Final Report of the Ad Hoc Compensation Review Committee
May 21, 2014

I. Executive Summary

In order to remain a preeminent public research university, the University of Illinois must continue to attract and retain outstanding faculty and staff. A necessary condition for doing so is to ensure that we offer a package of salary and benefits that is competitive with other leading universities. This report summarizes the work of the Ad Hoc Compensation Review Committee that was formed in January 2014 to review, among other items, the overall quality and competitiveness of the compensation package on the Urbana-Champaign campus.

Our findings and associated recommendations are:

Finding	Recommendation
Full-time tenure track salaries at UIUC are, *on average*, 2.8 percent below those of faculty in self-identified peer departments. However, average salaries in some units are more than 10 percent below average salaries of their peers.	We recommend that the Provost continue to implement an aggressive salary program to eliminate the 2.8 percent gap, with a focus on those units with the most significant salary gaps. This will require a salary pool over and above annual salary increases by our peers.
Salary gaps versus peer departments vary widely, both across and within colleges.	Although the Urbana campus should seek to be at least even with peer departments *on average*, the Provost and Deans should continue to have flexibility to allocate raise pools strategically.
The process for identifying departmental peer institutions for the above purposes is very useful, but the peer groups were self-selected, and not subject to external validation.	In the future, the appropriate senate committee and campus administration should consider whether there are useful ways to provide independent validation of the appropriateness of peer departments.
Following the expected implementation of Illinois Senate Bill 1 (S.B.1) pension reform, the University of Illinois will significantly lag all other Big Ten Institutions as measured by total employer plus employee contributions to retirement systems. Even if implementation is delayed or overturned, contributions on behalf of participants in the Tier II system and the Self-Managed Plan (SMP) will continue to lag other institutions.	The University of Illinois should continue to aggressively pursue the creation of a supplemental retirement plan to bring our retirement contributions in line with our peers.
Existing salary data on specialized faculty and academic professionals at other institutions is lacking.	Campus should invest resources in collecting additional information about salaries of specialized faculty and academic professionals that would enable better analysis and oversight of these critical roles.

The annual cost of a 2.8% salary increase for the Urbana campus tenure-track faculty is approximately $5.2 million; the annual cost of a campus-wide 4% supplemental retirement plan would be approximately $30 million (including all employees, not just tenure track faculty).	Although the costs are substantial, the view of this committee is that a competitive compensation package is a necessary condition for maintaining excellence. Although we understand that external forces (e.g., state budget cuts) may affect how long it takes to meet or exceed parity with our peers, the objective of doing so should not be compromised.
Many of our public peer institutions are also experiencing changes to their pension laws.	We recommend that the campus engage a consultant to update the 2012 Buck Consultant analysis of how UIUC retirement benefit projections compare to our peers, especially given the many changes that have occurred in the past two years.
We find no statistically significant evidence of widespread persistent inequities by gender, race or ethnicity on our campus, although this does not rule out the possibility that such inequities exist in individual units or at an individual level.	Administration, with faculty oversight, should continue to annually monitor these campus-wide measures. In addition, we recommend that the Gender Equity Council and the Committee on Race and Ethnicity explore more granular measures that will provide additional tools for identifying inequities that may exist at individual levels.
The within-campus salary model used for identifying salary outliers as well as for identifying gender, racial, or ethnic differences in salary, is incomplete.	Consideration should be given to how to better incorporate available (albeit imperfect) data on faculty contributions in research, teaching and service.
The University of Illinois' health care plan is very competitive with our peers in terms of generosity and employee cost.	Campus leadership and faculty should continue to monitor to ensure that we remain competitive in this area.
The University of Illinois offers a very competitive suite of family friendly benefits (including tenure rollback and modified teaching duties policies).	Campus leadership and faculty should continue to monitor to ensure that we remain competitive in this area and continue efforts to educate all constituencies about these benefits and their proper application.
The University of Illinois offers a very competitive sick leave policy.	Campus leadership and faculty should continue to monitor to ensure that we remain competitive in this area.
Illinois' provision of life insurance equal to one-year of annual salary is less generous than many of our peers.	The Senate Benefits Committee should work with the administration to determine whether it would be cost effective for the campus or university to increase coverage.

It is essential to the long-term excellence of our campus for our shared governance to include in-depth review and oversight of our salary and benefits package in comparison to our peers. Although the current Committee on Faculty and Academic Staff Benefits has the mandate to provide comprehensive reports on salaries and benefits to the Senate, it appears that detailed reports are not sufficiently comprehensive and have not come forth from the committee on a consistent basis.	The existing Benefits committee should be restructured. The key elements would include: 1. Ensuring that the membership of the committee includes representation from the Provost's office, Academic Human Resources, a campus budget expert, as well as faculty with analytical and benefits expertise. 2. Requiring that an annual report on the campus salary program of the previous year be submitted by the Committee. The report should include: (i) Average increases for each faculty rank and the academic professionals on campus and accompanying explanations. (ii) Any substantive changes to benefit levels or cost for faculty and academic professionals, and any suggestions for mitigating adverse impacts. (iii) To the extent practical, a discussion of anticipated changes to benefits for the upcoming year and any suggestions to mitigating adverse effects of such changes. 3. Requiring that every three years, the Committee submits a comprehensive report to the SEC. The report should include salary and benefits comparisons to our peer institutions. The exact charge given to the Ad Hoc Committee should be used to guide this work. 4. Renaming the benefits committee as the "Compensation Review Committee" to reflect the full breadth of its charge. An alternative approach would be to include charges 1, 2 and 4 for the redesigned committee, and to establish an ad hoc committee every three years to fulfill requirement 3.

II. Report Overview

The quality of a university is determined by the quality of its people. In order to maintain the status of the University of Illinois at Urbana-Champaign as a preeminent public research university, we must continue to aggressively compete for world-class faculty and staff. Although there are many factors that contribute to a campus's ability to attract and retain academic talent, including the intellectual environment, physical infrastructure, geography, community characteristics, and others, there is no doubt that the total compensation package must be competitive with peer institutions. The labor market for faculty is globally competitive; every year, our campus has employees being actively recruited by public and private institutions in the U.S. and across the globe. If our campus allows the value of our total compensation package to fall behind our peers for any extended period, we risk losing key talent. Especially damaging to a talent-based organization is the fact that our very best people are the ones most likely to be recruited away.

To establish and maintain a competitive compensation package, it is important to have a clear understanding of the faculty and staff labor market in the segment of higher education in which we compete, and to evaluate ourselves against that market. A key recommendation of the summer 2013 Task Force on Faculty Issues and Concerns was that "Faculty should be involved, along with administrators, in the ongoing process of monitoring our progress toward achieving comparative salary equity in relation to our peers."[1] The task force further recommended that "The campus should create a Compensation Review Committee (CRC)" in order to provide faculty involvement.

In January 2014, the ad hoc compensation review committee was formally established. A copy of the charge letter can be found in Appendix A. A simplified list of our charges included:

- Benchmark all aspects of total compensation of our faculty and academic professional staff against peer institutions;
- Analyze trends over time in the competitiveness of our compensation package;
- Make recommendations to the Provost for short-term and long-term strategic priorities in improving our competitiveness in recruiting, retaining, and rewarding faculty;
- In cooperation with the Provost, work with the Campus Budget Oversight Committee (CBOC), to set compensation goals and priorities;
- Make recommendations regarding the mix of benefits and salary that maximizes our ability to compete, while recognizing the fiscal constraints facing the university;
- Report to the Senate annually on our priorities and progress in achieving them;
- Note any causes for any persistent inequities within the campus, including gender.

In addition, our committee was asked to make recommendations regarding governance and committee structure. These recommendations were worded so as to presume that the Compensation Review Committee would be made a standing committee, and thus we were asked to recommend bylaws and a structure for how this new committee would interact with the current Faculty/Staff Benefits Committee of the Academic Senate.

