Fair Faculty Compensation: Challenges, Principles, and Approaches
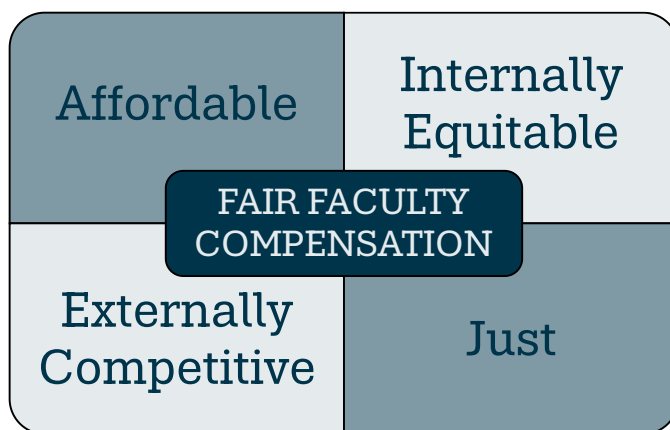
Compensation practices signal institutional values, influence morale and trust, and affect the ability to attract and retain effective, mission-aligned faculty. But developing and maintaining fair compensation practices is a constant challenge of balancing competing principles: what the institution can afford, what is internally equitable, what the market demands, and what justice requires.

Understanding these principles and addressing their tensions is a shared responsibility of leadership and faculty.

Interdependent Principles

We conceptualize 'Fair Faculty Compensation' as a balance of four principles in tension with one another:

1. **Affordability** | Financial Sustainability
Compensation must be sustainable across multiple budget cycles, balancing faculty needs with realistic revenue projections and institutional constraints.

2. **Internal equity** | Fairness Among Colleagues
Comparable compensation for comparable roles, addressing compression, inversion, and discipline differentials through transparent and consistently applied policies.

3. **External Competitiveness** | Market Positioning
Market-informed compensation that attracts and retains mission-aligned, high-performing faculty using carefully discerned benchmark groups and valid data.

4. **Justice** | Dignity and Respect
Compensation supporting a dignified standard of living, rooted in theological principles and Catholic Social Teaching. Recognition of compensation as a community concern and refusal to exploit mission commitment.
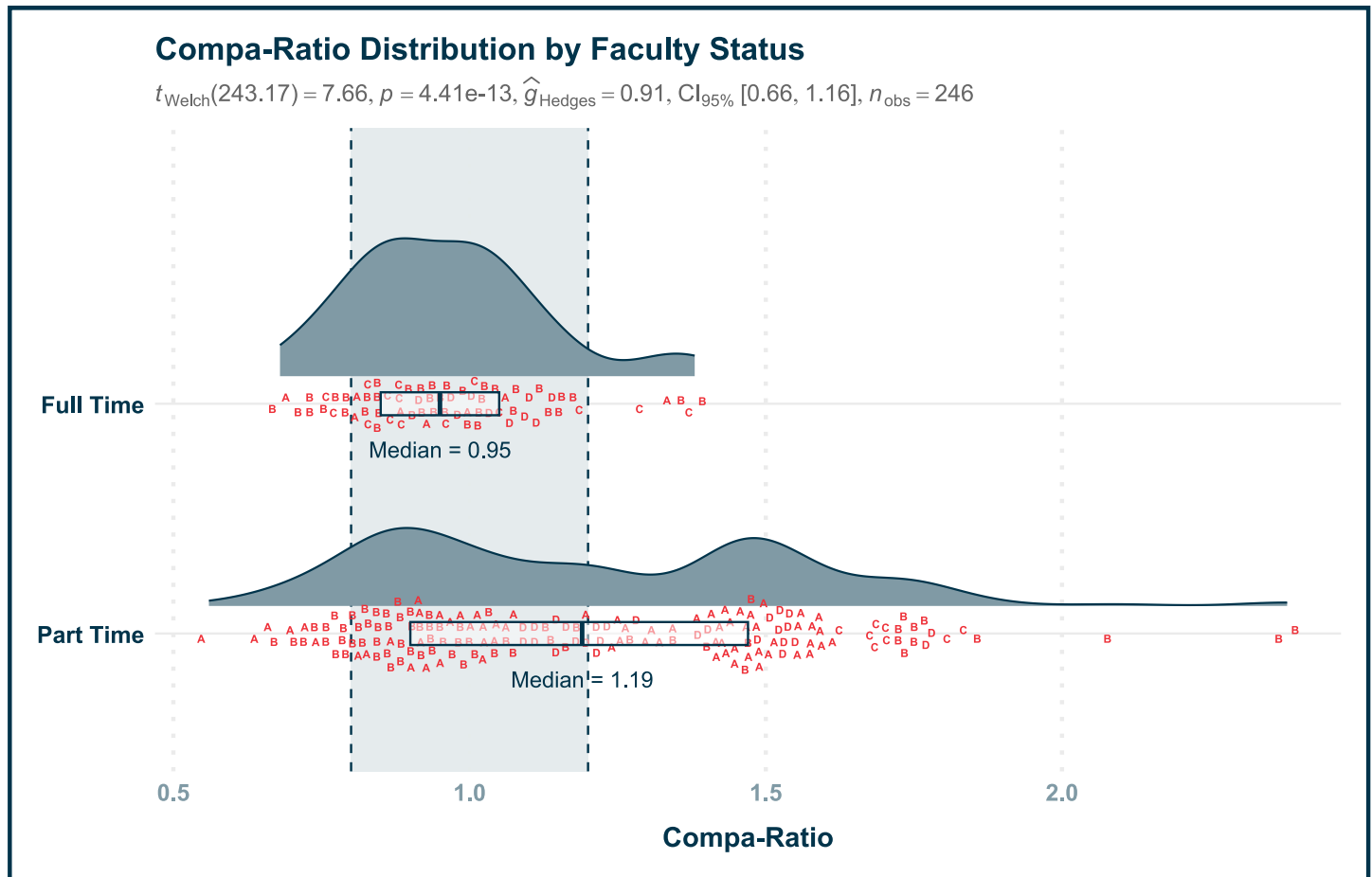
Strengthening Your Approach

