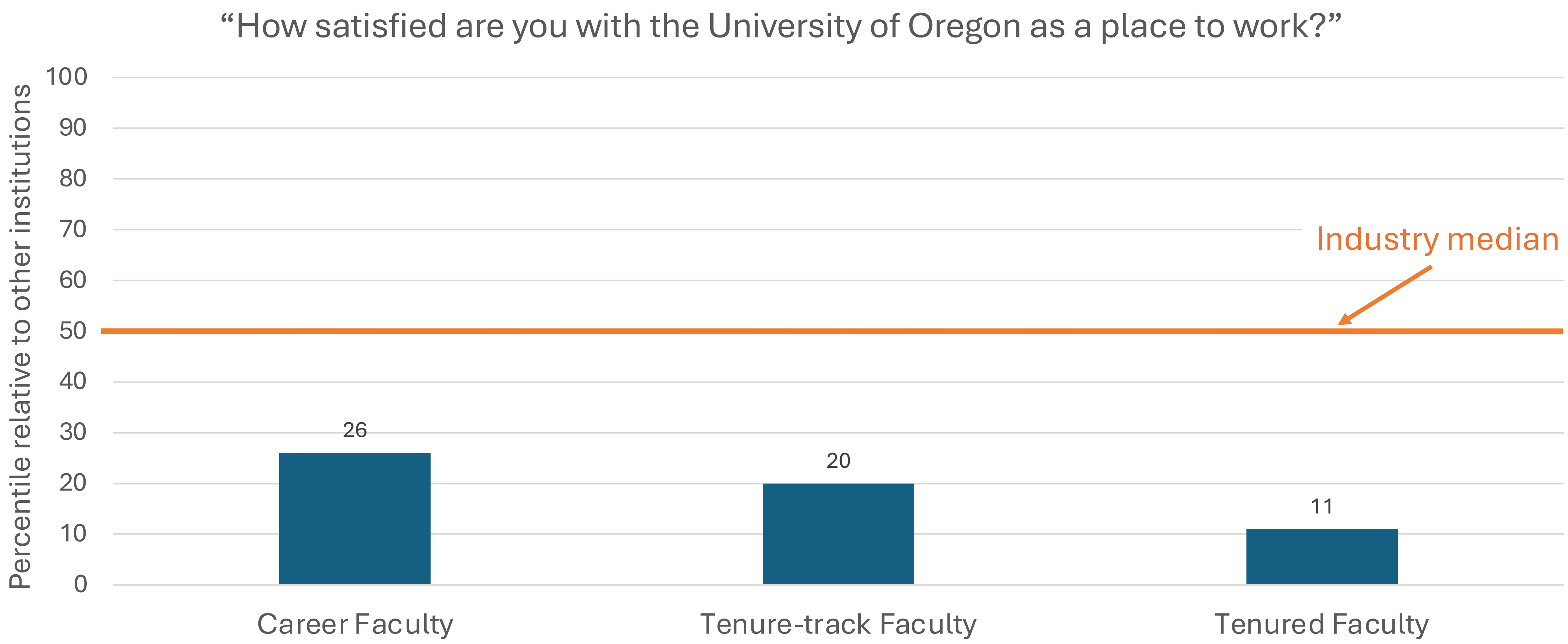
Article 26:
Meeting the External Market

Professor Keaton Miller

UA/Admin Bargaining, February 29, 2024

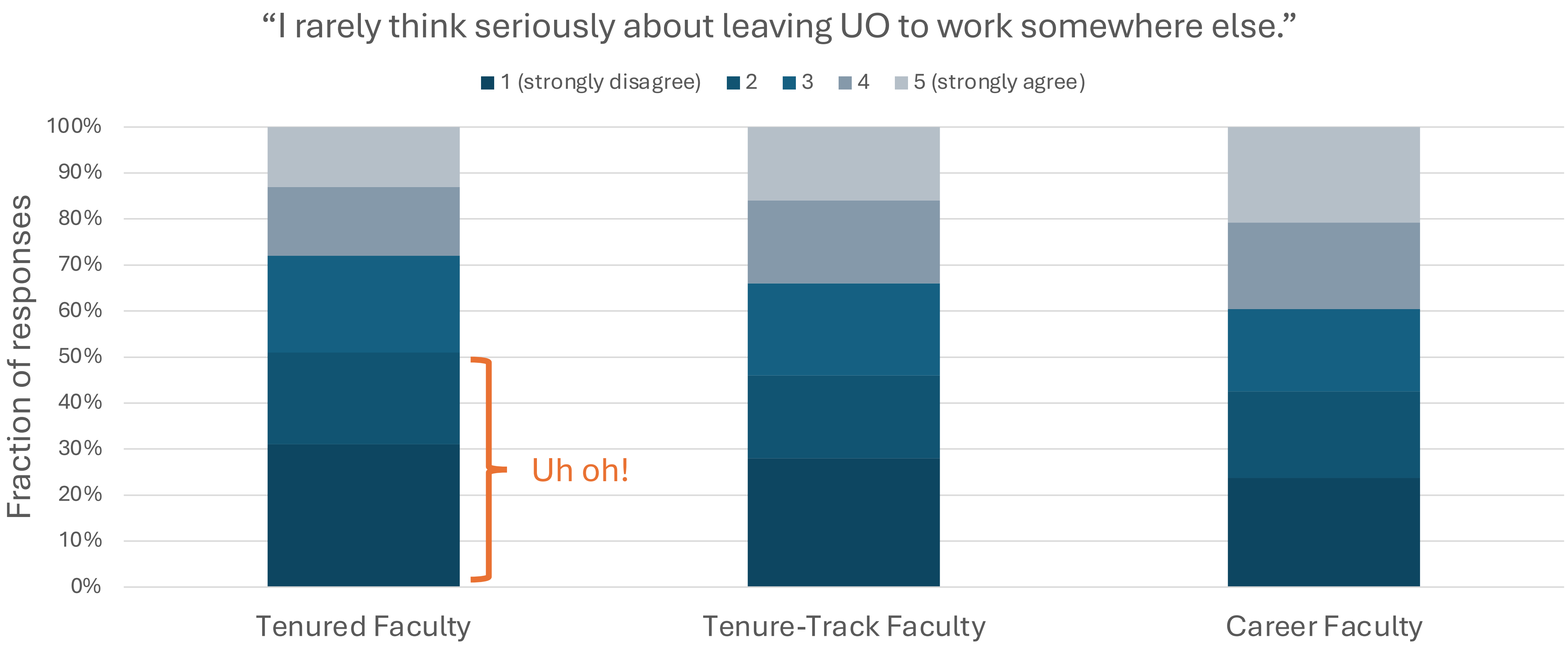
We have interrelated morale, recruitment, and retention problems