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[1] The full report of the summer faculty task force can be found at http://www.senate.illinois.edu/xfc1401.pdf

During the Spring 2014 semester, our ad hoc committee met numerous times to gather and evaluate existing compensation data, to collect additional detailed information on benefit offerings of our peer institutions, to analyze existing university and campus processes for benchmarking compensation, and to develop recommendations for improvement.

This report represents the culmination of the committee's efforts during the Spring 2014 semester. To be clear, more work needs to be done in the future – either by this or another committee – and our recommendations include areas that require further attention. Although time and data constraints precluded us from being fully comprehensive, the committee believes this report represents an important step forward in better understanding our campus' strengths and weaknesses relative to our peers when it comes to compensation issues. We submit this report with the full understanding that it should not be the final word; indeed, we recommend that the Senate Executive Committee (SEC) develop a plan for ensuring that this is the start of a more complete and regular review of our competitive situation.

A list of members of the Ad Hoc Committee is presented in Appendix B.

III. The Scope of this Review

Compensation in any position is the sum of many parts, not all of them easy to represent in financial terms. Even for those elements that can be easily quantified, the total financial compensation can be difficult to compare across institutions. Comparisons can become muddled because not every institution has the same base set of benefits (e.g., housing allowances, free parking) or identifies related items the same way (wellness plan versus discounted use of athletic facilities). The scale of *salary, pensions* and *health care* is so much greater than the sum of many other possible benefits, however, the committee made these three items the primary focus of our comparison. In addition to these items, the committee sought to also include comparison data about life insurance, parental leave policies, use of sick and vacation days, summer appointment opportunities, promotional pay increases, use of grant overhead, wellness programs, dual career programs and free/reduced tuition for family members.

The committee restricted its comparison to full-time workers, with the initial intention of including both tenure track and specialized faculty (those faculty members who are not on the tenure track). The committee was able to include the specialized faculty in the overall benefits comparison (to the extent that benefits are uniform across positions), but did not have sufficient data, time or resources to include a meaningful analysis for specialized faculty that included salary information. The difficulties encountered were several. First, there is a lack of common identification for specialized faculty across universities. This makes it difficult to identify specialized faculty from publicly available salary tables. Second, salary data for specialized faculty is not part of the current AAU (Association of American Universities) data exchange. Last, the committee inquired about hiring an outside firm to do analytics to aid in this process, but the cost and time estimates were prohibitive. We believe that conducting a comprehensive analysis of compensation for specialized faculty is extremely important, and we are disappointed that we are unable to provide specific recommendations in this regard. Going forward, one of our recommendations is that the University consider seeking alternative data sources that might allow future compensation reviews to cover specialized faculty and academic professionals.

As one of the preeminent universities in the country, we compete with both public and private institutions for stellar faculty. Our ability to compete depends on many factors beyond compensation, including the research environment, our community, and our land grant mission, among many other factors. However, there is no question that salary and benefits play an extremely important role in our ability to compete, and private institutions often provide more generous compensation than their public counterparts do. It is a fact that we compete with private institutions on a daily basis, and we must ensure that our overall ability to compete is not hindered by an inadequate compensation package. Although we believe any comprehensive review should incorporate an analysis of private institutions, we have far too little data available to do so because private institutions generally safeguard their compensation information. Thus, for this report, we decided not to include private institutions in the comparative peer group.

When data allowed, the peer group we used was the union of Big Ten Universities (minus Northwestern) and the IBHE Peer Group for UIUC (see Appendix C for both groups). This produced a list of 20 institutions. The committee compared these 20 to the various institutions self-identified by departments on our campus as their peers for the purposes of the Provost's annual review of campus salaries by rank and department. We found that there were only 10 additional schools identified a total of 38 times that were not included in our list. This means that 89.4% of the peers identified by our individuals departments were included in this list of 20 schools. Thus, we feel this is an appropriate set of peers that captures most of the institutions that our various departments select as peers as well. Data limitations require that some of our analyses be focused on Big Ten only (e.g., a comparison of retirement plan contributions) or the IBHE list only (e.g., the total value of benefits as a percent of salary). Some of our information was obtained from a survey of these peer institutions, and our analysis in these areas is limited to schools that responded in time to be included in this report.

IV. Financial Considerations

Any recommendations pertaining to salary and benefits must fit within the campus' overall budget. Here, we provide a brief overview of the financial situation facing our campus to place our recommendations in context. For readers interested in more detail on this topic, we encourage them to review the report of the Campus Budget Committee Chair to the Senate, which can be found at: http://www.senate.illinois.edu/20140414budget.pdf

Salary and benefits are annually recurring costs, and therefore should be financed out of annually recurring revenue. This includes (although is not limited to) state appropriations, tuition, grant overhead, annual gifts and payouts from the endowment. According to the Budget Committee report, the University of Illinois (note that these are university, not campus, figures) has for the past four years had net income in excess of $300 million. However, there are a number of claims to this net income, including an estimated $100 million of annual maintenance expenses not recorded as depreciation in the financial statements, funds committed to the UIC salary increase as part of the recent negotiated agreement, announced increases in faculty size, and an increase in funding for CITES.

Importantly, salary and benefit commitments should *not* be made on the basis of one-time cash reserves, because such an approach is unsustainable unless the commitments are low enough that invested reserves can support those commitments in perpetuity. As noted in the Campus Budget Committee Report, the University of Illinois system does have a higher level of cash reserves than is likely optimal (perhaps as much as $700 million in reserves over and above what is essential), although these reserves are smaller than the amount of deferred maintenance facing the University of Illinois (estimated to be over $1.5 billion).

Even accounting for these adjustments to net income, the University as a whole has sufficient net income to increase faculty compensation. However, several caveats to this statement should be noted:

i. The University is publicly committed to raising tuition by no more than the rate of inflation.
ii. Even if S.B. 1 is upheld as constitutional (and even more likely if it is not), the State of Illinois will continue to have substantially underfunded pension plans. As a result, the State may look to transfer an increasingly larger share of pension and other post-retirement benefit costs to the University. Additionally, there is no safeguard that prevents the state from transferring to the University the cost (in part or total) of the state subsidized benefit plans such as health, dental, life similar to the benefits overhead costs for grant-funded employees.
iii. The State is currently behind in its payments to the University and has been for several years, so having reserves is critical to ensuring we can pay our bills and cover payroll.
iv. State funding for the University will continue to come under pressure, particularly because Illinois is projected under current law to have one of the highest operating deficits as a percent of income in the nation.
v. The University of Illinois has a low endowment relative to its peers (see report of the Campus Budget Committee for details).

Given these risks, we recognize that it may be prudent to ensure that University net income be positive (at least $100 million, to adjust for unrecorded depreciation).

The total payroll of the Urbana-Champaign campus is approximately $750 million, of which $440 million is paid by state funds and $310 million by grants, contracts and other non-state funds. Thus, each 1% increase in compensation – if applied across the entire campus to all positions - would cost the campus approximately $7.5 million. For the University system as a whole (including all three campuses plus UA), the total payroll is close to $1.8 billion, thus requiring about $18 million for each percent increase in compensation. Importantly, these figures include *all* salaries, not just those of tenure system faculty, which are the primary focus of this report.

V. **Peer comparisons for salary**

IBHE Salary Comparisons at the Institutional Level

Our committee was provided the same summary data that are provided to the University of Illinois Board of Trustees, comparing salaries by rank to an IBHE Peer Group that includes both public and private institutions. The original source of these data is from the American Association of University Professors (AAUP).

Our Appendix Table D is a reproduction of Table 3b in the report to the Board of Trustees. It indicates that we rank number 19 out of 21 public and private institutions in terms of average salaries at all faculty ranks, with an average salary of $113,100 versus an average of $132,380 across these institutions.

Although this comparison places us in a highly unfavorable light, we recognize that institution-wide comparisons can miss important variations in faculty composition. For example, if an institution with a larger proportion of faculty in higher-paid fields is compared to an institution with a small proportion of faculty in those same fields, it might appear that the former is over-compensated, when in fact faculty in similar departments across these institutions may be compensated equivalently.

