



WARTBURG AAUP

"Committed to Academic Excellence"

NEWSLETTER

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NATIONALLY, 2000-2001 FACULTY RAISES BARELY SURPASSED RATE OF INFLATION

The AAUP has published its annual salary survey in the March-April issue of *Academe*. The news is not encouraging. From the 1999-2000 to the 2000-2001 academic year, the average salary of full-time faculty in the U.S. increased 3.5 percent, an average raise only 0.1 percent above the rate of inflation.¹ Wartburg's increase for 2000-2001 was the same as the national average.

The table below shows Wartburg salary increases in relation to the Consumer Price Index (CPI) from AY 1996-97 through AY 2001-2002.

Next year's 4.0 percent raise (AY 2001-02) is compared to the current CPI. However, with dramatic rises in the cost of energy, it is likely that the rate of inflation next year will in fact be higher than 3.4 percent.

<u>Year</u>	<u>CPI²</u>	<u>Wartburg Nominal</u>	<u>Wartburg Real</u>
1996-97	3.3	4.5	1.2
1997-98	1.7	5.0	3.3
1998-99	1.6	3.5	1.9
1999-00	2.7	3.0	0.3
2000-01	3.4	3.5	0.1
2001-02	3.4 ³	4.0	0.6 ³

¹However, the average salary increase for continuing faculty (those who were at the same institution in 1999-2000 and in 2000-2001) was 5.3 percent.

²Consumer Price Index from December to December.

³No increase in CPI assumed.

THE RICH GET RICHER, THE POOR GET POORER, AND THE COLLEGE IS BETTER OFF

In keeping with our policy of providing a forum for discussion of issues of interest to faculty, the AAUP Newsletter offers the following opinion piece by Professor Lake Lambert. The views expressed here are not necessarily those of Wartburg AAUP.

It is no secret that next year many Wartburg faculty and staff will be required to pay for health benefits they previously received at no cost. The administration has announced that an employee's "benefit bank" will not necessarily rise at the same rate of benefit cost, meaning that employees will be forced to either "buy down" a lower benefits package or take a reduction in pay to make up the difference.

This year's benefit enrollment was rather easy, with some employees actually recouping money by voluntarily reducing benefits, and all employees were able to receive at least their old set of benefits at no additional cost.

In the future, however, many faculty and staff will end up assuming an increasing share of the health benefit costs. We have been told that this is necessary so that the college will be able both to reduce its costs and more accurately to predict costs for employee compensation (including benefits). There is also the promise that lower benefit costs in the future will result in higher salary increases.

While many will be adversely affected by these changes, others may benefit substantially if salaries are increased by a greater annual percentage. The problem is that those earning the least are the most likely to suffer, and those earning the most will be most likely to benefit.

Since the cost of benefits has historically risen much faster than salaries, employees with the lowest salaries will be heavily burdened by rising benefit costs. This year, for example, costs for family health coverage increased 20 percent while salaries increased by 4.5 percent (for faculty, .5 percent of this was allocated for equity adjustments). The higher your salary is already, the more likely that a percentage raise will more than cover your increased benefit costs. In other words, the rich will get richer, the poor will get poorer, and the college as a whole will be better off.

Consider hypothetical Employee A who has a full-time position in food service making \$8.00 per hour and who also receives the "family bank" of benefits. Employee A's gross annual pay will be approximately \$16,500 for twelve months, and the college will pay \$8,436 in benefits. Assuming that salaries and benefits increase at the same rate next year as this year (and assuming that the "benefit bank" increases only at the same rate as the salary increase), Employee A's gross pay will increase by \$742.50, and her benefit bank will increase by \$379.62. However, a 20 percent increase in health insurance costs (and not counting other benefit increases) will equal \$1521.58, leaving the employee with almost \$400 less in gross pay. Employee A's salary and benefit bank would need to increase by 6 percent for no net loss in pay, and an even higher percentage would be needed for an actual increase in take-home pay.

Now consider hypothetical Employee B who earns \$56,000, the average salary of a *full* professor at Wartburg. With the same family benefit bank of \$8,436 and the same percentage increases, Employee B's combined salary and benefit bank increase will be \$2,899.62. After subtracting increased benefit costs, Employee B will be left with a salary increase of \$1378.04. The salary and benefit increase of 6 percent that would allow Employee A only to break even would give Employee B a \$2,345 pay increase. A 2.4 percent increase would be needed for Employee B to break even.

