HANOVER RESEARCH

IHE Inside Higher Ed

BEST PRACTICES IN FACULTY COMPENSATION MODELS

April 2024

In the following report, Hanover Research examines research literature, trade publications, and case studies highlighting best practices for compensating faculty via enhanced and creative compensation practices.

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EXECUTIVE SUMMARY

RECOMMENDATIONS

Based on analysis of department case studies and best practices literature, Hanover recommends that institutions:

PRIORITIZE BIG-PICTURE FACULTY SATISFACTION ISSUES SUCH AS WORKLOAD, TENURE, AND COMPENSATION WHEN SEEKING TO IMPROVE RECRUITING AND RETENTION.

While the pandemic has exacerbated retention challenges, the main job satisfaction issues have existed for decades. The decline of tenure-track positions and the rise of lower-paid contingent roles, as well as a lack of career support, burnout, and poor organizational support for faculty are systemic problems. Institutions should not expect that an industry-wide pattern of disinvestment can be ameliorated by adding ancillary benefits.

INVEST IN MITIGATING HIGH-IMPACT CASE-SPECIFIC RETENTION CHALLENGES SUCH AS THE "TWO BODY PROBLEM" OF FACULTY PARTNER EMPLOYMENT.

One recent poll of more than 3,000 scientists and academics at various stages of their careers suggest that 90 percent expect to face the two-body problem at some point in their careers, and that the success rate for finding two satisfying positions is low. Beyond institutional investments in spousal hires, core strategies include regional partner hiring consortia and creation of visiting and part-time positions.

ENHANCE "LIFE STAGE" BENEFITS SUCH AS CHILDCARE AND FERTILITY SERVICES, AS WELL AS LIFESTYLE BENEFITS.

These benefits are seldom a decisive factor on their own, but a robust portfolio can set an institution apart from competitors and make faculty feel valued. Examples include discounted goods and services, parking, and fitness center access. Help with housing costs is also a compelling benefit.

KEY FINDINGS

Roughly half of chief academic officers surveyed by *Inside Higher Ed* indicated that faculty turnover in the past year has been "somewhat" or "significantly" higher than in previous years, and the major drivers of these challenges appear to be declining pay, increasing employment precarity, and burnout. The American Association of University Professors found in 2023 that faculty compensation, adjusted for inflation, has declined for the past three years, and inflation-adjusted faculty salaries are now 2.3 percent lower than in 2008.

In the face of rising housing costs, institutions are beginning to offer modest grants or low-interest loans to help faculty purchase housing in their region. The need for these grants, which range from $4,000 to $12,500 in value and assist with home purchases close to campus, is exacerbated as housing and childcare costs continue to rise. The share of faculty in lower-paid non-tenure-track positions has been increasing for decades, making these roles more precarious and housing less affordable.

Experts note that the difficulty of finding suitable academic or professional employment for faculty partners or spouses is a major contributor to faculty turnover, but the available solutions to these challenges are not consistently effective. Solutions aside from joint hires (which are often financially unsustainable) include forming partner hire consortiums with other local institutions or employers and creating visiting or part-time roles to alleviate, but not solve, these challenges.

Institutions are recognizing the need for better campus childcare centers after a period of disinvestment, and best practices include staffing them in part with early childhood education students from campus teaching majors. Campus childcare centers were available at 55 percent of campuses in 2005, but this share has dropped below 50 percent since 2015. The average annual cost of childcare is $16,000 per year for an infant, so discounts for campus or off-campus providers is an essential perk for the estimated 52.6 percent of faculty who are parents.

INTRODUCTION AND METHODOLOGY

The institution is experiencing challenges with the recruitment and retention of staff and faculty and has asked Hanover to provide it with data that will help it identify alternative ways to provide faculty compensations, e.g., by providing discounted childcare or in other methods. To this end, Hanover presents this a secondary literature review to identify new and innovative approaches to faculty compensation.

REPORT CONTENTS AND STRUCTURE

This report includes an overview of compensation trends in higher education, as well as a discussion of the major drivers of faculty dissatisfaction and turnover nationwide. Where examples of successful mitigation strategies could be found, the report includes them as case studies and snapshots.

