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*Many Traditions One Alaska*

# Faculty Compensation Study

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# Faculty Compensation Study- Background

## Objectives

- Provide a baseline comparison of compensation (9/10 month base salaries) provided to faculty both in terms of rank and discipline.
- Develop salary administration recommendations to ensure faculty compensation remains competitive and is internally equitable.
- Evaluate faculty compensation practices and support the goal to improve transparency and adopt industry best practices

# Faculty Compensation Study- Benchmark Peer Groups



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## **Method to identify and select peer institutions:**

- Are based on a sufficient enough sample size of comparable institutions to allow for credible and valid comparisons.
- Reflect a broad labor market from which the various U of A system campuses compete for talent, and recognizes the unique profile of upper and lower division institutions within the system.
- Include institutions that are part of historical Peer Groups established by UA Institutional Research, Planning and Analysis (IR) for other benchmarking purposes.
- Take into account the degree of current participation among comparable institutions across the country in the primary survey sources. (CUPA 4 Year faculty Survey, Oklahoma State Faculty Survey, CUPA-2 year faculty survey)

## Benchmark Peer Groups - Faculty

### Method to identify and select peer institutions:

- Our objective in developing each peer groups was to ensure that, on the whole, each peer group included a representative cohort of comparable public (and or Private for 2-year program) institutions based on:
  - Carnegie Classification
  - Operating budget\*
  - Student Enrollment
  - Faculty FTE

*\*Source of operating budget is the CUPA Data-on-Demand institutional basic data. The last year CUPA collected the operating budget data for survey participants is 2013-14*

# Benchmark Peer Groups – 4-Year Faculty

## Method to identify and select peer institutions:

- 4-Year Faculty Program Peer Groups

- Peer groups for the 4-year faculty program campuses were developed using a statistical analysis as follows:
  - ≈ 1. We first selected institutions with similar Carnegie Classification that participated in the 4YR CUPA salary survey.
  - ≈ 2. We then calculated a standard deviation indicating how far away each institution is from the comparable University of Alaska institution in each numerical variable category (budget, enrollment, faculty FTE). Each selected institution has an SD score for each category.
  - ≈ 3. The standard deviations for all variables was then added together to determine the ‘total difference’ from the University of Alaska institution.
  - ≈ 4. The peer list for each institutions was determined by selecting the first 60 institutions with the lowest ‘sum of deviations’.
  - ≈ 5. The peer institutions identified by this statistical approach were added to the current peer list (provided by each institution) and competitive peers list applicable to 4-year faculty program campuses.

Note: we were able to validate some of the current peers using our statistical approach.

# Benchmark Peer Groups – 2-Year Faculty

## Method to identify and select peer institutions:

- 2-Year Faculty Program Peer Groups

- Peer groups for 2-year faculty program campuses were selected primarily based on CUPA 2-year faculty salary survey participation, and the degree to which these participants matched the profile established by IR as follows:

- ≈ **Type A Institutions (Kenai, Homer, Mat Su, UAF CTC)**

- Urban areas with populations less than 60,000
- Student FTE of 1,300 to 4,000
- Public or private 2 year institutions<sup>2</sup>. We then calculated a standard deviation indicating how far away each institution is from the comparable University of Alaska institution in each numerical variable category (budget, enrollment, faculty FTE). Each selected institution has an SD score for each category.

- ≈ **Type B Institutions (Kodiak, PWS College, Ketchikan, Northwest, Sitka, Bristol Bay, Chukchi, Interior, Kuskokwim)**

- Small isolated Urban areas with populations less than 12,000
- Student FTE of 600 to 1,700
- Public or private 2 year institutions

# Benchmark Peer Groups

## Method to identify and select peer institutions:

- Faculty working group and project team confirmed the proposed cohort institutions for the three 4-year faculty program campuses and 2-year faculty program entities
- Cohort group institutions were selected based on how well they match the institutional and academic profile of the University of Alaska 4-year and 2-year faculty program entities
  - 4-year faculty program- Level of Research activity was key consideration for UAF cohort group.
    - ≈ 19 of 68 recommend peers from the UAF peer group participated in the 2015-16 OSU Faculty Salary Survey
  - Emphasis placed on R2 (Higher Research activity), and R1 (Highest Research activity) institutions
- A summary of the data sources and number of institutions in each recommended peer group is provided below:

University of Alaska Institution	No. of Institutions in Recommended Peer Group Participating in the CUPA Faculty Survey (4-year and 2-year)	No. Participating in OSU Faculty Salary Survey
University of Alaska - Anchorage	70	Not applicable
University of Alaska - Fairbanks	68	19
University of Alaska - Southeast	67	Not applicable
2-Year Faculty - Type A	49	Not applicable
2-Year Faculty - Type B	23	Not applicable

# Faculty Compensation Analysis

## Survey Sources

- Gallagher utilized CUPA-HR Faculty Surveys (Data-on-Demand) to collect market data based on rank and discipline
- CUPA-HR Faculty Salary Survey has significant overlap with OSU survey and representation of R2 and R1 institutions, as a result we recommend one survey source of CUPA-HR
- The 25<sup>th</sup>, 50<sup>th</sup>, and 75<sup>th</sup> percentiles of actual salary data were collected from the CUPA- HR Faculty, and CUPA-HR Administrative survey



# Cost of Living vs Cost of Labor



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**“Cost of living”** refers to the costs to a consumer in a specific geographic area. It reflects the price of food, housing, groceries, transportation, education, taxes and entertainment. A true cost of living indicator would accurately measure changes over time in the total amount of money required in order to maintain a specified standard of living. Cost of living is dictated by the local demand for and supply of goods and services

**“Cost of labor”** refers to the difference in pay or labor market for a job from one location to another. The cost of labor is what a particular geographic market offers as the “going rate” or compensation for its jobs and reflects the local demand for and supply of labor.