Relative to other higher education institutions, faculty morale is below the median



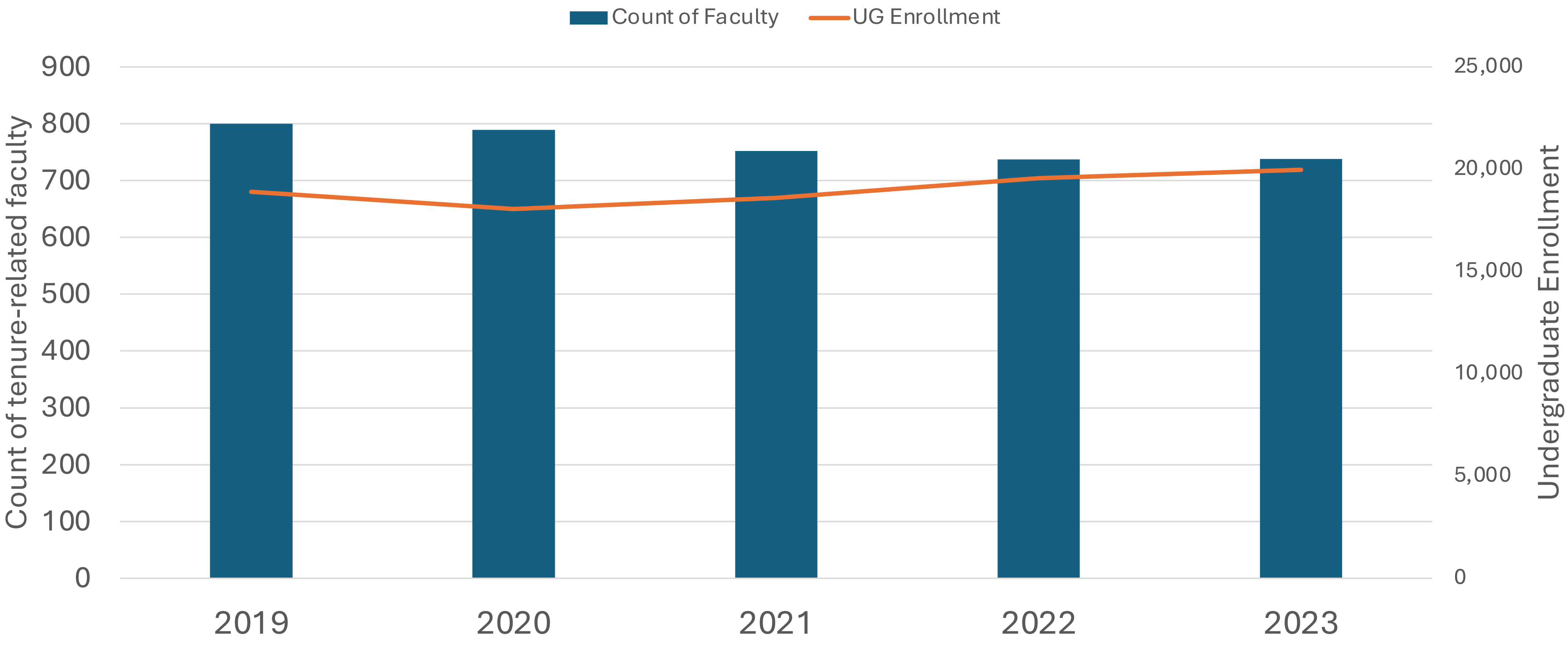
Source: IDEAL Climate Survey, Gallup

Thoughts about leaving are common



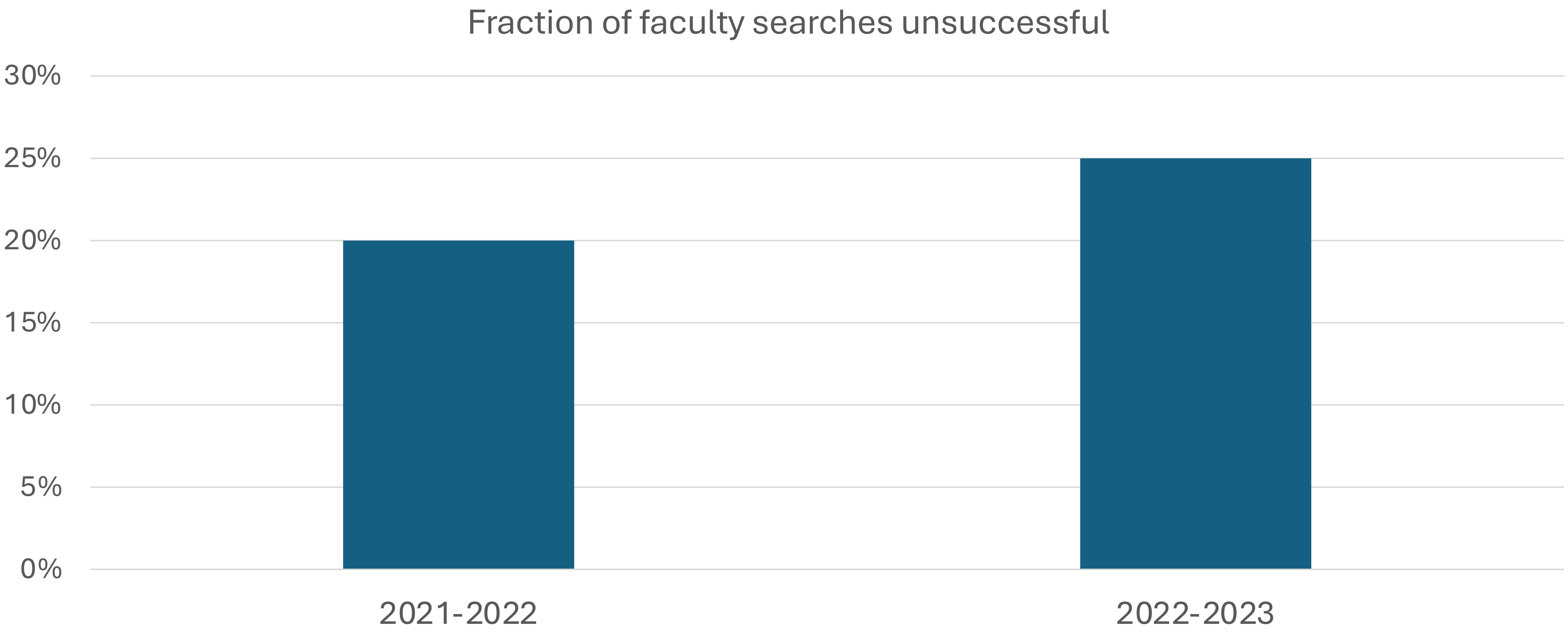
Source: IDEAL Climate Survey, Gallup

UO has been losing faculty even as undergraduate enrollment has increased



Source: UO Institutional Research

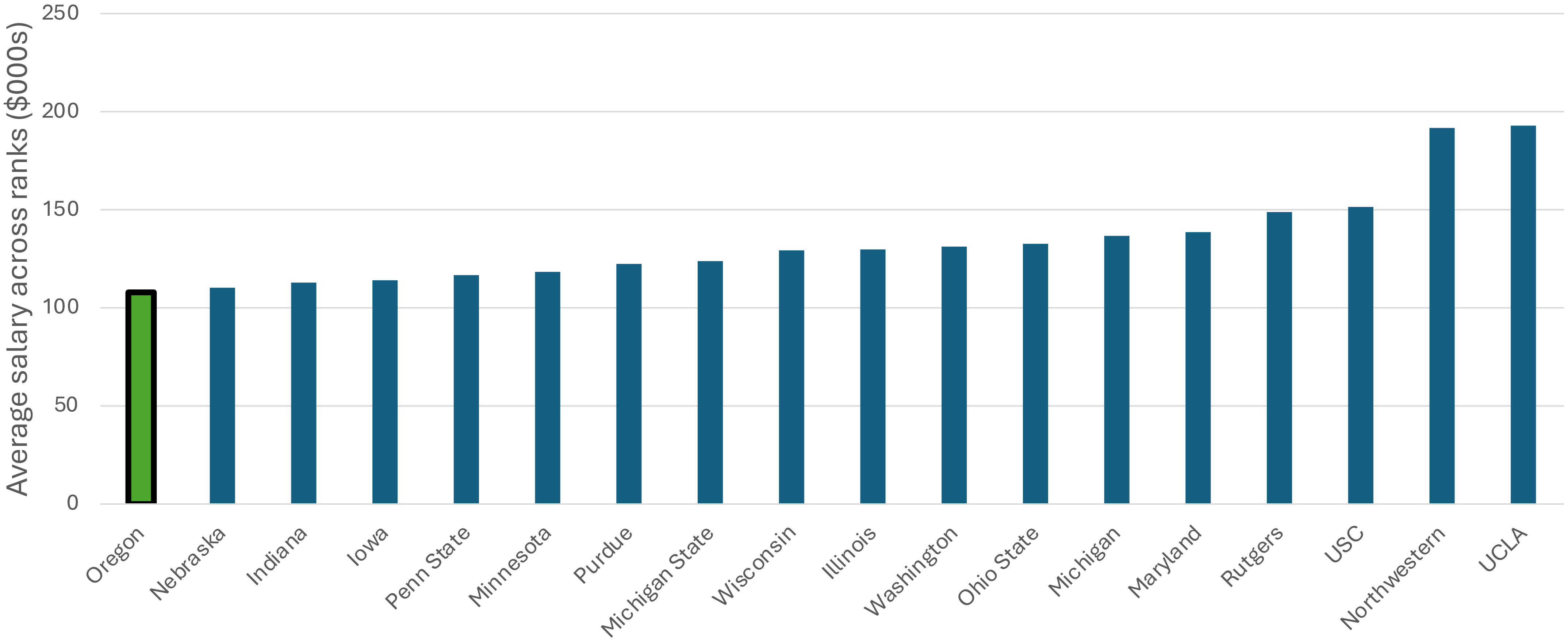
Our searches have been failing at an increasing rate post-COVID



Source: UO Institutional Hiring Plans

There are many potential causes for this situation, but we cannot ignore our low salaries

For example: UO salaries are at the **bottom** of the Big 10



Notes: Data from American Association of University Professors Faculty Compensation Survey for 2022-2023.

The market is speaking clearly:

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external

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Technically, the market here is these negotiations between the faculty union and the administration. This is where the market price is being decided.

A principle UA and Admin can agree on: Salaries should be "competitive"

“

But what does "competitive" mean?

But what does “competitive” mean?

Comparable to offerings by competitors

This just gives us more words to define!

Comparable

- Do we have to match the top?
- Do we only have to beat the bottom?
- What about the distribution?

