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Market Forces and Faculty Salaries

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National
Center for the
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Bargaining in
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Education and the
Professions

Market Forces and Faculty Salaries

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Labor Supply Decisions: Academic Labor Markets for Full-Time Faculty are Highly Segmented

- By discipline (e.g., English, History, Biology)
- Within disciplines (e.g., Shakespearean, Twentieth Century American History, Molecular Biology)
- Relative emphasis on Research vs. Teaching
- Graduate level teaching vs. undergraduate emphasis
- Little or no mobility between market segments

Prospective Faculty Supply their Labor into Specific Market Segments

- Based on their likely competitiveness relative to other job candidates >> the new economics Ph.D. applying for a tenure track position at Hampden-Sydney College isn't simultaneously applying for a tenure track position at the University of Chicago.
- Based on their personal interests: teaching/research, rural/urban location, spousal career demands, etc.

Faculty Salaries & Hours Worked/Week

- Differences in full-time faculty work weeks aren't very substantial, but there are patterns.
- Faculty at Category I universities tend to work the greatest number hours/week
- Followed by faculty at Category IIA universities
- Followed by faculty at Category IIB colleges
- Followed by faculty at Category III colleges

Average Full-Time Faculty Work Week

National Survey of Postsecondary Faculty: 2004, U.S. Department of Education,
<http://165.224.221.98/pubs2006/2006176.pdf>

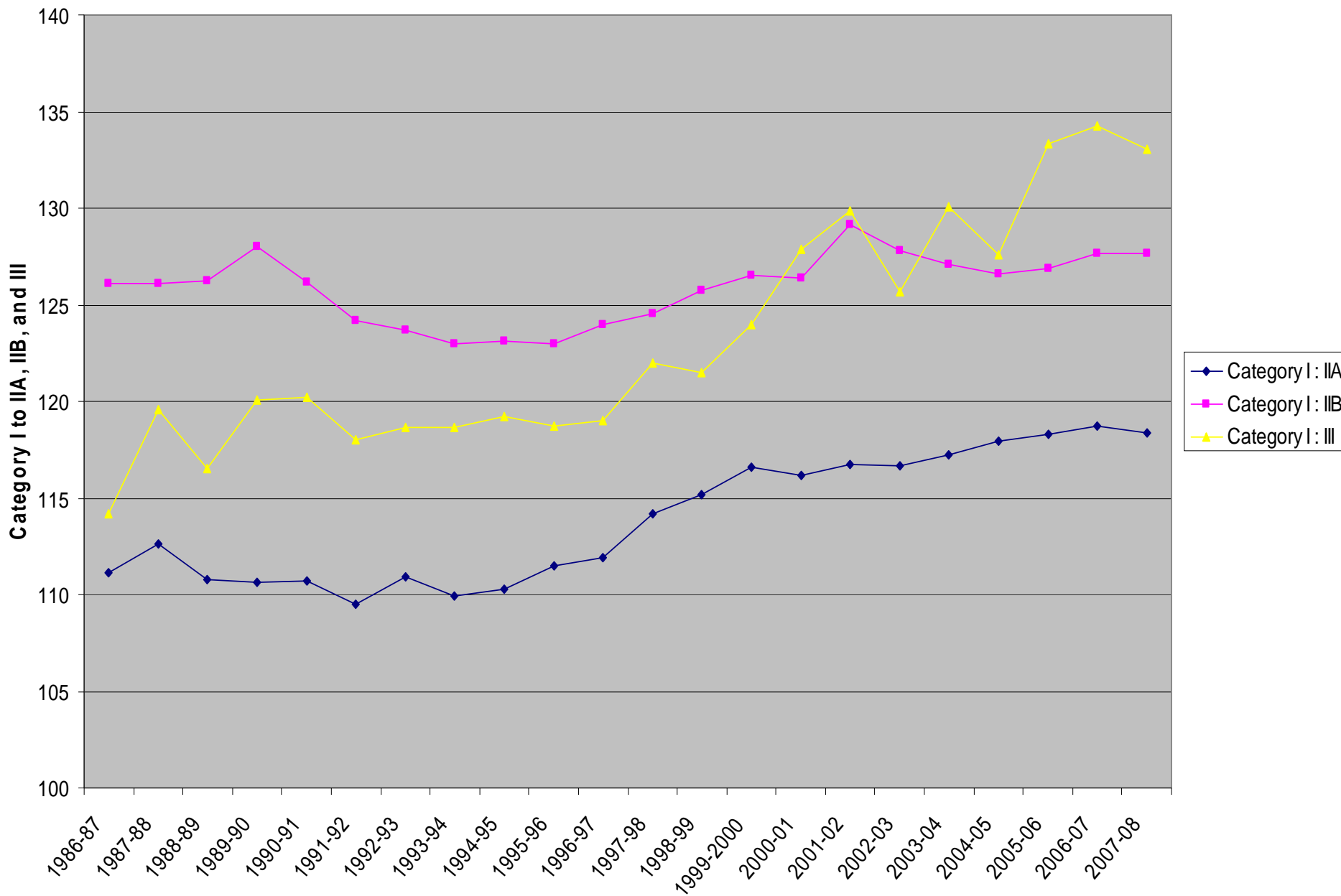
Institution Type	Hours/Week
Public Doctoral	55.5
Private Doctoral (not for profit)	55.2
Public Masters	53.3
Private Masters (not for profit)	51.8
Private Baccalaureate (not for profit)	53.9
Public Associate	49.3
All Four-Year Institutions	54.3
All Institutions	53.4