Peer Institution Data

The committee analyzed 2012-2013 faculty salaries, broken down by department and by faculty rank, based on data from the Association of American Universities Data Exchange (AAUDE), made available to us through the campus Division of Management Information (DMI). We are able to use this data to compare average salaries by rank in each of our departments to the average salaries by rank at the 3 – 9 public institutions that our departments have each identified as their relevant peer group. By relying on department-selected lists of peers, comparisons can be made with due consideration for the varying competitiveness and reputation of departments across our campus. The department selected peer groups include units that directly compete with our programs in faculty recruiting and retention. By comparing average salaries by rank, it is possible, for example, to gauge our competitiveness in recruiting newly minted PhDs into our faculty. One expects that a unit with an average salary deficit relative to its peers would be at a competitive disadvantage, whereas a unit with a higher average salary than its peers should be at a relative advantage. The use of self-identified department peers for department-level comparisons has been a process followed by our campus for some time.

We used this data in multiple ways. First, we reviewed the analysis for each faculty rank within each department. Second, we aggregated these analyses up to a College or other unit level. Finally, we created a “weighted-average departmental-peer institution” that is designed to illustrate what the University of Illinois salary distribution would look like if each department were paid similarly to its self-identified peers. This approach provides a campus-wide *average* of our salaries compared with our departmental peers, while allowing the composition of the peers to vary by department. This directly addresses the problem noted above that arises when comparing our campus to other institutions that may have a very different composition of faculty.

We discuss these results starting at the highest level of aggregation: how our campus compares to our "weighted-average departmental peer institution." This provides us with an average salary for an aggregated peer institution that has precisely the same FTE distribution across units as our own, and using departments of similar reputation and competitiveness.

A Campus Level Peer Comparison

In comparison to this weighted-average departmental peer institution, the Urbana-Champaign campus has ***salaries that are, on average, approximately 2.8 percent lower than our peers***.

College and Department Level Comparisons

At the most granular level, when viewed separately by department and rank, in most cases our average salaries are within +/- 5% of our self-identified peers. However, some ranks-within-departments are 10% or more behind their peers. These large deficits are present in at least one rank within at least one department in most colleges, with the exceptions being Education, Media, Law, Applied Health Sciences (AHS), and Veterinary Medicine. Shortfalls relative to peer departments by rank are most prevalent in two colleges: Fine and Applied Arts (FAA) and Liberal Arts and Sciences (LAS).

Aggregating to the college level, and making the FTE-weighted virtual peer comparison, we find that every college except Education, Engineering, Media, Applied Health Sciences, and Vet Med is, on average, behind its peers. Some colleges are significantly behind, including ACES (-6%), FAA (-9%) and LAS (-6%), with other smaller units including LER, Social Work, and GLIS also trailing their peers by significant margins (Social Work and GLIS by more than 10%). We note that there are significant differences in size between the smaller and larger units in this analysis. This can be put into perspective by noting that to make up the difference between LER and its peers, for example, would require a salary budget increase of $114k, recurring, but to make up the difference between LAS and its peers would require a salary budget increase of $4.15 million, recurring.

Caveats

Although the analysis above is useful in identifying overall patterns, we do note several important caveats. First, when analyzing individuals ranks within individual departments, average salary comparisons to peers can be misleading due both to small sample sizes and to the possibility that, especially at the associate and full professor ranks, there are substantial variations in faculty productivity that can account for salary differences.

Also, although we believe that it is important to make comparisons to peer departments, and to recognize (as this analysis does) that the relevant peer group varies by unit, the process for identifying peers is potentially uneven. Some of the departments on our campus are top-ranked, for example, and thus their list of peers will include schools that are ranked below them. Other departments may choose to benchmark against departments to which they aspire but that are actually quite a distance away from where they are in terms of quality or ranking.

Because there is no external validation of a department's selection of peers, there likely is variation in how peers are chosen and whether they represent the most appropriate or reasonable comparison groups for the purpose of evaluating the competitiveness of our compensation.

Finally, the committee noted that the use of only public institutions in the peer comparisons is not completely sound, since many of our units face significant competition from private institutions. The focus on public institutions is driven by a variety of factors including data constraints, as noted elsewhere in this report.

Summary

By our preferred benchmark, our campus faces an approximately 2.8 percent salary gap compared with the FTE-weighted average of our departments' peer institutions. This measure should be considered in planning the size of future salary programs. To close this gap, our campus would need to provide raises that cumulatively total 2.8 percent over and above the salary increases that our peers will be providing in the future.

The 2.8 percent figure does not imply that every unit should receive salary increases over and above the average raises received at our peers. The committee agrees that although it is important to close this gap *on average*, it is not necessarily the case that every department should have an average salary equal to or greater than that of its self-identified peers. The Provost, Deans, and other unit heads should have the flexibility to allocate budgets in strategic ways that are not reflected in the salary analysis. For example, part of the salary pool could be modeled on the CMER (Compression, Merit, Equity, and Retention) program that has been in place over the last several years.

We note that over the past two years, the campus has taken meaningful steps to begin to close this gap. In each of the past two years, the average salary increase was just over 4 percent. Moving forward, in order to completely close the gap relative to our peers, we would need to continue with a sizable raise pool. For example, if peer institutions were expected to grow salaries annually by 3 percent, then our salary program should average 4 percent over the next three years in order to close the gap.

VI. **Peer comparisons for benefits**

IBHE Benefits Comparisons at the Institutional Level

At an aggregated level, we were provided information from the AAUP about the dollar value of benefits paid by the employer for seven major categories of benefits: (1) retirement plan contributions; (2) health, dental, and life insurance premiums; (3) long-term disability income protection; (4) tuition waivers and exchanges; (5) Social Security and Medicare taxes; (6) unemployment and workers' compensation taxes (but not benefits); and (7) in-kind benefits with cash alternatives that are available for personal consumption, such as moving, travel, and housing allowances. The last category excludes in-kind benefits for professional purposes, including convention travel, association membership fees, and the like. It should be noted that many institutions do not provide information on all seven of these benefits.

The data for the seven benefit categories are reported in Appendix Table F. As can be seen, on an "all ranks" basis, our campus ranks 14 out of 21 in terms of the generosity of the benefits package as measured by employer contribution. <u>*An extremely important caveat to this comparison*</u> is that the numbers for the University of Illinois at Urbana-Champaign were submitted <u>*BEFORE pension reform*</u> passed in December 2013. Thus, the relative ranking of our campus will be substantially lower than is indicated here because employer (e.g., state) contributions to retirement plans were reduced substantially by the legislation.

More Granular Data on a Small Sample of Peers

The committee prepared an on-line survey that was distributed to the identified peer group as noted in Appendix E. The survey questions covered a wide spectrum of traditional and non-traditional benefits, ranging from retirement plan offerings to parental leave benefits. (The survey instrument itself is provided at the very end of this report as Appendix I.)

Nine institutions provided key information through completion of the on-line survey. All but two institutions are (or will soon be) members of the Big 10. The non-Big 10 participants are the University of North Carolina, Chapel Hill and University of California, Berkeley. Similarly, eight of the nine participants are public institutions, with Northwestern University being the sole private institution.

Survey Respondents

- Michigan State University
- Northwestern University
- Ohio State University
- Pennsylvania State University
- University of California, Berkeley
- University of Iowa
- University of Maryland
- University of North Carolina, Chapel Hill
- University of Wisconsin, Madison

Retirement Benefits

Mandatory participation in a retirement plan is clearly the norm in the peer group. All of the mandatory plans have an employer match component. Northwestern University was the only respondent institution without a mandatory retirement plan.

