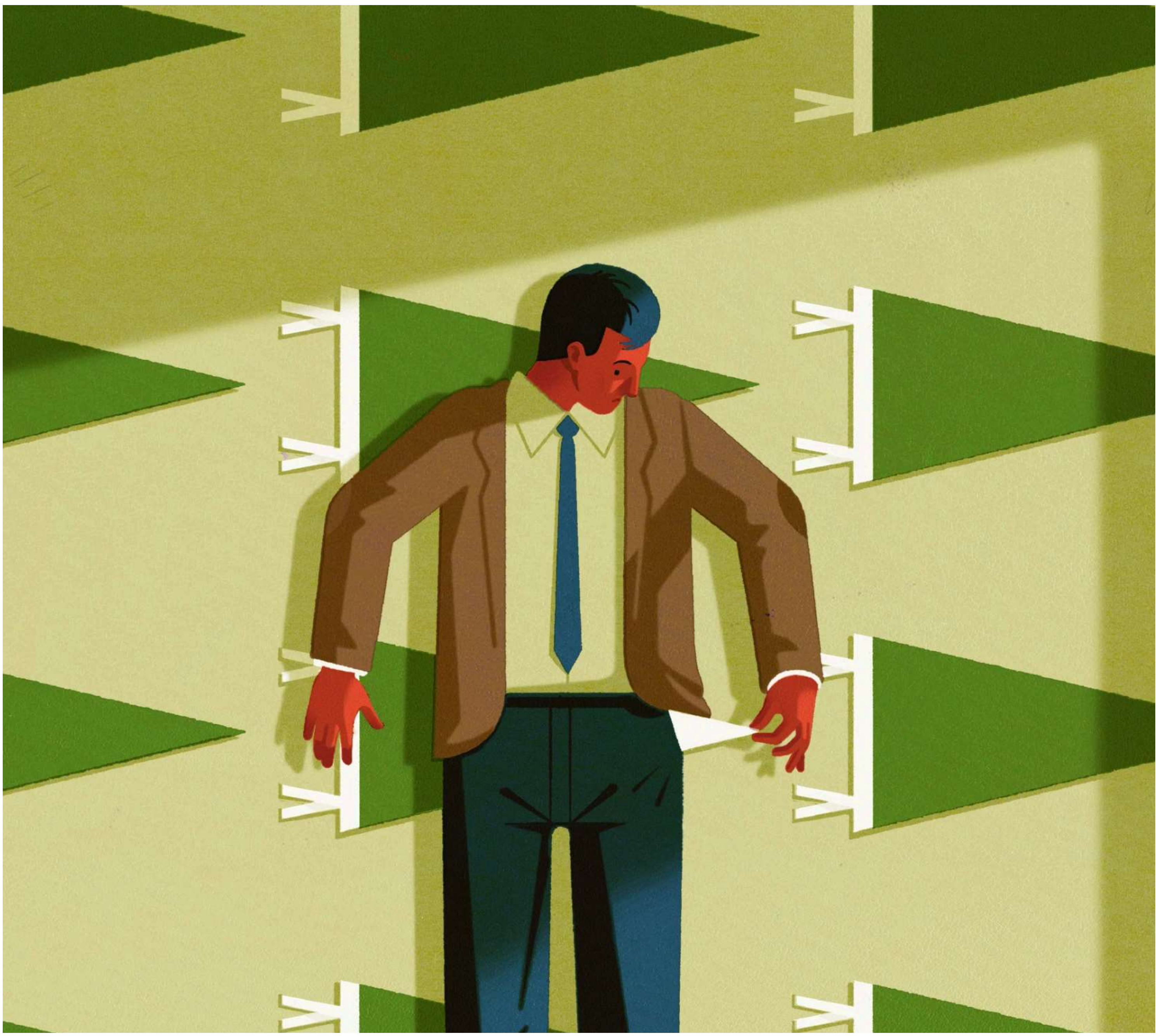
THE CHRONICLE OF HIGHER EDUCATION

Your Pay Is Terrible? You’re Not Alone.

Higher education has a compensation problem.



PETE RYAN FOR THE CHRONICLE

THE REVIEW | ESSAY

By Kevin R. McClure

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College employees have navigated a dizzying array of changes since the pandemic, but one thing has stayed largely the same: their paychecks. Poor compensation is a bedrock feature of working in higher education, as seemingly immovable and enduring as the main administration building.

