



**OFFICE OF THE LEGISLATIVE AUDITOR**

STATE OF MINNESOTA

**EVALUATION REPORT**

# Compensation at the University of Minnesota



**FEBRUARY 2004**

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## OFFICE OF THE LEGISLATIVE AUDITOR

State of Minnesota • James Nobles, Legislative Auditor

February 17, 2004

Members  
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At the commission's request, the Office of the Legislative Auditor (OLA) examined faculty and staff compensation at the University of Minnesota. Our findings are reassuring: Salaries and benefits at the University generally reflect market conditions.

At the Twin Cities campus, where most of the University's faculty work, average faculty compensation is below that of similar private universities, but competitive with that of similar public institutions. At the Crookston, Duluth, and Morris campuses, average faculty compensation is at or above that of similar colleges and universities. Likewise, on average, overall staff salaries at the University are consistent with the average salaries of higher education institutions and Twin Cities metropolitan area employers with similar types of employees.

We recommend that the University continue to examine and report on faculty compensation, but revise the comparison groups that it uses for faculty at the Crookston and Duluth campuses. Likewise, the University should begin to make similar comparisons for staff salaries and benefits relative to other employers and report those results to policy makers.

This report was researched and written by Jo Vos (project manager) and Carrie Meyerhoff. We would like to thank staff at the University of Minnesota for the assistance they provided to us during the course of our study.

Sincerely,

*/s/ James Nobles*

James R. Nobles  
Legislative Auditor



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# Summary

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**U of M faculty salaries vary significantly by discipline and campus, and reflect national market patterns.**

## Major Findings:

- The University of Minnesota spent \$1.1 billion on salaries and \$308 million on fringe benefits for faculty, staff, and student workers in fiscal year 2003—about 67 percent of total expenditures (p. 10).
- The groups of higher education institutions that the University uses to compare faculty compensation at the Morris and Twin Cities campuses are appropriate, but groups for the Crookston and Duluth campuses are not (pp. 19-22).
- The University does not use a comparison group to examine academic staff salaries and, while it has an appropriate group for non-academic staff, it has seldom used it to make overall salary comparisons (pp. 23-24).
- In 2002-03, the average compensation of faculty at the Twin Cities campus was 3 to 11 percent below the average of its comparison group, depending on faculty rank; average compensation was similar to the averages of the public institutions in the group and significantly below the averages of the private institutions (p. 41).
- After adjusting for cost of living, average compensation of Twin Cities faculty compared more favorably with the overall averages of a subset of its comparison group (p. 45).
- At the Morris campus, faculty compensation ranged from 3 to 6 percent above its comparison group averages in 2002-03; average compensation at the Crookston and Duluth campuses was 8 to 31 percent higher than the average compensation of the comparison groups that we developed (pp. 34-39).
- The average salary of high-level academic administrators and professionals at each campus was close to the average of similar higher education institutions in 2002-03. The average salary of non-academic positions at the Twin Cities campus was within 1 percent of the average of local employers in 2002 (pp. 66-67, 77).

## Recommendations:

- The University of Minnesota should revise its comparison groups for faculty at the Crookston and Duluth campuses and develop one (or more) for academic staff (p. 23).
- The University of Minnesota should continue to examine faculty compensation. It should also start to make overall staff salary and benefit comparisons relative to other employers and report the results to University and state policy makers (pp. 23-24, 76).

## Report Summary

Because the *State Constitution* gives the University of Minnesota special legal status, the Legislature has limited authority over University policies and practices related to employee compensation. Over the last several years though, the Legislature has supported the University's efforts to help ensure that faculty and staff compensation is competitive with that offered by other employers. Employee compensation consists of base salaries and fringe benefits, which include employer contributions for retirement and health insurance, among others.

### In FY 2003, the University of Minnesota Spent \$1.4 Billion on Employee Compensation

The University of Minnesota classifies employees into two groups: academic and non-academic. Academic employees consist of *faculty*, who are primarily responsible for classroom instruction, and *administrative staff* and *professional staff*, who develop policies, oversee University activities, or provide instructional support. Non-academic employees, who are responsible for a variety of activities ranging from building maintenance to auditing information systems, consist of *collectively bargained staff* and *civil service staff*.

Between fiscal years 1993 and 2003, the number of full-time equivalent employees at the University increased 3 percent, from 16,484 to 17,012. But the number of academic administrative and professional staff increased 74 percent and grew from 14 to 23 percent of the University's workforce. In addition, the number of non-traditional faculty increased 67 percent to 714. In contrast, the number of tenured and tenure-track faculty decreased 4 percent to 2,755 and the number of collectively

bargained and civil service employees declined 12 percent to 9,570.

Some of these changes in workforce composition are due to the University's increased use of teaching specialists and lecturers, who are classified as academic professionals rather than faculty, to provide classroom instruction. This gives the University more flexibility in staffing and saves money. Also, colleges and departments have hired more staff into academic rather than non-academic positions, especially lower-level administrative positions. (The number of higher-level administrative positions has remained about the same since 1993.) Academic positions provide more flexibility than those governed by civil service rules or collective bargaining agreements.

The State of Minnesota is the largest source of funding for the University, accounting for roughly 31 percent of its revenues. State funds generally represent the most flexible part of the University's budget, and the University uses these funds to pay for 40 percent of employee compensation costs. To help address the state's budget problems though, the 2003 Legislature significantly reduced University appropriations for the 2004-05 biennium. Part of the University's response was to freeze salaries, impose layoffs, and pass more health-related costs on to employees.

### Faculty Comparison Groups for the Morris and Twin Cities Campuses Are Appropriate, but Those for Crookston and Duluth Are Not

The University of Minnesota compares its faculty compensation with that paid by groups of employers that it considers comparable. For faculty, it uses campus-specific groups consisting of "similar" institutions of higher education. The University's

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**The U of M uses state funds to pay for the largest share of its employee compensation costs.**

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**At 13 percent of salary, the U of M's rate of contribution toward faculty retirement accounts is relatively generous.**

comparison groups for the Morris and Twin Cities campuses are appropriate because the groups largely consist of institutions with a similar mission and program mix. The comparison group for the Twin Cities campus consists of 29 large public and private research universities, while the group for the Morris campus contains 13 small public and private institutions, most of which are liberal arts colleges.

The University's comparison groups for the Crookston and Duluth campuses are not appropriate, largely because the institutions in each group generally have different missions, measured by their commitment to graduate education. Four of the five institutions in Crookston's group award master's degrees, which the Crookston campus does not. Similarly, the Duluth campus is classified as a master's institution, but 13 of the 16 institutions in the comparison group are classified as doctoral institutions.

### **The University Should Use Comparison Groups to Examine Overall Staff Salaries**

The University has not established comparison groups for academic staff and, while it has an appropriate group for non-academic employees—Twin Cities metropolitan area employers—the University has done few overall salary comparisons using it. The University should establish a comparison group (or groups) for academic staff so that it can use the group to periodically examine and report on the overall salaries it pays relative to those paid by other employers. Also, because *Minn. Stat.* (2003), §137.02, subd. 4 says that salaries of non-academic employees at the University should be comparable to those of similar classified staff in state government, the University should include such comparisons in its report on non-academic staff.

### **Average Faculty Compensation at the Twin Cities Campus Is Lower Than That of the Private Universities in its Comparison Group, but Similar to That of the Public Institutions**

In 2002-03, the average compensation of faculty at the Twin Cities campus was 3 to 11 percent below the average of its comparison group, depending on faculty rank. It ranged from 1 percent below to 6 percent above the averages of the group's public institutions, and 9 to 17 percent below the averages of the private institutions. However, after adjusting for cost-of-living differences, average faculty compensation at the Twin Cities campus was above the average of a subset of its comparison group, with the greatest improvements occurring relative to private institutions. Average compensation of faculty at the Crookston, Duluth, and Morris campuses (without adjusting for cost-of-living differences) was higher than that of their respective comparison groups.

Faculty compensation at the University of Minnesota compares as well as it does with comparison institutions due to the value of its fringe benefits. When looking at average salaries alone, each University campus compared less favorably to its comparison group. The better relative position of University compensation is partly due to its contribution rate to faculty retirement; at 13 percent of salary, it is relatively generous.

Higher pay at private rather than public institutions is a national phenomenon. In a subset of the comparison group for the Twin Cities campus, private institutions paid about 28 percent of their full professors salaries of \$150,000 or more, while the comparable figures for the Twin Cities campus and other public institutions were less than 10 percent. Also

reflecting national phenomena, salaries varied greatly by discipline. At the Twin Cities campus, the differences between the highest and lowest paying disciplines ranged from nearly \$52,000 to over \$80,000 in 2002-03, depending on faculty rank.

In general, deans and administrators at the Twin Cities campus said that they are not overly concerned about the University's current level of faculty turnover. They indicated that, while recruiting and retaining faculty are challenging, compensation is only part of the issue. Other factors, such as employment opportunities for significant others and research facilities and support, are also important. Deans indicated that in some cases they are able to offer a level of compensation or other inducements to attract or retain faculty, while in other cases they are not.

### **Average Salaries of Academic and Non-Academic Staff at the University Are Similar to Those of Other Higher Education Institutions and Twin Cities Area Employers Respectively**

The average salary for a sample of high-level academic administrative and professional positions at each of the University's four campuses ranged from 1 percent below to 4 percent above the average salary of other higher education institutions with a similar mission and budget in 2002-03. Average salaries for 40 to 49 percent of the individual positions examined at each campus were more than 5 percent above the averages of similar institutions nationwide, while 20 to 31 percent were more than 5 percent below.

The average salary for a sample of collectively bargained and civil service positions at the University of Minnesota-Twin Cities in 2002 was

about 1 percent below the average of the University's comparison group. Average salaries for 27 percent of the positions examined at the Twin Cities campus were more than 5 percent below the averages of Twin Cities metropolitan area employers while another 27 percent were more than 5 percent above.

There are only limited data available on staff compensation relative to other employers. Fringe benefits at the University of Minnesota averaged about 31 and 34 percent of salary for non-academic and academic employees respectively in 2003, with University contributions for health insurance and retirement comprising the largest shares of costs. According to studies, the University paid a higher percentage of employees' health care premiums than did private employers in 2003, and the University's cost of retirement plans for its employees was higher than private sector employers' cost.

As with faculty, salaries and benefits are not the only factors that staff consider when weighing University employment. Other factors, such as the University's national reputation and the ability of staff to participate in campus life, likely make the University of Minnesota an attractive place to work for some employees.

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**Compensation is not the only factor that can affect faculty and staff recruitment and retention.**

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# Introduction

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## The Legislature has limited power over U of M compensation practices.

The University of Minnesota’s statutory mission is to “offer undergraduate, graduate, and professional instruction through the doctoral degree” and to be the “primary state supported academic agency for research and extension services.”<sup>1</sup> With campuses in Crookston, Duluth, Morris, and the Twin Cities, the University served nearly 63,000 students in fiscal year 2003. In that year, the University paid roughly \$1.4 billion—over half of its \$2.1 billion budget—in compensation to more than 18,000 full- and part-time faculty, staff, and student workers.<sup>2</sup> State funds covered the largest share of employee compensation costs.

Despite its large contribution to University salaries, the Legislature has limited power over the University’s compensation practices. The *State Constitution* provides the University of Minnesota special legal status, and a Board of Regents, whose members are appointed by the Legislature, is charged with its governance.<sup>3</sup> Nevertheless, the Legislature can influence the University’s compensation policies and practices through General Fund appropriations, special restricted appropriations, and statutory language encouraging specific actions by the Board of Regents. In June 2003 the Legislative Audit Commission directed us to examine faculty and staff compensation at the University of Minnesota. Specifically, we were asked to focus on the following questions:

- **To what extent are the comparison groups that the University of Minnesota uses when reporting on faculty and staff compensation appropriate? Would additional comparisons be valid and contribute useful information?**
- **How does faculty compensation at the University of Minnesota compare with faculty compensation at other higher education institutions across the country?**
- **How do salaries and benefits for staff at the University of Minnesota compare with compensation for similar types of staff in the private and public sectors?**

To answer these questions, we relied chiefly on existing sources of data—largely salary and benefit surveys in which the University participates and that are conducted by outside groups and organizations. We reviewed University policies and procedures as well as internal studies, reports, and planning documents; met with University administrators and other staff; and talked with several college

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<sup>1</sup> *Minn. Stat.* (2003), §135A.052.

<sup>2</sup> University of Minnesota, *University of Minnesota 4-Campus Summary* (Minneapolis, MN, November 2003).

<sup>3</sup> *Minn. Constitution*, art. XIII, §3. See Minnesota House of Representatives Research Department, *University of Minnesota Constitutional Autonomy* (St. Paul, December 2000) for a discussion of the University’s special legal status under the Constitution.

deans on the Twin Cities campus. We also reviewed several studies and articles related to establishing comparison groups to examine the competitiveness of compensation. Finally, we contacted 29 of the nation's top research institutions to learn more about selected aspects of their fringe benefit programs for faculty.

Our study focused on the overall level of salaries and fringe benefits at the University, not on the appropriateness of individual salaries. We compared the University's overall compensation to that offered by other employers with which the University competes for faculty and staff. To some extent, our ability to answer legislators' questions about compensation was limited by the lack of appropriate comparison groups for certain types of employees. For example, the University has not established comparison groups for a large and growing segment of its workforce—academic professional and administrative staff. Another segment—non-academic employees—has an appropriate comparison group, but the University has seldom used the group to make overall salary comparisons. In addition, the lack of some comparative data also limited our analyses. For example, our study does not present an exhaustive picture of faculty and staff compensation. Instead, we focused on comparing base salaries, which are what available data measure, rather than the total amount of money earned in a given year. Also, as we explain in Chapter 3, available data on faculty salaries nationwide generally exclude medical school faculty, so they are excluded from our comparisons. Finally, accurate salary comparisons require that the staff being compared have similar duties, and colleges and universities differ in how they classify staff positions and assign responsibilities.

Finally, it is important to note that compensation is not the only factor faculty and staff consider when weighing University employment. Other factors, such as the institution's or a department's overall reputation, the quality of students and fellow faculty or staff members, the ability to engage in meaningful research and the University's support thereof, employment opportunities for significant others, or geographic location may be, at times, more important than compensation itself. We did not specifically examine how these and other factors affect the University of Minnesota's ability to recruit and retain talented faculty and staff.