The Demand for Academic Labor

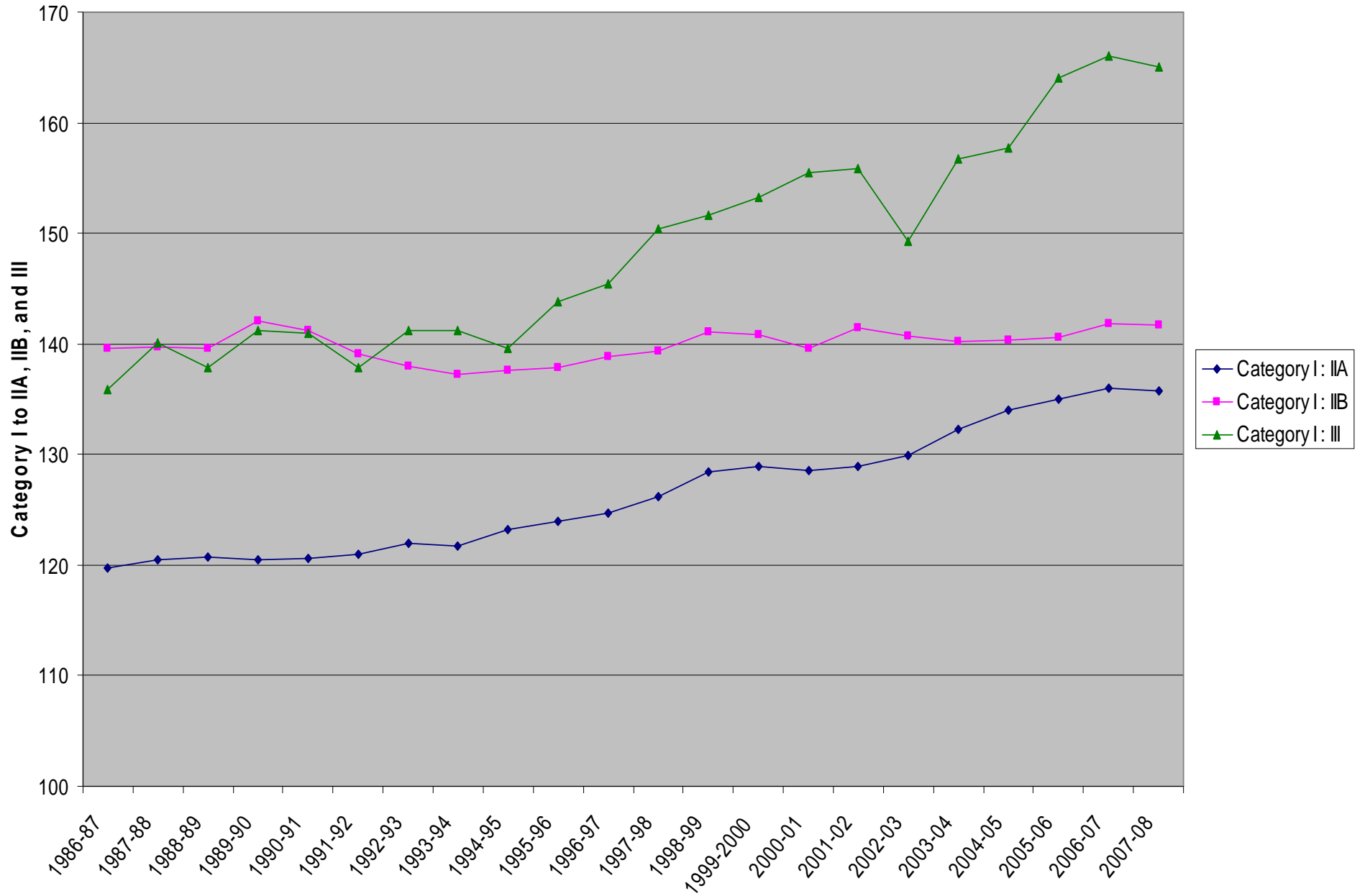
(From the AAUP Annual Salary Survey: Various Years)

- Carnegie classification is associated with “ability pay” faculty salaries
- Category I institutions typically pay the highest salaries and have greatest ability to pay:
 - endowment income
 - research grant money
 - tuition
- Category III institutions typically pay the lowest salaries and have:
 - little or no endowment
 - little or no research grant money
 - low tuition
- Salary gaps between Category I universities and the others have grown in the last 20 years, at both the Assistant and Full Professor ranks.
 - gap has grown the most for Category III colleges
 - gap has grown the least for Category IIA universities

Assistant Professor Salary Ratios (All Institutional Types)



Full Professor Salary Ratios (All Institutional Types)

