

December 19, 2023

**MEMORANDUM**

**TO:** Dr. Thomas Jeitschko  
*Interim Provost and Executive Vice President for Academic Affairs*

**FROM:** Dr. Jamie Alan  
*Chairperson, University Committee on Faculty Affairs*

Dr. Bree Holtz  
*Vice Chairperson, University Committee on Faculty Affairs*

**SUBJECT:** Annual Recommendation on Faculty Compensation and Raises

**Summary**

The University Committee on Faculty Affairs (UCFA) has concluded that a 10.3% inflation-based raise is required for all faculty for the 2024-25 academic year to make faculty salaries whole after years of raises that have been at levels below the Consumer Price Index inflation rate. Pursuant to this, the UCFA recommends a further 4% merit raise pool be allotted to recognize the teaching, research, and extension accomplishments of MSU faculty that have made MSU a world-leading academic institution. Finally, we recommend a 2% raise pool be used for 2023-24 as part of MSU's commitment to faculty equity and excellence.

**Faculty Excellence**

Michigan State University, along with its renowned faculty, continue 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 60<sup>th</sup> in the U.S. News & World Report and a commendable advancement to 63<sup>rd</sup> in the Forbes ranking among U.S. colleges. The influence of the faculty permeates throughout, and our 21<sup>st</sup> 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 demands.

**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, seriousness than paying for utilities.

It's crucial for the administration to factor in inflation while determining faculty salary adjustments. As per the Consumer Price Index, the current U.S. inflation rate stands at 3.7% (at the end of Sept. 2023). Despite being granted a 4% raise last year (*which was not received by all faculty members*), it does not offset the cumulative inflation over the

past three years: 7% in 2021, 6.5% in 2022, and 3.7% in 2023. This diminishes the real-world value of our salaries. Historical records reveal that when faced with analogous inflation figures, MSU extended generous pay raises, presumably to counteract inflation's effects. For context, when inflation was 5.74% in 1977, MSU granted a 5% raise; in 1978, with 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 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).

Here, we show 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 real value of faculty salaries.**

	<u>Inflation</u>		<u>MSU Salaries</u>		<u>Loss in Real Value of MSU Salary</u>	
	<b>A</b> <sup>1</sup> CPI Inflation Rate <sup>2</sup>	<b>B</b> Sample Salary that Matches CPI Inflation	<b>C</b> MSU Faculty Salary Change <sup>3</sup>	<b>D</b> Salary Example with MSU Faculty Salary Change	<b>E</b> Annual Loss	<b>F</b> Cumulative Loss
<b>2018</b>		100,000		100,000		
<b>2019</b>	1.8%	101,800	1.8%	101,800	0	0
<b>2020</b>	1.2%	103,022	-2.0%	99,764	-3,258	-3,258
<b>2021</b>	6.2%	109,409	2.4%	102,158	-7,251	-10,508
<b>2022</b>	7.7%	117,833	7.7%	110,025	-7,809	-18,317
<b>2023</b>	3.1%	121,486	3.2%	113,545	-7,941	-26,258