Defined benefit plans are the most common mandatory plan type. Only the University of Iowa and Michigan State University require participation in a 403(b) defined contribution plan. Like the University of Illinois, Ohio State, Penn State, Berkeley, University of Maryland, University of Wisconsin and the University of North Carolina require participation in a defined benefit plan. The required employee contribution is generally 6 or 7%, with Ohio State being the outlier at an 11% employee contribution rate -- a rate that is scheduled to increase to 14% July 1, 2016. The employer match rate in the defined benefit plans shows more variability. Penn State's match is a designated percentage of payroll as defined each year by the State of Pennsylvania. The University of Wisconsin's employer match is equal to the employee contribution, while all other defined benefit plans have an employer match that exceeds the employee contribution. Notably, the University of Maryland's employer match is double the employee match at 14%.

As the respondents are primarily public institutions, it is not surprising that several indicated recent changes in their retirement plans. These changes generally are legislatively generated. The pension reform changes experienced by the University of Illinois over the last few years appear to be in line with the changes that have been instituted at the peer institutions. For example, the state of Illinois instituted a two-tier system in the defined benefit plans effective January 1, 2011.

Typical changes experienced by public institutions' retirement plans include

- increases in vesting requirements as well as increased age and service requirements for retirement eligibility
- increases in employee contribution amounts
- changes to cost of living adjustments, such as skipping or delaying some adjustments, changes in the benefit calculation formula (often with a frozen benefit date)
- increasing the number of years included in the final average earnings calculations

Some of the changes apply to current employees, while others are applicable only to new employees. Berkeley, Maryland, Ohio State, Penn State, North Carolina and Wisconsin all have seen changes in their retirement plans and are in various stages of phased implementation.

In particular, the changes to the SURS Automatic Annual Increase (AAI) that are scheduled for implementation this year are not unique. Indeed, some of our peers have no guaranteed increase in post-retirement benefits. For example, cost of living adjustments for Penn State require specific legislative action to establish because automatic COLAs are not provided for by Pennsylvania retirement law.

All responding institutions offer a 403b Supplemental Retirement Plan; the University of Iowa offers both a mandatory and a voluntary 403b plan. The provision of an employer match to the 403b plan is the area in which there appears to be some competitive advantage for our peers. Northwestern, Penn State, Maryland, Michigan State and Maryland all provide an employer match in the 403b plan. Conversely, Berkeley, North Carolina, Ohio State and Wisconsin are comparable to Illinois in offering 403b plans but provide no employer match.

Although each of the institutions offers a 457 plan, no institution provides an employer match in the 457 plan. North Carolina and Ohio State also offer a 401a plan, while Penn State has an additional offering of a Roth 403b plan. Berkeley additionally offers a safe harbor deferred contribution plan. Employees at all responding institutions ***except*** Ohio State contribute to Social Security in addition to any university required plans.

In addition to the survey, we made use of additional information on retirement benefit plan contributions for Big Ten institutions. These data were originally provided to the University by Buck Consultants, and were updated by University Human Resources in December 2013. Appendix F shows the comparison of contribution levels to Social Security and the university's retirement plan by both employers and employees.

The results are striking. After the implementation of the recently passed pension reform bill, total employer + employee contributions to SURS are in the range of 15% of pay for the University of Illinois. The next lowest Big Ten university has a total contribution rate of 22.4%, whereas the mean and median Big Ten university has a total contribution rate of 26.4%.

A large part of the shortfall traces to the fact that University of Illinois employment income is not covered by Social Security. Even if we restrict our comparison to Ohio State – which like Illinois is not covered by Social Security – we see that our total contribution rate lags that institution's by 10 percentage points. Focusing solely on employer contributions, Ohio State's 14% contribution rate is nearly double the approximately 7.5% rate offered by SURS.

We recommend that the University of Illinois establish a supplemental retirement plan – possibly using the existing 403(b) structure – to improve the competitiveness of our retirement package.

Given the breadth of changes for public universities' retirement plan offerings, it may be beneficial to engage a consultant in the near future to provide an in-depth analysis of the public institution peers' retirement plans as compared to ours, taking into account recent (within the last two years) changes. Providing a supplemental plan should not wait, however, for a consultant report. It is critical to create this plan as soon as possible.

Health Care Benefits

Illinois offers extremely good health benefit plans, likely to be defined as Platinum under the PPACA definitions. In general, the peer institutions offer similar ranges of benefit plans. The total premium cost share distribution percentages are variable based on plan chosen, an employee's full-time vs. part-time status and an employee's annual salary. The health plans provided by the State of Illinois are provided with the employer contributions representing approximately 77% to 90% of the total cost. It is important to note that the University is not currently required to reimburse the state of Illinois for the employer costs unless the employees are paid from external funding sources. This range appears to be consistent with that at other public institutions. Interestingly, Northwestern, a private institution with a hospital and a medical college, provides the lowest percentage of the total premium at 75%.

Other Benefits

The University of Illinois offers a very competitive suite of family friendly benefits, including tenure rollback and modified teach duties policies. Additionally, the University's sick leave policy provisions are very generous by comparison to our peers. For example, University of Illinois faculty are provided up to 200 hours (25 days) of sick leave per year, with 96 accruable hours per year with no cumulative limit. Michigan State provides up to 192 hours, Wisconsin 176 hours and Iowa 144 hours. The remaining peer institutions provided between 96 to 120 hours per year. Faculty at both Berkeley and Penn State are not able to accrue sick leave.

In the case of provided basic life insurance for active employees, Illinois seems to be at a slight disadvantage, with an offering of one times annual salary. Two times salary is more common, although Penn State provides only $5,000 in coverage, whereas Maryland and North Carolina provide no life insurance at zero cost to the employee. All institutions offer the opportunity for employees to voluntarily purchase additional life insurance coverage.

Illinois' provides for a standard salary increment in conjunction with faculty promotion in rank that is intended to be separate from any merit based salary increases. For FY14, Illinois' standard increments were $7,000 for promotion to Associate and $10,000 for promotion to full professor. In comparison, for a promotion from Assistant to Associate Professor, Iowa provides $2,550, Maryland $3,000, and Ohio State 6% + at least the annual merit pool percentage. For a promotion of Associate to Full Professor, Iowa provides $3,500, Maryland $5,000 and Ohio State 6% + at least the annual merit pool percentage. Michigan State and Penn State do not have a standard salary increment awarded upon promotion in rank.

Five institutions offer wellness programs, most often connected to health plans, with a financial component related to premiums.

Formal dual career programs for faculty partners/spouses appear to be an area of distinction for Illinois. Only three other institutions (Iowa, Penn State and Michigan State) have formal programs designed to assist partners/spouses in employment opportunities. It is likely that location, specifically proximity to a major metropolitan area, is a significant factor in the perceived need for a formal program.

Some form of dependent tuition support is offered by six of the nine respondents. Illinois' 50% tuition waiver for dependent children is comparable with the benefit offered by survey respondents. Penn State offers a 75% discount, while Michigan State and Ohio State offer a 50% reduction. Northwestern provides a 40% discount to be used for children under 25. Maryland is the outlier, providing free tuition for spouse and dependents toward an initial undergraduate degree.

The University of Illinois should look to highlight areas of advantage in these non-traditional benefits, such as family friendly policies, including tenure rollbacks for birth or adoption of a child, generous sick leave provisions, automatic promotion in rank salary increments, a formal dual career assistance program and competitive tuition support for dependents.

VII. Analysis of Gender or Racial Disparities

The report of the 2013 Summer Task Force, as well as the charge letter to this Ad Hoc Committee, both considered that "persistent inequities" in salary might exist, particularly between men and women. Our analysis, however, shows no statistically significant evidence of widespread persistent inequities, at least on average across campus. The analysis does not rule out, however, that inequities may exist in individual units or in individual cases.