Hanover has used literature from recent surveys of chief academic officers and AAUP studies and white papers, as well as more targeted scholarly literature, to identify the reasons why faculty leave their roles or may decide against accepting a position they have been offered. Based on those findings, our analysis then offers a deeper look at each major issue and the strategies proposed for ameliorating it.

It should also be noted that many of the major drivers of faculty dissatisfaction such as discontent with compensation or research support, high cost of living relative to salary, and lack of family-building benefits like access to affordable childcare are systemic, both in higher education and the workforce in general. In many cases, these types of core challenges cannot be solved with band-aid approaches and will likely require substantial investment.

RESEARCH QUESTIONS

What are some successful approaches to the recruitment and retention and faculty?

What are some best practices to enhance faculty compensation?

What are some alternative models for faculty compensation that improve retention?

REPORT SCOPE AND FUTURE RESEARCH

The drivers of faculty dissatisfaction and retention challenges are likely to differ between institutions based on a variety of factors like the balance of expected teaching and research loads, the regional cost of living and compensation structure at the university in question, and campus climate issues that fall outside the purview of compensation. With this in mind, this report should be considered a broad initial overview of compensation-related challenges and potential solutions.

Hanover recommends that institutions consider further exploration such as faculty climate and retention surveys in order to diagnose institution-specific pain points and challenges. Furthermore, any strategies revealed by this report could be profiled and studied in greater depth.

RECENT TRENDS IN FACULTY COMPENSATION AND RETENTION

The 2022 *Inside Higher Ed* and Hanover Research *Survey of College and University Chief Academic Officers* found that out of 170 responding provosts, 48 percent indicated that faculty turnover in the preceding year had been "somewhat" or "significantly" higher than previous years. When asked about staff retention, 74 percent indicated that turnover was at least "somewhat" higher than previous years. A crowdsourced document published by *The Professor Is In* suggests that faculty are leaving or considering leaving their roles "due to institutions' pandemic responses, low pay, expanding job duties coupled with lack of support, mental and physical health concerns, burnout, toxic cultures, and discrimination" according to *Inside Higher Ed's* analysis of its entries.

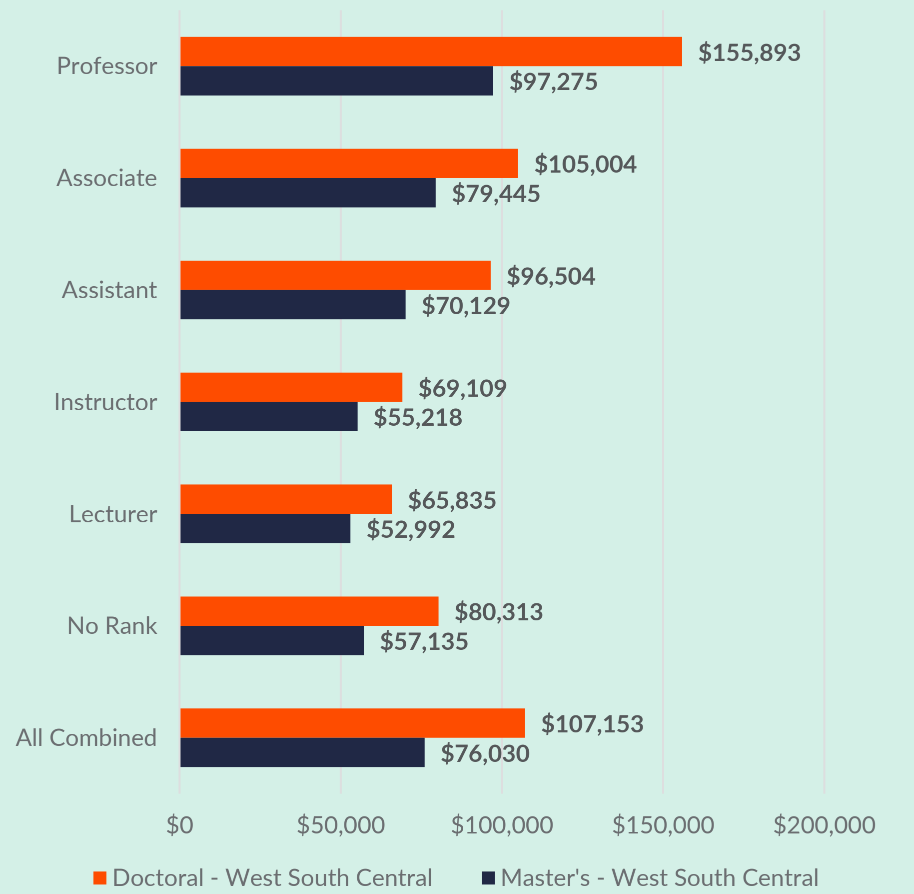
> *On pay: according to the AAUP's recent faculty salary survey, real wages for full-time faculty members fell 5 percent this year, accounting for inflation, making for the largest one-year decrease on record since the AAUP began tracking this measure in 1972. Average salaries for full-timers also fell below Great Recession levels in 2021, with the average salary falling to 2.3 percent below the 2008 average, adjusting for inflation.*
>
> *Colleen Flaherty, Inside Higher Ed, July 2022*

