

How One CFO/CAO Partnership Managed Faculty Compensation Decisions

Dr. Bethami Dobkin, Saint Mary's College of California

Mr. Peter A. Mitchell, Saint Mary's College of California

Mr. Frank A. Casagrande, Casagrande Consulting, LLC



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Purpose of Today's Session

- Learn about a year-long collaborative effort to address faculty-compensation challenges at one college.
- How college officials launched an initiative to establish a peer group for faculty-compensation benchmarking and to address the market reality of increasing differences in faculty compensation by discipline.
- Find out how this CFO/CAO partnership created a manageable and effective faculty compensation committee and built a reliable and institutionally owned peer group for faculty-compensation benchmarking.
- Hear about the steps taken to examine faculty compensation levels by rank and discipline, amend existing faculty compensation processes to align with new priorities, and establish transparent mechanisms for use by the academic administration.

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Content of Today's Session

- About Saint Mary's College of California
- About Faculty Salary
- Process Undertaken
- Resulting Recommendations
- Continuing Challenges
- About Presenters

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About Saint Mary's College of California

- Campus is picturesque and welcoming, nestled in the Moraga Valley 20 miles east of San Francisco



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About Saint Mary's College of California

FACTS & FIGURES – 2011-2012

Tuition and fees: \$37,150
 Room and board: \$12,840
 Percentage of full-time undergraduates receiving financial aid: 72%
 Average freshman financial aid package: \$27,954
 Pell Eligible: 31% of Traditional Undergraduates
 First Generation College: 36% of Traditional Undergraduates
 First Time Freshmen: 77% of Traditional Undergraduates

| TOTAL ENROLLMENT = 4,099 | | |
|---------------------------------|-----------------|-----------------|
| <u>Trad. UG</u> | <u>UG Prof.</u> | <u>Graduate</u> |
| 2,823 | 173 | 1,103 |



PERCENT OF UNDERGRADUATES LIVING ON CAMPUS:

Freshmen: 99%
 Freshmen & upperclassmen: 62%

AVERAGE CLASS SIZE: 20

STUDENT-FACULTY RATIO: 13:1

FRESHMAN DISTRIBUTIONS

Female: 62% Male: 38%

Minority: 48%, White: 46%, Foreign: 1%, Unknown: 5%, (Latino: 25%)

Highest of SAT or ACT: 25th: 1030, 50th: 1110, 75th: 1210
 High School GPA: 25th: 3.24, 50th: 3.53, 75th: 3.85

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About Saint Mary's College of California

Our Mission

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- To probe deeply the mystery of existence by cultivating the ways of knowing and the arts of thinking.
- To affirm and foster the Christian understanding of the human person which animates the educational mission of the Catholic Church.
- To create a student-centered educational community whose members support one another with mutual understanding and respect.



About Saint Mary's College of California Marks of Distinction

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- Quality of Students
- Nature of Lasallian Mission
- Innovation Undergraduate and Graduate Programs
- Focus on the Great Books
- Excellence of Athletic Programs

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About Faculty Salary Historical System

- Shaped by California System for Public Universities
- Step System
 - Two Tracks
 - Six Steps for Assistant and Associate Professors
 - Seven Steps for Professors
- Salary Goals
 - Pacific IIA
 - Western Coast Conference plus Manhattan College
 - Equitable Across Ranks

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About Faculty Salary Historical Challenges

- Lack of Progress on One of the Goals
- Undisclosed Discipline Differentials
- President's Position on One of the Goals
- Minimal Movement in Salary Scale in Recent Years
- Significant Number of Faculty at Top Step
- Faculty Welfare Committee's Independence
- Communication

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Process Undertaken Diagnostic & Readiness Assessment

- Provides Independent Review of Faculty Salary
- Discussion of Case Study at Another Institution
- Helps Identify Strengths, Weaknesses, Opportunities, and Threats
- Tests Fit of Consultant with Institution

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Process Undertaken Critical for Success

- Sponsorship by Board and President
- Championship by Provost
- Parallel Process for Staff
- Specific Charge to Committee
- Diverse Committee
- Engage in Meaningful “Conversation”
- Willingness to Ride out the Bumps Along the Way
- Active Facilitation and Expert Support
- Ongoing Communication

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Process Undertaken

*Task Force
Design*

*Stakeholder
Education*

*Discernment
Of Philosophy*

*Framework
Design*

Implementation

Maintenance

Communication, Communication, Communication



Recommendation Basis Tenets

- A Faculty Salary Philosophy that reflects mission, values, and market realities;
- A faculty salary peer group of 48 “like” institutions of higher education;
- A faculty salary scale that:
 - Anchors at the 50th percentile of peer group salaries,
 - Steps from the 25th to 75th percentile of peer group salaries,
 - Reflects a 15% Moraga geographic salary differential, and
 - Increases the number of steps for Professor rank to 10;
- A policy that is transparent and unbiased in the application of salary supplement for “hard-to-hire” disciplines.