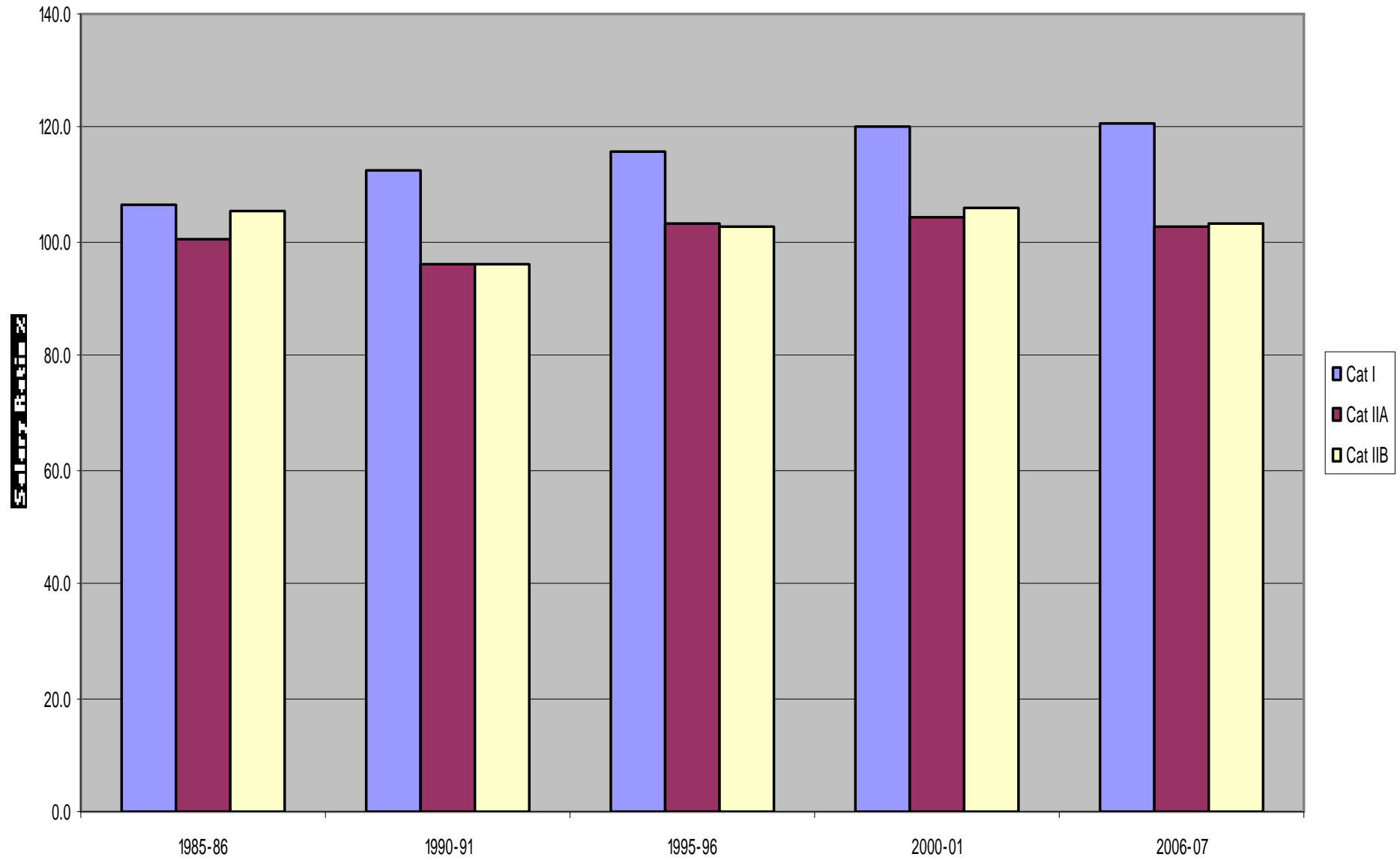


Ability to Pay Faculty Salaries linked to Public/Private Status – Faculty at Private Universities Earn Higher Salaries

