

To: Thomas Jeitschko PhD Interim Provost, Rebecca Barber PhD Vice President, Financial Planning & Analysis at Michigan State

From: Jamie Alan PharmD PhD UCFA Chairperson, Bree Holtz PhD UCFA Budget Subcommittee Co-Chair, Peter White PhD Budget Subcommittee Co-Chair

Re: Faculty Raise Memo

Summary

The University Committee on Faculty Affairs (UCFA) recommends a 9.1% raise for the 2024-25 academic year. This number is comprised of a general pool merit raise (4%), an equity and excellence raise (2%), plus a 3.1% inflation-based raise, corresponding to the projected Consumer's Price Index inflation for the coming year. Inflation has not been included as part of the raise structure at MSU before, and as a result, the inflation-adjusted faculty salaries are lower than they were 5 years ago, even when merit-based raises are considered. We recommend that an inflation pool become part of the raise system at MSU moving forward.

Faculty Excellence

Michigan State University, along with its renowned faculty, continues to play a pivotal role in the state of Michigan, nationally and globally. The faculty remains the cornerstone, driving the university's fundamental mission through dedicated education, outreach, pioneering scientific and medical breakthroughs, and comprehensive scholarly and professional endeavors across a myriad of disciplines. Over the past year, we have achieved significant milestones. Our faculty have been central to this success.

Teaching

Our classrooms have adapted to increased enrollments. The undergraduate population grew to 40,483 students, up from 39,201 the previous year. Additionally, we welcomed 1,844 new graduate students and 802 new professional students, raising our total student count to over 50,000. The consistent guidance and support of the faculty have been essential in weaving these achievements into the fabric of MSU.

Research

Furthermore, our commitment to research was particularly noteworthy this past year. The faculty has helped secure an all-time high in grant revenue, with total research expenditures reaching a staggering \$759.2 million for FY2022. This marks an increase of \$49 million from the previous year, setting an unparalleled benchmark in MSU's history. Our recognition as the 48th university on the National Academy of Investors' list for granted patents is also worth noting, underscoring our place at the forefront of innovation.

Rankings

The upward trajectory of MSU is undeniably anchored in the dedication and expertise of our world-class faculty. Our commitment to excellence drives academic pursuits and elevates MSU's institutional reputation. This is evident as we celebrate a 17-place jump to 60th in the U.S. News & World Report and a commendable advancement to 63rd in the Forbes ranking among U.S. colleges. The influence of the faculty permeates throughout, and our 21st place among public institutions in Washington Monthly's rankings is a testament to our contributions to our broader societal goals.

Maintaining this high level of excellence requires that we remain competitive in salary. This memorandum aims to advocate for a faculty compensation revision for the forthcoming year. This adjustment would mirror the continued commitment to faculty recruitment and retention and address salary equity and inflation realities.

Depreciation of Faculty Salaries due to Sub-Inflation Raises

Despite the unquestionably excellent work that faculty have done to propel MSU forward as a world leader in research and teaching in recent years, the raises that we have been allocated by MSU administration have not kept pace with inflation measures. In other words, faculty have been losing money every year at MSU. This must be addressed.

While we understand that MSU must adjust financial forecasts and budgets considering inflation, the faculty also faces many of the same challenges. Compensating employees fairly is a cost that should be addressed with equal, if not greater, importance than paying for utilities.

We urge administration to factor in an inflation-metric while determining faculty salary adjustments. Per the Consumer Price Index, the projected U.S. inflation rate for the coming year is approximately 3.1%. Despite being granted a 4% raise last year (*which was not received by all faculty members*), faculty salaries still suffer from the cumulative impact of inflation over the past three years: 7% in 2021, 6.5% in 2022, and 3.7% in 2023. Historical records reveal that when faced with analogous inflation figures, MSU extended generous pay raises, correlating to periods of high. For example, when inflation was 5.74% in 1977, MSU granted a 5% raise; in 1978, when inflation was 6.5%, the raise was 7%; and in 1979, a 7.5% raise was provided while inflation was at 7.63%. We advocate that the administration mirrors this historical approach and we provide a salary adjustment in line with the prevailing inflation figures.

Impact of Inflation on Real Values of Faculty Salaries

MSU uses the Consumer Price Index (CPI) to indicate how inflation impacts faculty. Table 1 below provides inflation and salary data over the past five years (October-October).

We demonstrate how theoretical faculty salary of \$100,000 in 2018 would change over 5 years, based on a raise that is equal to the CPI inflation rate each year (Columns **A** and **B**). Juxtaposed to this, we show how a theoretical salary of \$100,000 in 2018 would change over 5 years, based on actual percentage raises that were provided by MSU (Columns **C** and **D**). We then show the annual loss in purchasing power, and the cumulative loss in purchasing power over the same 5-year period that resulted from consistent sub-inflation raises (Columns **E** and **F**).