Competitors

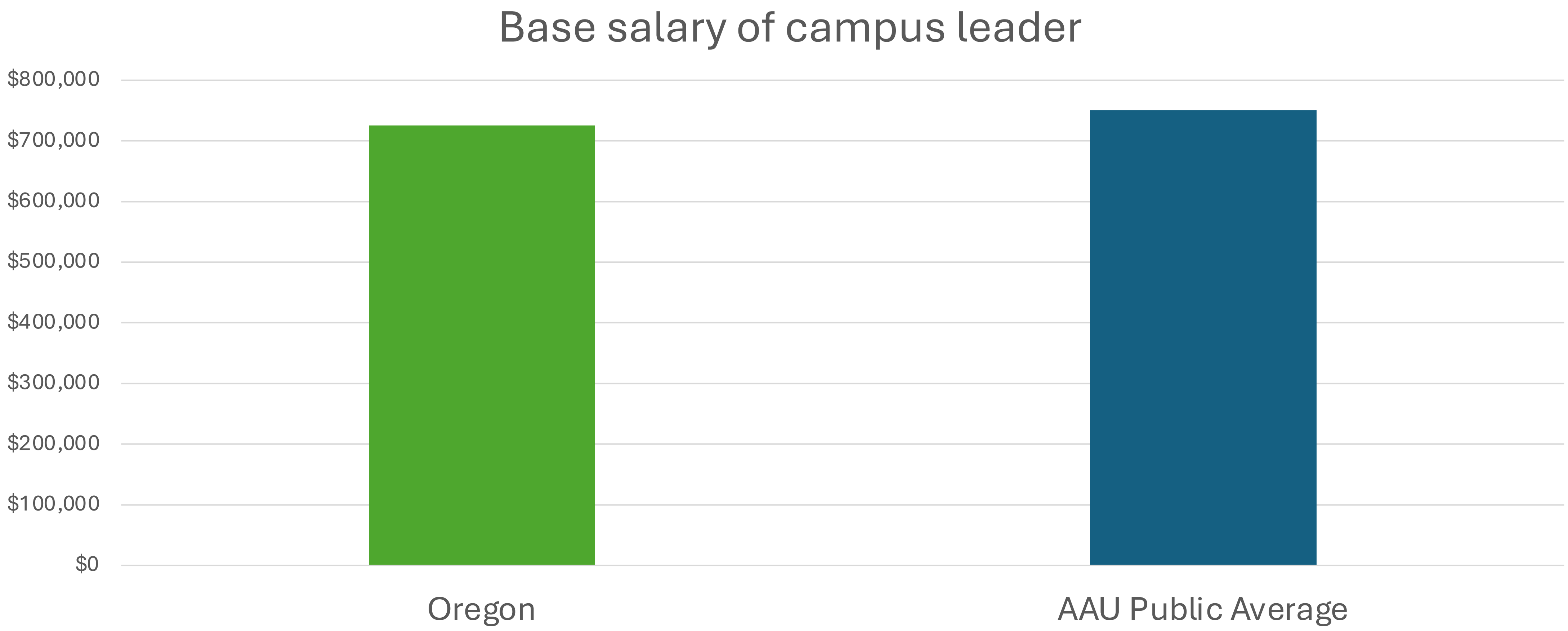
- Who do we “compete” with for faculty?
- Local? Regional? National? International?

To craft this proposal, we made choices consistent with past Admin choices and rhetoric

Average UO salaries should equal the average at AAU Publics

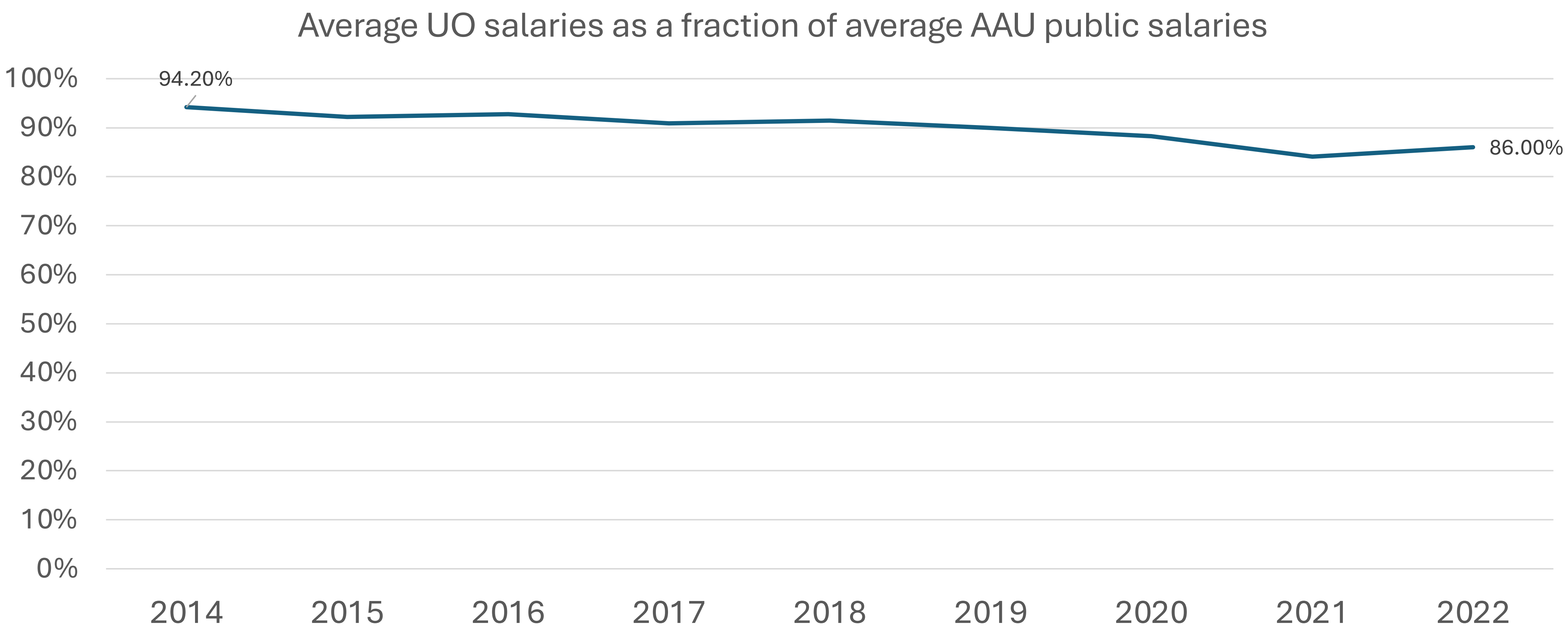
Arguably, they should be “a bit” higher than average to be “competitive”, but let’s start there and see how it goes.

For example, we pay our President a base salary very close to the AAU average



How are we doing for faculty?

The gap between UO and our AAU public peers is widening



What will it take to fix it?