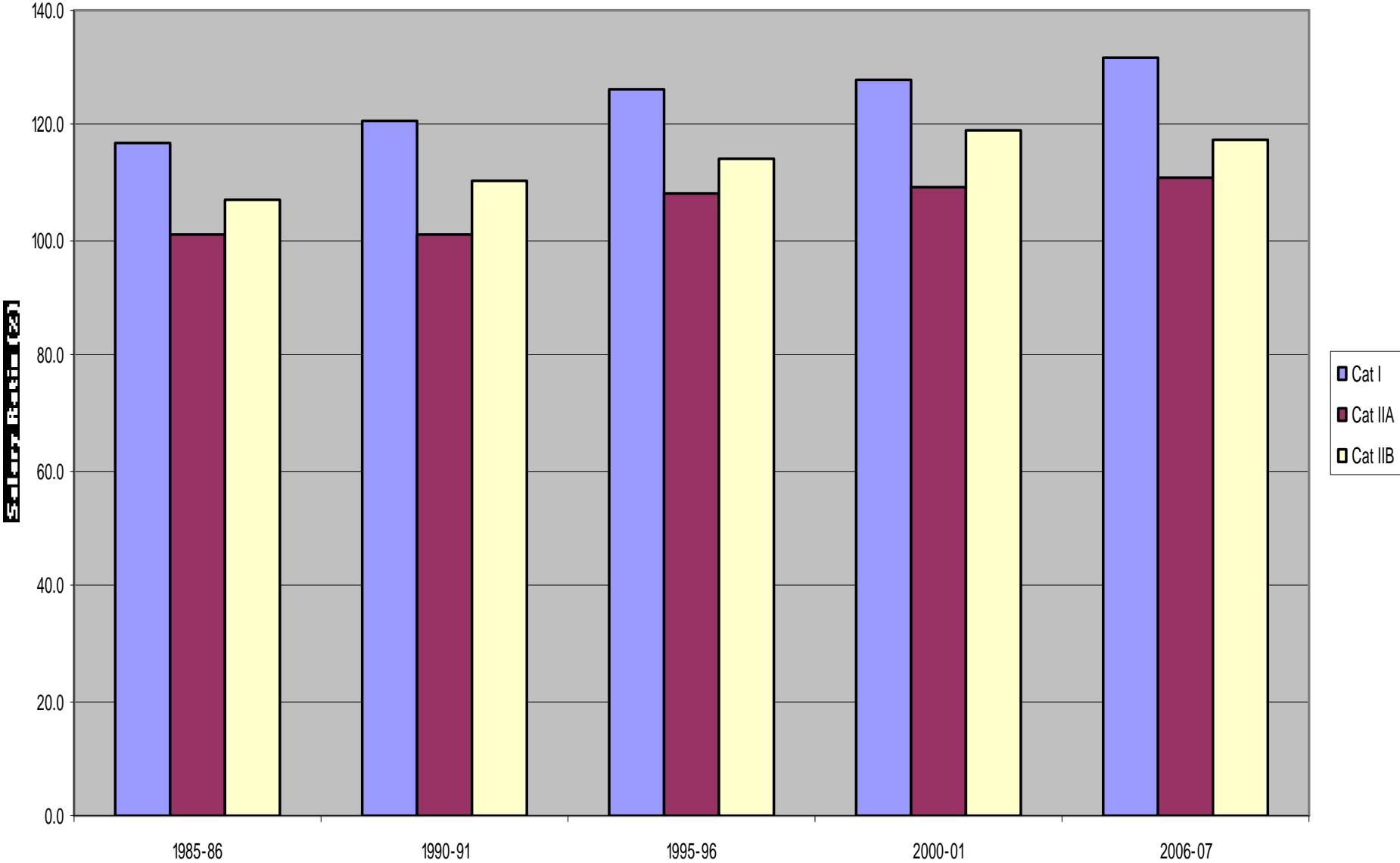
(From the AAUP Annual Salary Survey: Various Years)

- Private Tuition revenues are higher
- Falling levels of support for public universities from state governments
- Private endowments/FTE student ratios typically are much higher than for public institutions (approximately ten times higher)
- The gap between private/public salaries is large and growing for Assistant Professors at Category I universities
- For full professors the private/public salary gap is larger – and growing for all Category types.