This report is divided into four chapters. Chapter 1 provides background information on the composition of the University's workforce and overall expenditures for salaries and benefits. Chapter 2 discusses the importance of using comparison groups to examine compensation and then assesses the appropriateness of the University's comparison groups. Chapter 3 analyzes faculty salaries and benefits at each of the University's four campuses relative to appropriate comparison groups. Chapter 4 looks at compensation for other academic and non-academic employees and presents a number of different comparisons.

# Background

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## SUMMARY

*In fiscal year 2003, the University of Minnesota employed about 17,000 full-time equivalent faculty and staff. Although overall employment at the University increased only 3 percent since 1993, the number of academic administrators who do not have direct instructional responsibilities doubled while the number of academic professionals increased 59 percent. In addition, the number of “non-traditional” faculty increased 67 percent. During the same time period, the number of “traditional” faculty—those with or on track for tenure—and non-academic staff covered by civil service regulations or collective bargaining agreements decreased 4 and 12 percent respectively. The University spent about \$1.4 billion on staff compensation in 2003—about 67 percent of its total expenditures of \$2.1 billion. State funds paid for the largest share of the University’s compensation costs (40 percent in fiscal year 2003) and covered the majority of faculty compensation (51 percent). University officials have expressed some concern that reduced state funding brought about by the state’s recent budget problems may affect its ability to offer competitive salaries and benefits to its faculty and staff. To help offset state budget cuts, the University imposed a salary freeze for fiscal year 2004 and passed more health-related costs on to its employees.*

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In 1851 the Minnesota Territorial Assembly created the University of Minnesota.<sup>1</sup> The Assembly established a 12-member Board of Regents and gave it broad authority to govern the University, including the ability to appoint faculty and set salaries.<sup>2</sup> When Minnesota became a state seven years later, the *State Constitution* further guaranteed the University’s status as an “independent corporation,” with overall management powers resting with the Board of Regents.<sup>3</sup> Today, the University of Minnesota has campuses in Crookston, Duluth, Morris, and the Twin Cities.<sup>4</sup> It enrolled nearly 63,000 full- and part-time students in fiscal year 2003 and awarded about 7,500 undergraduate and 4,000 graduate degrees.

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<sup>1</sup> *Territorial Laws* (1851), ch. 28.

<sup>2</sup> *Territorial Laws* (1851), ch. 28 required the Regents to submit faculty salaries to the Legislature for its approval or dissent.

<sup>3</sup> *Minn. Constitution*, art. XIII, §3.

<sup>4</sup> The University also operates a collaborative center with Mayo Hospital in Rochester as well as several outreach centers and extension services offices throughout the state.

This chapter answers the following two questions related to the University's workforce:

- **How many and what types of employees work at the University of Minnesota, and how does the University set their salaries?**
- **How much does the University spend overall in faculty and staff compensation and what proportion is paid with state funds?**

To answer these questions, we reviewed state laws and University of Minnesota policies, procedures, reports, and data. We also interviewed human resources and research staff at the University.

## UNIVERSITY OF MINNESOTA WORKFORCE

This section describes the types of employees at the University of Minnesota and how their numbers have changed over the last ten years. It also describes how the University sets faculty and staff salaries and the fringe benefits that are available to University employees.

### Types of Employees

The University of Minnesota classifies employees into two major groups: academic and non-academic. Academic employees consist of *faculty*, *administrative staff*, and *professional staff*. Faculty have primary responsibility for teaching, although they also have research and public service responsibilities. They include instructors, assistant professors, associate professors, and full professors. Administrative staff are responsible for developing University policies and for directing, coordinating, or supervising University activities directly related to instruction, research, and public service. Administrative staff include presidents, vice presidents, chancellors, deans, provosts, and department and program directors, as well as a variety of assistants, associates, coordinators, and analysts. Finally, professional staff are responsible for a wide variety of activities that can, at times, overlap with the responsibilities of faculty and administrators. These staff include research associates, counselors, librarians, attorneys, and health and education specialists. Other professional staff, such as lecturers and teaching specialists, supplement faculty staffing by providing additional or substitute classroom instruction.

Non-academic employees comprise most of the University's workforce. There are two types of non-academic employees: *collectively bargained staff* and *civil service staff*. Collectively bargained staff include clerical workers, non-professional health care workers, technicians, and law enforcement personnel, among others; their conditions of employment are covered by collective bargaining agreements. In contrast, employment conditions for civil service staff are covered by civil service regulations rather than a collective

bargaining agreement. Civil service staff include managers, supervisors, nurses, accountants, engineers, and scientists, among others.

The distinctions among the different types of employees at the University are often blurred. As noted previously, the University classifies lecturers and teaching specialists as professional staff rather than faculty even though their primary responsibility is student instruction. Similarly, the University classifies career counselors and research associates as academic professional staff while it classifies financial aid counselors and junior, assistant, and senior scientists as non-academic professional staff. Academic staff classified as coordinators may perform the same tasks as some civil service employees who are classified as non-academic staff.

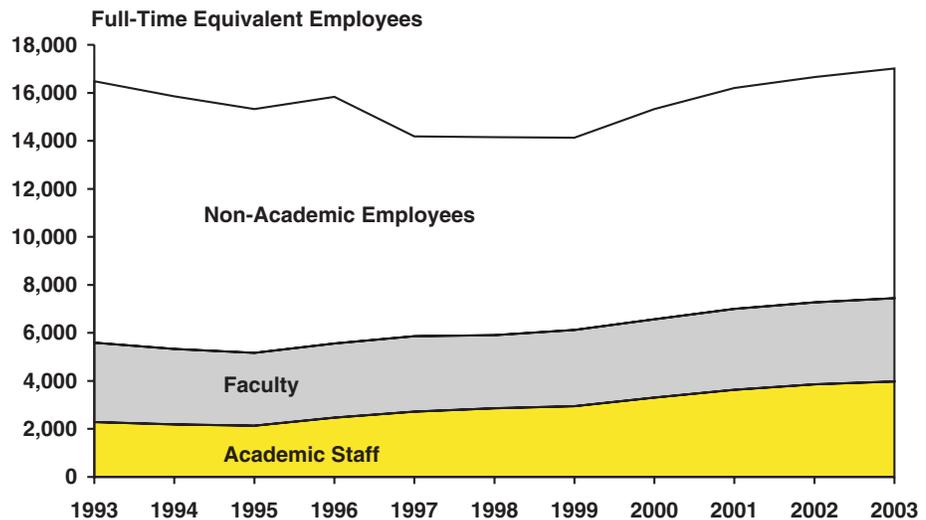
Over the last several years, the composition of the University’s workforce has changed dramatically. We found that:

- **Although the size of the University of Minnesota’s workforce increased slightly between fiscal years 1993 and 2003, the number of non-traditional faculty and academic staff increased 67 and 74 percent respectively, while the number of traditional faculty and non-academic staff decreased 4 and 12 percent respectively.**

Between fiscal years 1993 and 2003, the number of full-time equivalent employees at the University increased 3 percent (from 16,484 to 17,012). As shown in Figure 1.1, the number of faculty increased 5 percent (from 3,303 to 3,469) during this time period. However, the number of traditional faculty—those with tenure or on track for tenure—fell 4 percent (from 2,876 to 2,755), while the

**Between 1993 and 2003, the U of M’s workforce grew 3 percent.**

**Figure 1.1: Full-Time Equivalent Employees at the University of Minnesota by Employee Type, FY 1993-2003**



SOURCE: University of Minnesota, *University of Minnesota 4-Campus Summary* (Minneapolis, MN, November 2003).

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**By 2003, academic professional and administrative staff comprised 23 percent of the U of M's workforce, up from 14 percent in 1993.**

number of other faculty increased 67 percent (from 427 to 714).<sup>5</sup> Between fiscal years 1993 and 2003, the number of full-year equivalent students increased 11 percent.

During the same time period, the number of full-time equivalent academic staff at the University increased significantly. As Figure 1.1 shows, academic professional and administrative staff made up about 14 percent (2,291) of the University's workforce in 1993. By 2003, they comprised 23 percent—a 74 percent increase. More specifically, the number of administrators increased 100 percent (from 803 to 1,606), while the number of academic professionals increased 59 percent (from 1,488 to 2,369). In contrast, the number of non-academic employees declined 12 percent (from 10,890 to 9,570).

To some extent, these changes are due to efforts within the University to increase efficiency and flexibility while decreasing costs. First, the University began using more non-traditional faculty and academic professional faculty to provide instruction. Thus, while the number of tenured and tenure-track faculty decreased, the number of teaching specialists and lecturers (who are classified as professional staff rather than faculty) increased. For example, the University employed 556 lecturers and teaching specialists in 1992; by 2003, that number had grown to 980. During the same period, two new positions were created (senior lecturer and senior teaching specialist), resulting in an additional 57 academic professional employees by 2003. Second, University colleges and departments began hiring more staff into academic rather than non-academic positions, resulting in a large increase in the number of lower-level academic administrative positions. During the same time period, the number of higher-level academic administrators, such as vice presidents, provosts, chancellors, and deans, has remained about the same. For example, the University classifies coordinators as academic administrative staff. It employed 136 coordinators in 1992; by 2003, that number was 602. According to the University, colleges and departments are increasingly using this position in lieu of non-academic positions with similar job responsibilities. Also, whenever possible, the University reclassified some non-academic staff into academic positions. Third, according to the University, some of the decline in bargained and civil service staff is due to the sale of the University's hospital because some hospital employees were non-academic staff.

## Setting Employee Compensation

For the purposes of our study, employee compensation includes base salaries, which do not include over-time pay and other supplemental income, and fringe benefits. Fringe benefits include University contributions for retirement, unemployment insurance, workers compensation, group life and disability insurance, social security, medical and dental insurance, tuition benefits, and Medicare.

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<sup>5</sup> University of Minnesota policy classifies faculty as tenured, probationary, or term. Probationary faculty are under consideration for tenure and are often referred to as tenure-track faculty. Term faculty have contracts that end on a specific date but, unlike most other faculty, University policies do not require that they receive prior notification that their contracts are coming to an end. University of Minnesota, Board of Regents, *Faculty Tenure* (Minneapolis, MN, March 9, 2001); <http://www1.umn.edu/regents/policies/humanresources/FacultyTenure.pdf>; accessed August 7, 2003.

The University uses various methods to set base salaries and define job responsibilities for academic and non-academic employees. Overall:

- **The University of Minnesota has a decentralized system for setting salaries and job responsibilities for academic employees and a centralized one, similar to that of state government, for non-academic employees.**

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### **Faculty and academic staff work under individual contracts.**

For the most part, individual colleges and departments within the University set salaries and job responsibilities for academic employees within broad parameters established by the University's central administration. For example, initial salaries for faculty are negotiated at hiring, with minimum salaries established for the instructor and assistant professor ranks only.<sup>6</sup> There are no salary maximums. Faculty enter into individual contracts with the University upon initial appointment; these contracts may be for 9, 10, or 11 months.<sup>7</sup> According to some of the college deans with whom we spoke, faculty contracts or appointment letters may spell out instructional, research, and public service expectations in addition to providing compensation-related information. Each year faculty receive contract renewal notices that specify the term and type of their appointment and their salary. Faculty salary increases generally occur in three ways: merit increases, retention offers (raises given in response to outside employment offers), and promotion and tenure decisions.<sup>8</sup>

As with faculty, academic professional and administrative staff work under individual contracts negotiated at hiring by the college or department. Their contracts are generally for 12 months. While academic staff may have the same job titles across departments, their detailed position descriptions may vary because they are defined at the college—not University—level. Salary increases for these staff are generally the result of merit increases, promotions (not available for administrative employees), and retention offers.

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### **Non-academic staff are governed by collective bargaining agreements or civil service rules.**

In contrast, all non-academic employees have centrally-developed or approved position descriptions that detail job responsibilities and set forth minimum and maximum salary ranges. When determining compensation for collectively bargained employees, the University negotiates with six unions that represent various groups of employees. Salary increases for bargained employees generally occur through across-the-board adjustments, merit increases, promotions, transfers, and length-of-service step increases. For civil service employees, the Board of Regents adopts civil service rules and a pay scale. Salary increases for civil service staff may occur in four ways: across-the-board increases; merit increases; promotions; and in-range salary adjustments that are based on market conditions, retention offers, internal equity, or workload increases.

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<sup>6</sup> Academic employees at the Duluth campus are covered by a collective bargaining agreement that spells out their terms of employment. The contract, however, does not set beginning salaries.

<sup>7</sup> Faculty appointments are generally made for 9 or 11 months. Faculty with 11-month contracts are considered full-time, year-long appointments and salaries are paid over a 12-month period.

<sup>8</sup> Faculty may also augment their salaries by accepting administrative duties or teaching additional classes.

Regarding fringe benefits, we found that:

- **Although the University of Minnesota has a centralized system for setting fringe benefits for all employees, some benefits available to academic employees are substantively different from those available to non-academic employees.**

A number of benefits are identical for all full-time University of Minnesota employees. For example, all full-time employees choose from the same array of medical and dental insurance plans and receive the same life insurance policy with coverage commensurate with their salaries. All employees are also offered a variety of optional programs with the same type of coverage, such as long-term care coverage, accidental death and dismemberment insurance, and short-term disability insurance. Employees may also register tuition-free for University courses, up to a maximum number of credits.

There are a number of areas, though, where benefits for academic employees differ from those available to non-academic employees. In particular:

- **The University of Minnesota's contribution rate to the retirement accounts of academic employees is significantly higher than its contribution rate to the retirement plan that covers non-academic employees.**

The University's contribution toward retirement accounts for academic employees was 13 percent of salary, compared with 4 percent for non-academic employees in fiscal year 2003. At the same time, academic employees contributed 2.5 percent of their salary to their retirement accounts while non-academic employees contributed 4 percent of their salary to their plan.<sup>9</sup>

The retirement plans are different in two other ways. First, academic employees are covered by a defined contribution plan, while non-academic employees are covered by a defined benefit plan. Defined contribution plans guarantee a certain level of contribution to a retirement account but do not guarantee the final value of the retirement account or the retirement benefit it will provide. Defined benefit plans, on the other hand, guarantee a level of retirement benefits and the contributions to the plan are those necessary to finance the guaranteed benefits.