The contract raises run from 2025-2027, so we must project the path of both averages

UO assumptions

- Data: Average salary in 2022 is $120,600*
- 2% ATB raise in January 2023
- 3% merit raise in January 2024
- **Result**: Average salary in 2024 is $126,702

AAU Public assumptions

- Data: Average salary in 2022 is $140,900*
- Average growth rate from 2014 to 2022 is 3.32%
  - Annualized growth from $108,500
- Result: Average salary in 2027 is $165,895

* For these calculations, we're using the "All Ranks Weighted" statistic reported by Institutional Research, which differs from true salaries slightly

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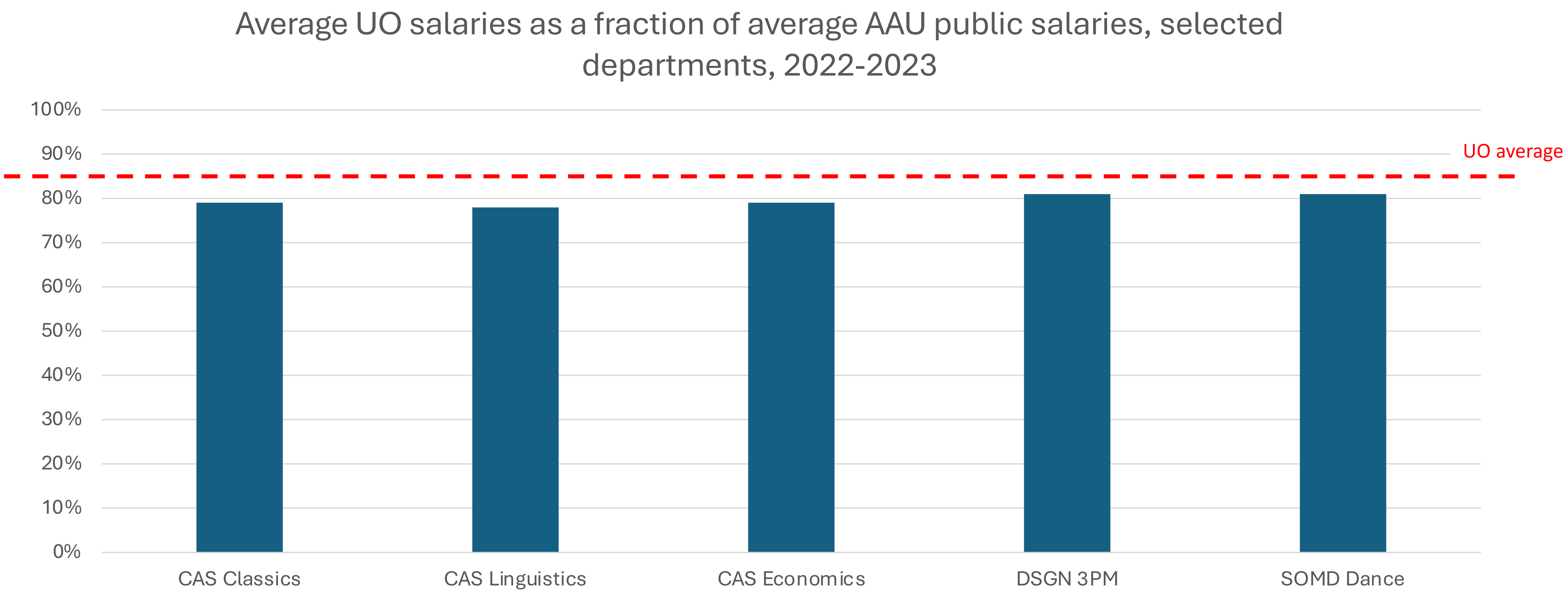
$$\underbrace{\hspace{12em}}_{\text{This is a 30.9\% gap to fill over 3 years}}$$

Our proposal fills that gap with 9.4% raise “budgets” in each year of the contract

For math aficionados, $1.094^3 = 1.309$

There are additional problems to address

First, there are significant differences in competitiveness across departments



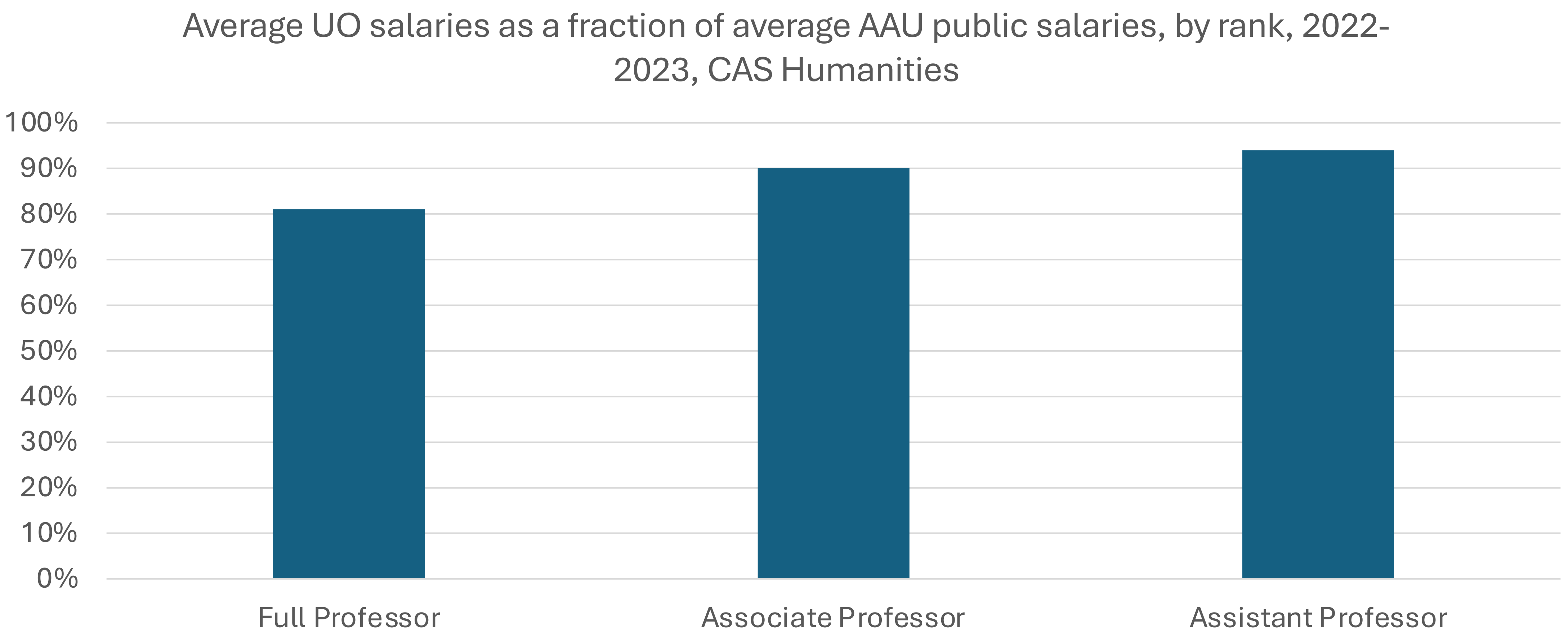
There is no evidence that this is related to performance differences