The AAUP's June 2023 report on faculty salaries indicates that while salaries rose by 4.1 percent from fall 2021 to fall 2022, the inflation-adjusted purchasing power of their salaries declined by 2.4 percent. The current year was the "third consecutive year that wage growth has fallen short of inflation."

As their purchasing power has diminished, faculty costs have continued to increase. In places with growing housing costs, in particular, faculty wages may no longer be adequate to make positions financially viable.

FACULTY COMPENSATION IN SELECT STATES

Salary data derive from the AAUP 2022-2023 Annual Report on the Economic Status of the Profession, p. 18. The West South Central region includes Arkansas, Louisiana, Oklahoma, and Texas. The AAUP defines Doctoral Universities as granting "a minimum of 30 doctorate degrees annually, from at least three distinct programs" that are not classified as first professional fields.



SALARY AND COST OF LIVING

COST OF HOUSING HAS OUTSTRIPPED FACULTY SALARIES

Rapidly increasing housing costs and stagnating faculty salaries are becoming a major challenge for higher education institutions, particularly in areas where salaries have not kept pace with the cost of living. Consider the facts presented below, which derive from a May 2022 *Insight Into Diversity* feature entitled "College Housing Challenges Extend to Faculty and Staff." While greater Dallas-Fort Worth may remain more affordable than many coastal cities, challenging housing costs are increasingly a factor for faculty, and especially first-time homebuyers, as they contemplate offers or even whether to remain in the profession.

RED FLAGS ON FACULTY HOUSING COSTS

Data points compiled by Lisa O'Malley, Insight Into Diversity, May 2022.

46%	19.8%	>$350,000
Share of college faculty in a 2021 National Education Association survey (n=>400) who are making student loan payments; share is higher for diverse faculty	*Average nationwide increase in home prices from February 2021 to February 2022 according to the S&P CoreLogic Case-Schiller Index*	*Median U.S. home price as of 2022, per the National Association of Realtors*

$61,000	$75,000	$115,000
Average annual salary of non tenure-track postsecondary faculty, who comprise more than 60 percent of the nation's higher education faulty	*Average annual salary of a tenure-track assistant professor at a four-year public institution, per NEA estimates*	*Average annual salary of a tenure-track professor at a four-year public institution, per NEA estimates*

FACULTY HOUSING ASSISTANCE STRATEGIES

There are several examples of faculty housing assistance strategies that range from downpayment assistance to the development of on-campus housing for faculty and staff. Examples are outlined below.

HOUSING ASSISTANCE PROGRAMS

Figure summarizes content from Temple University, Washington University in St. Louis, Fort Lewis College, and San Jose State University.

TEMPLE UNIVERSITY

Employee Home Ownership Program

- Provides a $4,000-$5,000 forgivable loan toward the purchase of a single-family home in surrounding ZIP codes
- Loan is forgiven at a rate of $1,000 per year

Washington University in St. Louis

Live Near Your Work Housing Assistance Program

- Provides a forgivable $8,500 loan for homes in campus neighborhoods; $12,500 for the Forest Park Southeast area
- Strong emphasis on neighborhoods that are commutable on foot, by bicycle, or via public transit

Fort Lewis College

Down Payment Assistance Program

- Value is up to 20% of purchase price up to $70,000
- Available to FLC faculty and staff making up to 150% of the area median income
- Benefit is a low-interest supplemental loan