Although some institutions bumped salaries by modest amounts in a bid to attract and retain talent in the aftermath of the Great Resignation, pay for many employees remains astonishingly low. The National Education Association reported that in 2023 education-support professionals — those working in administrative support, custodial services, food services, and skilled trades — earned less on average than a living wage in every state and Washington, D.C. A 2020 survey of instructors at four community colleges and one university found that 38 percent of respondents experienced some form of basic-needs insecurity.

As part of my research on the higher-education workplace, I've interviewed scores of staff and faculty at a variety of institutions across the country. Many have expressed frustration with their salaries and felt that even during tight budgets there have been resources for all manner of projects and initiatives — just not for raises. But workers aren't just fed up with wages that feel cemented in place. They are also exasperated by the archaic processes that determined their paychecks — their institutions' compensation practices.

Compensation practices include how jobs are classified, salary ranges are determined, raises are administered, paychecks are distributed, and inequities are monitored. In a well-run organization, these nuts and bolts that shape compensation are routinely checked and updated to stay competitive and achieve strategic goals. But for many colleges, compensation practices have become the deferred maintenance of the human-resources world. Because of this neglect, employees experience stagnant salaries, late paychecks, inaccurate titles, and confusion over how pay is pegged to performance.

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Most colleges construct a job-classification structure where positions are grouped by responsibilities and then assigned a salary range between 80 percent and 120 percent of a midpoint. Ranges are determined by analyzing labor-market data to see how similar positions are compensated. For many institutions, the goal is to approximate what other colleges pay or bring employees up to 80 percent of the midpoint. This approach works if institutions are updating their job architecture and the data on which salary ranges are based. But that's not often happening. In my own state of North Carolina, new salary ranges for employees eligible for overtime take effect this March. The last time there was a labor-market analysis to inform salary ranges for this group of workers was in 2008.

Outdated job-classification structures compel units and departments to get creative with titles. Flexible titles like “coordinator” are applied to a multitude of roles held by people with vastly different training. In some cases, employees’ titles and salaries don’t accurately match their duties. For example, departmental administrative assistants can quickly find themselves assuming the responsibilities of a business manager, communications specialist, and academic adviser with no change in their pay. Susan Basso, a former chief human-resources officer at two flagship universities and current principal at Huron Consulting Group, told me that titles have considerable currency in higher education, and managers have sometimes elevated supervisees’ titles when raises weren’t in the cards. Other employees are denied a title altogether and misclassified as independent contractors who are ineligible for benefits.

When salary ranges aren’t updated, employees find their paychecks lagging behind living expenses. The American Association of University Professors’ “Annual Report on the Economic Status of the Profession, 2021-22,” found that average salaries for full-time faculty increased by 2 percent, continuing a trend of nearly flat wage growth indexed against inflation since 2008. The average associate professor at a master’s-level institution earned $89,000, which doesn’t capture considerable variation by discipline. Lecturers made $67,000 on average and adjuncts made just $3,400 per course at the same type of institution. Graduate Assistants United at the University of Florida reported that 72 percent of over 1,000 survey respondents said they could not cover all their living expenses on their stipend. Half of respondents indicated that they have been unable to afford or had to delay medical attention because of a lack of money.

Many staff and faculty members struggle to afford hot real-estate markets near campuses. One faculty member I interviewed, a biologist at a public liberal-arts college, made around $75,000 according to her university system’s public-salary database. When she tried to purchase a home, she found that the entry price for a house in town (which was also a popular tourist destination) wasn’t radically different from a home in the major city where she had been a postdoctoral researcher. “They don’t have condos. They don’t have smaller units for sale,” she explained. “Trying to buy a $400,000 home on a one-person salary is mathematically not really possible.” When she spoke with her dean about her salary being too low, he told her the only way to secure a raise was to get an outside job offer. She ended up taking a job at a better-resourced private university.

Her experience isn’t anomalous — securing a raise in higher education can be a herculean task. Raise processes can be unpredictable and opaque, as some institutions fluctuate year to year between cost-of-living adjustments, one-time bonuses, and merit raises. It’s not always clear to employees who is getting paid more and why. One study of merit pay showed that raises were too small to motivate faculty members, and institutions used performance criteria that were difficult to measure. Aware of the limited prospects for a raise, new hires have become savvier in negotiating their base pay, leading to salary compression or inversion, where new hires earn nearly the same or more than peers who have been at the institution for years.

