It is the opinion of the Faculty Senate that to alleviate problems with faculty compensation in the future, annual adjustments to faculty salaries be carried out in the following manner:

Currently faculty salaries are derived from two main components - a "carded component" (composed from degree, rank, years of experience, etc.) and an "off card adjustment" (from endowments, agreements related to service in prior administrative positions, negotiations at time of hire, etc.).

The current adjustment system (in those years in which it is applied) adds a flat amount for each year of experience a faculty member gains. This amount (which in 13-14 was $546) has been enough to offset the downward pressure of inflation for faculty members at lower ranks (instructor/assistant professor) whose years of experience have not hit an upper "cap". For those at higher ranks (associate/full professor) the flat amount has not been enough to offset inflation, even though the inflation rate has been fairly low until recently. This has caused the "real" salary for faculty of high rank to continually decay over time - particularly for those at the rank of Professor and who cannot further increase their salary through promotion.

We recommend that in the future annual adjustments are made to the "carded component" of the salary <u>only</u>, based on measures of inflation (preferably CPI or an equivalent measure which allows for smoother financial planning, such as the average of the previous three years' CPI). These adjustments would replace the current "Calculation for experience" factor of the salary card (although years of experience already included in existing faculty's current salaries would be part of their "base salary" going forward).

For example, consider two associate professors with 12 years' experience - one whose current "on card" salary is $56,000 and one whose current salary is $66,000 (the "on card" salary of $56,000 together with a $10,000 adjustment due to being in a high demand area). If the CPI for the first year in this new system is 1.8%, the first professor's new salary would be $56,000*1.018=$57,008. The second professor's new salary would be $56,000*1.018 + $10,000 = $67,008, as the $10,000 "off card" portion would not be adjusted for inflation.

When a person is promoted or the University adjusts the components of the "carded salary" (say deciding to increase associate professor pay to be more competitive), those adjustments can be added to the corresponding salaries at that time and then the new salary adjusted going forward into the future.

While this system does not correct existing issues with faculty compensation, it should help prevent them from becoming worse over time and allow for simple, fair, and predictable support for Southeastern faculty as we go forward.