

Review and Planning Committee Minutes, October 3, 2001

Meeting began at 3:30 p.m.

Present: Carlsen, Geffert, Hamlin, Marotz, Morrison, Norton, Odell, Pence, Sonnega, Postlethwaite (chair), Steen, Thomforde, Van Wylen.

Minutes for September 26, 2001 approved as amended.

ANNOUNCEMENTS

Jim May, Arnie Ostebee, and Bill Carlson will attend our next meeting to give their perspectives on salary issues.

The Chair reiterated our charge to recommend salary distributions, and suggested that we consider "equity, merit, and market" as our mantra. She urged us to think of the charge as three tasks:

1. Make recommendations on distributing the pool of money allocated for salaries this year.
2. Design a template that can be used in future years, regardless of the pool of money available in any given year.
3. Set long-range goals for faculty salaries.

As an introduction to salary discussions, the Chair read from Henry Mayhew's *London Labor and the London Poor* (1862), exhorting those who deal with statistics to "raise facts to truth."

DISCUSSION WITH ALAN NORTON ON BUDGET & SALARIES

An hour-long discussion ensued, consisting partially of informal reports, and partially of questions and answers.

In recent years - due in part to the performance of the stock market and the growing endowment - the college was able to increase the wage pool at a rate greater than increases in the comprehensive fee. Current uncertainties in the markets make similar scenarios unlikely in the immediate future.

Given changes this year in health benefits, it may be best to focus-at least in this round-on salary increases, rather than on questions involving the entire compensation package. In the future we may wish to consider tradeoffs. For example, do we prefer additional health benefits over increases in salary? (Health benefits are proportionately better for those with lower incomes. Some faculty have questioned the fairness of allocating more money for health benefits to those with families than to those without.)

The following considerations may be relevant to salary discussions: our salaries relative to salaries at peer institutions; cost of living; salary as part of a larger package of benefits; and salaries' relation to the comprehensive fee.

Should we compare the cost of living here to the cost of living in other regions of the U.S.? It is difficult to determine living costs for St. Olaf faculty, since our faculty live in many different areas. The cost of living in Nerstrand differs significantly from the cost of living in Edina. The cost of living in the Great Lakes district (which includes Minnesota) differs from the national average by only 0.2%.

Uncertainty in today's economy makes budget forecasting difficult. Giving to the College may suffer; we will have a better picture of giving in the spring.

Have we "maxed-out" enrollment? St. Olaf does not anticipate growth in enrollment; we don't have long waiting lists of qualified students. The academic profile of the student body would suffer if we raised the threshold much above the current level of 2,940 students. These numbers are down from the late 1980s, when St. Olaf enrolled around 3,100 students. The housing problems that accompanied a larger student body are no longer a concern, although there are ways to house more students, albeit uncomfortably, if necessary. If students become reluctant about going abroad, housing could become a problem.

The academy went through a 15-year period in which salaries lost ground to salaries in other sectors.

In the last few years faculty salaries at St. Olaf increased more than salaries for staff and administrators. Future salary increases probably will be more equitable.

How do increases in faculty salaries relate to departmental budgets and travel money? The College held down non-wage expenses in recent years to accommodate salary increases; departmental and travel budgets grew little, if at all.

St. Olaf spends a great deal of money to send students abroad. Instructional budgets would be much less were it not for international programs.

Cost-of-living expenses increased about 3% each year for the last few years. Assuming no catastrophes, inflation probably will not exceed 2.9% next year.

PETITION FROM EDUCATION DEPARTMENT

The Faculty Manual stipulates that night classes can be taught only on Mondays and Thursdays. In order to accommodate some "master teachers" from public schools who are unable to teach on these nights, the Education Department asks RPC to waive this rule for the current semester. With RPC's recommendation, Dean Pence approved the waiver.

CONVERSATION WITH LYNN STEEN ON SALARIES

St. Olaf has not reported its tuition benefit as it should; our benefits package will look better when we do.

RPC agrees with recommendations that we focus on salaries alone for the coming year, leaving discussions of total compensation for future years.

St. Olaf ranks higher in terms of reputation than in salary. Indicators of reputation develop over long periods and do not change quickly. The St. Olaf student body grew rapidly during the 1970s, but faculty hiring outpaced student admissions in the 1980s. St. Olaf subsequently increased the student population to increase revenue. Selectivity declined by the early 1990s as a result. This decline affected not only the academic program, but also graduation rates. While selectivity has increased significantly in recent years, the decline of the early 1990s now shows up in various reports and rankings.

Fixed-cost salary increases compress the salary schedule, and frustrate some senior faculty. Such frustrations stem from concerted efforts in recent years toward equity. We should think hard about whether we want to continue fixed-cost increases, or turn instead to percentage increases.

Financial incentives for promotion vary widely among colleges. Prestigious institutions often provide large salary increases, but also regularly turn down candidates for tenure and promotion. Some smaller colleges provide little or no monetary compensation for promotion. Four years ago St. Olaf shifted from fixed salary increases for promotion, to indexed (percentage) increases. Our compensation for promotion is above average. Schools that rank higher than St. Olaf in academic reputation may pay senior faculty at a 3:1 ratio to new faculty.

Not knowing how many people will be promoted in a given year makes budgeting for promotions difficult.

St. Olaf still maintains a need-blind admissions policy, and it has no plans to dispense with the policy. Any change would reflect a major shift in our values.

In the past few years the comprehensive fee has grown at a below-average rate, but it now grows at an above-average rate. Our small endowment hurts us. Carleton's endowment per student is 5 times St. Olaf's, and Grinnell's is even higher.

If we increase the comprehensive fee above 5% we must give back most of the increase in financial aid. Students with need will not pay more than a 4% increase.

How should we distribute salaries across various ranks? Should we give the bulk to senior faculty?

St. Olaf would have to increase its budget by approximately \$2 million per year for us to reach the 90th percentile in AAUP salary rankings.

What timeline should we consider when charting long-term increases in salary and total compensation?

Do higher salaries compensate for larger classes?

Can we examine more than one set of models or set of goals? How can we establish the viability of various goals using various models?

Our sabbatical program is more generous than those of other ACM schools (with the possible exception of Carleton, which grants more but shorter sabbaticals). Sabbatical programs only benefit tenured faculty. Should we consider pre-tenure sabbaticals?

In thinking about the questions above, we must decide who constitutes our peer group.

PRESIDENT'S REQUEST

President Thomforde asked RPC to think about salary in two ways: 1) What are appropriate salaries for the next 2-3 years; 2) What charge shall RPC give the College Council for designing a 10-year plan?

Meeting adjourned at 5:10 p.m.

Respectfully submitted,
Bryn Geffert, Secretary