Assistant Professor Salary Ratios: Private/Public



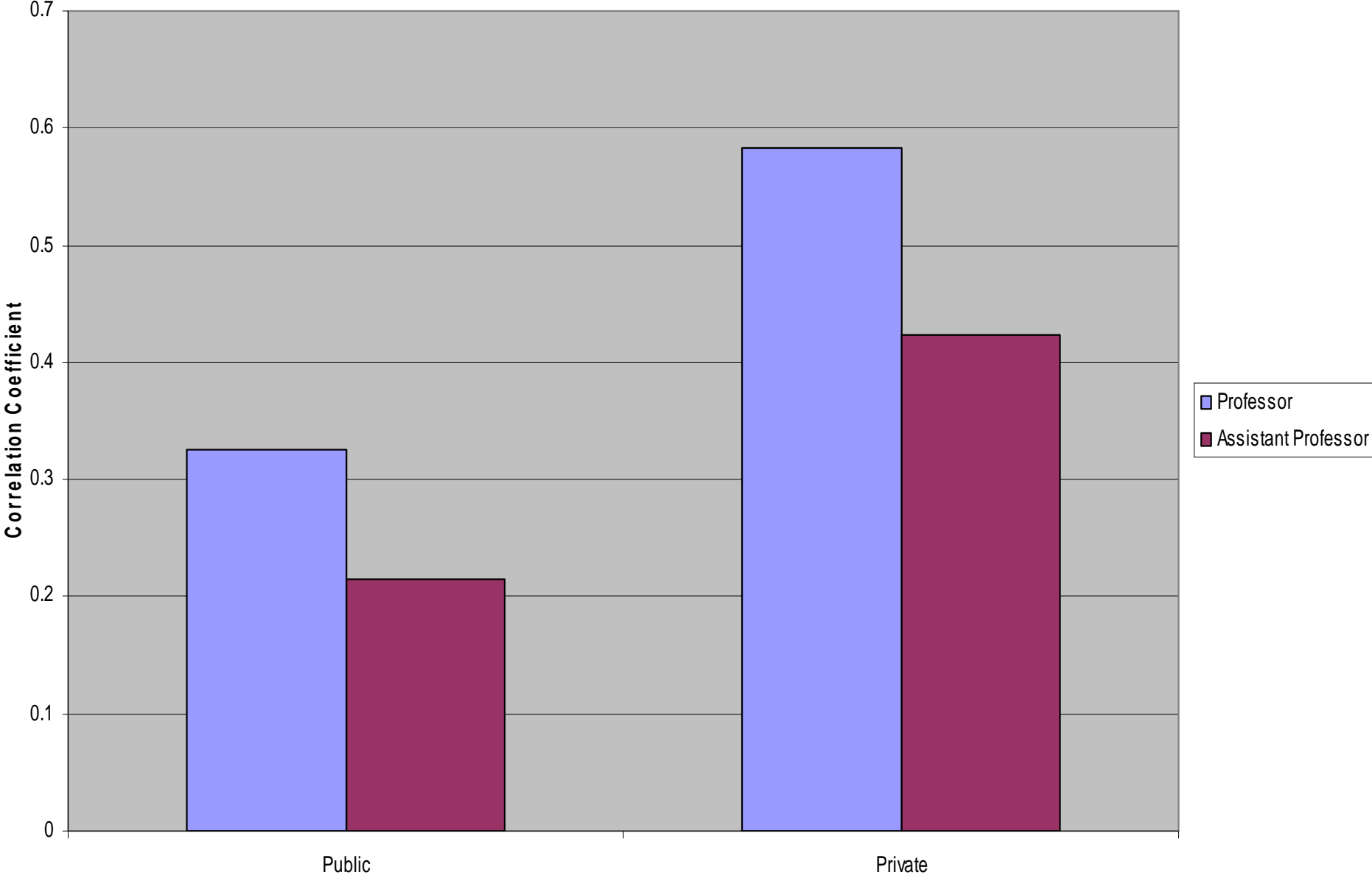
Full Professor Salary Ratios: Private/Public



How are University Endowments Related to Faculty Salaries?

- Endowment data from 2007 NACUBO Endowment Survey – market value of endowments at the end of 2007 fiscal year
- Faculty salary data from the 2006-07 AAUP faculty salary survey
- Endowment measured per FTE student
- N = 90 for Public Institutions
- N = 94 for Private Institutions
- Correlation between endowments and salaries is higher at private universities
- R-Squared (% of variation in faculty salaries explained by variation in endowments) also higher at private universities.

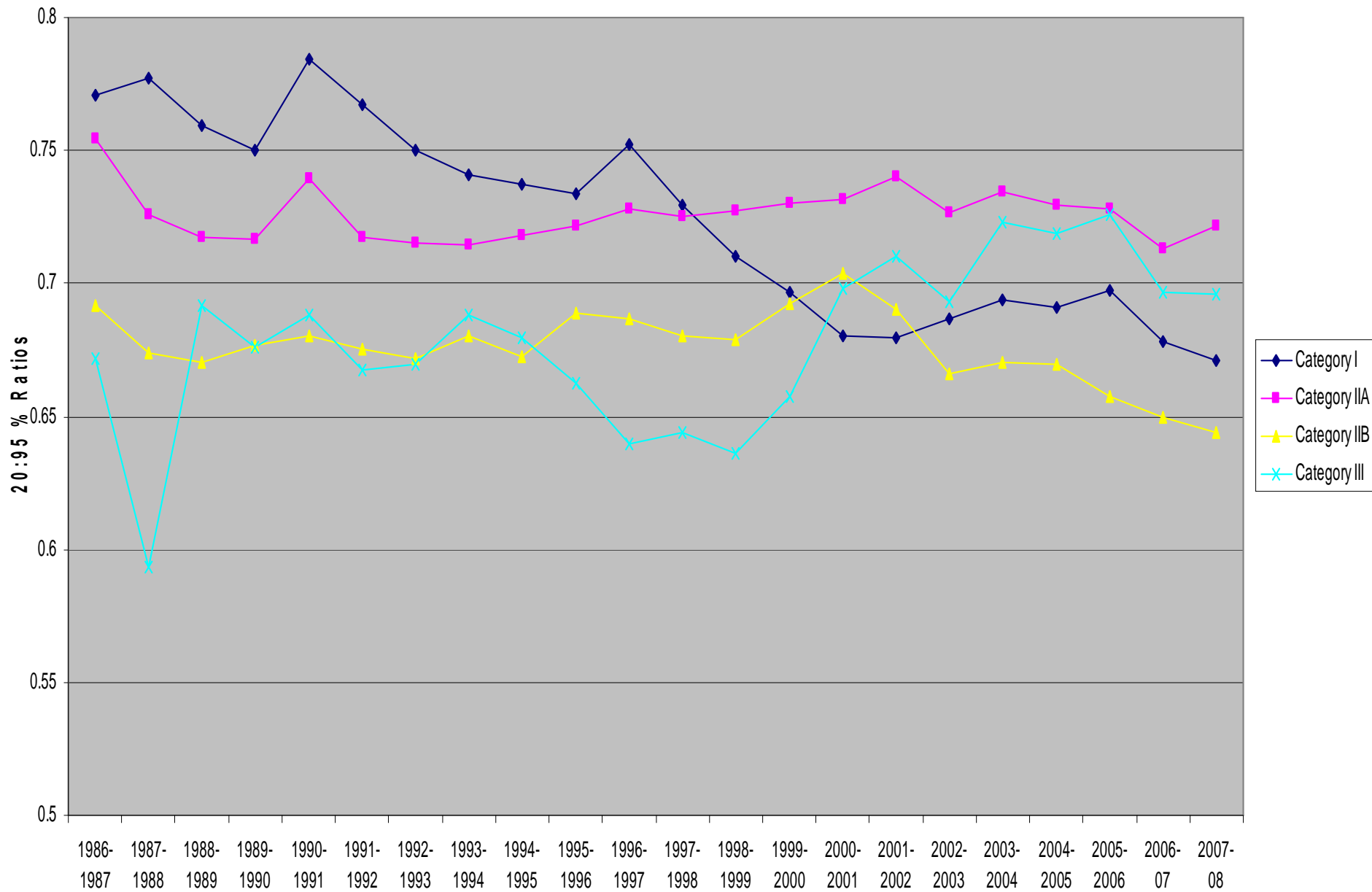
Correlation Coefficient: Faculty Salary & Endowment/FTE Student