Which of the following **best practices** are followed at your institution?

- Regular, plain-language budget updates to build shared financial literacy.
- A formal, documented compensation philosophy.
- Promotion increases of sufficient magnitude to incentivize professional development behavior.
- A clear and predictable compensation structure that limits individual negotiations and controls compression.
- Clear and consistently applied criteria for placement within range.
- Transparent policies for when and how discipline differentials apply.
- Regular equity audits to identify and address compression and inversion.
- A valid group of benchmark institutions with logical and clearly documented selection criteria.
- Faculty involvement in compensation philosophy, benchmark group, and structure development.

Exercises in Faculty Compensation: Compa-Ratio Analysis

Objectives: Learn about a common compensation metric and practice connecting principles with data.

Instructions: Review the following plot and description, then address the questions.

Compa-Ratio Distribution by Faculty Status

$t_{\text{Welch}}(243.17) = 7.66, p = 4.41\text{e-}13, \widehat{g}_{\text{Hedges}} = 0.91, \text{CI}_{95\%} [0.66, 1.16], n_{\text{obs}} = 246$

Description: This "raincloud" plot combines a density plot and individual data points (jittered to avoid overlap) of compa-ratios for faculty at a client institution. A boxplot is overlaid, and the median is labeled. Compa-ratios are determined by dividing an individual's salary by the midpoint of their salary range. Values between 0.80 and 1.20 (the shaded region) are considered "within range". Each letter represents a faculty member, and the value (A – D) corresponds to the cluster of programs in which they reside, and for which their salary range was established. The salary range for each program cluster was established based on appropriate market data. Part time = adjunct.

Questions:

1. What would be the compa-ratio for someone with a salary of $85,000 and a range midpoint of $70,000?
2. Would this individual be considered within range?
3. How does the distribution of compa-ratios for full-time faculty differ from that of part-time faculty?
4. What might this difference suggest about how compensation decisions are managed?
5. Consider how these data relate to the principles of fair faculty compensation.
   a. Does faculty compensation at this institution appear to be internally equitable?
   b. What do these data suggest about the external competitiveness of faculty compensation?
   c. What concerns might these data raise about the financial sustainability of faculty compensation?
   d. Do these data indicate that faculty are compensated justly?
6. What does the distribution of compa-ratios look like for faculty at your institution?