- We looked for **links between these gaps and observable performance** indicators
  - **Internal "operational metrics"** compiled by IR
  - **External assessment** of research-doctorate programs compiled by the National Academies

- **We found no connection** between these gaps and any observable characteristics

- In other words, these gaps appear to be **random and arbitrary**, not based on performance

Second, the gap differs by rank in different departments/divisions



We allocate some resources to these external equity issues in Y2 of the contract

We also allocate some resources to fixing outstanding internal equity issues

e.g. compression and inversion

We propose an increase in the minimum promotion raise from 8% to 10%

- Contract uses phase “at least” when discussing promotion and review raises – therefore **raises are minimums**

- Intent was that some individuals would receive higher raises

- UA understanding is that raises have been uniform and **everyone has received the minimum**

- This has a **negative impact on competitiveness** and morale

The recent merit experience illustrates that merit raise pools should be larger to be meaningful

Putting that all together, here's how the budget is allocated

Year	2025	2026	2027
Across-the-board	9.4%	4.4%	3.4%
Internal equity	0%	2.5%	0%
External equity	0%	2.5%	0%
Merit	0%	0%	6%

How much does this proposal cost?

To estimate costs, we need to make some additional assumptions

- 735 TTF, 392 Career faculty. Average base salary is $106,698
  - Data from UO's 2022-2023 submission to the AAUDE
  - Note: not all career faculty have 1 FTE appointments.
- Total 2022-2023 wage bill is approximately $116.6 million
- Assume OPE rate of 51.9%
  - From https://brp.uoregon.edu/content/Blended-OPE

- Total FY 2024 cost of faculty: $186.2 million (approximately)

This proposal increases faculty costs by $57.6 million by the end of the contract

Year	2024	2025	2026	2027
Wage bill	$122.5	$134.1	$146.7	$160.5
OPE	$63.6	$69.6	$76.1	$83.7
Total	$186.2	$203.7	$222.8	$243.7
Increase from 2024		$17.5	$36.6	$57.6

All numbers are millions

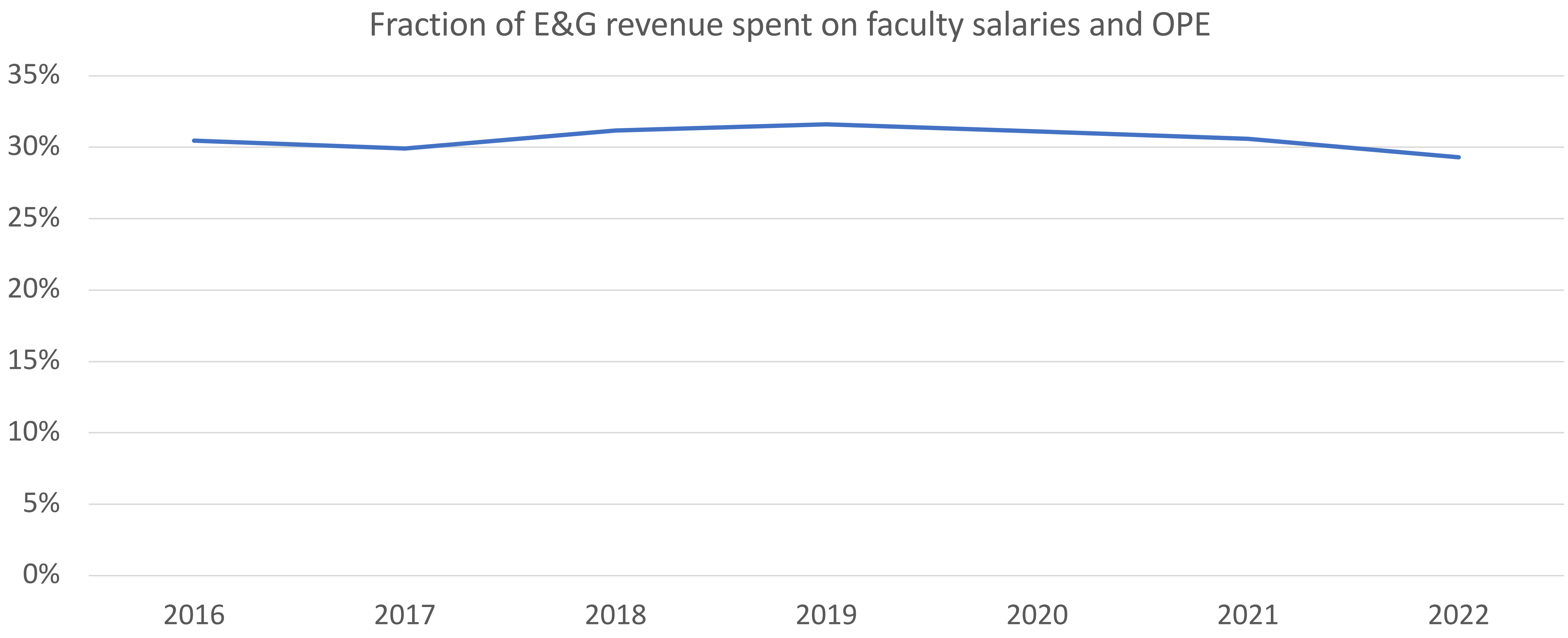
Can the university afford this proposal?