Second, although there is a waiting period before the mandatory employee/employer contributions begin for some academic employees, they are fully vested once contributions begin. This means that they are entitled to contributions that the University made to their retirement account (in addition to their own) if they leave University employment before retirement. In contrast, although non-academic staff do not have a waiting period before mandatory contributions begin, they cannot withdraw the University's share if they leave the University before retirement.

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<sup>9</sup> Non-academic employees are covered by the Minnesota State Retirement System, the same plan that covers State of Minnesota employees. The Legislature sets employee and employer contribution rates. *Minn. Stat.* (2003), §352.04, subds. 2-3.

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**In general, academic employees receive more generous parental leave and vacation benefits than non-academic employees.**

Other fringe benefits are also different for academic and non-academic employees. For example, academic employees receive up to ten days of paid “informal” sick leave a year that cannot be carried over into successive years.<sup>10</sup> But as part of its retirement plan, the University pays the full cost of long-term disability insurance for academic employees. This insurance provides employees who exhaust their informal sick leave with “formal” medical leave that allows them to receive their full salary for at least three months, depending on their years of service. Academic employees who cannot return to work after exhausting their formal medical leave are eligible to receive disability benefits equal to two-thirds of their salary. In contrast, although non-academic employees generally receive 13 days of paid sick leave a year that can be carried over into successive years, the University does not pay for long-term disability insurance for them.<sup>11</sup>

In addition, academic employees usually receive more generous parental leave and vacation benefits than non-academic employees. For example, upon the birth of a child, female academic employees receive up to six weeks of paid leave and male employees receive up to two weeks of paid and four weeks of unpaid leave.<sup>12</sup> Upon adoption of a child, academic employees receive up to two weeks of paid leave and four weeks of unpaid leave. In contrast, non-academic employees who are either biological or adoptive parents generally receive ten days of paid leave, although biological mothers may also use up to four weeks of accrued paid sick leave.<sup>13</sup>

Finally, academic employees who are on 12-month appointments receive 22 days of paid vacation a year.<sup>14</sup> In contrast, vacation leave for non-academic employees is based on their years of service and generally ranges from 13 to slightly more than 29 days of paid vacation days a year, along with one personal holiday.<sup>15</sup> Non-academic employees do not begin to earn 22 vacation days until they have been University employees for nine years. However, unlike academic employees, non-academic employees can carry unused vacation leave into successive years.

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<sup>10</sup> University of Minnesota, Board of Regents, *Sick and Disability Leaves* (Minneapolis, MN, February 8, 2002); <http://www1.umn.edu/regents/policies/humanresources/SickandDisabilityLeaves.html>; accessed November 19, 2003.

<sup>11</sup> Non-academic employees can, under certain circumstances, convert unused sick leave to vacation leave. They may also choose to purchase long-term disability insurance. University of Minnesota, Office of Human Resources, *Civil Service Rule 11-Authorized Leaves of Absence* (Minneapolis, MN, undated), sec. 4; <http://www1.umn.edu/ohr/ohrpolicy/Governing/Civil/rule11.htm>; accessed November 11, 2003.

<sup>12</sup> University of Minnesota, Board of Regents, *Paid Leave for Academic Employees* (Minneapolis, MN, November 9, 1990); <http://www1.umn.edu/regents/policies/humanresources/ParentalLeave.html>; accessed November 19, 2003.

<sup>13</sup> University of Minnesota, *Civil Service Rule 11*, sec. 6.

<sup>14</sup> Academic employees with nine-month appointments do not receive vacation leave. University of Minnesota, Board of Regents, *Vacations* (Minneapolis, MN, September 11, 1992); <http://www1.umn.edu/regents/policies/humanresources/Vacations.html>; accessed November 19, 2003.

<sup>15</sup> University of Minnesota, *Civil Service Rule 11*, sec. 2. Non-academic employees may also take a six-month unpaid leave of absence.

## UNIVERSITY OF MINNESOTA BUDGET

In this section we show how much the University has spent over time for faculty and staff compensation and the extent to which State of Minnesota funds are used to cover these costs. We also discuss the University's various sources of revenue and show how state appropriations to the University have changed over time.

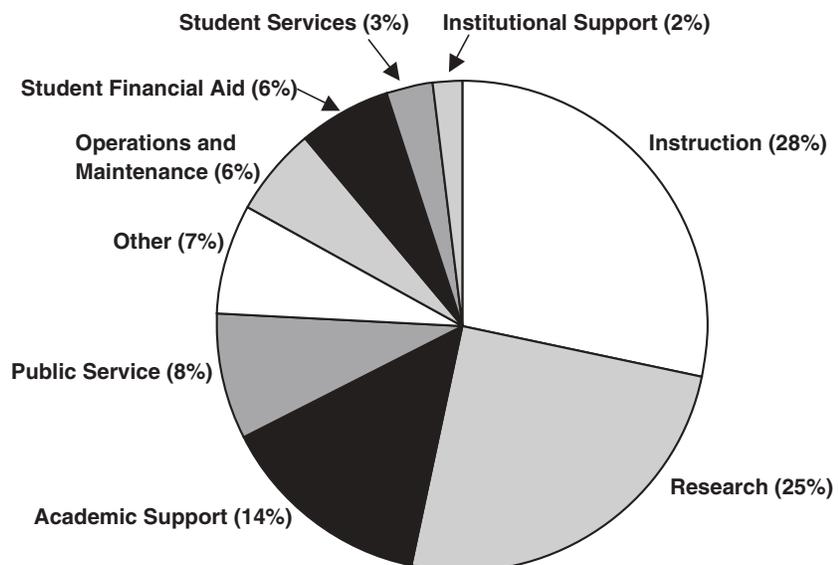
### Expenditures

Minnesota statutes lay out a three-part mission for the University of Minnesota: teaching, research, and public service.<sup>16</sup> As Figure 1.2 shows, in fiscal year 2003, the University spent about 28 percent of its \$2 billion budget on instruction, 25 percent on research, and 8 percent on public service. Together, academic support, operations and maintenance, student financial aid, student services, institutional support, and other miscellaneous costs made up the remaining 39 percent of expenditures.

We found that:

- **The University of Minnesota spent about \$1.1 billion on employee salaries and another \$308 million on fringe benefits in fiscal year 2003—about 67 percent of its total expenditures of \$2.1 billion.**

**Figure 1.2: University of Minnesota Expenditures by Activity, FY 2003**



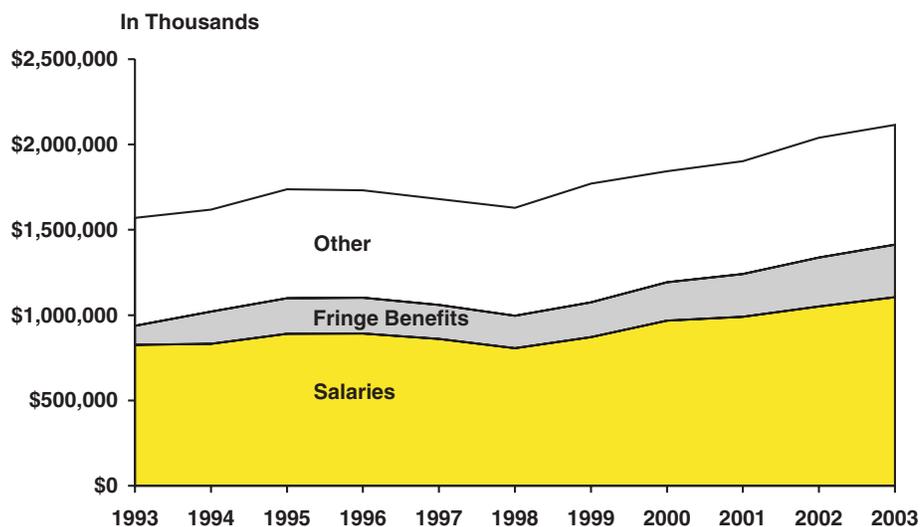
SOURCE: University of Minnesota, *University of Minnesota 4-Campus Summary* (Minneapolis, MN, November 2003).

<sup>16</sup> *Minn. Stat.* (2003), §135A.052.

Figure 1.3 shows employee compensation at the University of Minnesota relative to total expenditures from 1993 through 2003. Expenditures for fringe benefits more than doubled between fiscal years 1993 and 2003—going from \$111.7 million to \$308.3 million. As a share of total expenditures, employee benefits went from 7 to 15 percent. According to the University of Minnesota, this is due largely to increases in health care-related costs that have affected all employers nationwide in recent years. In comparison, employee salaries comprised 54 and 52 percent of total expenditures in 1993 and 2003 respectively.

**Figure 1.3: University of Minnesota Expenditures by Type, FY 1993-2003**

**Due primarily to increases in health care costs, employee benefits increased from 7 percent of U of M expenditures in 1993 to 15 percent in 2003.**



NOTE: Data include expenditures for graduate assistants and non-graduate assistant student workers.  
 SOURCE: University of Minnesota, *University of Minnesota 4-Campus Summary* (Minneapolis, MN, November 2003).

The University of Minnesota uses state funds to help pay for employee compensation costs. We found that:

- **State dollars financed the largest share of the University’s compensation costs in fiscal year 2003 and covered a larger share of compensation costs for faculty and academic administrative staff than for other types of employees.**

Overall, state appropriations and grants paid for 40 percent of the University’s compensation costs in fiscal year 2003. More specifically, they covered 51 percent of faculty and 48 percent of administrative staff compensation costs, but only 36 and 34 percent of such costs for academic professional staff and non-academic employees respectively. Student tuition and fees paid for 17 percent of compensation costs while the federal government and internal University funds each covered about 12 percent. Funds from foundations, local government, business and industry, and other sources paid for the remainder of compensation costs.

## State Appropriations

The State of Minnesota is the largest, single source of funding for the University. The University had revenues of about \$2.1 billion in fiscal year 2002. The funds came from nine major sources, the largest of which were state appropriations (31 percent), grants and contracts (24 percent), and tuition and fees (14 percent). Funds from the remaining six sources (capital appropriations, grants and gifts, auxiliary enterprises, educational activities, federal appropriations, and other income) each comprised 10 percent or less of the University's total revenue.<sup>17</sup>

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**The State of Minnesota is the largest single source of funding for the U of M.**

The Legislature appropriates funds to the University of Minnesota in two major ways: (1) a general unrestricted appropriation meant to support the University's core operations and (2) appropriations restricted to special purposes. About 95 percent of the dollars that the Legislature appropriates to the University are for core operations. These funds represent the most flexible part of the University's budget and can be used to support the University's mission as well as its infrastructure. In contrast, restricted funds must be used for the specific purposes set forth by the Legislature. For example, the University receives a special appropriation that is directed toward state needs and priorities within the Institute of Technology.

Table 1.1 shows how state appropriations (excluding capital appropriations) to the University of Minnesota have changed over time. These data show that:

- **From fiscal year 1996 through 2003, total state appropriations to the University of Minnesota (excluding capital funding) increased at an average annual rate of 3.8 percent, compared with a 2.4 percent average annual increase in the Consumer Price Index.**

General Fund appropriations increased from nearly \$484 million in fiscal year 1996 to almost \$617 million in 2002-03. Although more variable than General Fund appropriations, special, restricted state funding from other sources increased from about \$9 to \$22 million over the same time period.

University of Minnesota administrators with whom we talked indicated that the Legislature has been very supportive of the University's efforts to ensure that employee compensation is competitive with that of other employers. For example:

- **Over the last several years, the Legislature has appropriated funds to help ensure competitive faculty salaries, especially within key academic programs.**

The 1997 Legislature included in its University of Minnesota unrestricted General Fund appropriation \$40 million for a faculty recruitment and retention pool and approximately \$90 million for investments in technology, facilities, and programs

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<sup>17</sup> University of Minnesota, *About the U* (Minneapolis, MN, January 2003).

**Table 1.1: State Appropriations, University of Minnesota, FY 1996-2003**

Fiscal Year	Appropriations (in \$1,000,000s)			Percentage Change	Percentage Change in CPI-U <sup>c</sup>
	General Fund	Other Funds <sup>a</sup>	Total <sup>b</sup>		
1996	\$483.9	\$ 9.1	\$493.0	-	-
1997	493.1	8.0	501.1	8.1%	2.8%
1998	540.8	9.4	550.1	9.8	1.8
1999	574.1	4.2	578.4	5.1	1.7
2000	582.5	14.9	597.4	3.3	2.9
2001	604.4	12.6	617.0	3.3	3.4
2002	628.5	15.4	643.9	4.4	1.8
2003	616.7	22.1	638.7	-8	2.2
Average Annual Increase:				3.8%	2.4%

<sup>a</sup>Excludes capital appropriations.

<sup>b</sup>Totals may not sum due to rounding.

<sup>c</sup>CPI-U is the Consumer Price Index for United States cities, not seasonally adjusted. We calculated the percentage change based on fiscal year averages.

SOURCES: Minnesota Department of Finance, *Appropriation Analysis* (St. Paul, December 3, 2003), and U.S. Bureau of Labor Statistics, "Consumer Price Index-All Urban Consumers"; <http://data.bls.gov/cgi-bin/survey/most>; accessed December 17, 2003.

**To help address state budget deficits, the 2003 Legislature reduced appropriations to the U of M for the 2004-05 biennium.**

for the 1998-99 biennium.<sup>18</sup> The following year, the Legislature appropriated about \$32 million for, among other things: (1) initiatives in digital technology, molecular and cellular biology, and design; (2) a faculty set-up and equipment fund; and (3) faculty and staff compensation for fiscal year 1999.<sup>19</sup> The 1999 Legislature's General Fund appropriations included \$69 million that could be used to help ensure that faculty and staff salaries at the University were competitive.<sup>20</sup> In 2001, the Legislature created a special academic health center account with proceeds from the state's tobacco settlement funds to help address medical school initiatives and salary issues. Over the 2004-05 biennium, the account is expected to receive nearly \$45 million in funding.<sup>21</sup>

However, recent State of Minnesota budget problems have significantly affected the University's finances. As it did with state agencies, the 2003 Legislature reduced state appropriations to the University of Minnesota for the 2004-05 biennium. For example, the University's General Fund appropriation for fiscal year 2004 is \$547.3 million—about 11 percent less than its fiscal year 2003

<sup>18</sup> Minnesota Senate, *1997 Fiscal Review Appropriations—Higher Education* (St. Paul, undated); <http://www.senate.leg.state.mn.us/departments/sct/freview/1997/HIED.HTM>; accessed July 14, 2003. Note that these funds were part of the University's unrestricted General Fund appropriation and thus did not have to be used specifically for these purposes.

