

Market and Compression Adjustments: Principles and Outcomes for 2004-2005

One part of salary increases in UA's contract is designed to bring faculty members lagging behind their national market closer to their peers in other institutions. For the upcoming academic year, this pool can be used not only for these market adjustments, but also for compression. The pool for market and compression adjustments is 1.3 percent of the salaries of bargaining unit members returning to UVM, or a total of about \$403,000. According to the contract, we can use no more than about \$154,000 toward compression. The contract stipulates that UA decides how to allocate these funds. Our Market Adjustment Committee met four times and made recommendations to the Executive Council, which in turn decided on a policy.

Market Adjustments.

Even after healthy salary increases in the first two years of the contract, UVM faculty still lag well behind our peers nationally. When we compare our salaries to national averages by department and rank (for example, professors in Education, or lecturers in English), we find that 88 percent of professors, 87 percent of associate professors, 95 percent of assistant professors, and 25 percent of lecturers lag behind their peers. It would cost us \$2,000,000 to bring everyone up to average-well beyond what we have this year even if nothing went to compression! We decided to allocate market adjustment by two principles. First, funds should be distributed in proportion to how far faculty members lagged behind their peers. Second, where ranks had some very highly paid faculty, funds should be allocated to ensure that other faculty were not denied market adjustments. Every eligible faculty member lagging behind national markets by either standard will receive a market adjustment.

Compression Adjustments.

For 2004-2005, the EC decided to focus on two kinds of compression. The most important was compression due to the establishment of salary minima. The contract includes minimum salary levels for each rank, and these minima rise each year. Over the first two years of the contract, 66 faculty members now in the bargaining unit received raises to bring them up to minimum salaries. This created a compression problem: faculty members who had worked for many years and just managed to reach the minimum found that others hired more recently had salaries as high as they did. This was a problem due to the success of the contract, but one we had to remedy. Hence we decided to give a salary increase to every faculty member who had been compressed for this reason in order maintain their salaries relative to others hired more recently. A smaller adjustment occurred when rising entry-level salaries led to salaries approaching or even higher than those of faculty who had been in rank for several years. In this case we adjusted salaries upwards for those compressed or inverted by newer hires. About 22 percent of faculty qualify for compression adjustments, with the proportion highest (42 percent) among lecturers. It would take about \$245,000 to completely overcome these forms of compression.

Balancing Market and Compression.

The total cost of solving both problems was 2,500,000, well above the \$403,000 available. The EC made two decisions. First the salary increase for either market or compression was capped at \$1800 per faculty member (or \$1790 when the final calculations were made). Second, we gave priority to compression over market for this year. We did so for two reasons. First, compression problems were in part created by the contract, and we should be responsible for problems we create-even good ones!. Second, this is the first year in which we've been able to direct money to compression. This does mean, however, that we will converge to our national markets a bit more slowly.

Outcomes.

Altogether, over 83 percent of the eligible bargaining unit will receive market or compression adjustments, including 89 percent of professors, 87 percent of associate professors, 95 percent of assistant professors, and 55 percent of lecturers. We dedicated \$141,000 to compression problems and \$262,000 to market problems. We have a ways to go. We still lag behind national markets by about \$1,740,000. Compression problems of the sort we addressed still require \$105,000 to solve. These are problems the next contract will have to address. But in the meantime considerable progress has been made.