Whether an employee will see a loss in take-home pay will depend upon several variables: current income, type of benefit bank, percentage of salary increase, and increased costs of benefits. Again, assuming a family bank, a 4.5 percent salary increase and a 20 percent increase in health costs, the break even income is approximately \$29,000. This will make most if not all faculty safe. However, in the last six years, faculty have only seen two salary increases above 4 percent (see the article above). Lower salary increases and continued escalation in health costs will mean that higher income employees (including junior faculty) may also see losses in take-home pay.

The point is that employees with higher salaries are less likely to lose take-home pay under the new benefits plan, and they will have even more take-home pay if salaries increase by higher percentages. The advantages of the new plan increase the higher your salary is and regardless of what benefit plans you select. The disadvantages are more severe the lower your salary is and the more dependent you are upon the Wartburg benefits package.

What can we do to lessen the adverse effects of this new plan? One possibility is to increase everyone's pay by a flat amount plus a percentage. For example, Employee A and Employee B could both receive a \$1000 pay increase plus a percentage increase. Obviously, percentage increases would be lower under this plan, but a flat increase would aid those with the lowest incomes and those most likely to suffer from the new benefits plan. This idea would still allow administrators to predict rises in employee compensation since both the fixed raise and the (reduced) percentage raise would come from the same pool for increased compensation.

US NEWS TO MOVE WARTBURG TO "REGIONAL LIBERAL ARTS COLLEGE" CATEGORY

U.S. News and World Report is planning to add Wartburg to its list of "regional liberal arts colleges," according to Robert K. Morse, director of data research for *U.S. News*. In the past Wartburg has been listed among the prestigious "national liberal arts colleges" in *U.S. News's* annual "Best Colleges" issue.

The reason? *US News* bases its college ratings on the Carnegie Foundation's classification system for American colleges and universities, and the foundation's recent revisions to this system have resulted in Wartburg's being reclassified as a BA-General institution. BA-General institutions are those that award less than 50 percent of their degrees in liberal arts fields.

US News will employ the foundation's new BA-General classification, which replaced the old Liberal Arts II category, as the basis for its list of "regional liberal arts colleges." "National liberal arts colleges" will be based on the new BA-Liberal Arts category, which replaced the old Liberal Arts I.

Morse did offer the consolation that Wartburg would likely be ranked higher as a regional liberal arts college than it was as a national liberal arts college. While Wartburg ranked in the fourth and lowest tier among the national colleges, it would probably rank in the first or second tier among the Midwest-region colleges. This year the thirty colleges in Tier 1 included Augustana-Sioux Falls, Augsburg, Buena Vista, Loras, Northwestern, and Simpson.

Interestingly, Morse denied that the key distinction between the national and regional colleges was a qualitative one. Instead, he insisted that the crucial difference between the two categories was "undergraduate mission." The national liberal arts colleges, he said, simply focused more strongly on the liberal arts. While he did not deny that there are more "select" schools in the national category, he stated that, if the "Best Colleges" issue left the impression that schools were listed as national rather than regional *because* they were superior, than *US News* might need "to make some adjustments in [its] presentation."

(For a detailed explanation of the Carnegie reclassification and its implications for Wartburg College, see Zemke's "Will Carnegie Reclassification Hurt Wartburg?" in the September *AAUP Newsletter*.)

IN COMPARISON TO PEER INSTITUTIONS, WARTBURG STILL MIDDLE OF THE PACK

With the publication of the "Annual Report of the Economic Status of the Profession" (March-April 2001 issue of *Academe*), it is a good time to compare our current benefits with those of other Midwestern colleges.

All information is from the most recent issue of *Academe*. All schools belong to AAUP Category IIB, which contains institutions whose primary emphasis is on general undergraduate baccalaureate-level education. All salary/compensation figures are in thousands of dollars, rounded to the nearest hundred. Although average figures are available for each rank, I have listed only the "all ranks combined" figures. *Benefits* are major fringe benefits that include contributions for (1) social security, (2) retirement, (3) medical and dental insurance, (4) group life insurance, (5) disability income protection, (6) unemployment and workers' compensation, and (7) tuition for faculty dependents.

Few changes in the salaries rankings occurred from last year: the top four schools last year remain the top four this year and the bottom four last year are still the bottom four this year. The percent changes in salaries from last year are given in parentheses.