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Of course, compensation is not bad for *all* higher-education employees. Pay disparities between different positions — especially between senior administrators and rank-and-file faculty and staff — is only intensifying. Examining salaries for faculty and senior administrators between 2007 and 2015, the higher-education scholar Martin J. Finkelstein and colleagues saw evidence of “the general trend in higher education and the economy as a whole of increasing distance between senior executives and production workers.” According to CUPA-HR data from 2020, provosts on average earned $205,000 a year and business-school deans earned $204,000. By contrast, career counselors brought home just $50,000 a year on average, and it was lower still for academic advisers ($46,000), admissions counselors ($42,000), and administrative assistants ($37,000). To be clear, it’s not necessarily the case that administrators are just overpaid. Instead, the problem is that the majority of workers aren’t paid enough and don’t have equal earning possibilities.

Higher education also isn’t immune to salary disparities by gender and race. A 2017 report from CUPA-HR showed that, though administrator salaries for men and women increased steadily between 2001 and 2016, the gender pay gap remained at $20,000 over the 15-year period. According to the AAUP, full professors who are women earn approximately 85 percent of what men earn. In a study of faculty at 40 public universities, the economists Diyi Li and Corey Koedel showed that Black and Hispanic faculty earned, on average, $10,000 and $15,000 less than white faculty. Black employees are also underrepresented in administrative positions, and those who are in administrative positions are, on average, paid less than white employees.

Raises alone won’t fix all these problems. Colleges need to review and enhance their compensation practices, which can lead to better employee engagement and retention. Doing so can also cut down on costly ad-hoc workarounds and allow for better management of resources. What do better compensation practices look like in practice? Here are five approaches college leaders should consider.

Create a compensation strategy and include it in budgeting planning. Basso, of Huron, recommends that institutions start by creating a compensation strategy. That means figuring out if they want salaries to lead the market, keep pace with the market, or temporarily trail the market but compete in other ways, such as high-quality benefits. She also recommends that institutions clarify who their peers are: “What institutions need to understand is who they are as an academic institution is not necessarily who they are as an employer.” An academic peer might be a similarly-ranked institution 2,000 miles away, but employees might be flocking to an institution up the road with better pay.

A major problem that Basso found over the course of her career in HR is that "compensation at many institutions is very finance-driven, not market-driven." In other words, institutions approach decisions about compensation based purely on what they can afford and not what they are trying to accomplish — even aspirationally. Basso notes that in many cases, "the HR leader is not at the table as the budget plan is occurring." Consequently, compensation is more likely to be treated as a static feature of operations that is altered only when a pot of money magically becomes available, not a critical tool for organizational performance.

Regularly update classifications and ranges. According to Kurt Dorschel, another principal at Huron who has worked with institutions on their compensation practices, "a lot of time when we start projects, institutions haven't looked at their job architecture in 10 years, 20 years. … Typewriter repair might still be in someone's job description."

Regular updates to job-classification structures and ranges ensure base pay is fair and competitive, reducing employees' perception that they need to change jobs to be paid appropriately. This entails habitually conducting market analyses, using multiple comparison groups for benchmarking (e.g., institutional size, mission, and location), and refreshing the labor-market data on which salary ranges are based. Additionally, institutions should factor in changes to living expenses as they update ranges because sometimes the market average doesn't capture the financial realities of a given location. Because of the value attached to titles and the dearth of raises, institutions should be intentional about communication and transparency anytime they update classifications and ranges.

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Implement a consistent annual-pay program. Recent pay increases won through collective bargaining seem enormous because institutions let years lapse before they meaningfully adjust salaries. As Dorschel told me, "If you've been doing a 2-percent annual raise, you're not even pacing the market. You haven't paced the market in 40 years." Institutions must implement a consistent annual-pay program, where employees can count on a clear, predictable process for increasing compensation. As a point of comparison, research suggests that companies typically adjust the base pay of their employees by 3 to 4 percent annually.

When higher-education workers ask for raises, institutions often balk and say they can't afford them. And there's no doubt that pay increases are a substantial investment. The goal isn't to increase salaries to the point of financial exigency. But raises also can't be ignored for years on end. Asking more of employees without increasing pay or accounting for changes in living expenses is an exploitative labor practice, especially for the lowest-paid workers. This message about the importance of annual cost-of-living adjustments is also for policymakers, philanthropic organizations, and trustees who continually push for better outcomes but want them on the cheap.

Conduct equity audits. Institutions must evaluate their compensation practices for inequities and dedicate funds for equity-based adjustments. In 2007, the University of Massachusetts at Amherst established a system of equity raises whereby departmental committees could recommend pay increases when someone's salary is lower than the starting salary of a new hire, below the median for that rank after three years, or less than what peers with comparable service or accomplishments are paid. As of 2017, data from the university indicate that women on the faculty do not experience a pay gap compared to men in the same rank and college.

