grows

Salary Program % of “Full Needs” Request

- ▶ “Full Needs” budget request required to achieve the University’s strategic goals
- ▶ “Full Needs” operating request has three major components:
 - Strategic Initiatives
 - Salary Competitiveness
 - Inflationary and Other Cost Increases
- ▶ **~33 percent** of the annual operating budget request needed for salary competitiveness

“Full Needs” Operating Budget Request

FY 2008 – 2012

(Dollars in Millions)

| <u>University Operating Cost Components</u> | <u>FY 2008</u> | <u>FY 2009</u> | <u>FY 2010</u> | <u>FY 2011</u> | <u>FY 2012</u> | <u>Total Need FY 2008-12</u> |
|------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|----------------------------------|
| Strategic Initiatives and Related Costs ¹ | \$ 62.5 | \$ 62.5 | \$ 62.5 | \$ 62.5 | \$ 62.5 | \$ 312.5 |
| Faculty & Staff Salary Competitiveness ² | \$ 35.4 | \$ 36.4 | \$ 37.4 | \$ 38.4 | \$ 39.5 | \$ 187.1 |
| Inflationary and Other Cost Increases ³ | \$ 17.0 | \$ 17.0 | \$ 12.0 | \$ 12.0 | \$ 12.0 | \$ 70.0 |
| Total Operating Needs | <u>\$ 114.9</u> | <u>\$ 115.9</u> | <u>\$ 111.9</u> | <u>\$ 112.9</u> | <u>\$ 114.0</u> | <u>\$ 569.6</u> |

¹As identified in campus strategic plans. Also includes some base budget increases to support campus strategic initiatives.

²Cost to bring faculty salary average up to bottom of the top one-third of each campus' peer group average + peer group average annual salary increase for all faculty and staff.

³Includes payroll costs, O&M new areas for new facilities, utility price increases, University IT support.

II. Evidence from the Market: Outside Offers, Counter Offers and Retentions*

Summary:

- ▶ 3.8% Outside offer rate
(3.8% UIC; 1.3% UIS; 4.1% UIUC)
- ▶ 47.6% Counter offer rate
(47.8% UIC; 0% UIS; 48.7% UIUC)
- ▶ 71.4% Retention rate for those countered
(88.6% UIC; 0% UIS; 62.7% UIUC)
- ▶ Retention is expensive
(20-30% average salary adjustment plus other)
- ▶ UI in market for competitor's top faculty

*Data from FY 2005 and FY 2006

Firm Offers Made to U of I Faculty in 2005 and 2006

U of I Tenure System Faculty Receiving Firm Offers

| Decision | FY 2005 | | | | FY 2006 | | | |
|---------------------|-----------|----------|-----------|------------|-----------|----------|-----------|------------|
| | UIC | UIS | UIUC | Total UI | UIC | UIS | UIUC | Total UI |
| Stay | 17 | 0 | 34 | 51 | 27 | 0 | 27 | 54 |
| Resign | 18 | 2 | 50 | 70 | 23 | 2 | 37 | 62 |
| LWOP | 4 | 0 | 1 | 5 | 3 | 0 | 5 | 8 |
| TOTAL OFFERS | 39 | 2 | 85 | 126 | 53 | 2 | 69 | 124 |

LWOP= Leave without pay.

- **Tenure system faculty at UI receive 120+ “firm” outside offers each year; offers tend to go to the top faculty.**
- **56% of those with outside offers in 2005 resigned; 50% resigned in 2006.**
- **40% of those with outside offers in 2005 stayed; 44% stayed in 2006.**

Faculty Resignations / New Employers

U of I Tenure System Faculty Resignations

| Institution Category | UIC | | UIS | | UIUC | | Total UI | |
|---------------------------|-----------|-----------|----------|----------|-----------|-----------|-----------|-----------|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| <i>Public</i> University | 10 | 7 | 2 | 1 | 31 | 24 | 43 | 32 |
| <i>Private</i> University | 7 | 12 | 0 | 0 | 12 | 8 | 19 | 20 |
| Foreign University | 0 | 2 | 0 | 0 | 2 | 1 | 2 | 3 |
| Private Sector | 0 | 0 | 0 | 0 | 3 | 1 | 3 | 1 |
| Hospital | 0 | 2 | 0 | 0 | 0 | 1 | 0 | 3 |
| Other | 1 | 0 | 0 | 1 | 2 | 2 | 3 | 3 |
| Total Resignations | 18 | 23 | 2 | 2 | 50 | 37 | 70 | 62 |

- **70% of faculty resigning from UIUC in 2005 and 2006 went to other public universities. Most UIC faculty left for public universities in 2005; most went to privates in 2006.**
- **UIUC had five faculty leave for Ivy League universities in 2006 and eight leave in 2005. UIC had two faculty leave in 2006 for Ivy League universities.**
- **In 2006, UIUC had five faculty and UIC had seven faculty leave for Big Ten Universities.**
- **In both 2005 and 2006, UIC had several faculty leave for other institutions in the Chicago area, especially Northwestern University.**

Counter Offers and Retentions

Total U of I Counter Offers Made versus Total Counter Offers Accepted

| | FY 2005 | | | | FY 2006 | | | |
|-----------------------------------|---------|-----|------|----------|---------|-----|------|----------|
| | UIC | UIS | UIUC | Total UI | UIC | UIS | UIUC | Total UI |
| Total Offers | 39 | 2 | 85 | 126 | 53 | 2 | 69 | 124 |
| U of I Counter Offers | | | | | | | | |
| Counter Offers <i>Made</i> | 22 | 0 | 39 | 61 | 22 | 0 | 36 | 58 |
| Counter Offers <i>Accepted</i> | 18 | 0 | 26 | 43 | 21 | 0 | 21 | 42 |
| % of Counter Offers Accepted | 82% | 0% | 67% | 70% | 95% | 0% | 58% | 72% |

- **48% of outside offers were countered in 2005; 47% in 2006.**
- **Retention rate: 70% of counter offers were accepted in 2005; 72% in 2006.**

Counter Offers

- ▶ Counter offers tend to be very expensive (e.g., combined operating and capital retention package can exceed \$1 million for a single faculty member)
- ▶ Counter offers often include:
 - Salary adjustment
 - Summer research support
 - Equipment purchases / upgrades
 - Laboratory (facility) modifications / upgrades
 - Graduate Research Assistant(s) and other research staff support

Successful Faculty Retention and Recruitment

- ▶ Prevention is key--far more cost effective than counter offers
- ▶ Competitive salaries for faculty & staff
- ▶ Cutting-edge facilities
- ▶ Confidence on part of best faculty that they are better off over their careers at U of I than at competitors