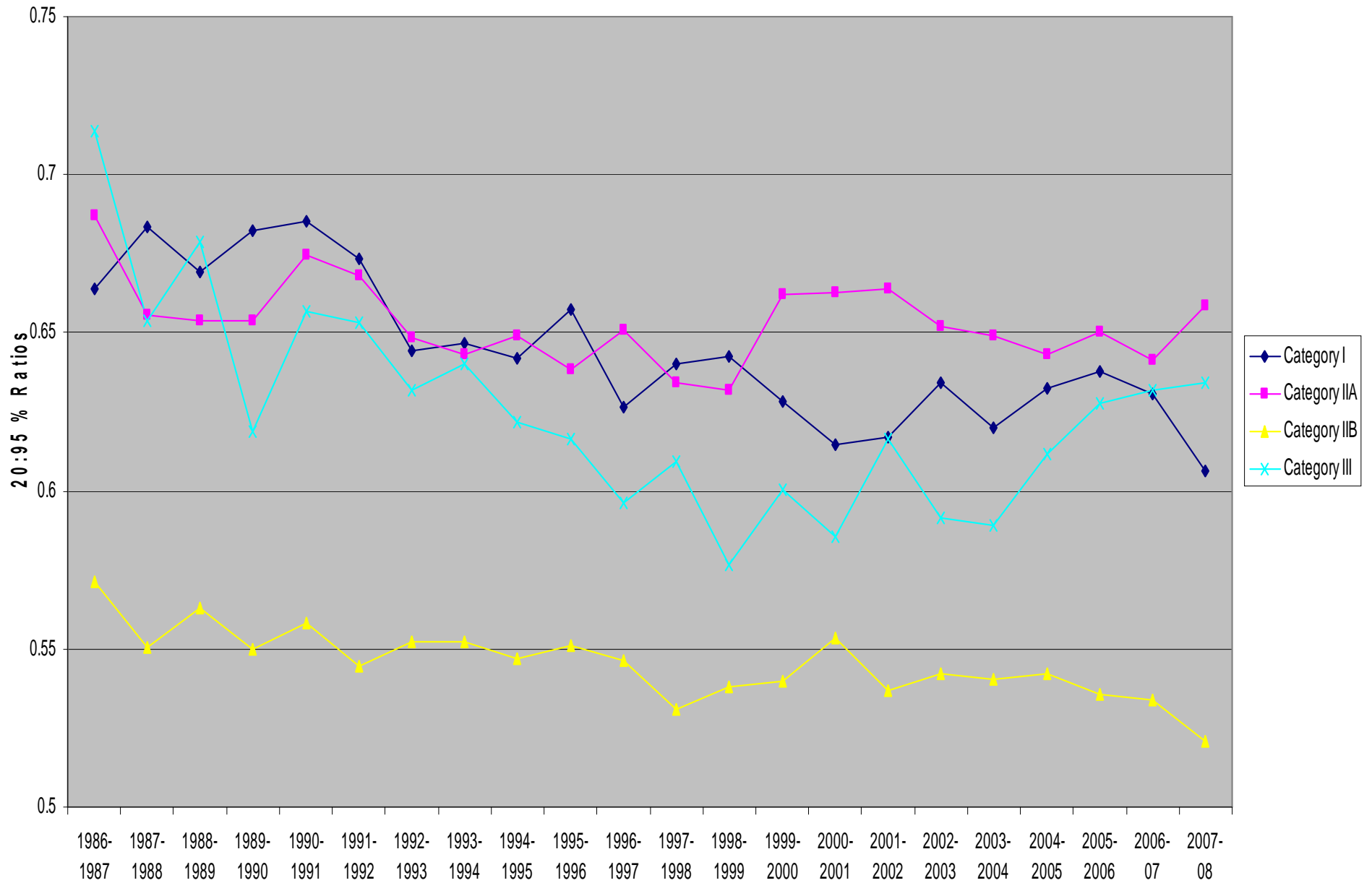
Income Inequality Has Been Rising Nationally