As another example, Rochester Institute of Technology, in New York, received an Advance Institutional Transformation grant from the National Science Foundation to conduct annual salary-equity studies for the faculty and disseminate the findings to the campus community. The collaboration between the faculty and administration is ongoing, with annual salary studies and a faculty-governance compensation committee, which provides recommendations to the president, provost, and board of trustees on questions like which peer institutions to consider for salary benchmarking and faculty promotion raises.

Invest in human resources. Pulling off several of these approaches depends on fully staffing HR departments and supporting the expertise of HR professionals. As Susan Basso put it, “HR should be viewed as a strategic partner rather than a transaction partner.” Outside of education institutions, HR is more likely to be viewed as integral to developing and enacting a talent-management strategy. But in higher education, HR is viewed as a compliance bureaucracy that can be downsized and consolidated without downstream effects. Institutions need to make better use of HR professionals, many of whom have academic training and credentials on how to answer pressing institutional questions about onboarding, compensation, and retention.

Trinity Washington University, in Washington, D.C., illustrates what it looks like to prioritize compensation practices. According to Trinity Washington’s president, Patricia McGuire, “faculty salaries are the first item we set in the budget every year, no matter what other belt-tightening we need to do.” The salary scale is revised annually to achieve “external parity” to ensure that the average salary in every rank meets or exceeds the average for a cohort of similar institutions. Usually, the university exceeds its goal and hits 100 percent of its cohort comparison. It is also adjusted each year to account for cost-of-living increases. These adjustments for external parity are combined with an annual automatic step-up — or raise — for all faculty.

Trinity Washington also strives for internal equity. If there is salary compression or other inequities, the president can move faculty up steps. Faculty members can also apply to move up more than one step in a given year based on the quantity and quality of their contributions to various criteria, such as teaching innovation, curriculum development, program development, and uncompensated accumulated service. Those whose workload exceeds the norms established in the faculty handbook can also receive stipends, and, in the interest of equity, the university publishes a list of activities that carry stipends and the amount distributed each year.

Trinity Washington University is not a rich institution. It's a small, private, Catholic university and the only institution in the District of Columbia designated as both a predominantly Black institution and a Hispanic-serving institution. Where does it get resources for annual salary increases? McGuire says even in the leanest years, administrators can identify pockets of money. Sometimes it's just a matter of being creative. There are not huge salary differences based on disciplines or departments — faculty are all paid according to the same scale. And the university also keeps an eye on senior administrators' salaries. "We don't take the upper end of pay," said McGuire. "I'm not saying that to be a saint or something, but I do believe that executive salaries should have some rational relationship to everybody else's salary."

McGuire contends that paying people fairly makes good business sense. "Especially for the small private colleges in trouble, you absolutely gain not one penny if the faculty is demoralized. You do well by doing good." But beyond the business case for raises, McGuire is also guided by the social-justice mission of a Catholic institution. "I believe that the people should be taken care of before anything else. I think it's a question of institutional values. If you're raising tuition, the very first beneficiary of the tuition raise should be the talent that is delivering the product that the customer is buying."

Most higher-education employees don't enter this line of work expecting fancy titles or wealth. They do, however, expect to be paid on time and to be accurately and fairly rewarded for their contributions. Sound compensation practices shouldn't be seen as rare luxuries but rather non-negotiable operating costs of running effective organizations.

We welcome your thoughts and questions about this article. Please email the editors or submit a letter for publication.

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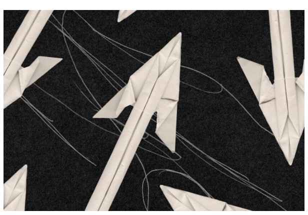

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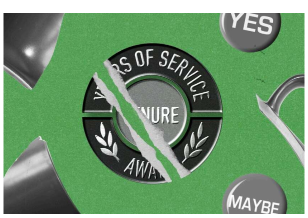

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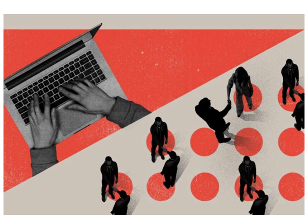