Note: There is no official Federal government Cost of Living Index. Sources of Cost of Living data include The Council for Community and Economic Research, ERI, Bankrate, Payscale etc. The Consumer Price Index measures temporal price changes in a set basket of goods and is sometimes referred to as a “conditional cost-of-living index”

## Geographic Differential Data Source

### ERI – Economic Research Institute

#### Overview

The **Geographic Assessor & Pay Survey** application and databases present in-depth time series regression analyses of base salary and wage differences among and between different cities and areas.

Geographic cost of labor regressions represent analyses of the demand and supply of labor (as opposed to cost-of-living's reflection of the demand and supply of goods and services). ERI has been collecting and analyzing salary surveys since its founding; over 20 million position incumbents' data are now included in ERI's survey databases.

# Methodology

- The following geographic adjustments (differentials) to the market actual salary data for benchmark jobs:

University of Alaska Comparison List - Labor	
Comparison Cities vs. United States Average	Cost of Labor Geo-Differential Agreed (Gallagher, and Lockton)
Juneau, Alaska	107
Ketchikan, Alaska	107
Petersburg, Alaska	107
Sitka, Alaska	107
Anchorage, Alaska	112
Eagle River, Alaska	112
Fairbanks, Alaska	112
Nenana-Clear-Healy, Alaska	112
North Pole, Alaska (Cantwell)	112
Bethel, Alaska (Hooper Bay)	115
Cordova, Alaska	115
Delta Junction, Alaska	115
Dillingham, Alaska (Aleutian Islands, Bristol Bay, Unalaska)	115
Fort Yukon	115
Glennallen, Alaska (Copper Center)	115
Homer, Alaska	115
Kenai, Alaska	115
Kodiak, Alaska	115
Kotzebue, Alaska	115
Nome, Alaska	115
Palmer, Alaska	115
Seward, Alaska	115
Soldotna, Alaska	115
Tok, Alaska	115
Valdez, Alaska	115

# Faculty Compensation Analysis

## Geographical Adjustments and Aging

- Gallagher used Cost of Labor geographic factor to adjust market data to campus locations
- Same factors used for staff benchmark comparisons
- All market data was aged to June 1, 2018 using the 2017-18 market adjustment percent of 3% from the *WorldatWork Salary Budget Survey* for Alaska state representing all Industries
- The 3% annual adjustment was applied to each survey source based on the number of months required to get to June 1, 2018.

# Faculty Compensation Analysis

- Findings indicate that, on the whole, both 4-year faculty program and 2-year faculty program faculty fall within a competitive range.
- Gallagher defines competitiveness relative to market median salaries as follows
  - $\pm 5\%$  = Highly Competitive
  - $\pm 10\%$  = Competitive range
  - $\pm 10-15\%$  = Possible misalignment with market
  - $>15\%$  = Misalignment with market

# Faculty Compensation Analysis

## 4-Year Faculty Program (9 month) Across Disciplines

RANKS	% Market Competitiveness Comparison (Current Actual Salary v. Market 50th Percentile)			
	All 4-Year Program Faculty*	UAF*	UAA*	UAS*
Professor	-4.2% (Highly Competitive)	-9.5% (Competitive)	+1.7% (Highly Competitive)	+15.0% (Misaligned)
Associate Professor	+0.8% (Highly Competitive)	-2.7% (Highly Competitive)	+3.8% (Highly Competitive)	+7.2% (Competitive)
Assistant Professor	-0.8% (Highly Competitive)	-2.2% (Highly Competitive)	-0.3% (Highly Competitive)	+2.4% (Highly Competitive)
Instructor	+0.4% (Highly Competitive)	+4.1% (Competitive)	-9.4% (Competitive)	-
Post Doctoral Fellow	-18.4% (Misaligned)	-18.4% (Misaligned)	-	-
<b>Overall % Comparison</b>	<b>-1.5%</b> <b>(Highly Competitive)</b>	<b>-4.9%</b> <b>(Highly Competitive)</b>	<b>+1.4%</b> <b>(Highly Competitive)</b>	<b>+7.3%</b> <b>(Competitive)</b>

\* CUPA-HR teaching faculty salary data used to benchmark the U of A faculty designated as research faculty

\*\* Permissible factors accounting for divergence from market median can include such non-discriminatory factors as length of service, academic discipline, geographic differential, and

experience. Additional review is underway.

# Faculty Compensation Analysis

## 2-Year Faculty Program

2-Year Program Faculty (9 month)		
% Market Competitiveness Comparison (Current Actual Salary Median v. Market Median)		
COMBINED RANKS & DISCIPLINES	Type A Campus locations vs. Market	Type B Campus locations vs. Market
Overall Market Competitiveness:	+2.9% (Highly Competitive)	+8.7% (Competitive)

CUPA-HR 2 YR does not provide data by rank for Community College.

- Combined market median for all disciplines used to compare against the current median of all actual pay