<sup>19</sup> *Minn. Laws* (1998), ch. 384, sec. 4.

<sup>20</sup> *H.F. 2380 Omnibus Higher Education Finance Bill Conference Report*, 1999 Minnesota Legislature. Note that these funds were part of the University's unrestricted General Fund appropriation and thus did not have to be used specifically for this purpose.

<sup>21</sup> *Minn. Laws* (1Sp2001), ch. 1, art. 2, sec. 3, subd. 4; and *Minn. Laws* (2003), ch. 133, art. 1, sec. 4, subd. 5.

appropriation.<sup>22</sup> Special restricted appropriations from other sources are also expected to decrease. The University estimates that it will receive \$185 million less in state funding over the 2004-05 biennium compared with what it would have received if fiscal year 2003 funding would have been carried forward into the following two years.<sup>23</sup> Consequently:

- **In response to recent budget cuts, the University of Minnesota, among other things, froze employee salaries, imposed layoffs, and passed more health-related costs on to employees.**

For example, the University did not give salary increases for fiscal year 2004 and has planned for an increase of 2.5 percent for 2005. In addition, the University made significant changes in its employee health plan to make it more similar to what is offered by other Big 10 universities and local governments. This includes increasing employees' share of premium costs for both employee and dependent coverage and increasing employee co-pays for drugs and doctor office visits. Finally, the University cut over 450 positions through lay-offs and the elimination of unfilled positions.

It is too early to examine the effect of these changes on the overall competitiveness of University compensation for faculty and staff. Given the large budget deficits that a number of other states have experienced recently, it is likely that other public universities also are finding it necessary to respond to declining state support.

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<sup>22</sup> A series of budget reductions by the 2002 and 2003 Legislatures reduced the University's initial appropriation for the 2002-03 biennium from \$1.3 to \$1.2 billion.

<sup>23</sup> University of Minnesota, *President's Recommended Operating Budget Plan Fiscal Year 2003-04 and Preliminary Financial Plan Fiscal Year 2004-05* (Minneapolis, MN, June 13, 2003), 8; [http://www1.umn.edu/u relate/govrel/2004\\_budget.htm](http://www1.umn.edu/u relate/govrel/2004_budget.htm); accessed July 25, 2003.

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# Comparison Groups

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## SUMMARY

*Like other institutions of higher education, the University of Minnesota compares its faculty and staff compensation with what it considers comparable groups of employers. For faculty, the University uses campus-specific groups consisting of “similar” institutions of higher education. Overall, we found that the University’s comparison groups for the Morris and Twin Cities campuses were appropriate because the groups largely consist of institutions with a similar mission and program mix. However, we were not satisfied with the comparison groups for the Crookston and Duluth campuses, largely because the institutions in each group generally have different missions, measured in part by their commitment to graduate education. We recommend that the University develop alternative comparison groups for these two campuses. Overall, we found that the University has established an appropriate comparison group—Twin Cities metropolitan area employers—for examining salaries of non-academic employees. However, because Minnesota statutes say that salaries of non-academic employees at the University should be comparable to those of similar classified staff in state government, we recommend that the University make direct comparisons of non-academic employee salaries to salaries of these state employees. Finally, the University has not established comparison groups to provide information on the salaries of academic professional and administrative staff. We recommend that the University establish a comparison group or groups for these employees and periodically examine the salaries it pays relative to salaries paid by other employers.*

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**H**igher education institutions compare themselves with other colleges and universities on a variety of measures, such as student tuition, faculty compensation, budget, and student graduation rates. Doing so offers several advantages. First, comparison groups provide a set of institutions against which an institution can compare itself at a given point in time and over time. Second, they provide a simple way for institutions to describe and measure themselves in the context of other institutions, which is valuable for communicating with policy makers and the general public. Third, they help institutions identify issues that may need to be addressed and plan for the future.

This chapter addresses two major questions about the University’s use of comparison groups to examine faculty and staff compensation:

- **How did the University of Minnesota determine the comparison groups it uses to examine faculty and staff compensation?**
- **To what extent are the comparison groups that the University uses to report on faculty and staff compensation appropriate?**

To learn more about the University of Minnesota’s comparison groups, we interviewed University staff about the origins of their comparison groups for reporting on faculty and staff compensation. To evaluate the appropriateness of the groups, we reviewed articles on selecting comparison groups. In addition, we collected data from the National Center for Education Statistics—such as number of majors completed by students, levels of degrees awarded, and disciplines of study—for the University of Minnesota campuses and the comparison institutions it uses.

## SELECTING AND USING COMPARISON GROUPS

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**A comparison group allows a higher education institution to present information about itself in a market context.**

Higher education institutions select comparison groups in a variety of ways, ranging from informal discussions to the empirical analysis of criteria deemed important. When comparison groups consist of other higher education institutions, these criteria are generally selected from the eight shown in Table 2.1. Comparison groups could also consist of other entities, such as local and state governments, research facilities, or hospitals.

Institutions may select comparison groups based on the work of an outside party. For example, some higher education institutions compare themselves with institutions that have the same “Carnegie classification.” The Carnegie Foundation for the Advancement of Teaching grouped institutions based on their

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**Table 2.1: Criteria Commonly Used In Selecting Comparison Institutions**

- Institution mission (emphasis on research, teaching, or public service)
- Control (public versus private)
- Program mix (types of programs offered)
- Student characteristics (such as class rank or SAT scores)
- Faculty characteristics (such as awards or membership in elite organizations)
- Finances (for example, overall budget or research dollars)
- Reputation (for example, faculty opinions)
- Miscellaneous

SOURCE: Office of the Legislative Auditor.

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overall mission and degree-granting activities.<sup>1</sup> Another organization, TheCenter at the University of Florida, annually identifies the higher education institutions with at least \$20 million of federally funded research expenditures and measures them against nine quantitative measures. Based on the number of measures on which the institutions rank among the top 25 institutions nationally, TheCenter groups the institutions into tiers that could be used as a basis for identifying comparison groups.<sup>2</sup>

Comparison groups may also be based on jurisdiction. For example, institutions with common political or legal jurisdictions may comprise a group (such as higher education institutions in Minnesota). Institutions with membership in an organization, such as the “Big 10,” or entities within a geographic region, such as large employers in the Twin Cities metropolitan area, also could comprise a group.

Appropriate comparison groups—and the criteria used to select them—may vary depending on the purpose of the comparison and the measures to be compared. Therefore, it is important that the institution has a clear understanding of the purpose of the comparison.<sup>3</sup> For example, if an institution is trying to become a top-25 research university, it might compare itself to the top research universities identified by TheCenter at the University of Florida.<sup>4</sup> Alternatively, if the institution wants to examine its student completions, it might compare itself to higher education institutions with similar admissions policies and student populations. An institution concerned about its building maintenance costs might identify for comparison other entities with buildings that are similar in size, age, and location and that are used for similar purposes.

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**The criteria used to select a comparison group—and the resulting group—need to be reasonable and credible.**

It is also important, especially if the institution is using comparisons to communicate with an outside audience, that both the method it uses to select the group and the resulting group seem reasonable and credible.<sup>5</sup> The final selection of an institution’s comparison group will involve some level of judgment, even if the primary method of selection is based on objective statistical analyses, because

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<sup>1</sup> The Carnegie classifications include: (1) doctorate/research universities (extensive and intensive), (2) master’s colleges and universities (I and II), (3) baccalaureate colleges (liberal arts, general, and baccalaureate/associate), (4) associate’s colleges, (5) specialized institutions (faith-related; medical schools; other health-related schools; engineering and technology; business and management; art, music and design; law; teaching; and other), and (6) tribal schools. Carnegie Foundation for the Advancement of Teaching, *The Carnegie Classification of Higher Education, 2000 Edition* (Menlo Park, CA, 2001), 1-2; [http://www.carnegiefoundation.org/classification/downloads/2000\\_Classification.pdf](http://www.carnegiefoundation.org/classification/downloads/2000_Classification.pdf); accessed August 2, 2003. The Carnegie classifications were different prior to 2000 and the classification system is currently being significantly revised. The new system, which will be ready for use in 2005, is expected to be more flexible, permitting institutions to be grouped in several different ways.

<sup>2</sup> The nine measures include total research dollars, federal research dollars, endowment assets, private donations, number of faculty who are National Academy members, number of faculty awards, number of doctorates granted, number of postdoctoral appointees, and median SAT score of the student body. TheCenter at the University of Florida, *The Top American Research Universities* (Gainesville, FL, August 2002); <http://thecenter.ufl.edu/research2003.html>; accessed December 9, 2003.

<sup>3</sup> Deborah Teeter and Paul Brinkman, “Chapter 6: Peer Institutions,” in *The Primer for Institutional Research*, ed. William Knight (Tallahassee: Association for Institutional Research, 2003), 111.

<sup>4</sup> TheCenter, *The Top American Research Universities*.

<sup>5</sup> Teeter and Brinkman, “Peer Institutions,” 111.

quantitative measures may not adequately capture important qualitative information.<sup>6</sup> For example, the “quality” of education colleges and universities provide and the types of learning they emphasize are not easily quantified. While statistical analyses may be helpful in narrowing the list of entities from which comparison groups should be chosen, “informed judgment” should influence the final selection.<sup>7</sup> If an institution chooses a comparison group using criteria that are unclear or invalid, attention may be diverted from the substantive purpose underlying the comparison to methodological concerns.

In the final analysis, the process for selecting comparison groups should be flexible, and, to the extent possible, based on quantitative data that are consistent and reliable. In addition, the resulting groups should be relatively stable to allow for comparisons over time. If these criteria are met, comparison groups can—and should—be used by a higher education institution to help policy makers and the general public understand the institution and the issues that it faces relative to other entities.

## UNIVERSITY OF MINNESOTA COMPARISON GROUPS

The University of Minnesota uses comparisons for a variety of purposes, such as setting goals, informing legislators during the budget process, and tracking performance on various measures. For example, the University reports its library resources relative to other libraries and compares its six-year graduation rates to other public institutions in the “Big 10.” For the purposes of our study, we were interested in the groups that the University uses to compare its overall faculty and staff compensation to compensation paid by other employers.

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**The U of M has developed a separate faculty comparison group for each of its campuses.**

### Faculty

The University uses campus-specific comparison groups to examine the overall level of its faculty compensation relative to compensation at similar higher education institutions. Although the University has a goal of paying faculty at each campus salaries that are, on average, equal to the average of each campus’s comparison group, it does not use the groups to set individual salaries.<sup>8</sup> To set individual salaries, departments are more interested in the salaries offered by the institutions with which they are specifically competing for faculty and the group of institutions may vary depending on the department. For example, the University’s English department may generally compete with a different set of higher education institutions than the mechanical engineering department does.

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<sup>6</sup> Of course, statistical approaches are not without judgment, as someone must choose the criteria upon which to base the analysis and the emphasis to give each.

<sup>7</sup> Deborah Teeter and Melodie Christal, “Establishing Peer Groups: A Comparison of Methodologies,” *Planning for Higher Education* 15, no. 2 (1987): 12-13.

<sup>8</sup> University of Minnesota, *University Plan, Performance, and Accountability Report: 2002-03* (Minneapolis, MN, undated), 6; <http://www.irr.umn.edu/uplan/2002>; accessed June 18, 2003.

The faculty comparison groups for each University of Minnesota campus are shown in Tables 2.2 through 2.5. We assessed the overall appropriateness of these groups based on two criteria that studies indicate are important in explaining faculty salaries: mission and program mix.<sup>9</sup> To a lesser extent, we also considered institution size, as measured by the number of majors completed by students. We accepted or rejected each group in its entirety, not individual institutions within the groups. Valid comparison groups of “similar” higher education institutions can contain institutions that are “aspirants”—institutions that the home institution aspires to be like. However, comparison groups should not be composed mostly or entirely of aspirants.<sup>10</sup> Overall, we found that:

- **The groups of higher education institutions that the University of Minnesota uses to examine faculty compensation at the Morris and Twin Cities campuses are appropriate, but groups for the Crookston and Duluth campuses are not.**

The University selected the Morris peer group to include 13 small public and private liberal arts colleges. Although most of the institutions are located in Minnesota, the University also included public institutions that provide some geographic diversity.

We think that this group is appropriate for several reasons. First, the institutions appear to share a common mission. The Carnegie Foundation classified 10 of the 13 institutions as “liberal arts baccalaureate” colleges, the same classification as the Morris campus. Two additional institutions were classified as “general

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**The 13-  
institution  
comparison  
group for  
U of M-Morris  
is reasonable.**

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### **Table 2.2: University of Minnesota-Morris Comparison Institutions**

- |   |  |
|---|--|
| • <i>Carleton College</i> (MN)            | • Ramapo College (NJ)                    |
| • <i>College of St. Benedict</i> (MN)     | • <i>St. John's University</i> (MN)      |
| • <i>Concordia College, Moorhead</i> (MN) | • St. Mary's College of Maryland         |
| • <i>Gustavus Adolphus College</i> (MN)   | • <i>St. Olaf College</i> (MN)           |
| • <i>Hamline University</i> (MN)          | • University of Maine-Farmington         |
| • <i>Macalester College</i> (MN)          | • University of North Carolina-Asheville |
| • Mary Washington College (VA)            |  |

NOTE: Italicized institutions are private.

SOURCE: University of Minnesota, *University Plan, Performance, and Accountability Report: 2002-03* (Minneapolis, MN, undated), 37; <http://www.irr.umn.edu/uplan/2002>; accessed June 18, 2003.

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<sup>9</sup> As we explain in Chapter 3, faculty salaries tend to increase as institutional commitment to graduate education and research increases (mission) and faculty salaries vary considerably by discipline (program mix). Another important criterion is whether an institution is private or public (control). Private higher education institutions tend to have higher faculty salaries than public institutions. We did not use control as a criterion in evaluating the institutions the University uses because institutions that are otherwise similar to the University may be public or private and the University competes with both types.