- In 1986, U.S. workers at the 20% level had incomes equal to 13.3% of those for workers at the 95%.
- In 2006 U.S. workers at the 20% level had incomes equal to 11.5% of those for workers at the 95%
- *What do the 20% / 95% ratios look like for faculty?*

Income Ratios: Assistant Professors



Income Ratios: Full Professors



Disciplinary Differences in Faculty Salaries

(2007-08 Faculty Salary Survey

of Institutions Belonging to the National Association of State Universities and Land-Grant Colleges
– Oklahoma State University)

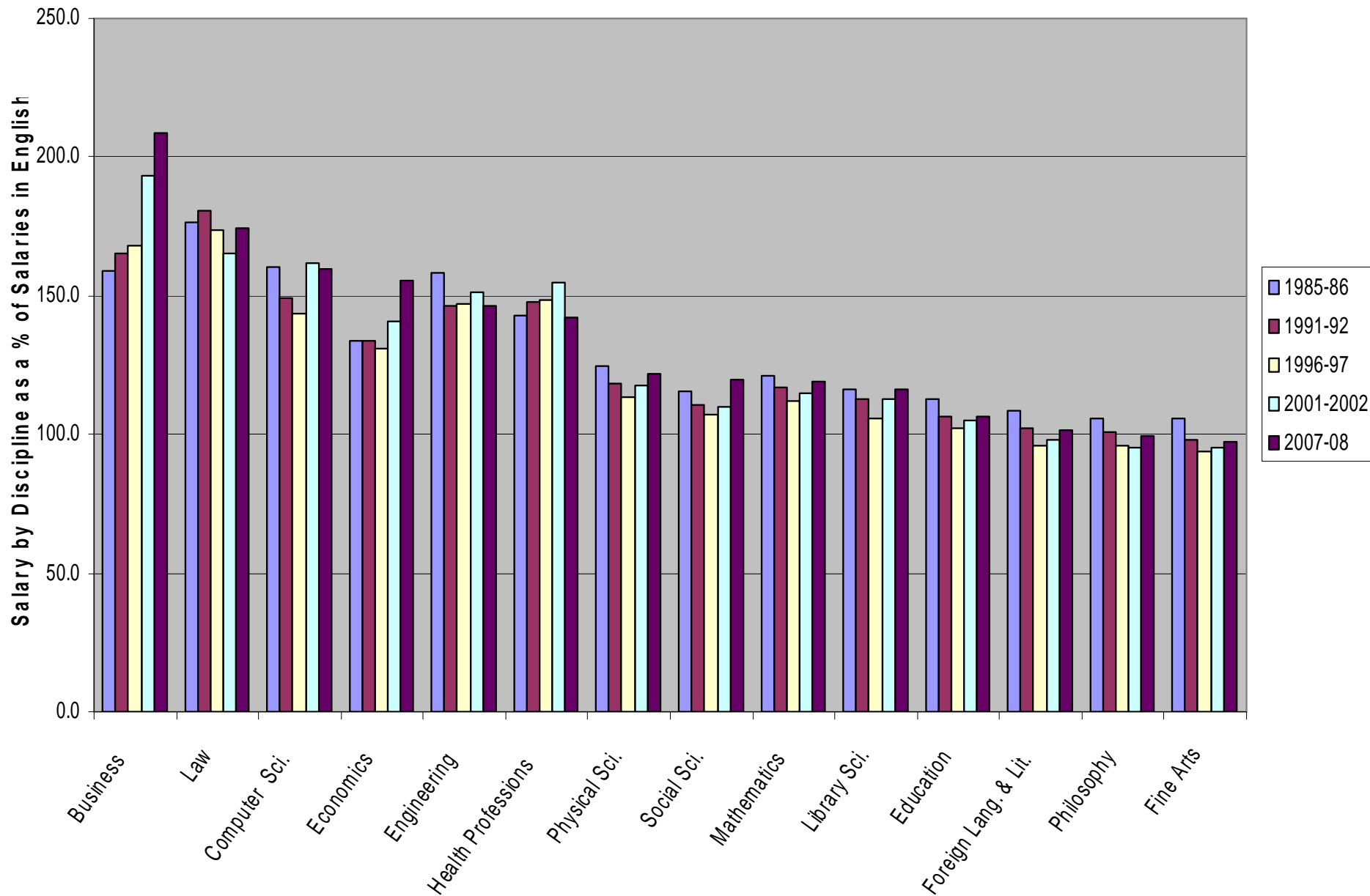
- Not based on disciplinary differences in hours worked
- Are related to salaries in non-academic employment
- At the Assistant Professor rank: the largest salary gaps and the greatest growth rate in salary gaps are in Business Administration and Management
- At the Full Professor rank: the largest salary gaps and the greatest growth rate in salary gaps are in:
 - Law and Legal Professions
 - Business Administration and Management
 - Economics
 - Computer Science and Information Management