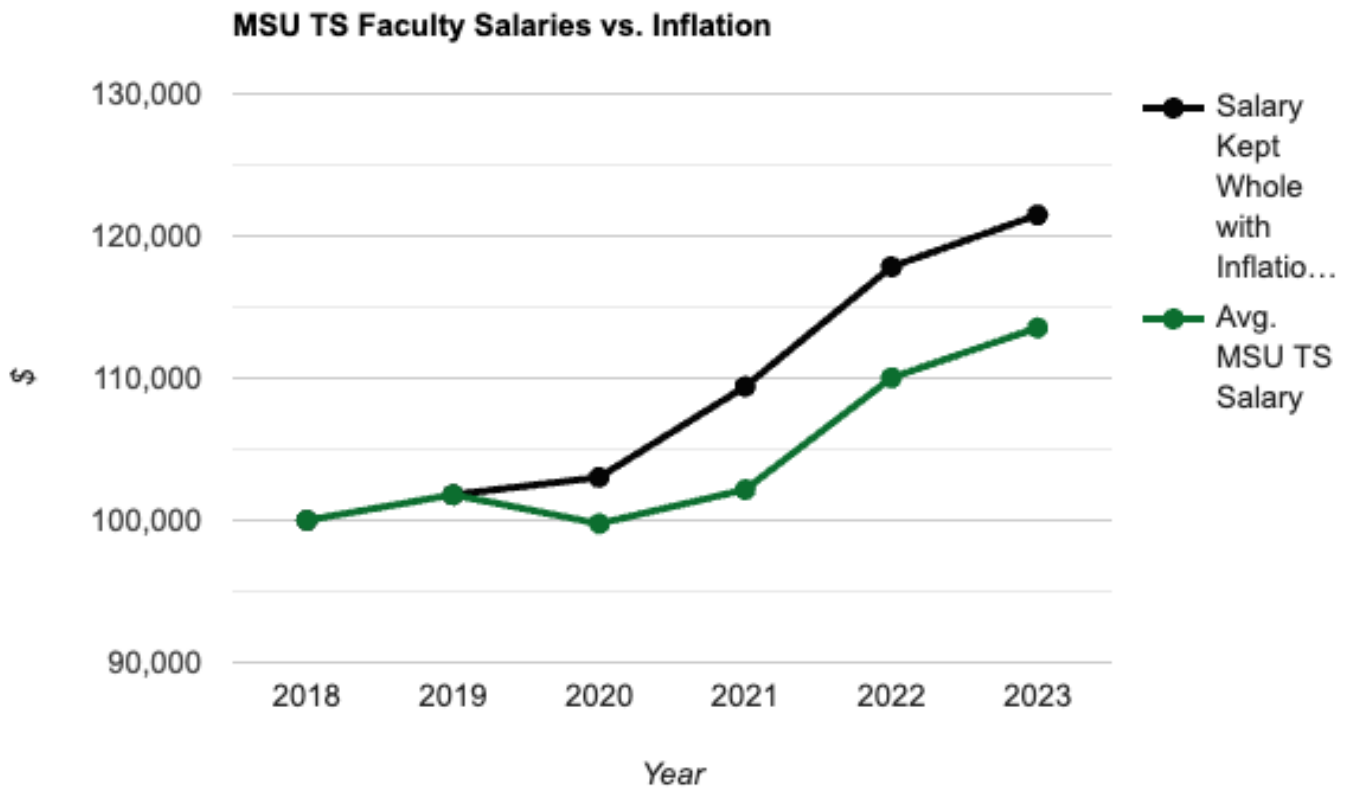
<sup>1</sup> **Column A** shows the annual CPI inflation rate (October to October). **Column B** illustrates how a 2018 faculty salary of \$100,000 would need to be adjusted each year to preserve its purchasing power, considering inflation. **Column C** shows the actual percentage change of tenure-stream (TS) faculty salaries at MSU. **Column D** calculates the changes to a \$100,000 salary from 2018, based on the average salary increases of MSU TS faculty. **Column E** represents the yearly decrease in purchasing power, in the example MSU TS faculty salary compared to inflation (Column B minus Column D). **Column F** shows the cumulative loss in value of the example MSU TS faculty salary compared to inflation.

<sup>2</sup> CPI change is from October to October.

<sup>3</sup> Average of actual tenure-stream salary changes (Oct. to Oct.). Percentage is a weighted average of all faculty ranks.

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 7% reduction in the real value of their salary due to inflation. The cumulative cost of this loss to the faculty member is \$26,258 (Table , Figure 1). Projecting ahead, if we next year’s inflation rate matches last year’s (3.1%), this faculty member would require a salary increase of 10.3% simply to be made whole with their 2018 salary. It’s important to note that this 10.3% raise would only align the spending power to that of 2018 and would neither compensate for the diminished purchasing power experienced between 2019 and 2023, nor be sufficiently address the “merit” that faculty have achieved in their positions over that timespan.

The graph below shows how an annual salary of \$100,000 would have changed over time if it matched inflation (Blue) compared to if it received the average MSU TS faculty increase/decrease (Green).



**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.”<sup>4</sup>

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 recommends a 16.3% total raise pool for the 2024-2025 academic year.

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 since 2020 (as illustrated in Table 1 and Figure 1).

Pursuant to the 10.3% raises needed to make faculty whole after years of sub-inflation raises, UCFA also recommends a further 4% merit raise pool to be allotted to recognize the teaching, research, and extension accomplishments of MSU faculty that

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<sup>4</sup> <https://strategicplan.msu.edu/strategic-plan>

have made MSU a world-leading academic institution. Finally, we recommend a 2% raise pool be used for 2023-24 as part of MSU's commitment to faculty equity and excellence.

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.

### **Acknowledgements**

UCFA would like to thank Bethan Cantwell, Rebecca Barber, and Dave Weatherspoon for their continued support and feedback through this process. The UCFA would also like to acknowledge the work of Bree Holtz in leading the authorship and Dan McCole's work regarding inflation calculations.

*Approved by UCFA on Tuesday, December 19, 2023*