Table 1: Impact of Inflation on Salaries

Fiscal Year	Inflation		MSU Salaries		Change in Salary Value		
	A	B	C	D	E	F	
	CPI (Oct. to Oct.)	CPI Adjusted	Total Raise Pool *	MSU Adjusted	MSU % minus CPI%	MSU \$ minus CPI \$	Cumulative MSU-CPI
2018		100,000.00		100,000.00			
2019	1.7%	101,733.46	2.0%	102,000.00	0.3%	266.54	266.54
2020	1.2%	102,921.97	3.0%	105,060.00	1.8%	2,138.03	2,404.56
2021	5.9%	108,950.55	-1.5%	103,484.10	-7.4%	(5,466.45)	(3,328.42)
2022	7.2%	116,782.61	3.5%	107,147.44	-3.6%	(9,635.17)	(15,101.63)
2023	3.1%	120,448.88	7.5%	115,183.49	4.4%	(5,265.38)	(14,900.55)
Percentage of MSU Adjusted Salary needed to reach CPI Adjusted Salary						-4.6%	-12.9%

As these data demonstrate, a faculty member with a salary of \$100,000 in 2018 who received the average faculty salary increases at MSU, experienced a 4.6% reduction in the real value of their salary due to inflation, *despite being in a scenario where they received the average merit raise. Far from this, our position is that faculty should receive merit raises above and beyond the general cost of living increases that are reflected by the CPI inflation metric.*

Supporting our Faculty

We have a shared commitment to the MSU 2030 Strategic Plan, specifically our shared ambition to “Make MSU a workplace of choice — and a desirable place to stay — for discipline-leading, innovative, creative and diverse staff, faculty and postdoctoral research associates.”¹

In the academic year 2018-19, there were 1,722 tenure-stream faculty. By the 2022-23 academic year, this figure declined to 1,648. Maintaining a solid tenure-stream faculty base is crucial for a university with our doctoral standing and AAU membership. The decline in numbers not only indicates potential challenges in attracting and retaining top-tier faculty, but also underscores the fact that we are achieving more with fewer resources. Despite the leaner faculty numbers, we have successfully procured grants, ascended in rankings, increased our service load, and taken on the responsibility of educating an increasing number of diverse students with multiple challenges themselves. Furthermore, a reduced tenure-stream faculty inevitably results in a heightened workload for those in tenured and tenure-track positions.

We assert that the sustained success of our institution through stellar faculty recruitment and retention is a shared aspiration of both the faculty and the administration.

Recommendation 2024-25 Faculty Raise

Based on all the information provided, including the exemplary work of the faculty over the past year, the need to recruit and retain tenure-stream faculty, ensure wage equity, salary alignment with peer institutions, and account for inflation, the University Committee on Faculty Affairs (UCFA) recommends a 9.1% total raise pool for the 2024-25 academic year. This would include a 3.1% across-the-board cost of living increase and a 6.0% merit raise pool (general (4%) plus E & E (2%)).

Historically, the UCFA's raise recommendations have not been fully met. For instance, we proposed a 10% raise last year but were granted less than half (4%). With inflation considered, this increment failed to meet the pace required to adjust faculty salaries as proposed in the Budget Memo 2022. This has only further exacerbated the relative decline in faculty compensation in recent years (as illustrated in Table 1).

Pursuant to the 9.1% raise needed to make faculty whole after years of sub-inflation raises, UCFA asks MSU administration to provide a written response, acknowledging that salaries have lagged the CPI inflation metrics from recent years. We also ask the administration to commit to work with faculty leadership bodies (e.g., UCFA and the Senate) to come up with a mutually agreeable framework whereby faculty salaries will be “made whole” following years of sub-inflation raises. Salaries must both be brought up to be on “par” with inflation (i.e., the 4.6% inflation correction, table 1) and awarded an adjustment to reflect faculty merit (i.e., to avoid the scenario where 100% of the *merit* raise simply goes to help cover the realities of inflation).

The UCFA acknowledges that MSU understands the indispensable nature of investing in our faculty for the sustained prosperity of the institution. Offering competitive compensation and valuing exceptional performance is pivotal in enticing and preserving the excellent faculty integral to the university's mission: education, research, and community outreach. By ensuring that our salaries reflect the inflationary adjustments and refining our standing amidst fellow institutions, our objective remains to position MSU as a prime destination for faculty.

We are grateful for the continued collaboration with Interim President Woodruff and Interim Provost Jeitschko to uphold MSU's reputation for academic excellence. We hope to build on our strengths through investments that support and retain our talented faculty.

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Approved by UCFA on Wednesday February 14, 2023