<u>Salaries in \$1000 (% change)</u>	<u>Compensation in \$1000</u>	<u>Benefits as % of Salary</u>
Grinnell 65.9 (+2.0)	Grinnell 84.1	Coe 38
St. Olaf* 53.5 (+3.1)	Coe 70.0	Luther 31
Gustavus* 52.6 (+4.8)	St. Olaf 65.6	Wartburg 30
Cornell* 52.0 (-0.8)	Gustavus 65.0	Augsburg 29
Augustana IL* 51.4 (+3.8)	Augustana IL 64.7	Augustana SD 28
Coe* 50.8 (+5.0)	Luther 63.6	Grinnell 28
Buena Vista* 49.4 (+10.3)	Cornell 63.5	Augustana IL 26
Luther* 48.7 (+0.2)	Buena Vista 61.9	Neb. Wesleyan 26
Concordia MN* 46.9 (+2.2)	Wartburg 61.1	Buena Vista 25
Simpson* 46.8 (+1.5)	Simpson 58.6	Simpson 25
Wartburg 46.8 (+2.6)	Neb. Wesleyan 58.4	Central 24
Neb. Wesleyan* 46.3 (+3.1)	Augsburg 57.0	Gustavus 24
Central* 44.9 (+3.5)	Concordia MN 56.8	Loras 23
Loras* 44.3 (+3.3)	Augustana SD 56.5	St. Olaf 23
Augsburg 44.0 (+3.5)	Central 55.6	Cornell 22
Augustana SD 44.0 (+4.5)	Loras 54.3	Concordia MN 21

*Schools that the administration employs as "benchmark" institutions.

—Warren T. Zemke

HAGEMANN RESPONDS TO AAUP LETTER ON PRESIDENTIAL EVALUATION

Fred Hagemann, chair of the Wartburg College Board of Regents, has responded to a letter from the executive committee of Wartburg AAUP. The AAUP letter, dated March 5, had recommended that faculty be involved in the periodic evaluation of the college president (see March *AAUP Newsletter*).

In his response, which was contained in a March 21 letter to AAUP president Warren Zemke, Hagemann reported that the "Board's Executive Committee reviews the performance of the president of the college on an annual basis" and communicates "the results of that annual review to the full Board." Chairman Hagemann also wrote that he "would be happy at any time to discuss the issue of the review of the performance of the president with the appropriate faculty leadership" and that the executive committee of the board would communicate any changes in the presidential evaluation process to "the aforementioned faculty leadership." Hagemann sent a copy of his letter to Dick Schneider, chair of Faculty Council.

COLLEGE HAS ADDED SIX FULL-TIME FACULTY POSITIONS SINCE 1993-94

As the table below indicates, over the last eight academic years, the number of full-time teaching faculty positions has fluctuated from a low of 76 (in 1995-96) to this year's high of 86. The biggest one-year increase occurred this year, when five full-time teaching positions were added. During the eight-year period from 1993-94 to 2000-01, the number of full-time teaching faculty went from 80 to 86, a 7.5 percent increase.

The reason for the added positions? Over the same period, enrollments have grown from 1400 to this year's record 1600—a 14 percent increase.

In order to arrive at the number of full-time teaching faculty, the *AAUP Newsletter* employed the category used by the AAUP for its annual salary survey, that of "instructional faculty." AAUP asks institutions to report salaries only for instructional faculty, defined as "those members of the instructional-research staff who are employed on a full-time basis and whose major regular assignment is instruction. . . ." Excluded from this category are "administrative officers with titles such as dean of students, librarian, registrar, coach, and the like, even though they may devote part of their time to classroom instruction and may have faculty status."

Regardless of the year, all of Wartburg's *ranked* (i.e., tenure-line) faculty appointments fit this definition. But most *titled* (i. e., non-tenurable) appointments do not. So, for example, in AY 1993-94, the 80 instructional faculty include all 73 ranked faculty and 7 of the 21 titled faculty.

Number of "Instructional Faculty" at Wartburg 1993-2001

<u>Year</u>	<u>Titled Faculty</u>	<u>Ranked Faculty</u>	<u>Instructional Faculty</u>	<u>Total Enrollment</u>
93-94	21	73	80	1400
94-95	20	70	77	1405
95-96	19	73	76	1433
96-97	24	67	77	1467
97-98	25	68	79	1528
98-99	23	70	78	1541
99-00	21	74	81	1546
00-01	25	76	86	1600

MARK YOUR CALENDARS: AAUP PICNIC TO BE HELD THURSDAY, MAY 17

The eighth annual AAUP Faculty Picnic will take place on Thursday, May 17, at 5:30 p.m. under the southernmost picnic shelter (Lions' Shelter) next to Kids' Kingdom. Menu will feature pizza, salad, pop, beer, chips, etc. There is no charge, but charitable contributions will be not be spurned.

All faculty members and their families are invited. The purpose is simply to celebrate the end of the academic year in an informal and lively fashion. Bring your lawn chairs, blankets, Frisbees, etc. If you are planning to attend, **RSVP** by e-mail (<zemke>) **BY NOON, TUESDAY, MAY 15.**