SAN JOSÉ STATE UNIVERSITY

On-Campus Faculty Rental Apartments

- Campus Village Building A includes on-campus housing for faculty, staff, graduate, senior, and junior undergraduate students; faculty housing is on the top two floors
- Available in one- or two-bedroom or efficiency configurations

DRIVERS OF FACULTY ATTRITION

CORE MOTIVATIONS FOR FACULTY DEPARTURES ARE SYSTEMIC IN NATURE

The factors that motivate faculty to stay or leave include exposure to "multiple stressors and occupational factors that might influence higher education faculty intentions-to-quit," but "comprehensive investigations of key predictors and motivations for leaving academia are scarce" according to Schmiedehaus, et al., 2023. Even before the COVID-19 pandemic, researchers had identified several long-term drivers of faculty discontent as "pre-existing workplace frustrations" that "may have accelerated the intention-to-quit." These include:

- **Decline of tenure-track positions** and increasing dependence on contingent and adjunct faculty. Contingent appointments rose to 70 percent of faculty positions in the United States by 2015. The AAUP estimated this share as 68 percent in 2021, up from 47 percent in 1987. As indicated by the AAUP ARES data and NEA statistics on the previous pages, non-tenure-track roles are poorly compensated compared to tenure-track positions.

- **Lack of "ongoing career support and development" and accompanying mental health challenges** including burnout, anxiety, and depression. These feelings can be compounded in resource-scarce, competitive departments. Key factors found by Schmiedehaus, et al., 2023, in their analysis of faculty intentions-to-quit include "low perceived organizational support, high exhaustion, and low compassion satisfaction."

Findings from a 2019 University of Michigan report based on interviews with 218 tenure-track faculty who had left their positions voluntarily from 2011 to 2019 largely align with the findings above. The most-cited reasons for departure in the sample include "a poor U-M climate as well as better research support and resources and more opportunities for promotion at their new institution."

FACULTY ATTRITION AT SMALLER INSTITUTIONS

A 2021 Harvard Graduate School of Education study by Patrick D. Reynolds looked at the challenges facing liberal arts colleges and distilled departing faculty members' motivations down to seven factors, the most important of which was partner employment. These findings are based on interviews with 22 Chief Academic Officers at liberal arts institutions.

DRIVERS OF FACULTY DEPARTURE

List summarizes content from Reynolds, 2021, 12-18.

Leading Drivers	**Partner Employment** – Cited as "one of the most prominent factors causing faculty departures" and one that is not solely restricted to institutions in rural, remote areas. Academic partner employment challenges are among the most difficult to solve.
Important Factors	**Career Choice** – Typically takes the form of younger faculty moving to more research-intensive institutions, rather than a lateral move. Such departures are seldom viewed negatively.
	Faculty of Color Departures – Lack of community due to low numbers of minority faculty can cause retention issues. Can be addressed via mentorship and targeted cluster hiring.
	Work Environment – Departmental politics and early career faculty feeling overworked and undervalued are clear drivers of attrition. Situations are often unaddressed in preceding years.
Less-Common Reasons	**Social Environment** – Particularly for younger, single faculty, dissatisfaction with the area and its social opportunities or political climate can impact retention.
	Family Location – Desire to live closer to family, and especially aging parents, or to live in a different area than the campus location, is a contributing factor in some retention cases.
	Superior Offers – Rarely, faculty received more enticing offers from similar institutions. Related considerations such as partner employment and location may also be a factor in these cases.

SOLVING THE TWO BODY PROBLEM

PARTNER CAREER PROSPECTS ARE A MAJOR DRIVER OF ATTRITION

According to one 2003 book, "approximately eight of every ten academics have spouses or partners who are working professionals, and almost half of these partners are academics as well." These numbers appear to be relatively stable. A 2009 report notes that "over 70 percent of faculty are in dual-career relationships," and "more than a third are partnered with another academic." Statistics from a 2014 Scientific American poll of scientists and academics highlight the intransigence of the problem, as well as the difficulty of obtaining two attractive academic job offers in the same city. The same challenges often exist when one spouse is a professional outside of academia.

SCIENTIFIC AMERICAN DUAL BODY PROBLEM POLL RESULTS

Figure summarizes content from Geoffrey Giller, Scientific American, March 2014.