<sup>10</sup> Some higher education institutions create aspirant groups for comparisons, but aspirant groups should be explicitly identified as such.

baccalaureate” colleges.<sup>11</sup> The University included all of the “liberal arts baccalaureate” colleges in Minnesota in Morris’s group. Second, based on the types of subjects in which majors were awarded, the institutions offered a similar mix of programs. Third, although students at almost all of the institutions completed more majors than students at Morris, the institutions were nevertheless “small,” with students at each completing fewer than 900 majors in 2000-01.<sup>12</sup>

The University based the comparison group for the Twin Cities campus on data collected by the National Research Council in 1993. The data measured the “reputation” of more than 3,500 individual programs at 274 research and doctoral institutions based on opinion surveys of faculty nationwide. The University collapsed each institution’s individual program rankings into one composite ranking and selected for its comparison group the institutions (besides the Twin Cities campus) that were ranked among the top 30.<sup>13</sup>

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**Table 2.3: University of Minnesota-Twin Cities Comparison Institutions**

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**The U of M-Twin Cities comparison group consists of 29 research universities.**

- *Brown University* (RI)
- *California Institute of Technology*
- *Carnegie Mellon University* (PA)
- *Columbia University* (NY)
- *Cornell University-Endowed* (NY)
- *Duke University* (NC)
- *Harvard University* (MA)
- *Johns Hopkins University* (MD)
- *Massachusetts Institute of Technology*
- *New York University*
- *Northwestern University* (IL)
- *Pennsylvania State University-Main Campus*
- *Princeton University* (NJ)
- *Purdue University-Main Campus* (IN)
- *Stanford University* (CA)
- *State University of New York at Stony Brook*
- *University of California-Berkeley*
- *University of California-Los Angeles*
- *University of California-San Diego*
- *University of California-Santa Barbara*
- *University of Chicago* (IL)
- *University of Illinois at Urbana-Champaign*
- *University of Michigan-Ann Arbor*
- *University of North Carolina-Chapel Hill*
- *University of Pennsylvania*
- *University of Texas-Austin*
- *University of Washington*
- *University of Wisconsin-Madison*
- *Yale University* (CT)

NOTE: Italicized institutions are private.

SOURCE: University of Minnesota, *University Plan, Performance, and Accountability Report: 2002-03* (Minneapolis, MN, undated), 34; <http://www.irr.umn.edu/uplan/2002>; accessed June 18, 2003.

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<sup>11</sup> Both “liberal arts” and “general” baccalaureate colleges emphasize baccalaureate programs. Liberal arts baccalaureate colleges award at least half of their degrees in liberal arts fields whereas general baccalaureate colleges award less than half of their degrees in liberal arts fields. Carnegie Foundation, *The Carnegie Classification*, 1-2.

<sup>12</sup> National Center for Education Statistics, 2001 Integrated Postsecondary Education Data System (IPEDS) data; <http://nces.ed.gov/ipeds/pas/selectDownloadTable.asp>; accessed August 15, 2003.

<sup>13</sup> Overall, the Twin Cities campus ranked 20<sup>th</sup> out of the 30 research-doctoral institutions. University of Minnesota, *University Plan*, 28.

Although we have some concerns about how the Twin Cities comparison group was developed—relying heavily on program reputation to the exclusion of more objective institutional data—we think that the resulting group is appropriate for several reasons. First, all of the institutions in the comparison group share the same Carnegie classification: “doctoral extensive.”<sup>14</sup> Second, other data show that the Twin Cities campus successfully competes with these universities for research funds and is similar to them in its level of research expenditures. For example, in 2002, the University of Minnesota ranked 18<sup>th</sup> among higher education institutions in total National Institutes of Health dollars awarded; 15 of the Twin Cities campus comparison institutions ranked in the top 30.<sup>15</sup> Third, in 2002, an independent organization, TheCenter at the University of Florida, grouped the Twin Cities campus and 21 of its comparison institutions among the nation’s “Top American Research Universities” when it ranked research universities on nine quantitative measures.<sup>16</sup>

As noted earlier, we were not satisfied with the comparison groups for the Crookston and Duluth campuses. For the Crookston campus, the University attempted to locate public campuses that offered polytechnic degrees and would therefore have similar types of faculty. Although these criteria (control and program mix) are acceptable, we have several concerns about the resulting comparison group. First, as indicated by their Carnegie classification, four of the five institutions award master’s degrees, which the Crookston campus does not. Second, the Crookston campus appears to emphasize different subjects than the other institutions; although at most of the institutions (including Crookston) business-related programs were among the top degree-granting programs in

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**Most of the universities in the U of M-Crookston comparison group award master's degrees, but the Crookston campus does not.**

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### Table 2.4: University of Minnesota-Crookston Comparison Institutions

- Ferris State University (MI)
- Pittsburg State University (KS)
- State University of New York College of Technology at Alfred
- University of Southern Colorado<sup>1</sup>
- University of Wisconsin-Stout

NOTE: At one time, the University of Minnesota included the Worcester Institute in this group but no longer does due to data availability.

<sup>1</sup>The University of Southern Colorado has been renamed Colorado State University-Pueblo.

SOURCE: University of Minnesota, *University Plan, Performance, and Accountability Report: 2002-03* (Minneapolis, MN, undated), 36; <http://www.irr.umn.edu/uplan/2002>; accessed June 18, 2003.

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<sup>14</sup> “Doctoral extensive” means that, although they offer a wide range of baccalaureate programs, the institutions are committed to graduate education through the doctorate—awarding at least five doctoral degrees per year in at least 15 disciplines. Carnegie Foundation, *The Carnegie Classification*, 1-2.

<sup>15</sup> “NIH Awards to all Institutions by Rank: Fiscal Year 2002”; <http://grant2nih.gov/grant/award/trends/rnk02all1to100.htm>; accessed July 31, 2003. The Twin Cities campus ranked 12<sup>th</sup> in the nation in terms of total research expenditures in 2000; 17 of the 30 highest spending institutions are in the Twin Cities campus comparison group. TheCenter, *The Top American Research Universities*, 116.

<sup>16</sup> See page 17 for a discussion of TheCenter’s process.

2000-01, Crookston also awarded many degrees in programs related to agriculture and natural resources, which the other institutions did not. Third, the Crookston campus is significantly smaller than the other institutions in the group. In 2000-01, students at the Crookston campus completed 211 majors whereas students at the other institutions completed from 762 to 2,207 majors.<sup>17</sup>

The major criterion the Duluth campus used to establish its comparison group was discipline or program mix. A second criterion was institutions that offered master's degrees in a state that also had a "Research I" institution.<sup>18</sup> Our main concern with the Duluth comparison group is that most of the 16 institutions in it are more heavily focused on graduate education than the Duluth campus is. Whereas the Carnegie Foundation classified the University of Minnesota-Duluth as a master's institution, only 3 of the institutions in the comparison group were similarly classified; the other 13 were classified as doctoral institutions. Of these 13, 6 were further classified as "extensive" doctoral/research institutions, the same classification as the Twin Cities campus. Although the University of Minnesota-Duluth employs faculty who teach graduate students and are involved with some of the University's doctoral programs, it does not award doctoral degrees.<sup>19</sup>

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**Although U of M-Duluth is considered a master's institution, most of the universities in its comparison group are doctoral institutions.**

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### **Table 2.5: University of Minnesota-Duluth Comparison Institutions**

- Cleveland State University (OH)
- Florida Atlantic University
- *Marquette University* (WI)
- Oakland University (MI)
- Old Dominion University (VA)
- University of Central Florida
- University of Colorado-Denver
- University of Maine-Orono
- University of Massachusetts-Dartmouth
- University of Nevada-Las Vegas
- University of Nevada-Reno
- University of New Hampshire
- University of North Carolina-Charlotte
- University of Wisconsin-Milwaukee
- *Villanova University* (PA)

NOTE: Italicized institutions are private.

SOURCE: University of Minnesota, *University Plan, Performance, and Accountability Report: 2002-03* (Minneapolis, MN, undated), 38; <http://www.irr.umn.edu/uplan/2002>; accessed June 18, 2003.

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<sup>17</sup> National Center for Education Statistics, 2001 IPEDS data.

<sup>18</sup> "Research I" was a 1994 Carnegie classification that included institutions that offered "a full range of baccalaureate programs, [were] committed to graduate education through the doctorate degree, and [gave] high priority to research." This was measured by number of doctoral degrees awarded annually (at least 50) and annual federal support of at least \$40 million. Carnegie Foundation, *The Carnegie Classification*, 12.

<sup>19</sup> According to the University, there were 21 doctoral students on the Duluth campus in 2004. When they have completed their degree requirements, their degrees will be awarded through the Twin Cities campus. Peter Zetterberg, "Comments on Summary – Chapter 2" (January 6, 2004), electronic mail attachment to jo.vos@state.mn.us and carrie.meyerhoff@state.mn.us.

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### RECOMMENDATION

*The University of Minnesota should develop comparison groups for the Crookston and Duluth campuses that include higher education institutions that more closely resemble the campuses than the institutions in the current comparison groups do.*

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We think that the University provides useful information to policy makers and the public when it compares overall faculty salaries and compensation at the University of Minnesota with other institutions. However, we think the information would be more useful if the University's comparison institutions for the Duluth and Crookston campuses more closely resembled those campuses. If the University develops new comparison groups for the Duluth and Crookston campuses, it should be explicit about the methods and criteria it uses to identify "similar" institutions. In addition, the University should periodically review the comparison institutions in all of its groups to help insure that they generally continue to be "similar."

### Staff

We also looked at comparison groups that the University uses for academic staff and non-academic employees. We found that:

- **The University of Minnesota has not established comparison groups for examining its compensation for academic staff relative to other employers.**

As noted earlier, comparison groups serve a variety of useful purposes, including public information. Given the rapid growth in the overall number and percentage of academic staff at the University in recent years, we think that the University should provide more information on overall salaries for these staff.

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### RECOMMENDATION

*The University of Minnesota should develop an appropriate comparison group or groups for academic professional and administrative staff at each campus so that periodically it can examine their salaries and benefits relative to those paid by other employers.*

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We recognize that it may be more difficult to develop a comparison group or groups for academic staff as compared with faculty, due largely to the wide variety of staff positions and the extent to which other employers have the same types of positions. However, as we discuss in Chapter 4, the University participates in various salary surveys that focus on the most commonly used staff positions. These surveys could be a useful starting point for the University.

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**Developing comparison groups for academic staff is complicated by the variety of staff positions that different institutions use.**

The University of Minnesota has established a comparison group to report on the salaries and benefits for non-academic employees (employees governed by civil service or collective bargaining agreements). Unlike the comparison groups used for faculty, however, the University does not choose specific employers to include in its comparison group for non-academic employees. Rather, the University generally makes comparisons using the results of salary surveys in which it and public and private employers participate. In addition, the University makes comparisons for specific positions rather than for groups of positions with similar responsibilities.

We found that:

- **The University of Minnesota has an appropriate comparison group—Twin Cities metropolitan area employers—to use in examining the overall compensation for non-academic employees at all campuses.**

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**Twin Cities area employers comprise a good comparison group for non-academic employees partly because most of these employees work at the U of M-Twin Cities.**

We found this to be the appropriate comparison group for all campuses for two major reasons. First, the Twin Cities campus employs the majority of the University's non-academic staff and workforce issues in the Twin Cities metropolitan area drive the system-wide collective bargaining agreements and civil service arrangements into which the University enters. Second, Minnesota statutes require that salaries for non-academic employees be comparable to salaries for similar classified staff in Minnesota state government, and state government largely uses Twin Cities metropolitan area salaries to gauge its salaries throughout the state.<sup>20</sup>

We noted that:

- **The University of Minnesota does not directly compare the overall salaries of its non-academic employees with the salaries of similar employees in state government.**

Although some of the salary surveys that the University uses include salary data from the State of Minnesota, these data are not always reported separately. The University does look at State of Minnesota salary ranges for some of its collectively bargained positions, mostly clerical ones, to prepare for contract negotiations, but these data cover a limited range of positions and do not include average salary information.

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## RECOMMENDATION

***For non-academic employees, the University of Minnesota should use the State of Minnesota as a separate comparison group.***

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We recommend this because statutes require that salaries for non-academic employees at the University be comparable to salaries for classified State of Minnesota employees. However, we recognize that such comparisons will not give a complete picture of University salaries relative to State salaries. First,

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<sup>20</sup> *Minn. Stat.* (2003), §137.02, subd. 4.

positions that the University classifies as academic would not be included in comparisons even though some of the positions may have responsibilities similar to those of non-academic positions. Second, managerial, supervisory, and professional positions that the University considers academic would not be included even though some have responsibilities similar to those of classified positions in State service. Therefore, while the comparisons would reflect similar non-academic and classified positions, many positions that could be compared would not be. Nevertheless, we think that using the State as a comparison group would provide useful information to state and University policy makers.

In the following chapters, we provide information on salaries and benefits of faculty and staff at the University of Minnesota, following the recommendations we made in this chapter. In Chapter 3, we create alternative comparison groups for the Crookston and Duluth campuses and make salary and compensation comparisons for those campuses, as well as for the Morris and Twin Cities campuses. In Chapter 4, we examine salaries of academic and non-academic staff at the University of Minnesota relative to salaries paid by various comparison groups of employers.



# Faculty Compensation

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## SUMMARY

*The average compensation of University of Minnesota-Twin Cities faculty was lower than that campus's comparison group average in 2002-03. The average compensation of full, associate, and assistant professors at the Twin Cities campus was 3 to 11 percent below the overall average of its comparison group, depending on faculty rank. Average compensation ranged from 1 percent below the averages of the public institutions in its comparison group to 6 percent above, and was 9 to 17 percent below the averages of the private institutions in the group. However, after adjusting for the cost of living, average compensation for Twin Cities campus faculty improved relative to the average of 24 of its comparison institutions. At the Morris campus, faculty compensation ranged from 3 to 6 percent above that campus's comparison group averages. Faculty at the Crookston and Duluth campuses earned average compensation that ranged from 8 to 31 percent higher than the average compensation of the comparison groups we developed, depending on the campus and faculty rank. For University of Minnesota faculty at each campus, average compensation compared more favorably to the comparison institutions than salary alone did. This is partly due to the University's contribution rate to faculty retirement; at 13 percent of salary, it is generous relative to the Twin Cities campus's comparison institutions. In general, deans and administrators at the Twin Cities campus told us they are not overly concerned about the University's current level of faculty turnover. They indicated that, although faculty recruitment and retention are challenging, in some cases they are able to offer compensation or other inducements to attract or retain faculty, while in others they are not.*

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**T**he University of Minnesota employed over 3,400 full-time equivalent faculty as of November 2003, comprising approximately 20 percent of its workforce. Generally speaking, there are four faculty ranks: instructor, assistant professor, associate professor, and full professor. The University employs a relatively small number of instructors. For the most part, assistant professors are hired as "tenure-track" faculty, which typically means that if they successfully complete a six-year probationary period and pass a rigorous review, they will be promoted to the associate rank and granted tenure. Full professor is the highest faculty rank. Faculty not hired as tenured or tenure-track are hired under "term contracts" that end on a specific date.