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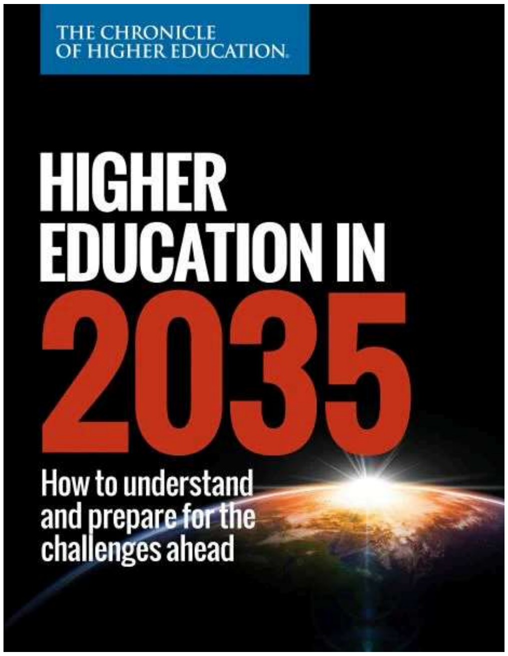

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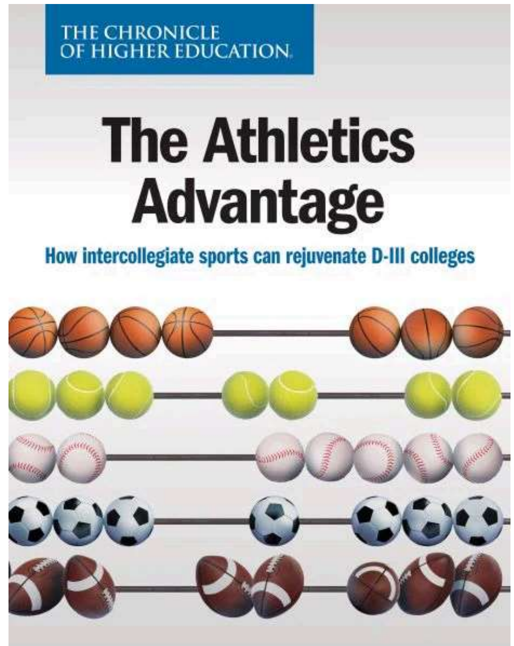

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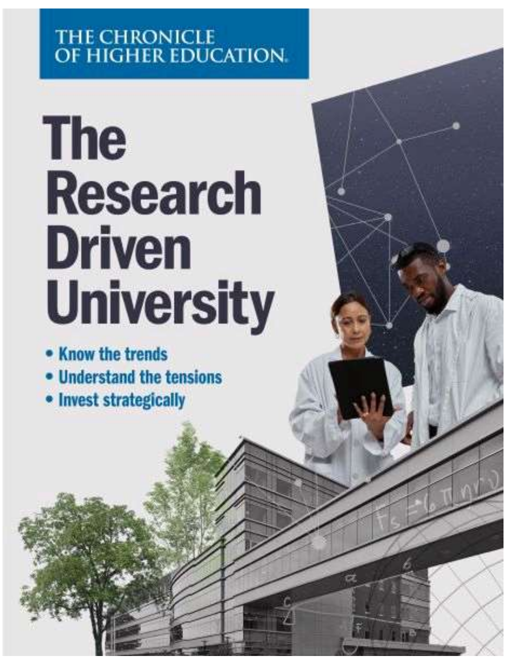

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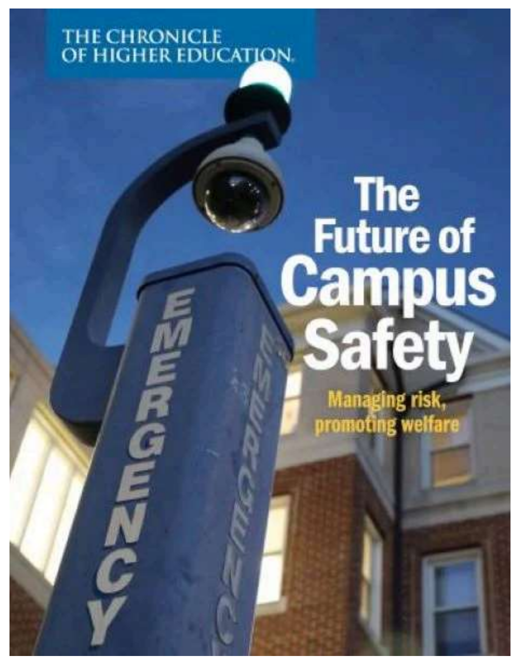

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