Here, we run into a classic communication problem

- UA does not want to sign a contract that bankrupts the University
- Knowing this, the Administration can *always* claim that *any* proposal will bankrupt the University
- Therefore, any claims made by the Administration about the budget must be viewed skeptically
- Yet, financial constraints exist and are real! How can we agree?

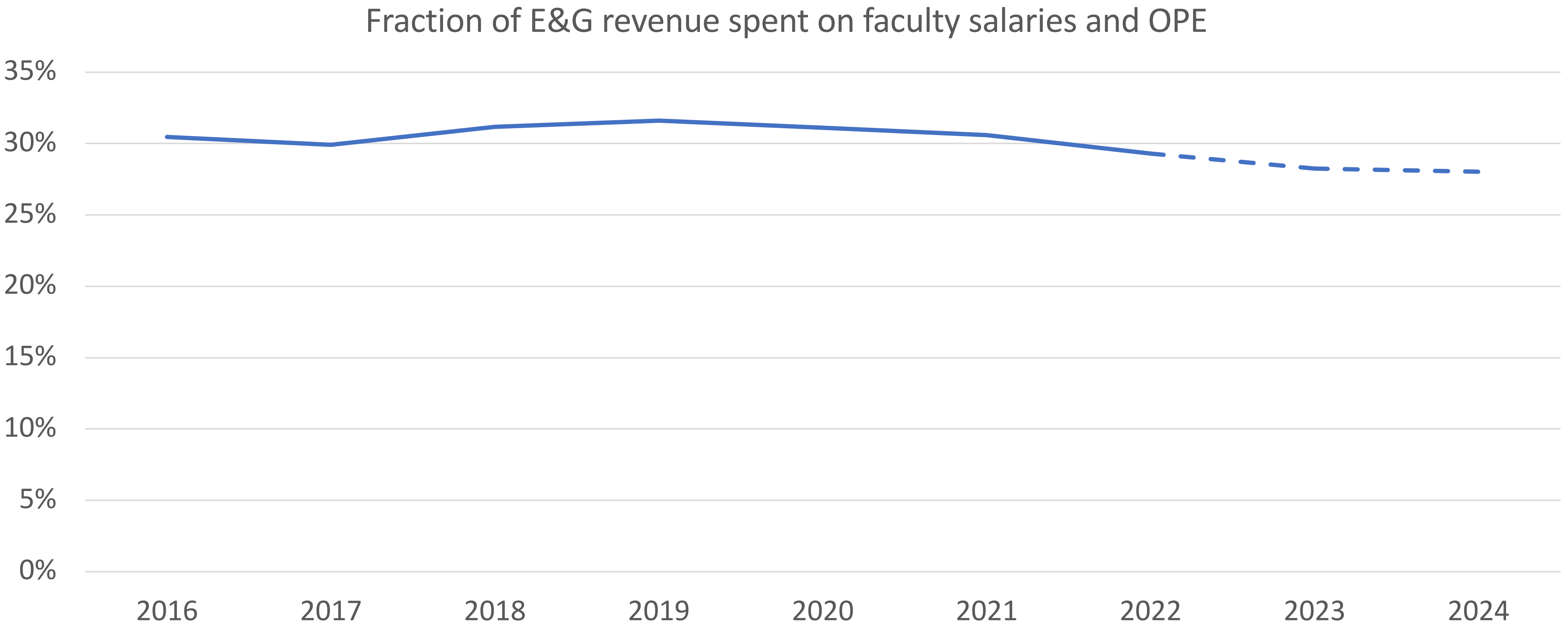
We break this impasse by independently considering the University’s revenue and expenses

Since “independence,” UO has spent just over 30% of E&G revenue on faculty compensation



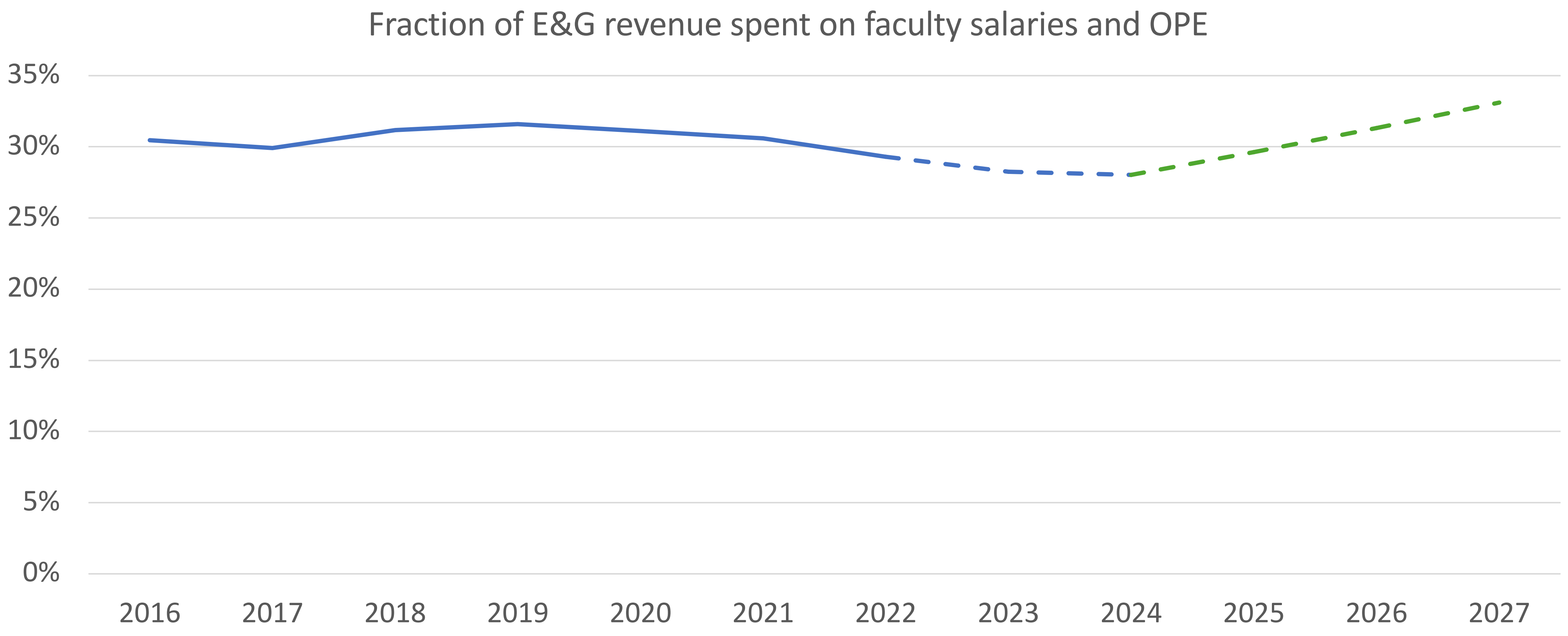
Notes: E&G revenue from https://ba.uoregon.edu/finance-and-accounting/financial-reports
Faculty salaries from https://ir.uoregon.edu/salary_comparison
Assumes 350 Career faculty with salary changes proportional to TTF changes. Assumes 51% OPE.