Faculty who are gifted teachers and researchers enhance an institution's reputation and its ability to attract research funding, a high-quality undergraduate and graduate student body, and other talented faculty. Faculty compensation is important because it, among other things, affects the ability of the University of Minnesota to attract and retain good faculty at its four campuses. This chapter addresses two questions:

- **What do studies say about faculty salaries at colleges and universities across the country?**
- **How do salaries and benefits for faculty at the University of Minnesota compare with faculty compensation at comparison institutions?**

To answer these questions, we reviewed studies and articles on faculty salaries and compensation. We also analyzed data on faculty salaries and compensation at the University of Minnesota and higher education institutions nationwide. To get more detailed information on selected faculty benefits, we contacted the 29 research universities in the Twin Cities campus's comparison group. Finally, we spoke with administrators and college deans at the Twin Cities campus about their ability to attract and retain faculty.

This chapter is divided into five sections. The first section reviews studies on faculty salaries. The second section focuses on faculty salaries and compensation at the University of Minnesota, comparing each campus's averages with the averages of its comparison group. Section three compares selected characteristics of University of Minnesota benefits to those at the 29 research universities that comprise the Twin Cities campus comparison group. The fourth section briefly discusses two other issues: what faculty earn relative to their base salary and faculty workload. The final section is a discussion about the University of Minnesota's competitiveness in recruiting and retaining faculty at the Twin Cities campus.

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**Faculty are compensated to "teach, conduct research, and engage in public service."**

## NATIONAL STUDIES

Faculty at institutions of higher education are compensated to teach, conduct research, and engage in public service to their institution and community. Studies on faculty salaries show that the mission of the institution, whether the institution is public or private, and the field of study affect faculty salaries.<sup>1</sup>

### Salaries by Institutional Mission and Control

Higher education institutions can be categorized based on their mission; that is, the extent to which they emphasize instruction leading to bachelor's, master's, and doctoral degrees. As studies show:

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<sup>1</sup> Data and articles on salaries and compensation of full-time instructional faculty, excluding medical school faculty, are published annually in the March-April issue of *Academe*, the bi-monthly magazine of the American Association of University Professors. In addition, the College and University Professional Association for Human Resources publishes data on faculty salaries by discipline, excluding medical school faculty, each year.

- **Researchers have found that full-time instructional faculty at higher education institutions that emphasize instruction leading to doctoral degrees earn, on average, the highest salaries. Faculty at institutions that award degrees primarily through the master’s degree earn the next highest salaries, followed by faculty at institutions that focus on education through the bachelor’s degree.**

For example, as Table 3.1 shows, assistant professors at public doctoral institutions earned an average \$54,986 in 2002-03, while their counterparts at master’s and baccalaureate institutions earned \$49,086 and \$45,587 respectively.

**Table 3.1: Average Salaries by Faculty Rank and Type of Institution Nationwide, 2002-03**

	Doctoral Institutions <sup>a</sup>		
	Public Institutions	Private Institutions <sup>b</sup>	Difference (from Public Institutions)
Full Professors	\$92,387	\$118,269	\$25,882 (28.0%)
Associate Professors	64,938	77,165	12,227 (18.8)
Assistant Professors	54,986	66,926	11,940 (21.7)
	Master's Institutions <sup>c</sup>		
	Public Institutions	Private Institutions <sup>b</sup>	Difference (from Public Institutions)
Full Professors	\$74,545	\$80,011	\$5,466 (7.3%)
Associate Professors	59,145	61,263	2,118 (3.6)
Assistant Professors	49,086	50,028	942 (1.9)
	Baccalaureate Institutions <sup>d</sup>		
	Public Institutions	Private Institutions <sup>b</sup>	Difference (from Public Institutions)
Full Professors	\$67,004	\$79,928	\$12,924 (19.3%)
Associate Professors	54,694	57,340	2,646 (4.8)
Assistant Professors	45,587	47,409	1,822 (4.0)

**The average salary of full professors is 28 percent higher at private doctoral institutions than at public institutions.**

NOTE: Salaries are for full-time instructional faculty except those in medical schools and are adjusted to a standard nine-month work year.

<sup>a</sup>Doctoral institutions are “characterized by a significant level and breadth of activity in and commitment to doctoral-level education as measured by the number of doctorate recipients and the diversity in doctoral-level program offerings.”

<sup>b</sup>Private institutions do not include private institutions that are “church-related.”

<sup>c</sup>Master's institutions are “characterized by diverse post-baccalaureate programs (including first professional), but [are] not engaged in significant doctoral-level education.”

<sup>d</sup>Baccalaureate institutions are “characterized by their primary emphasis on general undergraduate baccalaureate-level education and [are] not significantly engaged in post-baccalaureate education.”

SOURCES: American Association of University Professors (AAUP) as published in “What Professors Earn,” *Chronicle of Higher Education*, April 18, 2003, A15; and AAUP, “2003 Salary Survey Explanation of Statistical Data”; <http://www.aaup.org/surveys/03z/statdat.htm>; accessed May 2, 2003.

In addition:

- **Studies show that, on average, full-time instructional faculty at public higher education institutions earn lower salaries than similar faculty at private institutions.**

Table 3.1 also shows the differences between the average salaries earned by full-time instructional faculty at public higher education institutions and those earned by faculty at private institutions. The largest gaps, as a percentage of public higher education institutions' average salaries, are seen at the full professor rank at all types of institutions and at doctoral institutions for all faculty ranks. For example, full professors at private doctoral institutions earned, on average, 28 percent more than full professors at public institutions, while average salaries of full professors at private master's institutions were about 7 percent higher than average salaries of full professors at public master's institutions. For faculty at the rank of associate professor, the figures were 19 and 4 percent respectively.

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**Since the early 1970s, the gap between faculty salaries at public and private higher education institutions has grown.**

Research shows that the gap between average faculty salaries paid by private and public institutions has grown over the past 25 to 30 years. In fact, in 1970-71, full-time instructional faculty at public higher education institutions earned more, on average, than their counterparts at private institutions. However, from 1970-71 to 1998-99, "average real salaries rose by nearly 24 percent at private-independent institutions...[while] average real salaries rose only 5 percent in public institutions."<sup>2</sup> Table 3.2 shows that the disparity between average salaries at public and private higher education institutions has continued since 1999. While the annual percentage increases in average salaries at public and private institutions have equaled or exceeded percentage increases in the Consumer Price Index in each of the last four years, the cumulative percentage increase in average salaries at private institutions exceeded the cumulative increase at public institutions by 1.4 percentage points.

## Salaries by Discipline

Disciplines are the different areas of study in which higher education institutions offer instruction. For example, history, biology, business, and law are different disciplines. Examining differences in salaries by discipline:

- **Researchers have found that average salaries of full-time faculty at higher education institutions vary significantly by discipline.**

Each year, the College and University Professional Association for Human Resources (CUPA-HR) conducts a faculty salary survey of higher education institutions. In 2002-03, the CUPA-HR survey covered faculty in 94 disciplines, excluding medicine.<sup>3</sup> According to these data, faculty in law have had the highest average salary since 1998-99 when the discipline was first included in the survey.

<sup>2</sup> Linda Bell, "Ups and Downs: The Annual Report on the Economic Status of the Profession 1998-99," *Academe* 85, no. 2: 16-17. For an analysis focusing on doctoral and research universities, see: F. King Alexander, "The Silent Crisis: The Relative Fiscal Capacity of Public Universities to Compete for Faculty," *Review of Higher Education* 24, no. 2 (Winter 2001): 113-129.

<sup>3</sup> Prior to the 2002-03 survey, the CUPA-HR survey covered 80 disciplines.

**Table 3.2: Percentage Increases in Average Salaries of Faculty Nationwide by Control, 1999-2003**

	Public Institutions		Private Institutions <sup>a</sup>		CPI-U <sup>b</sup>	
	Annual Increase	Cumulative Increase	Annual Increase	Cumulative Increase	Annual Increase	Cumulative Increase
1998-99 to 1999-00	3.8%		3.6%		2.2%	
1999-00 to 2000-01	3.4	7.3%	3.7	7.4%	3.4	5.7%
2000-01 to 2001-02	3.6	11.2	4.2	11.9	2.8	8.6
2001-02 to 2002-03	2.9	14.4	3.5	15.9	1.6	10.4

NOTES: The table reflects doctoral, master's, and baccalaureate institutions and two-year institutions with faculty ranks that reported comparable data for adjacent one-year periods. Faculty include full-time instructional faculty and staff except those in medical schools. The difference between cumulative increases does not match the number in the text due to rounding.

<sup>a</sup>Private institutions do not include private institutions that are "church-related."

<sup>b</sup>CPI-U is the Consumer Price Index for United States cities, not seasonally adjusted. We calculated the percentage change based on calendar year averages.

SOURCES: American Association of University Professors as reported in "What Professors Earn," *Chronicle of Higher Education*, April 20, 2001, A19; April 19, 2002, A11; and April 18, 2003, A15; Linda Bell, "More Good News, So Why the Blues?: The Annual Report on the Economic Status of the Profession 1999-2000," *Academe* 86, no. 2 (2000): 23; and United States Bureau of Labor Statistics, "Consumer Price Index-All Urban Consumers"; <http://data.bls.gov/cgi-bin/surveymost>; accessed December 17, 2003.

**Excluding medical school faculty, law school faculty earned the highest salaries nationwide in 2002-03.**

In 2002-03, law faculty at public institutions earned, on average, \$106,748 a year, while their counterparts at private institutions earned \$109,542. In contrast, English composition faculty earned among the lowest average salaries. In 2002-03, these faculty earned \$48,506 at public institutions and \$46,032 at private institutions.<sup>4</sup>

The proportion of faculty at each rank within each discipline may, in part, explain salary differences. For example, at public higher education institutions in 2002-03, law was one of the disciplines with the highest percentage of full professors (66 percent) while English composition was one of the disciplines with the lowest percentage of faculty at the full professor rank (19 percent).<sup>5</sup> However, even within faculty ranks, average salaries vary widely by discipline.

## FACULTY SALARY AND COMPENSATION COMPARISONS

As noted in Chapter 2, the University of Minnesota uses campus-specific comparison groups to examine the average salaries and compensation of its full, associate, and assistant professors relative to other institutions. For comparison purposes, salaries are "base salaries"—the amounts specified in faculty contracts

<sup>4</sup> College and University Professional Association for Human Resources, *2002-03 National Faculty Salary Survey by Discipline and Rank in Four-Year Colleges and Universities* (Knoxville, TN, March 2003), xvi.

<sup>5</sup> *Ibid.*, xvii-xviii.

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**Faculty salary comparisons focus on "base" salaries—those specified in faculty contracts.**

to cover certain responsibilities during 9-, 10-, or 11-month appointments.<sup>6</sup> Compensation includes base salaries plus employer contributions for fringe benefits. Benefits typically include retirement contributions, medical and dental insurance, and disability income protection, as well as social security, unemployment insurance, and group life insurance.

The University makes its salary and compensation comparisons using national data compiled by the American Association of University Professors (AAUP).<sup>7</sup> The data report average salaries and compensation for full-time faculty, excluding medical school faculty, who spend the majority of their time teaching.<sup>8</sup>

A number of factors can affect institutions' average salaries. For example, the mix of disciplines at an institution affects average salaries of faculty because, as we discussed previously, faculty salaries vary greatly by discipline. Average salaries might also reflect, to some degree, differences in costs of living for faculty at different institutions. A third factor that affects average faculty salaries is the length of faculty members' employment. This may be particularly noticeable at institutions with a small number of faculty, where each faculty member's salary has a greater impact on the average. Finally, average salaries might be lower at campuses that have more costly fringe benefits packages; some institutions may choose to provide a greater percentage of their total faculty compensation in the form of fringe benefits than others.

Using the AAUP data, we examined average salaries and compensation for faculty at each University of Minnesota campus for 2002-03, along with the campuses' comparison group averages.<sup>9</sup> As discussed in Chapter 2, we were not satisfied with the comparison groups that the University of Minnesota uses for its Crookston and Duluth campuses. Therefore, we created alternative comparison groups for these two campuses. The following sections present the results of the analyses for each campus.

## Crookston Campus

In Fall 2003, the University of Minnesota-Crookston employed 53 full-time equivalent faculty. As discussed in Chapter 2, we had concerns about the

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<sup>6</sup> Faculty can earn in excess of their base salary by (1) agreeing to teach additional courses, (2) taking on additional administrative responsibilities, or (3) for those on 9- or 10-month contracts, extending their contract through the summer to teach or conduct research.

<sup>7</sup> Data are published annually in the March-April issue of *Academe*, the bi-monthly magazine of the American Association of University Professors. The data include the following items in compensation: base salary, retirement contributions, medical insurance, disability income protection, tuition for faculty dependents, dental insurance, social security, unemployment insurance, group life insurance, workers compensation premiums, and "other benefits in kind with cash alternatives." American Association of University Professors, "2003 Salary Survey Explanation of Statistical Data"; <http://www.aaup.org/surveys/03z/statdat.htm>; accessed July 31, 2003.

<sup>8</sup> The University of Minnesota reports average salaries for faculty who earn at least 50 percent of their salary from instructional dollars. The Twin Cities campus does not include medical school faculty in its reporting. However, the Duluth campus includes its medical school faculty, all of whom teach the first two years of medical school.

<sup>9</sup> We focused on full-time faculty because they are reflected in the national data that we used. We excluded faculty at the rank of "instructor" because, according to the University of Minnesota, higher education institutions differ in how they use this title.

appropriateness of the comparison group that the University uses to examine faculty compensation at the Crookston campus. Consequently, we developed an alternative comparison group for the Crookston campus that, in our opinion, more closely resembles the Crookston campus than the University's group does. Table 3.3 lists the 13 comparison institutions that we identified by focusing on institutional mission and program (or discipline) mix. The Carnegie Foundation

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**Table 3.3: University of Minnesota-Crookston  
Alternative Comparison Group**

- *Brevard College* (NC)
- *Colby-Sawyer College* (NH)
- Dakota State University (SD)
- *Delaware Valley College* (PA)
- Dickinson State University (ND)
- *Dordt College* (IA)
- Glenville State College (WV)
- *Medaille College* (NY)
- Missouri Western State College
- *Rocky Mountain College* (MT)
- University of Maine-Machias
- *Wilmington College* (OH)
- Winston-Salem State University (NC)

NOTE: Italicized institutions are private.

