

Budget Review Committee
March 23, 2018

Requesting Unit: Faculty Senate Compensation Committee

Title of Request: Faculty Merit Pay Increase

Brief Description: Recommend a \$650.00 one-time bonus for full-time employees earning a \$30,000 salary or less. Suggest a Faculty Merit Pay Increase of 2% would be an appropriate recommendation; however, in light of the current budget situation at the University, this request will not be offered.

Rationale:

In general discussions around the topic of merit pay, one particular question inevitably arises “what constitutes meritorious activity deserving of financial recognition?” For faculty, much effort has been expended in defining meritorious activities. Currently the agreed upon criteria are, in general terms, plainly outlined in the Faculty Handbook. Each department in turn further delineates this criteria to reflect that particular department’s discipline. Each faculty member within the department is required to submit an annual report outlining their activities for that academic year. The department chair then compiles and submits a report to the college dean with recommendations as to which faculty members have met the set criteria. Each faculty member is also informed as to their status regarding whether they met expectations.

Merit increases have been inconsistent in year and amount due to the unpredictability in state funding. As a result, faculty, who have met the criteria for an annual merit raise do not necessarily receive the same amount year to year, and in some years do not receive any raises due to severe cuts in state funding. It is the opinion of the Compensation Committee that Southeast’s practice of relying on state monies to fund merit increases for all working groups (e.g., clerical, facilities and professional staff) is untenable in light of the relatively consistent reduction of state support over the past years. For example, this year a 1% increase with FICA and retirement for all E & G employees would cost the University \$712,852. A 1% increase in State appropriations at this point is approximately \$460,000. The disparity between these two figures highlights the unsustainability of relying on increases in State appropriations to fund modest merit increases. This shows that even when State appropriations are increasing at a modest level, merit increases may be difficult to fund when combined even with a reasonable increase in the cost of continuing. To assure annual merit increase going forward, the university must seek alternative ways to consistently fund annual merit pay for these working groups.

A request for a Faculty merit pay increase was brought to the Budget Review Committee last year and then withdrawn due to the serious budget constraints the University was facing at that time. The Compensation Committee believes this request should be re-submitted again this year because there is no reason to assume that faculty have not meritoriously served the University just because serious budget constraints have arisen through State budget cuts.

However, because the Compensation Committee is well aware of the even more serious and tight budget constraints in this fiscal cycle due to proposed State funding cuts, the Compensation Committee will not be making this request. Faculty continue to perform over and above the requirements of their positions at the University. With this in mind, the Compensation Committee would suggest serious consideration of the following:

- The Salary Equity Study is overdue and should be considered in the near future.
- Job descriptions/assignments/duties for all personnel (clerical, facilities, professional staff and faculty) should be reviewed in the near future as re-structuring efforts move forward; several employees will have markedly increased workload responsibilities and these need to be reflected in the job descriptions/assignments/duties in order to assure appropriate compensation for the positions.
- If no merit increases are approved for Fiscal Year 2019, then the University should consider, at minimum, Governor Greitens' proposal for State employees as referenced in the *St Louis Post-Dispatch* on January 23, 2018: "State workers earning under \$50,000.00 would qualify for one-time bonuses of \$650.00..." The Compensation Committee would recommend consideration of the \$650.00 bonus for any University employee earning \$30,000.00 or less since this is the group most affected by the increases in health care deductibles with the recent health insurance changes.
- University administrators should continue to search for creative ways to compensate employees for their dedication to the institution; book clubs, brown-bag luncheons, etc.. are helpful in maintaining connections and morale for the employees.
- A Statement of Acknowledgement of the difficult situation the University is in and its impact on all employees from the University Administration would serve to open and maintain avenues of communication as the University moves forward through the next fiscal year.

Relationship to University Strategic Plan:

Priority II

- Objective I: Improve the ability of the University to attract and retain highly qualified faculty and staff by offering competitive salaries, benefits, and professional development opportunities.
- Objective II: Develop succession plans for recruiting and retaining excellent and diverse faculty and staff due to an increased number of projected retirements.
- Objective IV: Maintain and improve effective structures for shared governance that value input from students, faculty, and staff.

Budget Request: \$650.00 per _____ employees = \$_____