Average Full-Time Faculty Work Week by Discipline

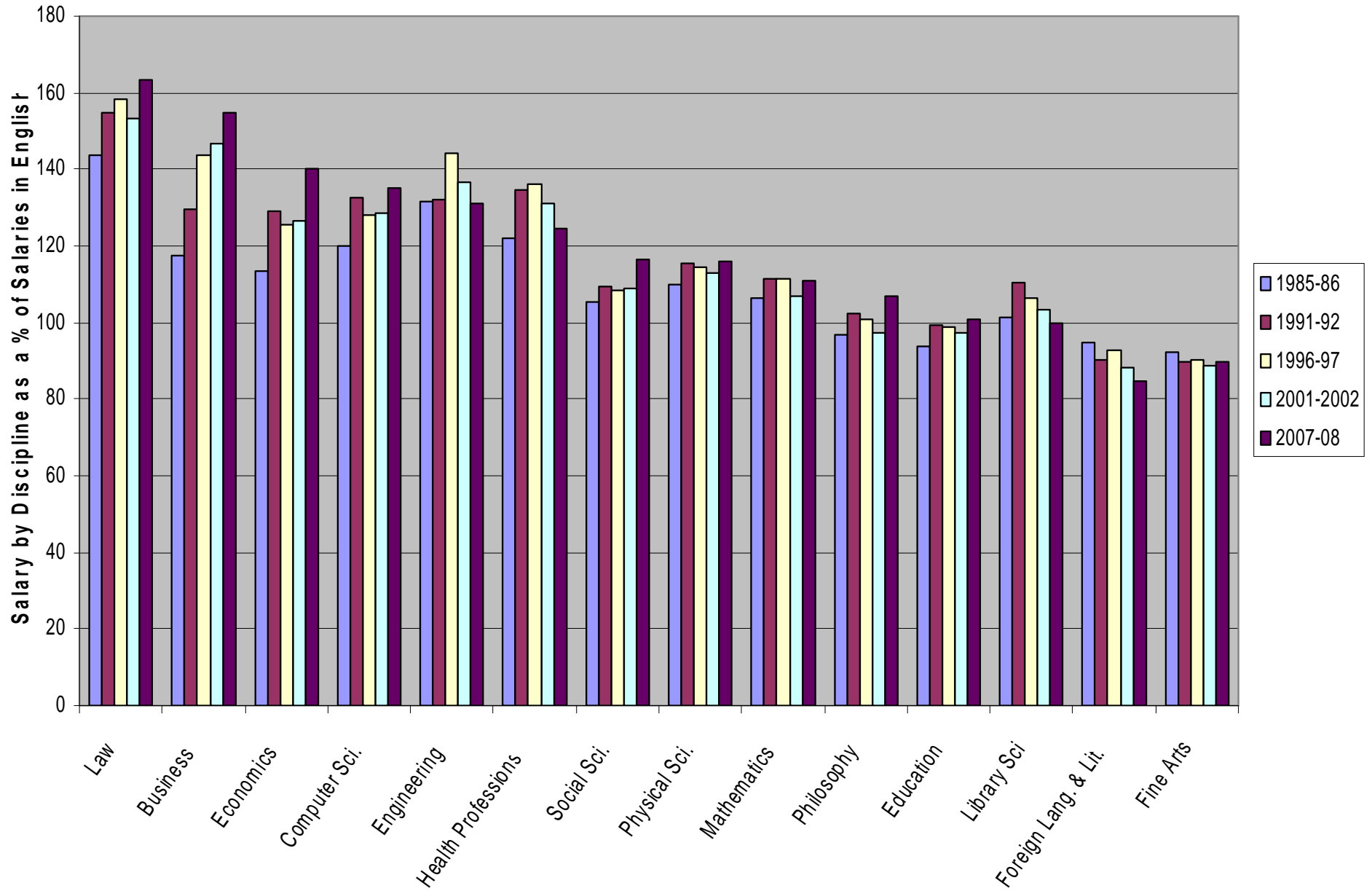
(National Survey of Postsecondary Faculty: 2004, US Department of Education,
<http://165.224.221.98/pubs2006/2006176.pdf>)

Discipline	Hours/Week
Business	53.7
Education	53.7
Engineering	56.1
Fine Arts	53.4
Health Sciences	56.5
Humanities	52.9
Natural Sciences	54.3
Social Sciences	54.7
All Others	53.4

Assistant Professor Salaries by Discipline



Full Professor Salaries by Dicipline



Conclusion: There's Nothing About a Market that Insures Equitable Outcomes

- Disciplinary salary differences will continue to grow as non-academic employment becomes more lucrative
- Public/Private salary differences will continue to grow – despite the fact that only public school faculty have the legal right to unionize
- Short-term solutions???
 - Restrict faculty labor supply XX
 - Increase revenue sources XX
- Long-term solution – increase revenue sources
 - Lobby state legislators for increased support
 - Development! Development! Development!