The Division of Management Information (DMI) provides an annual analysis of faculty salaries on the Urbana campus. As is appropriate for this type of question, the analysis is wholly internal, meaning that it compares faculty salaries within our campus, rather than comparing to external benchmarks. DMI runs a linear regression of salary levels on a long list of administrative data: a complete discussion of the methodology can be found at http://www.dmi.illinois.edu/docs/reg/

This DMI methodology was designed to improve upon previous analyses of simple averages based on salary data from campus samples either by rank, or age, or other criteria. The use of simple averages does not properly account for differences in typical salaries of various disciplines, which often have traditional gender differences. For example, the ratio of the number of male engineers sampled to the number of female engineers sampled would almost surely be larger than the ratio of the number of male social workers sampled to the number of female social workers sampled. This difference in ratios can skew averages and indicate biases that are not actually present. The use of regression analysis allows DMI to condition analysis on variables such as rank, age, years at UIUC, years since degree, and a wide range of other factors.

The DMI regression model is first fit to the data, excluding gender, race and ethnicity, to come up with a "predicted" value of salary for every member of the faculty. This predicted value is then compared to the actual salary for each individual. One can then analyze these differences to see if there exist differences by gender, race or ethnicity. The committee observed that the variables in the regression model do not explicitly address issues of quality in performance or value to departments – this is discussed below.

For the 2012-13 Academic Year, Table 1 from the Faculty Equity Regression Study reports the following results:

Model	**Gender effects**	**Race/ethnicity effects**
All faculty ranks combined	not significant	not significant
Full professors	not significant	not significant
Associate professors	not significant	not significant
All Assistant professors	not significant	Other non-whites were paid \$2978 less than Whites (p=0.0113)
New assistant professors (tenure codes 1,2,3) (also included in "All Assistant professors")	not significant	Hispanics were paid \$8199 more than Whites (p=0.0372)

Based on this analysis, we conclude that there are no statistically significant campus-wide gender inequities at any faculty rank evident in the 2012-13 data. We note that this is an improvement over earlier studies: the 2010-11 study showed that women were paid, on average, $2,273 less for all faculty ranks combined, where as in 2011-12, there was a $5,078 difference by gender but only for new assistant professors.

Race and ethnicity are also insignificant predictors, at least for full and associate professors. There is some evidence that "other non-whites" (which includes international faculty and those of unknown race/ethnicity) were paid less than whites at the assistant professor level, and that Hispanics were paid more than whites at the new assistant professor level. However, these differences were NOT significant in the 2011-12 study. Going back even further, in the 2010-11 study, Hispanics were paid slightly less than whites at the assistant professor level. Thus, whatever evidence there was of ethnic disparities, they appear to have been corrected over a short time period.

Although we do not find evidence of significant widespread persistent inequities over time, we urge continued vigilance over these issues. We also note that there are several shortcomings of these DMI comparisons, and they should not be treated as the definitive answer. Most importantly, the regression analysis does not include any independent variables to capture differences across faculty in research productivity, teaching quantity or quality, university service or public engagement. This omission could bias results either way; for example, if women have a higher or lower level of research productivity than do men who are comparable on all other measured dimensions, then the above analysis could miss "contribution-adjusted" gender inequities. We also note that other forms of gender or racial inequity may exist that would not be captured by this analysis. For example, if female faculty members face discrimination in the publication process, then even including measures of publications would not be able to capture this effect. The Gender Equity Council and the Committee on Race and Ethnicity may be interested in examining this analysis further to see how it might be improved to more fully model the factors that impact salary, including productivity and impact.

To summarize, the methodology could be improved in several ways:

1. We may want to explore the inclusion of measures of faculty research productivity, teaching, awards, etc. Although any such measures will be highly imperfect and possibly biased proxies, we suspect that such measures are still better than completely omitting such measures from the analysis. Some of these data are already available internally (e.g., teaching loads and ICES scores). Other data (e.g., publications) are not easily available, and would require either internal or external efforts to collect. Whether or not this would be worth the additional expense is an open question.

2. Methodologically, we recommend that these analyses be conducted using the regression specifications based on log (salary) rather than the salary level. These specifications are already run by DMI, so such a transition would be simple to implement. The log specification would examine percentage, rather than dollar, increments to salary based on each of the control variables. This is particularly important when running a campus-wide regression that includes substantial dispersion in salaries. Put simply, a $3,000 disparity is much more problematic for someone with a $30,000 salary than for someone with a $200,000 salary.

We note that the Office of Diversity, Equity, and Access (ODEA) separately performs a compensation analysis as part of the University of Illinois Affirmative Action Plan. This analysis analyzes potential compensation disparities for females versus males and for minorities versus non-minorities. The average compensation of each job group within each job title is analyzed, and if a difference is found of at least 2% or $2,000, ODEA will perform further review and request justification from the department. This more granular approach is designed to address inequities that may exist at a unit or individual level.

VIII. Governance recommendations

As noted above, the charge to this ad hoc committee is written in a manner that presumes it becomes a standing committee. The new standing committee presumably would function separately, but cooperatively, with the current Senate Committee on Faculty and Academic Staff Benefits. Specifically, the charges to our ad hoc committee included:

> *Recommend a set of bylaws for nominations to a Senate Compensation Review Standing Committee, perhaps including faculty nominees from the colleges, nominees recommended by Deans to the Provost, and nominees from the Senate Committee on Committees. The chair of the SEC would meet with the Provost to determine the final membership of the CRC each year drawing from this slate of nominees.*
>
> *Working with the Faculty/Staff Benefits Committee, recommend how CRC as a standing committee, should interact with the current Faculty/Staff Benefits Committee that focuses on the individual benefits for staff and faculty.*

The assigned duties of the Senate Committee on Faculty and Academic Staff Benefits, as stated in the Senate's bylaws, are very similar to the charge issued to our Ad Hoc committee. In addition, its membership is fairly representative across faculty, emeritus faculty, academic professionals, and some other pertinent organizations (e.g., human resources, SURS, faculty/staff assistance program). The charge and membership of the Committee on Faculty and Academic Staff Benefits can be found in Appendix H.

Our Ad Hoc committee recommends that an in-depth review of salary and benefits – such as the one that we are providing in this document – is an absolutely crucial exercise that should be undertaken on a consistent and regular basis (we recommend every three years) by faculty, staff and administrators with relevant expertise.

However, we do not believe that the most effective path forward is to create a second standing committee. A key question this raises is whether the existing benefits committee is the appropriate place for regular and in-depth compensation analyses to be undertaken. We have three concerns in this regard. First, as part of our review, we checked the Committee on Faculty and Academic Staff Benefits reports and found only a few annual reports over time (a report for 2012 is available, but the next most recent report was in 2006.)[2] In addition, the available reports are fairly brief and more characteristic of minutes than a detailed analysis of the competitiveness of our total compensation package. Second, the existing process for selecting the members of this committee does not ensure that the committee as a whole will have

[2] http://www.senate.illinois.edu/cmte_biz.asp

sufficient expertise (not only knowledge of compensation and benefits, but also analytical expertise to enable a careful review and/or implementation of statistical methods and campus budgetary expertise). Third, we believe that the compensation review process is best served through true shared governance, suggesting that the Provost's office should be represented on the committee in order to provide relevant history, context and institutional details.

Given these concerns, we offer the following proposal:

The existing Benefits committee should be restructured. The key elements would include:

- Ensuring that the membership of the committee includes representation from the Provost's office, Academic Human Resources, a campus budget expert, as well as faculty with analytical and benefits expertise. In short, the SEC should staff the committee based on specific expertise in consultation with the Provost.
- Requiring that an annual report on the campus salary program of the previous year be submitted by the Committee. The report should include:
    - Average increases for each faculty rank and the academic professionals on campus. If no increases occurred, explanations offered by the Chancellor or Provost and expectations for next year should be included in the report.
    - Any substantive changes to benefits for faculty and academic professionals. Costs comparisons of the impending changes to previous levels should be included in the report. If negative impact on faculty and academic professionals is expected, a discussion of options for mitigating any adverse impact of these changes should be provided in the annual report.
    - A statement of anticipated changes to benefits for faculty and academic professionals for the upcoming year and any suggestions to mitigating adverse effects of such changes.
- Requiring that every three years, the Committee submits a comprehensive report to the SEC. The report should include salary and benefits comparisons to our peer institutions as defined by the BOT. The exact charge given to the Ad Hoc Committee should be used to guide this work. In addition, the comprehensive report from the Ad Hoc Committee can be used as a framework and guide for the Committee on Faculty and Academic Staff Benefits.
- Renaming the committee as the "Compensation Review Committee" to reflect the full breadth of its charge.