Of 3,074 poll respondents, 74% work in the sciences and 90% anticipate facing the two-body problem at some point in their careers.

47% of females and 56% percent of males would move for a partner's job	33% of females and 20% of males report having moved for a partner's job

Only 11% of respondents had successfully negotiated a position for their significant other, or had their partner negotiate one for them.

9% tried, but failed to negotiate a partner job offer	Most respondents had not yet had occasion to pursue a partner hire

Common "solutions" included one partner "trailing" the one who had received the more enticing offer or breaking up to pursue distant jobs.

Half of respondents were aged 25-35, highlighting this as an early-career issue	Older respondents were more likely to have initiated or followed on a move

POTENTIAL SOLUTIONS

Reynolds' 2021 study suggests that despite its preeminence as a faculty hiring and retention issue, resource constraints often prevent institutions from aggressively making partner offers. Among the interviewed chief academic officers:

> There was widespread implicit understanding that tenure-track positions could not be systematically created to hire trailing spouses, and in general the colleges themselves were unable to provide the employment that most trailing spouses desire.

The most promising strategies aside from investing significant resources in partner hires are described below, but respondents admitted that most of them were only partially successful at best.

COMMONLY-USED STRATEGIES FOR MITIGATING THE TWO-BODY PROBLEM

List summarizes content from Reynolds, 2021, 12-13.

Regional Partner Hiring Consortia	Creation of Visiting or Positions	Creation of Part-Time Positions
Partnering with other local institutions to broaden the pool of available positions for partner hires within the region is a strategy that often generated "mixed" results at best and is "generally not effective."	A second strategy is creating short-term visiting positions to offer a "buffer period to find more permanent employment," which respondents noted "hasn't proven effective in the outcome."	Most chief academic officers recounted relying most heavily on "half" solutions such as "such as grant-supported "soft money" positions, adjunct teaching, or time-limited replacement employment."

IMPORTANCE OF LIFE STAGE BENEFITS

"The pandemic also accelerated the evolving employer-employee social contract, which makes recruiting and retaining talent more difficult. Employees are now more vocal about their demands. Remote work has become a long-term priority for many.

Faculty and staff demand for workplace flexibility and alternative forms of compensation, benefits and work arrangements is the top trend presenting challenges for higher ed HR based on our work advising HR departments at hundreds of U.S. colleges and universities. Institutions cannot afford to ignore this trend. Today, 57 percent of higher ed employees are at least somewhat likely to seek new employment opportunities because they're dissatisfied with aspects of their jobs like pay, career development, remote work policies and parental leave, according to CUPA-HR's latest survey of employee retention."

Segal College and University Benefits Survey, October 2022

Segal, a human resources consulting firm, compiled a benefits analysis based on data from more than 400 institutions in 2021. The report relies disproportionately on private institutions, which comprise 75 percent of the sample, but includes a diverse array of U.S. institutions.

Their findings suggest that family-building benefits, caregiver benefits, and paid family leave—each a type of "life stage" benefit—are increasingly essential for early and mid-career faculty. Common family-building benefits are fertility medications (75 percent prevalence across all industries), IVF (74 percent), visits with geneticists or surrogacy counselors (45 percent), genetic testing for fertility issues (38 percent), non-IVF fertility treatments (37 percent), and egg freezing services (31 percent). Adoption services are not very common (16 percent prevalence) but could also be considered. In higher education tuition benefits and paid leave/sabbatical benefits are also recommended offerings for faculty.

FOUR COMPENSATION AND CLIMATE TRENDS FACING HIGHER EDUCATION INSTITUTIONS

Figure reproduces content from Segal consulting's list of the Top 10 Trends Presenting Challenges for Higher Ed HR in 2022.