We project that the fraction will decline into FY 2024



Notes: E&G revenue from University projections for 2023. For 2024, assumes 3.30% growth rate (average increase from 2016-2023). Faculty compensation bill includes contractual raises and assumes constant FTE.

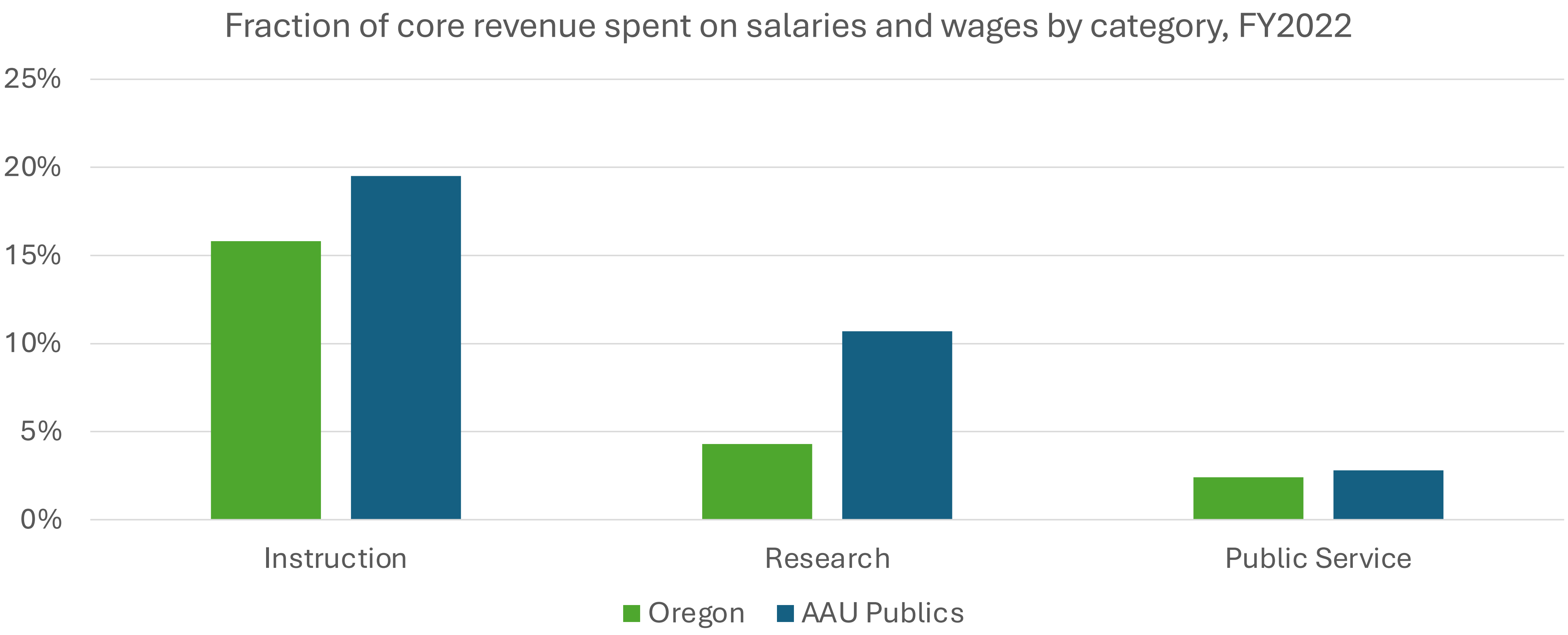
Our proposal would result in reasonable costs



Notes: E&G revenue assumes 3.30% growth rate (average increase from 2016-2023). Faculty compensation bill includes proposed raises and assumes constant FTE.

This proposal would also bring our spending more in line with our AAU-Public peers

We currently spend less of our core revenue on teaching, research, and service than our AAU-Public peers



Source: Integrated Postsecondary Education Data System. Penn State and University of Pittsburgh excluded due to non-GASB reporting practice.
“Core” revenue defined as total revenue minus auxiliary and hospital revenues.

What about benefits?

Our retirement benefits are close to average within the AAU Publics

Defined Contribution plan

- Oregon's ORP includes 8% employer contribution with 0% employee contribution
- Total compensation for $100k salary is $108k

- All AAU-Publics except UW-Madison offer similar plan
- Average total compensation: $108.6k

Conclusion: UO plan is just below average, but offers additional option

Defined Benefit plan

- Oregon OPSRP employee contribution: 6%
- Average AAU-Public employee contribution: 7.08%

- Oregon employees accrue 1.5% increase in payments per year
- Average AAU-Public accrual is 2.0% per year

Conclusion: UO plan requires lower contributions, but offers lower benefits

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Our health benefits are slightly cheaper, but lower quality

Cost

- Lower copays/deductibles
- Lower premiums

Quality

- No teaching/research hospital here
  - No hospital in Eugene at all
- Fewer tertiary care options

Summarizing United Academics’ Article 26 proposal

- We are asking to be paid the **average of our peers**

- We can get there with pools of **9.4% in each of the contract years**

- We allocate some resources to a **merit pool** and some to work toward **fixing long-standing internal and external equity issues**

- The University can afford this proposal **without breaking the bank**