A slightly modified approach would be to broaden the scope of the existing benefits committee to complete all of the items suggested above with the exception of the comprehensive triennial report and then supplement their work with an ad hoc committee formed every three years to complete the comprehensive review.

Our committee has a slight preference for the single committee option because including the comprehensive triennial report in the charge of the standing committee makes it less likely that this task will be neglected. The risk of an ad hoc committee structure is that it is dependent upon the SEC carefully tracking the process to ensure its creation every three years.

IX. Concluding Thoughts

The members of this ad hoc committee believe strongly that the competitiveness of our compensation package – including salary and benefits – is a necessary condition for sustaining excellence. We recognize, of course, that our campus' ability to compete for outstanding talent is influenced by numerous factors, but compensation is among the most visible, and therefore among the most important.

Our report has noted that we lag our peers slightly on salary and we recommend continued efforts to close this gap. We are also concerned about our retirement package, a concern that will exist for SMP and Tier II participants even if the recent pension reforms are overturned. If the pension reforms are permanently implemented, then efforts to supplement the retirement package will also be required for Tier I participants.

We further believe that the work conducted by this ad hoc committee continue in the future. We do not believe that a "deep dive" should be conducted annually, but we do believe that a mechanism is needed to ensure such an in-depth analysis occurs every three years. We have offered our suggestions for how this might be implemented.

We appreciate the opportunity to conduct this review.

Appendices

Appendix A: Copy of Ad Hoc Committee Charge Letter

UNIVERSITY OF ILLINOIS
AT URBANA-CHAMPAIGN

Office of the Senate
228 English Building, MC-461
608 South Wright Street
Urbana, IL 61801-3613

January 1, 2014

Jeff Brown, chair	Barb Wilson
Deb Stone	Mike Sandretto
Randy McCarthy	Peter Sauer
Harley Johnson	Jennifer Bernhard

<u>Ad hoc Senate Compensation Review Committee</u>

Thank you for accepting to be a member of the Ad hoc Senate Compensation Review Committee, a new but very important committee. Because this committee will be dealing with extremely sensitive salary and benefits data, and because your ability to provide full and frank advice to the Provost will depend on a high degree of confidentiality, I want to emphasize the importance of keeping sensitive information within the committee.

Following the recommendation of the Senate Task Force last summer 2013, the charge of the committee is to:

1. Benchmark all aspects of total compensation of our faculty and academic professional staff against peer institutions.
2. Analyze trends over time in the competitiveness of our compensation package.
3. Make recommendations to the Provost for short-term and long-term strategic priorities in improving our competitiveness in recruiting, retaining, and rewarding deserving faculty, taking a holistic view across all compensation areas. The committee will have access to the full range of data about faculty compensation, comparative data against peer institutions, including data on health, dental, and vision care options, retirement plans, insurance options, leave policies, and salary equity and compression.
4. In cooperation with the Provost, work with the Campus Budget Oversight Committee (CBOC), where this committee helps to set compensation goals and priorities while CBOC helps to formulate budgetary and reallocation strategies for achieving them.
5. Make recommendations regarding the mix of benefits and salary that maximizes our ability to compete, while recognizing the fiscal constraints facing the university.
6. Report to the Senate annually on our priorities and progress in achieving them.

In addition for this first year, please could you address the following three topics:

7. Note any causes for any other persistent inequities within the campus, including especially any gender gap in salaries.
8. Recommend a set of bylaws for nominations to a Senate Compensation Review Standing Committee, perhaps including faculty nominees from the colleges, nominees recommended by Deans to the Provost, and nominees from the Senate Committee on Committees. The chair of the SEC would meet with the Provost to determine the final membership of the CRC each year drawing from this slate of nominees.
9. Working with the Faculty/Staff Benefits Committee, recommend how CRC as a standing committee, should interact with the current Faculty/Staff Benefits Committee that focuses on the individual benefits for staff and faculty.

Thank you very much for your willingness to serve

Roy Campbell

Roy Campbell
Chair, Senate Executive Committee

cc Kim Graber

telephone (217) 333-6805 • *fax* (217) 333-4848 • *email* senate@illinois.edu • *web* www.senate.illinois.edu

Appendix B
Membership of the Ad Hoc Compensation Review Committee

Reginald Alston
Associate Chancellor for Faculty Affairs; Professor of Kinesiology and Community Health, College of Applied Health Sciences

Jennifer Bernhard
Professor of Electrical and Computer Engineering and Associate Dean for Research, College of Engineering

Jeffrey R. Brown (Chair)
William G. Karnes Professor of Finance

Harley T. Johnson
Professor and Kritzer Faculty Scholar
Department of Mechanical Science and Engineering

Randy McCarthy
Professor of Mathematics

Michael J. Sandretto
Lecturer, Accountancy

Peter W. Sauer
Grainger Chair Professor of Electrical Engineering

Deb Stone
Director, Academic Human Resources

Barb Wilson
Executive Vice Provost for Faculty and Academic Affairs
Kathryn Lee Baynes Dallenbach Professor, Communication

The committee is grateful for the expert assistance of the following individuals who met with the committee and/or provided assistance with data and analysis: Mike Andrechak, Amy Edwards, Theo Long, and Nicole Peck.

Appendix C: Peer Groups Used for Analysis

	Big Ten	IBHE Public Peers
University of California – Berkeley		√
University of California – Los Angeles		√
University of California – San Diego		√
Indiana University	√	
University of Iowa	√	
University of Maryland	√	
University of Michigan	√	√
Michigan State University	√	
University of Minnesota	√	
University of Nebraska	√	
University of North Carolina		√
Northwestern University	√	
Ohio State University	√	
Penn State University	√	
Purdue University	√	
Rutgers University	√	
University of Texas		√
University of Virginia		√
University of Washington		√
University of Wisconsin-Madison	√	√

Appendix D: Salary Comparison to IBHE Peer Group

FY 2013 FACULTY AVERAGE SALARY

IBHE PEER GROUP

			Avg. Salary (1,000s)							
			Prof.		*Assoc. Prof.*		*Asst. Prof.*		*All Ranks*	
Institution	City	State	$	Rank	$	Rank	$	Rank	$	Rank
Columbia Univ.	New York	NY	212.34	1	132.44	1	105.82	2	176.70	1
Univ. of Chicago	Chicago	IL	203.64	2	117.61	3	102.68	4	163.09	2
Univ. of Pennsylvania	Philadelphia	PA	186.99	4	117.30	4	116.25	1	155.31	3
Yale Univ.	New Haven	CT	186.25	5	113.06	5	94.16	10	154.43	4
Duke Univ.	Durham	NC	180.22	6	119.98	2	97.30	7	151.75	5
New York Univ.	New York	NY	187.62	3	107.66	10	105.30	3	147.90	6
Univ. of California - Los Angeles	Los Angeles	CA	167.00	9	109.99	8	88.84	13	142.48	7
Northwestern Univ.	Evanston	IL	176.68	7	112.46	6	98.40	6	141.98	8
Washington Univ.	St. Louis	MO	175.82	8	103.59	12	98.80	5	138.36	9
Univ. of California - Berkeley	Berkeley	CA	158.86	13	107.30	11	94.69	8	137.49	10
Brown Univ.	Providence	RI	160.84	11	103.44	13	86.04	17	133.37	11
Johns Hopkins Univ.*	Baltimore	MD	162.04	10	111.02	7	90.70	12	133.03	12
Univ. of Southern California	Los Angeles	CA	160.52	12	107.77	9	93.45	11	130.31	13
Univ. of California - San Diego	La Jolla	CA	142.53	17	92.78	18	88.66	15	122.55	14
Univ. of Michigan - Ann Arbor	Ann Arbor	MI	148.66	14	101.07	14	88.76	14	121.28	15
Univ. of Rochester	Rochester	NY	138.60	19	100.94	15	94.67	9	118.13	16
The Univ. of Texas at Austin	Austin	TX	143.97	16	92.80	17	85.95	18	117.70	17
Univ. of North Carolina	Chapel Hill	NC	147.89	15	96.59	16	84.37	19	117.62	18
Univ. of Illinois - Urbana	**Champaign**	**IL**	**141.70**	**18**	**91.08**	**20**	**87.35**	**16**	**113.10**	**19**
Univ. of Washington	Seattle	WA	124.25	20	89.16	21	84.13	20	106.91	20
Univ. of Wisconsin-Madison	Madison	WI	118.76	21	91.11	19	77.47	21	102.76	21
Weighted Mean			**161.51**		**103.34**		**92.37**		**132.38**	

Note: "All Ranks" average is weighted by the number of faculty in each rank.