New demands for workplace flexibility and alternative forms of compensation, benefits and work arrangements: *"Colleges and universities will need to consider how to provide some work flexibility for faculty who must be on campus at least part of the time to work with students in person."*

Heightened concerns about health and safety: *"The COVID-19 pandemic has heightened concerns about health and safety. COVID-related efforts are still top of mind. Heightened concerns also encompass mental health and behavioral issues — including stress related to on-site work — that may have implications for faculty, staff and student well-being and performance, as well as for campus security, including sexual assaults, and cybersecurity."*

Increased focus on diversity, equity, and inclusion as well as environmental, social and governance issues and social justice: *"To meet these expectations, institutions need to be strategic, rather than reactionary, in their approaches. ... It's also important to consider and communicate with all stakeholders: faculty, administrators, other staff, students, parents and the institution's board."*

Expected access to self-service technology and 24/7 support: *This trend means HR needs to be nimble, agile and highly responsive to meet increased demands for more technology, apps for smartphones and tablets and faster services. That includes offering digital therapeutics" which use "software and smartphones, tablets and computers to help patients manage their health conditions virtually."*

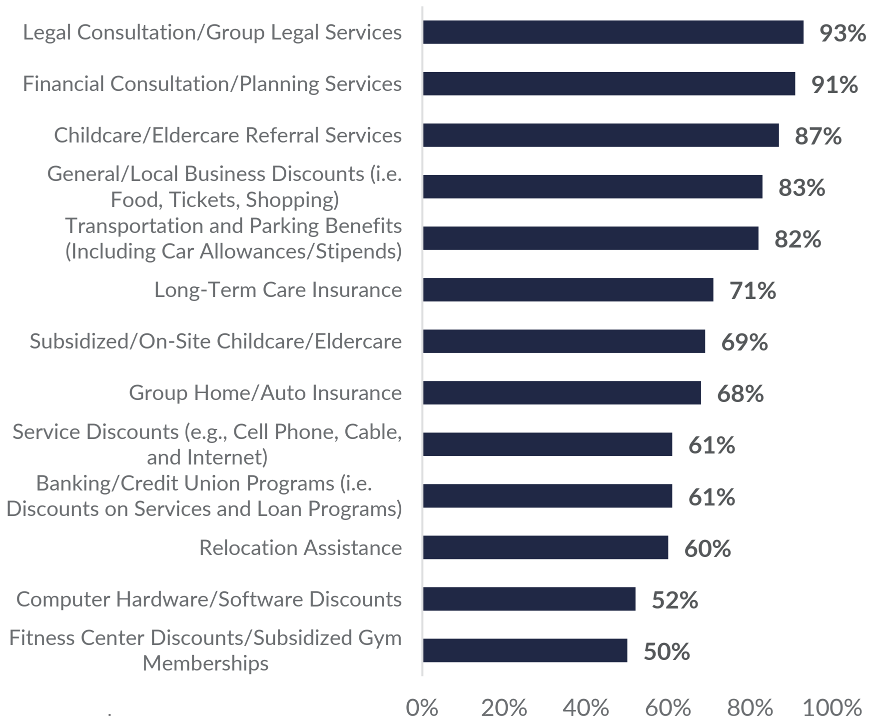
LIFE STAGE, FINANCIAL SECURITY, AND TUITION BENEFITS

LIFE STAGE AND FINANCIAL BENEFITS

Legal services, financial planning, child and elder care referral services, discounts, and transportation benefits are offered by more than 80 percent of the institutions studied by Segal.

LIFE STAGE AND FINANCIAL SECURITY BENEFITS BY PREVALENCE

Figure reproduces content from Segal consulting's 2022 College and University Benefits Study, 19-21. Percentages are the share of respondent institutions offering some form of the benefit in question.

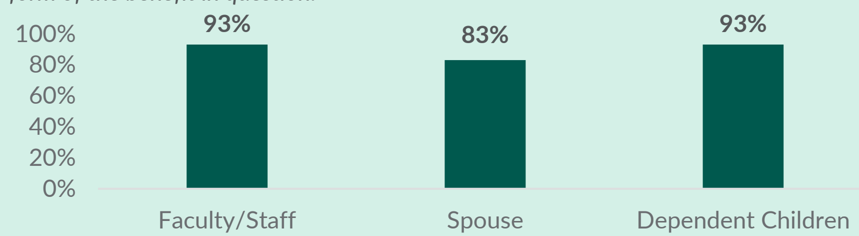


TUITION BENEFITS

As shown below, tuition benefits for faculty, spouses, and their dependent children remain a widespread benefit. Dependent children, in particular, are eligible to apply their benefits at other institutions.