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Recommendation Philosophy

- Saint Mary's College celebrates the three traditions which have sustained it since its earliest years: liberal arts, Catholic and Lasallian. The College defends the goodness, dignity and freedom of each person, and fosters sensitivity to social and ethical concerns. The College seeks faculty from different social, economic and cultural backgrounds who come together to grow in knowledge, wisdom and love. The faculty salary policy reflects the mission, traditions and values of Saint Mary's College of California as they relate to the larger world and to internal operations.
- The College recognizes that it must attract and retain outstanding faculty who are committed to the College's mission and to their own personal and professional growth. Thus, the College is committed to paying salaries according to the guiding principles of equity (internal fairness), stewardship (financial/fiscal prudence), and market forces (external competitiveness) to sustain a high quality education.

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Recommendation

Philosophy

- The following principles are derived from the College's mission:
 - Enable faculty to support themselves and their dependents with dignity and an acceptable standard of living.
 - Attract faculty to come to Saint Mary's College for reasons first and foremost aligned with the mission. While an interest in the mission by the faculty is necessary for a strong institution, the salary should be sufficient to attract and retain faculty in the San Francisco Bay Area.
 - Recognize that the long-term financial viability of the College depends upon balancing institutional values such as fairness and concern for individual dignity with fiscal prudence and market competitiveness. In doing so, the faculty salary policy acknowledges that market forces are neither irrelevant to compensation practices nor sufficient as the sole justification for compensation practices.
 - Specify the circumstances under which supplemental pay will be utilized and implemented. Favoritism will be expressly disqualified.
 - Assess both the market strategy of looking at salary supplements for "hard-to-hire" disciplines and for internal adjustments, the peer comparators, and the salary policy as a whole.



Recommendation Peer Group

- A peer group of 48 “like” institutions based on:
 - Mission,
 - Private Not-For-Profit Status,
 - Carnegie Classification of Masters Large,
 - Enrollment,
 - Endowment,
 - Division I Athletics,
 - AACSB Accreditation,
 - Lasallian, and
 - WCC Membership.

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Recommendation

Salary Differential

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- The Task Force deliberated on approaches for recognizing appropriate salary differential for the Moraga area and decided on using Economic Research Institute (ERI) data.
- ERI data indicated a salary differential for the Moraga area of approximately 20%. What this means is that if a given set of jobs on a national level pays \$72,000, that the same set of jobs would pay 20% more or \$86,400 in Moraga.
- The median salary differential for the peer group locations is approximately 5%.
- Therefore, the recommended net geographic salary differential is 15%.



Recommendation

Discipline Differentials

- The most significant deliberation in Task Force meetings was on the potential use of salary supplements for "hard-to-hire" disciplines.
- The Task Force members were not unified in agreement to move forward on developing a policy that included salary supplements; the members did agree to develop a policy that recognizes and establishes salary supplements solely as an adjustment to market conditions that would otherwise constrain the College's ability to pursue its strategic objectives. The dissenting opinion on this issue was part of the final report.
- Currently, chief among the relevant market conditions to deal with is difficulty in recruiting and retaining faculty in business and accounting disciplines. This difficulty has been dealt with in a limited number of cases with a salary supplement over the current scale.



Recommendation

Discipline Differentials

- Currently, chief among the relevant market conditions to deal with is difficulty in recruiting and retaining faculty in business and accounting disciplines. This difficulty has been dealt with in a limited number of cases with a salary supplement over the current scale.
- The analysis of 2010-2011 CUPA NFSS data demonstrated a difference in market median (50th percentile) faculty salaries of up to \$30,000 for “hard-to-hire” disciplines.
- The market premiums associated with these disciplines constrain the College’s ability to attract and retain qualified faculty.
- Payment of salary supplements, then, is the College’s deliberate response to market-driven constraints; it is a dictate of necessity which the College looks to minimize, lest it erode the College’s mission-driven commitment to equity in light of Catholic principle.

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Implementation Realities and Glitches

- Investments part of 5 year planning process
- Required agreement on priorities, increases vs. steps
- Contingent upon achieving budget, not promised
- First Year Glitches

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Questions

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About Presenters and Contact Information

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- Dr. Bethami Dobkin – Provost & Vice President for Academic Affairs, Saint Mary's College of California

 - Doctorate in Rhetoric and Social Order and a master's degree in Rhetoric from the University of Massachusetts, and a bachelor's degree in Speech Communication from Humboldt State University.
 - bethami.dobkin4@stmarys-ca.edu
- Mr. Peter A. Michell – Chief Financial Officer, Treasurer, & Vice President for Finance, Saint Mary's College of California

 - Graduate degree from Fairleigh Dickinson University and an undergraduate degree from Montclair State University.
 - pmichell@stmarys-ca.edu
- Mr. Frank A. Casagrande – President, Casagrande Consulting, LLC

 - Master's degree in Teaching from Montclair State University and bachelor's degree in Applied Mathematics from Union College, Schenectady NY.
 - FrankA@CasagrandeConsultingLLC.com