* FY 2013 data not available. Estimated based on a 3.0% average increase.

Source: American Association of University Professors. "All Ranks" average calculated by University of Illinois Office for Planning and Budgeting.

Appendix E

Peer Group Institutions for On-Line Survey Invitation

Indiana University
Michigan State University
Northwestern University
Ohio State University
Penn State University
Purdue University
Rutgers University
University of California – Berkeley
University of California – Los Angeles
University of California – San Diego
University of Iowa
University of Maryland
University of Michigan
University of Minnesota
University of Nebraska
University of North Carolina
University of Texas
University of Virginia
University of Washington
University of Wisconsin-Madison

Appendix F

FY 2013 FACULTY AVERAGE BENEFITS

IBHE PEER GROUP

			Ave. Benefits (1,000s)							
			Prof.		*Assoc. Prof.*		*Asst. Prof.*		*All Ranks*	
Institution	City	State	$	Rank	$	Rank	$	Rank	$	Rank
Columbia Univ.	New York	NY	64.14	1	42.86	2	21.65	18	52.11	1
Univ. of Pennsylvania	Philadelphia	PA	54.04	4	45.24	1	44.75	1	49.96	2
Univ. of California - Los Angeles	Los Angeles	CA	55.59	3	40.74	3	35.23	4	49.20	3
New York Univ.	New York	NY	61.11	2	35.12	8	34.36	6	48.20	4
Univ. of California - Berkeley	Berkeley	CA	53.45	5	40.02	5	36.74	2	47.89	5
Univ. of California - San Diego	La Jolla	CA	49.16	7	36.20	6	35.12	5	43.95	6
Univ. of Southern California	Los Angeles	CA	49.53	6	40.10	4	35.58	3	43.66	7
Northwestern Univ.	Evanston	IL	47.17	9	35.53	7	31.82	8	40.60	8
Duke Univ.	Durham	NC	48.40	8	35.08	9	20.76	19	40.57	9
Univ. of Chicago	Chicago	IL	43.58	10	34.40	11	32.29	7	39.14	10
Brown Univ.	Providence	RI	41.00	12	28.36	15	24.79	12	35.00	11
Yale Univ.	New Haven	CT	38.32	14	29.93	14	26.18	11	34.30	12
Johns Hopkins Univ.*	Baltimore	MD	38.57	13	34.72	10	23.03	17	33.62	13
Univ. of Illinois - Urbana	**Champaign**	**IL**	**37.58**	**15**	**30.22**	**13**	**29.70**	**10**	**33.43**	**14**
Washington Univ.	St. Louis	MO	42.23	11	25.84	19	16.81	21	31.78	15
Univ. of Rochester	Rochester	NY	30.48	19	30.48	12	30.48	9	30.48	16
Univ. of North Carolina	Chapel Hill	NC	35.19	16	26.21	18	23.60	16	29.78	17
Univ. of Washington	Seattle	WA	33.09	17	26.31	17	24.02	14	29.51	18
Univ. of Michigan - Ann Arbor	Ann Arbor	MI	32.95	18	26.82	16	24.74	13	29.30	19
Univ. of Wisconsin-Madison	Madison	WI	28.76	20	25.58	20	23.85	15	26.88	20
The Univ. of Texas at Austin	Austin	TX	26.38	21	20.63	21	19.10	20	23.27	21
Weighted Mean			**43.38**		**32.03**		**28.11**		**37.31**	

Notes: AAUP requests that institutions submit the dollar value paid by the employer for the seven major fringe benefits outlined in the text of our report. "All ranks" average is weighted by the number of faculty in each rank shown in Table 3a.

Source: American Association of University Professors. "All Ranks" average calculated by University of Illinois Office for Planning and Budgeting

Appendix G

BIG TEN UNIVERSITIES CONTRIBUTION LEVEL COMPARISON

University of Illinois Programs are Administered by SURS

Approximate Contribution Rates For New Faculty (Estimates for SURS)							
	Social Security		University Retirement Plan		Total		**GRAND TOTAL**
Institution	Employee	Employer	Employee	Employer	Employee	Employer	
University of Minnesota	6.20%	6.20%	5.50%	10.00%	11.70%	16.20%	**27.90%**
University of Iowa	6.20%	6.20%	5.00%	10.00%	11.20%	16.20%	**27.40%**
University of Michigan	6.20%	6.20%	5.00%	10.00%	11.20%	16.20%	**27.40%**
Michigan State	6.20%	6.20%	5.00%	10.00%	11.20%	16.20%	**27.40%**
Northwestern University	6.20%	6.20%	5.00%	10.00%	11.20%	16.20%	**27.40%**
Penn State	6.20%	6.20%	5.00%	9.29%	11.20%	15.49%	**26.69%**
Purdue University	6.20%	6.20%	4.00%	10.00%	10.20%	16.20%	**26.40%**
University of Wisconsin	6.20%	6.20%	7.00%	7.00%	13.20%	13.20%	**26.40%**
University of Nebraska	6.20%	6.20%	5.50%	8.00%	11.70%	14.20%	**25.90%**
Ohio State University	0.00%	0.00%	11.00%	14.00%	11.00%	14.00%	**25.00%**
Indiana University	6.20%	6.20%	0.00%	10.00%	6.20%	16.20%	**22.40%**
Average Big Ten					10.91%	15.48%	**26.39%**
University of Illinois Tier I	0.00%	0.00%	8.00%	7.50%	8.00%	7.50%	**15.50%**
University of Illinois Tier II	0.00%	0.00%	7.00%	7.50%	7.00%	7.50%	**14.50%**
University of Illinois SMP	0.00%	0.00%	8.00%	7.60%	8.00%	7.60%	**15.60%**

Source: 2012 Study by Buck Consultants, updated to December 2013 by UHR

Notes: On 1/1/14, Wisconsin increased its contributions ratesfrom 6.65% to 7.0% for both employer and employees.

For universities with choice between DB and DC (e.g., Iowa, Penn State), the above contribution rates are for the DC system.

Appendix H: Duties of the Committee on Faculty and Academic Staff Benefits

Bylaws of the Senate

As amended through December 8, 2008

Part D – Standing Committee

10. Committee on Faculty and Academic Staff Benefits

- (a) Duties

  The Committee shall investigate and regularly report to the Senate on the adequacy and other attributes of the University's provisions for salaries, retirement benefits, sabbatical leaves, other leaves, hospitalization and medical insurance, life insurance, other insurance, investment and savings plans, travel reimbursement, housing benefits, educational benefits, recreational benefits, and other perquisites, benefits and conditions of faculty and academic staff employment.

- (b) Membership

The Committee shall consist of:

1. Five faculty members,
2. One emeritus or emerita faculty member,
3. One academic professional member,
4. The campus faculty representatives to the State Universities Retirement System Members Advisory Committee (*ex officio*),
5. The Director of the Benefits Service Center or the Director's designee (*ex officio*),
6. The Executive Director of the State Universities Retirement System or the Director's designee (*ex officio*),
7. The Provost or the Provost's designee (*ex officio*),
8. The Director of the Faculty/Staff Assistance Program or the Director's designee (*ex officio*),
9. The Associate Vice President for Human Resources or the Associate Vice President's designee (*ex officio*), and
10. The President of the UIUC Chapter of the State Universities Annuitants Association or that President's designee (*ex officio*).