SOURCE: Office of the Legislative Auditor analysis of 2001 Integrated Postsecondary Education Data System (IPEDS) data on institution characteristics and student completions collected by the National Center for Education Statistics; <http://nces.ed.gov/ipeds/pas/selectDownloadTable.asp>; accessed August 15, 2003.

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classified 12 of these institutions as baccalaureate colleges, the same classification as the Crookston campus. All of the institutions awarded at least 5 percent of their degrees in agricultural or natural resources-related programs, and all awarded between 119 and 762 degrees in 2000-01. Six of the 13 comparison institutions are public. Although we recommended that the University develop a new comparison group for the Crookston campus, it need not adopt the group that we created. Given their experience in higher education, University staff might be able to identify other baccalaureate institutions that they feel are more "like" the Crookston campus than the institutions we selected.<sup>10</sup>

As Table 3.4 shows, we compared 2002-03 average salaries and compensation of faculty at the Crookston campus with the average salaries and compensation paid to faculty by the alternative group of institutions.<sup>11</sup> Crookston faculty earned an average salary ranging from \$49,000 for assistant professors to \$61,700 for full professors in 2002-03. We found that:

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<sup>10</sup> We identified 86 institutions in the 2001 Integrated Postsecondary Education Data System (IPEDS) data that met our criteria. To arrive at a smaller number of institutions, we selected all of the public institutions in the United States that had reported salary data to the American Association of University Professors. From the remaining institutions, we selected institutions that awarded less than 100 percent of their degrees at the baccalaureate level or higher and awarded 10 percent or more of their awards in agriculture and natural resources-related disciplines. We counted both first and second majors as degrees awarded.

<sup>11</sup> Unfortunately, we had only one year of salary and compensation data for the Crookston campus's alternative comparison group. The Crookston comparisons would be best viewed over time due to its small number of faculty (e.g., the data reflect four full professors for the Crookston campus in 2002-03). The departure or hire of a few faculty members can greatly affect the reported averages.

**Table 3.4: Average Salaries and Compensation by Faculty Rank, University of Minnesota-Crookston and Alternative Comparison Institutions, 2002-03**

	Average Salaries (In \$1,000s)			Average Compensation (In \$1,000s)		
	Full Professor	Associate Professor	Assistant Professor	Full Professor	Associate Professor	Assistant Professor
Crookston Campus	\$61.7	\$56.8	\$49.0	\$84.9	\$79.0	\$69.6
Comparison Group	58.5	47.9	41.6	73.6	60.9	52.9
Average						
Percentage Crookston from Average	5.4%	18.7%	17.6%	15.3%	29.8%	31.4%
Public Institution	\$58.9	\$49.9	\$43.3	\$73.3	\$63.3	\$54.7
Average						
Percentage Crookston from Average	4.8%	13.9%	13.0%	15.9%	25.0%	27.1%
Private Institution	\$58.2	\$46.1	\$40.2	\$73.9	\$58.9	\$51.4
Average						
Percentage Crookston from Average	6.0%	23.1%	21.8%	14.9%	34.2%	35.4%

NOTES: Salaries and compensation are for full-time instructional faculty except those in medical schools and, where appropriate, are adjusted to a standard nine-month work year. The public institutions in Crookston's alternative comparison group are: Dakota State University, Dickinson State University, Glenville State College, Missouri Western State College, University of Maine-Machias, and Winston-Salem State University. The private institutions are: Brevard College, Colby-Sawyer College, Delaware Valley College, Dordt College, Medaille College, Rocky Mountain College, and Wilmington College.

SOURCE: Office of the Legislative Auditor analysis of salary and compensation data from the American Association of University Professors.

- **Regardless of faculty rank, 2002-03 average salaries and compensation for faculty at the Crookston campus were more generous than the averages of the alternative comparison group.**

At all faculty ranks, average salaries at the Crookston campus were more generous than the average salaries of the comparison group. For example, at \$56,800, the average salary for associate professors at the Crookston campus was almost 19 percent higher than the comparison group average.

Faculty compensation, which includes salaries plus the institution's cost of fringe benefits, was also more generous at the Crookston campus. As Table 3.4 shows, compensation at the Crookston campus exceeded the comparison group averages by even more than salaries did, ranging from 15 to 31 percent above the comparison group averages. For example, the average compensation of associate professors at the Crookston campus (\$79,000) was almost 30 percent higher than

**Faculty compensation at U of M-Crookston was 15 to 31 percent above its comparison group average in 2002-03.**

the comparison group average, while the difference in average salaries was just under 19 percent.<sup>12</sup>

## Duluth Campus

The University of Minnesota-Duluth, the second largest of the University's campuses, employed over 400 full-time equivalent faculty in Fall 2003. Because we thought that the institutions used by the University to make salary comparisons for faculty at the Duluth campus were not comparable to the campus in terms of mission, we selected an alternative group of 17 institutions shown in Table 3.5. We focused on identifying institutions with a mission similar to the Duluth campus's mission. The Carnegie Foundation classified 15 of the institutions in the alternative group as master's-level institutions (the same as the Duluth campus); the remaining 2 were doctoral institutions. All of the institutions awarded more than 1,000 but fewer than 3,100 degrees in 2000-01. We could have selected other institutions for this group and, while we recommended that the

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**Table 3.5: University of Minnesota-Duluth Alternative Comparison Group**

- *Creighton University* (NE)
- *Drake University* (IA)
- Eastern Washington University
- *Loyola University-New Orleans* (LA)
- *Mercer University* (GA)
- Rutgers University-Camden (NJ)
- State University of New York College at Fredonia
- University of Colorado-Denver\*
- University of Massachusetts-Dartmouth\*
- University of Michigan-Dearborn
- University of Nevada-Reno\*
- University of North Carolina-Charlotte\*
- University of Tennessee-Chattanooga
- University of Wisconsin-La Crosse
- University of Wisconsin-River Falls
- *Villanova University*\* (PA)
- Washburn University of Topeka (KS)

NOTES: Italicized institutions are private. Institutions followed by an asterisk (\*) are in the University's current comparison group.

SOURCE: Office of the Legislative Auditor analysis of 2001 Integrated Postsecondary Education Data System (IPEDS) data on institution characteristics and student completions collected by the National Center for Education Statistics; <http://nces.ed.gov/ipeds/pas/selectDownloadTable.asp>; accessed August 15, 2003.

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<sup>12</sup> When the University of Minnesota made its salary and compensation comparisons in 2003, it found that the average salaries of faculty at Crookston ranged from 2 percent below the group average for full professors to 8 percent above the group average for associate and assistant professors. Average compensation at the Crookston campus ranged from 6 percent above the group average for full professors to almost 18 percent above the group average for assistant professors. University of Minnesota, "FY2003 Faculty Compensation and Salary Comparisons: Crookston, Morris, Twin Cities"; <http://www.irr.umn.edu/present/top30report03.pdf>; accessed November 24, 2003.

University develop a new comparison group for the Duluth campus, it need not adopt the group that we created.<sup>13</sup>

As shown in Table 3.6:

- **In 2002-03, average salaries and compensation for faculty at the University of Minnesota-Duluth were higher than the alternative comparison group averages.**

For two faculty ranks—full professors and assistant professors—average salaries at the Duluth campus were within 3 percent of the group average. For example, Duluth’s full professors earned an average \$81,500, while the comparison group average salary for full professors was \$80,700. Duluth’s average salary for

**Table 3.6: Average Salaries and Compensation by Faculty Rank, University of Minnesota-Duluth and Alternative Comparison Institutions, 2002-03**

	Average Salaries (In \$1,000s)			Average Compensation (In \$1,000s)		
	Full	Associate	Assistant	Full	Associate	Assistant
	Professor	Professor	Professor	Professor	Professor	Professor
Duluth Campus	\$81.5	\$65.9	\$52.0	\$107.8	\$89.0	\$72.2
Comparison Group Average	80.7	61.1	50.7	100.0	77.0	63.7
Percentage Duluth from Average	1.0%	7.8%	2.6%	7.9%	15.6%	13.4%
Public Institution Average	\$78.9	\$61.2	\$51.2	\$97.6	\$77.0	\$64.4
Percentage Duluth from Average	3.3%	7.6%	1.6%	10.5%	15.6%	12.1%
Private Institution Average	\$85.0	\$60.8	\$49.5	\$105.6	\$77.1	\$61.9
Percentage Duluth from Average	-4.2%	8.4%	5.1%	2.1%	15.5%	16.7%

**Faculty compensation at U of M-Duluth ranged from 8 to 16 percent above its comparison group average, depending on rank.**

NOTES: Salaries and compensation are for full-time instructional faculty except those in medical schools and, where appropriate, are adjusted to a standard nine-month work year. The public institutions in Duluth’s alternative comparison group are: Eastern Washington University, Rutgers University-Camden, State University of New York College at Fredonia, University of Colorado-Denver, University of Massachusetts-Dartmouth, University of Michigan-Dearborn, University of Nevada-Reno, University of North Carolina-Charlotte, University of Tennessee-Chattanooga, University of Wisconsin-La Crosse, University of Wisconsin-River Falls, and Washburn University of Topeka. The private institutions are: Creighton University, Drake University, Loyola University-New Orleans, Mercer University, and Villanova University.

SOURCE: Office of the Legislative Auditor analysis of salary and compensation data from the American Association of University Professors.

<sup>13</sup> We identified 181 institutions in the 2001 Integrated Postsecondary Education Data System (IPEDS) data that met our criteria and were located in the United States. To arrive at a smaller number of institutions, we selected public institutions that were ranked as “top public master’s universities” by *U.S. News and World Report* in 2002, and limited the resulting list of 28 further by eliminating institutions in small towns or that awarded less than 10 percent of their awards at advanced levels. We counted both first and second majors as degrees awarded. We added five private institutions that indicated that they offered professional degrees and three public institutions from the University’s comparison group for Duluth. We then eliminated institutions so that no state, except Wisconsin, was represented more than once. For rankings, see: “The Top Public Universities—Master’s,” *U.S. News and World Report*, September 23, 2002, 98.

associate professors exceeded the comparison group average by almost 8 percent (\$65,900 compared with \$61,100).

As was seen for faculty at the Crookston campus, the addition of benefits to salaries—that is, comparing faculty compensation—favorably affected the Duluth campus’s position relative to the group average. Whereas the average salary of assistant professors at the Duluth campus exceeded the comparison group average by almost 3 percent, average compensation for assistant professors at the Duluth campus exceeded the group average by 13 percent (\$72,200 compared with \$63,700). Faculty compensation at the Duluth campus exceeded the comparison group average by 8 to 16 percent, depending on faculty rank.<sup>14</sup>

## Morris Campus

In Fall 2003, the University of Minnesota-Morris employed 125 full-time equivalent faculty. We compared their salaries against the 13 institutions that the University uses for Morris faculty salary comparisons because we concluded in Chapter 2 that these institutions comprise a reasonable comparison group.

The average salaries of faculty at the Morris campus in 2002-03 ranged from \$41,000 for assistant professors to \$70,900 for full professors. As Table 3.7 shows:

- **For the most part, average salaries and compensation of faculty at the University of Minnesota-Morris were similar to the averages of its comparison group in 2002-03.**

Regardless of whether all of the comparison institutions are considered as a group, or the public and private institutions are considered separately, faculty’s average salaries at the Morris campus were within 5 percent of the comparison group average, except for at the rank of assistant professor. The average salary of assistant professors at the Morris campus was 10 percent below the 2002-03 comparison group average. The assistant professors’ average salary at Morris was closer to the average of the public comparison institutions, but was still 6 percent lower (\$41,000 versus \$43,600).

Except for at the rank of associate professor, faculty compensation at the Morris campus was also within 5 percent of the comparison group average. For full and assistant professors, Morris’s average compensation was 4 and 3 percent higher, respectively, than the comparison group average, while for associate professors, average compensation at Morris was 6 percent higher. Average faculty compensation at the Morris campus was closer to the average of the private institutions in its comparison group than it was to the public institution average.

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<sup>14</sup> When the University of Minnesota-Duluth made its 2003 salary and compensation comparisons, it found that the average salaries of faculty at Duluth ranged from 5 percent below the group average for full professors to 3 percent above the group average for associate professors. Average compensation at the Duluth campus ranged from 2 percent above the group average for full professors to almost 10 percent above the group average for associate professors. Vince Magnuson, “2001 Data” (September 19, 2003), electronic mail to jo.vos@state.mn.us.

**Table 3.7: Average Salaries and Compensation by Faculty Rank, University of Minnesota-Morris and Comparison Institutions, 2002-03**

**In general, faculty compensation at U of M-Morris was within 5 percent of its comparison group average.**

	Average Salaries (In \$1,000s)			Average Compensation (In \$1,000s)		
	Full Professor	Associate Professor	Assistant Professor	Full Professor	Associate Professor	Assistant Professor
Morris Campus	\$70.9	\$55.2	\$41.0	\$96.0	\$77.1	\$59.9
Comparison Group Average	73.6	57.0	45.7	92.5	72.6	58.3
Percentage Morris from Average	-3.7%	-3.1%	-10.3%	3.7%	6.2%	2.8%
Public Institution Average	\$72.9	\$55.7	\$43.6	\$90.8	\$70.2	\$55.6
Percentage Morris from Average	-2.7%	-.8%	-5.9%	5.8%	9.9%	7.7%
Private Institution Average	\$74.0	\$57.8	\$47.0	\$93.7	\$74.1	\$60.0
Percentage Morris from Average	-4.2%	-4.5%	-12.8%	2.5%	4.0%	-.1%

NOTES: Salaries and compensation are for full-time instructional faculty except those in medical schools and, where appropriate, are adjusted to a standard nine-month work year. The public institutions in Morris's comparison group are: Mary Washington College, Ramapo College, St. Mary's College of Maryland, University of Maine-Farmington, and University of North Carolina-Asheville. The private institutions are: Carleton College; College of St. Benedict; Concordia College, Moorhead; Gustavus Adolphus College; Hamline University; Macalester College; St. John's University; and St. Olaf College.