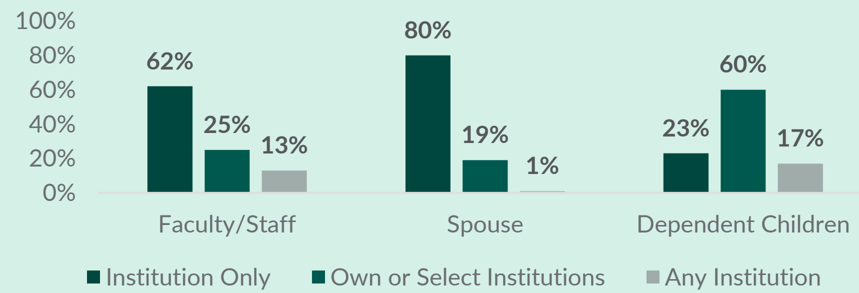
PREVALENCE OF TUITION BENEFITS BY BENEFICIARY

Figure reproduces content from Segal consulting's 2022 College and University Benefits Study, 16. Percentages are the share of respondent institutions offering some form of the benefit in question.



INSTITUTIONAL RESTRICTIONS ON TUITION BENEFITS BY BENEFICIARY

Figure reproduces content from Segal consulting's 2022 College and University Benefits Study, 17. Percentages are the share of respondent institutions offering some form of the benefit in question.



FACULTY CHILDCARE CHALLENGES

Since 1989 the AAUP has recommended that universities provide on-campus childcare as a faculty recruitment and retention strategy and suggested that institutions that cannot afford to host their own programs could create alternative arrangements. Examples include cooperative childcare arrangements with other local employers, resources and referral services, and child care cost sharing benefits. The Segal consulting findings on the previous page suggest that just over two-thirds of universities offer this benefit in some form. A 2022 *Issues in Science and Technology* editorial found that the number of public four-year institutions with campus child-care centers declined from 55 percent in 2005 to 49 percent in 2015, and that the average annual cost of infant care in 2021 was $16,000 per year.

> *"Universities and colleges should assume a share of the responsibility for the provision of such services to their faculties. Employers in and out of academe have found that the provision of on-site facilities has led to stronger and more contented families and increased productivity. The ability to reach parents easily in an emergency, the time and money they save in transportation, the opportunity provided them to share an occasional lunch or other daytime activity with their children, the retention and recruitment of faculty—these are just some of the benefits that accrue from child-care arrangements on campus."*
>
> *AAUP Statement on Faculty Child Care, 1989*

Findings from recent studies suggest that, nationwide, 52.6 percent of faculty are parents and 12.3 percent are caregivers for a dependent adult. Among faculty at R1 institutions, 40 percent of female parents and 32 percent of male parents either "strongly" or "somewhat" disagree that their institution "does what it can to make personal/family obligations...and an academic career compatible."

CASE STUDY – NEW CHILDCARE CENTER AT UNIVERSITY OF VIRGINIA COLLEGE AT WISE

The University of Virginia's College at Wise, located in southwestern Virginia, announced in August 2023 that it is developing a childcare facility, and that these efforts are partly aimed at improving faculty recruiting and retention. The new center opened in the fall of 2023 and serves children aged six weeks through five years. It is staffed by the YWCA of Northeast Tennessee and Southwest Virginia, offers "a play-based curriculum designed by the University of Virginia," and will also "serve as a practicum lab for undergraduate students working on an early childhood endorsement in the teacher education program at UVa Wise."

The center has been funded in part via a $12 million allocation from the Virginia General Assembly, and Chancellor Donna Henry cited its importance for faculty recruiting and retention in the campus's remote region of the commonwealth:

> A survey of UVa Wise faculty, staff and students indicated that finding child care is a struggle for many, Henry said. '**Recruitment and retention of UVA Wise faculty and staff has been more difficult because of the scarcity of child care.** In fact, faculty who have recently left the College cited the lack of child care in the area as a reason for seeking employment elsewhere.'

The university's Little Cavaliers Early Learning Center is open to faculty, staff, and student children from 7:30 to 5:30 during the workweek, with additional openings allotted to the community at large as capacity allows. Employees of UVA Wise receive a 50 percent discount on tuition, which ranges from $155 to $185 per week, depending on the age of the child. Families that enroll multiple children receive a 15 percent discount on each additional child.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