Appendix I:
Survey Questions Sent to Select Peer Institutions

Survey begins on next page

Faculty Benefit Offerings

This Form is **NOT LIVE**. Submitting this Form will NOT store any data. Test validation rules: on off

Also, **always remember** to test this Form in IE, Firefox, and Safari before making it live.

*1. What is the name of your institution?

Name, title and email address will be used for emailing survey responses to participants.

*2. What is your name and title?

*3. What is your email address?

Your netId will be attached to the results of this web form.
Form provided by Web Services in Public Affairs | logout

University of Illinois at Urbana-Champaign

Faculty Benefit Offerings

This Form is **NOT LIVE**. Submitting this Form will NOT store any data. Test validation rules: on off

Also, always remember to test this Form in IE, Firefox, and Safari before making it live.

Section 1: Defined Benefit Pension Plan

*4. Do you have a defined benefit pension plan?

- Yes
- No

Your netId will be attached to the results of this web form.
Form provided by Web Services in Public Affairs | logout

University of Illinois at Urbana-Champaign

Faculty Benefit Offerings

This Form is NOT LIVE. Submitting this Form will NOT store any data. Test validation rules: on off

Also, always remember to test this Form in IE, Firefox, and Safari before making it live.

Section 1: Defined Benefit Pension Plan

*5. Is participation in the defined benefit pension plan mandatory?

- Yes
- No

*6. What is the employee contribution as a percent of compensation?

*7. What is the employer contribution as a percent of compensation (per employee, as a percent of payroll)?

*8. What is the minimum vesting period?

*9. What is the minimum retirement age?

*10. Please provide a link to documentation containing a description of how benefits are calculated/benefit formula.

*11. If it is publicly available, please provide a link to your pension fund's financial statements.

Your netId will be attached to the results of this web form.
Form provided by Web Services in Public Affairs | logout

University of Illinois at Urbana-Champaign

Faculty Benefit Offerings

This Form is NOT LIVE. Submitting this Form will NOT store any data. Test validation rules: on off

Also, always remember to test this Form in IE, Firefox, and Safari before making it live.

Section 2: Defined Contribution Pension Plan

*12. Do you offer a 403b plan?

- Yes
- No

Your netId will be attached to the results of this web form.
Form provided by Web Services in Public Affairs | logout

University of Illinois at Urbana-Champaign

Faculty Benefit Offerings

This Form is **NOT LIVE**. Submitting this Form will NOT store any data. Test validation rules: on off

Also, always remember to test this Form in IE, Firefox, and Safari before making it live.

Section 2: Defined Contribution Pension Plan

*13. What is the level of required employee contributions (if any)?

*14. How much additional can employees contribute above the minimum (if any)?

*15. Does your university or state make matching contributions to 403b accounts?

- Yes
- No

16. If yes, how much is the contribution and frequency?

Your netId will be attached to the results of this web form.
Form provided by Web Services in Public Affairs | logout

University of Illinois at Urbana-Champaign

Faculty Benefit Offerings

This Form is **NOT LIVE**. Submitting this Form will NOT store any data. Test validation rules: on off

Also, **always remember** to test this Form in IE, Firefox, and Safari before making it live.

Section 2: Defined Contribution Pension Plan

*17. Do you offer a 457 plan?

- Yes
- No

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Section 2: Defined Contribution Pension Plan

*18. What is the level of required employee contributions (if any)?

*19. How much additional can employees contribute above the minimum (if any)?

*20. Does your university or state make matching contributions to 457 accounts?

- Yes
- No

21. If yes, how much is the contribution and frequency?

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Section 2: Defined Contribution Pension Plan

*22. Do you offer a defined contribution pension plan other than a 403b or 457?

- Yes
- No

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Section 2: Defined Contribution Pension Plan

*23. What type of plan is offered (other than a 403b/457)?

*24. What is the level of required employee contributions (if any)?

*25. How much additional can employees contribute above the minimum (if any)?

*26. Does your university or state make matching contributions to these accounts?

- Yes
- No

27. If yes, how much is the contribution and frequency?

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*28. Please explain any differences in pension benefits for current versus new employees.

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Section 3: Health Care

*29. Please provide a link to health care benefits information.

*30. On average, what percentage of the total premium cost is absorbed by the institution/state?

*31. What level(s) plan(s) do you offer (such as gold, silver or platinum) as defined by PPACA?

*32. What is your life insurance benefit?

*33. Do you offer voluntary supplemental life insurance coverage?

*34. Do you offer health insurance benefits to retirees?

*35. Does the health insurance offering to retirees change if the retiree is eligible for Medicare?

*36. What is the cost-sharing split between the institution/state and the retiree?

*37. Do you offer life insurance benefits to retirees?

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Section 4: Social Security

*38. Do your faculty and staff contribute to the U.S. Social Security system (not counting Medicare)?

- Yes
- No

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Section 5: Parental Leave Policy

*39. Do you have a parental leave policy for birth or adoption of a child?

- Yes
- No

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Section 5: Parental Leave Policy

*40. Are mothers eligible?

- Yes
- No

*41. Are fathers eligible?

- Yes
- No

*42. Are both parents (mothers and fathers) eligible at the same time?

- Yes
- No

*43. How long is the leave?

*44. Is the leave paid?

- Yes
- No

*45. Is the leave separate from sick or vacation leave?

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Section 6: Tenure Clock Rollback Policy

*46. Do you have a tenure clock rollback policy?

- Yes
- No

*47. Is birth or adoption of a child an automatic rollback (upon request)?

- Yes
- No
- N/A

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Section 7: Modified Teaching Duties

*48. Do you offer modified teaching duties after birth or adoption of a child?

- Yes
- No

*49. Can both mothers and fathers use the benefit?

- Yes
- No
- N/A

*50. Can non-tenure stream faculty use the benefit?

- Yes
- No
- N/A

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Section 8: Annual Sick Leave Benefit

*51. What is your annual sick leave benefit for faculty?

*52. Can unused sick leave be rolled over from year to year?

*53. Is unused sick leave paid out when separating/retiring from your university?

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Section 9: Appointment Basis

*54. Do you appoint faculty on an academic year with summer appointment opportunity?

- Yes
- No

55. If yes, what is the total number of summer appointments possible?

*56. Do you have any other appointment opportunity for faculty?

- Yes
- No

57. If yes, please describe.

*58. Do you have faculty appointed on a 12 month service basis?

- Yes
- No

*59. If yes, do the 12 month faculty accrue vacation time?

- Yes
- No
- N/A

60. What is the annual vacation benefit?

61. What is the maximum accruable limit?

62. Is vacation time paid out when separating/retiring from the university?

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*63. Are standard salary increments awarded for promotion in rank?

- Yes
- No

64. If yes, what is the standard salary increment from Assistant to Associate Professor?

65. If yes, what is the standard salary increment from Associate to full Professor?

66. Can units supplement the standard increment amount?

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*67. Do you have campus level policies regarding ability of the faculty to share in the grant overhead funds?

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Section 10: Wellness Program

*68. Do you have a wellness program?

- Yes
- No

69. If yes, what are the primary provisions of the program?

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Section 11: Dual Career Program

*70. Do you have a dual career program for faculty partners/spouse?

- Yes
- No

71. If yes, what are the provisions?

72. If no, do you offer any resources to faculty partners/spouses?

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Section 12: Tuition Benefit for Family Members

*73. Do you offer free or reduced tuition for family members?

- Yes, free tuition is offered.
- Yes, reduced tuition is offered.
- No, neither free nor reduced tuition is not offered.

74. If yes, describe the plan.

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Section 13: Additional Significant Benefits

75. Please describe any additional significant benefits offered to faculty.

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