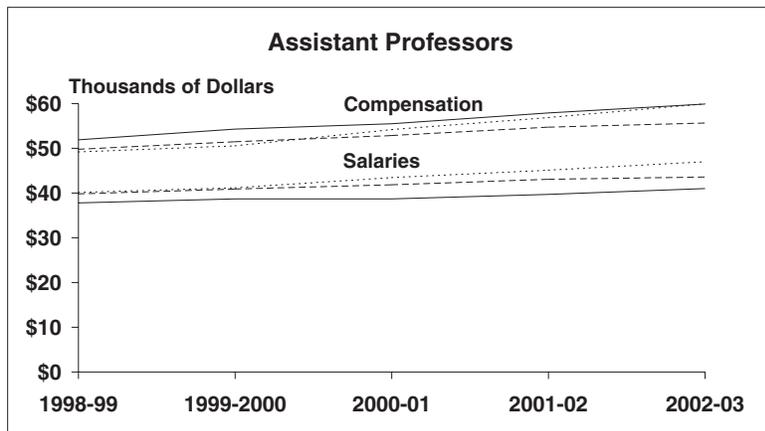
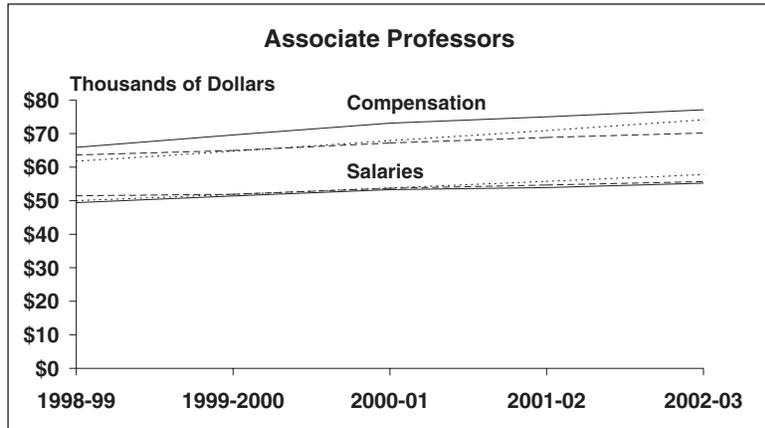
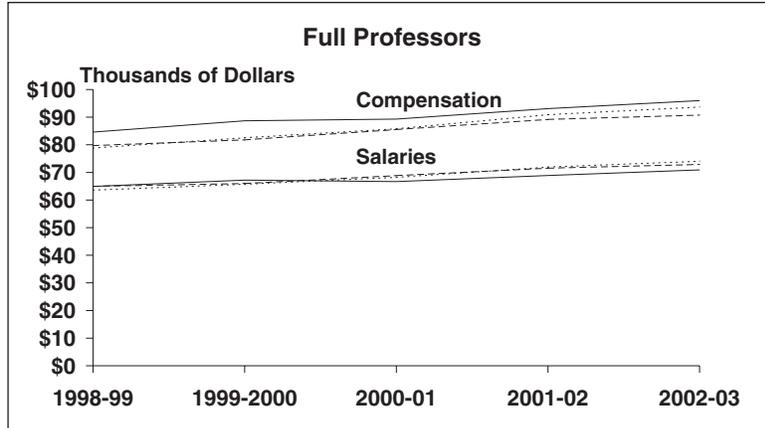
SOURCE: Office of the Legislative Auditor analysis of salary and compensation data from the American Association of University Professors as reported in University of Minnesota, "FY2003 Faculty Compensation and Salary Comparisons: Crookston, Morris, Twin Cities"; <http://www.irr.umn.edu/present/top30report03.pdf>; accessed November 24, 2003.

Comparisons of Morris's faculty salaries and compensation with other institutions are best viewed over time due to the relatively small number of faculty employed at the campus. Figure 3.1 shows average salaries and compensation for Morris faculty over a five-year period relative to faculty at its public and private comparison institutions. These data show that 2002-03 is fairly representative of the past five years: Average salaries of full and associate professors at the Morris campus have been similar to the comparison group averages, while the average salaries of assistant professors have been lower. The gap between the average salary of Morris's assistant professors and the comparison group average was persistent during the five-year period, ranging from about 6 percent to over 10 percent of the group average. While the gap between Morris's average assistant professor salary and the average public institution has remained relatively constant, the gap with the private institution average has increased from 6 percent of the private institution average in 1998-99 to 13 percent in 2002-03.<sup>15</sup> Average compensation for all faculty ranks at the Morris campus has been higher than the comparison group averages over all five years.

<sup>15</sup> In 2002-03, the average salary of assistant professors at Carleton College was 31 percent above the average of the Morris campus and its comparison institutions. Excluding Carleton College from the averages, Morris's average assistant professor salary was about 4 percent below the comparison group average for the first two years of the comparison. In the last three years, the difference was 8 to 9 percent below the comparison group average.

**Figure 3.1: Average Salaries and Compensation of Faculty, University of Minnesota-Morris and Comparison Institutions, 1999-2003**

**Average faculty compensation at U of M-Morris compares favorably with average compensation of the private institutions in its comparison group.**



— Morris campus  
 ..... Private comparison institutions  
 - - - - - Public comparison institutions

SOURCES: Office of the Legislative Auditor analyses of data from the American Association of University Professors as reported in University of Minnesota, *University Plan, Performance, and Accountability Report: 2002-03* (Minneapolis, MN, undated), 37; <http://www.irr.umn.edu/uplan/2002>; accessed June 18, 2003; and as reported in University of Minnesota, "FY2003 Faculty Compensation and Salary Comparisons: Crookston, Morris, Twin Cities"; <http://www.irr.umn.edu/present/top30report.pdf>; accessed November 24, 2003.

## Twin Cities Campus

The University of Minnesota-Twin Cities employed 2,857 full-time equivalent faculty in Fall 2003, 82 percent of the University total. We compared the average salaries and compensation of the Twin Cities faculty with averages of 29 of the nation's top research institutions, 13 of which are public. These institutions comprise the comparison group that the University uses and, as we discussed in Chapter 2, we agreed with the University that this is a reasonable comparison group.

As Table 3.8 shows, average salaries of faculty at the Twin Cities campus ranged from \$61,900 for assistant professors to \$101,300 for full professors in 2002-03, while compensation ranged from \$83,700 to \$130,900. Relative to its comparison group, we found that:

**Table 3.8: Average Salaries and Compensation by Faculty Rank, University of Minnesota-Twin Cities and Comparison Institutions, 2002-03**

	Average Salaries (In \$1,000s)			Average Compensation (In \$1,000s)		
	Full Professor	Associate Professor	Assistant Professor	Full Professor	Associate Professor	Assistant Professor
Twin Cities Campus	\$101.3	\$70.9	\$61.9	\$130.9	\$94.4	\$83.7
Comparison Group Average	117.8	78.6	67.6	146.3	99.7	86.1
Percentage Twin Cities from Average	-14.0%	-9.8%	-8.4%	-10.5%	-5.4%	-2.8%
Public Institution Average	\$104.7	\$71.0	\$61.5	\$131.8	\$91.3	\$79.2
Percentage Twin Cities from Average	-3.2%	-.2%	.7%	-.7%	3.4%	5.7%
Private Institution Average	\$128.4	\$84.7	\$72.6	\$158.1	\$106.6	\$91.6
Percentage Twin Cities from Average	-21.1%	-16.3%	-14.7%	-17.2%	-11.5%	-8.7%

NOTES: Salaries and compensation are for full-time instructional faculty except those in medical schools and, where appropriate, are adjusted to a standard nine-month work year. The public institutions in the Twin Cities' comparison group are: Pennsylvania State University-Main Campus, Purdue University-Main Campus, State University of New York at Stony Brook, University of California-Berkeley, University of California-Los Angeles, University of California-San Diego, University of California-Santa Barbara, University of Illinois at Urbana-Champaign, University of Michigan-Ann Arbor, University of North Carolina-Chapel Hill, University of Texas-Austin, University of Washington, and University of Wisconsin-Madison. The private institutions are: Brown University, California Institute of Technology, Carnegie Mellon University, Columbia University, Cornell University, Duke University, Harvard University, Johns Hopkins University, Massachusetts Institute of Technology, New York University, Northwestern University, Princeton University, Stanford University, University of Chicago, University of Pennsylvania, and Yale University.

SOURCE: Office of the Legislative Auditor analysis of salary and compensation data from the American Association of University Professors as reported in University of Minnesota, "FY2003 Faculty Compensation and Salary Comparisons: Crookston, Morris, Twin Cities"; <http://www.irr.umn.edu/present/top30report03.pdf>; accessed November 24, 2003.

- **In 2002-03, average salaries and compensation for faculty at the University of Minnesota-Twin Cities were lower than its comparison group's averages. For each faculty rank, average salary and compensation at the Twin Cities campus were considerably lower than the averages of the private institutions in its comparison group but, for the most part, similar to the averages of the public institutions.**

At each faculty rank, the average salary of faculty at the University of Minnesota-Twin Cities campus was lower than the average salary of the comparison group, ranging from 8 percent below the average for assistant professors to 14 percent below for full professors. The Twin Cities campus's average salaries were quite a bit lower—15 to 21 percent—than the private institution average for each faculty rank, while they were closer to the overall average salaries of the public institutions in the comparison group. For example, full professor average salaries were \$117,800 for the whole comparison group, \$128,400 for the private institutions, and \$104,700 for the public institutions, while the University paid full professors \$101,300, on average, in 2002-03. Although faculty salaries at the Twin Cities campus were similar to the public institutions in the comparison group, the Twin Cities campus does not compete with only public research institutions for faculty.

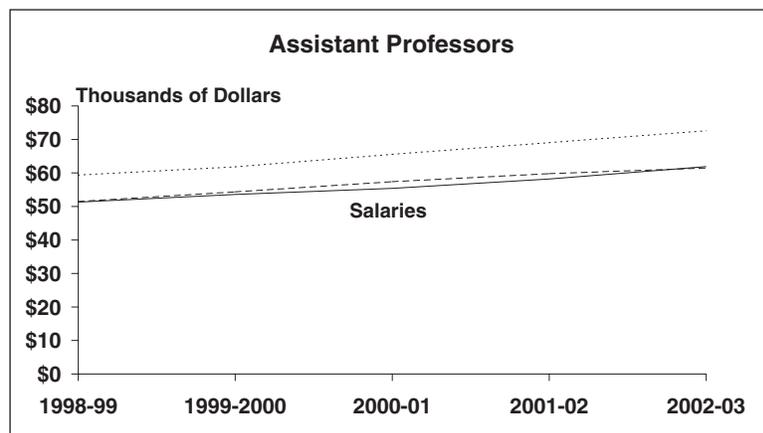
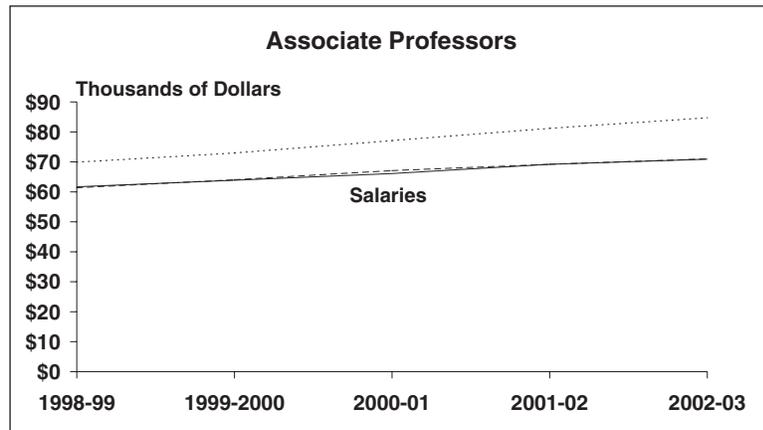
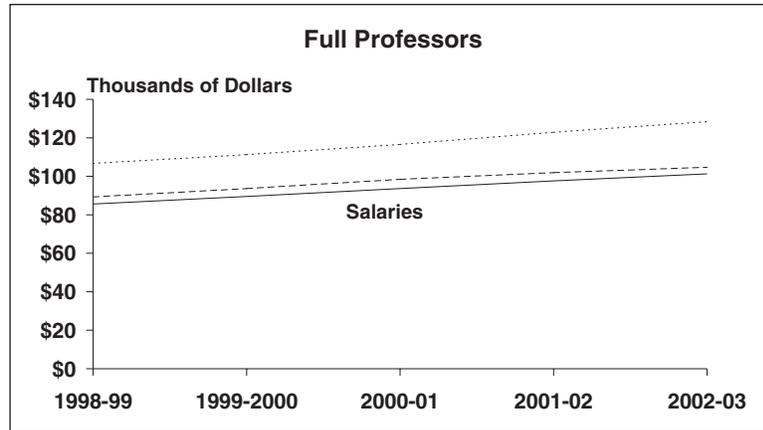
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**Average faculty compensation at U of M-Twin Cities was 3 to 11 percent below its comparison group in 2002-03.**

Adding fringe benefits to salary—that is, looking at compensation—improved the relative position of the Twin Cities campus somewhat. Whereas average salaries for faculty at the Twin Cities campus were 8 to 14 percent below the comparison group averages, average compensation at the Twin Cities campus was 3 to 11 percent below the averages of its comparison group, depending on faculty rank. As with average salaries, faculty compensation at the University of Minnesota-Twin Cities was, for the most part, similar to the average of the public institutions in the comparison group but lower—by 9 to 17 percent—than the average of the private institutions.

The 2002-03 data present a picture similar to that presented by data for the last five years. During 1998-99 to 2002-03, faculty average salaries at the Twin Cities campus were lower than the overall comparison group averages. In most years, faculty average compensation at the Twin Cities campus was similar to the overall averages for associate and assistant professors, but was lower than the average for full professors. Figures 3.2 and 3.3 show average salaries and compensation for the University of Minnesota-Twin Cities and the averages of its public and private comparison institutions for the five-year period. For the most part, both average salaries and compensation of faculty at the Twin Cities campus have been similar to the average public comparison institution from 1998-99 to 2002-03. On the other hand, both average salaries and average compensation of faculty at the Twin Cities campus were, like the average public institution, well below the average private comparison institution.

**Figure 3.2: Average Salaries of Faculty, University of Minnesota-Twin Cities and Comparison Institutions, 1999-2003**



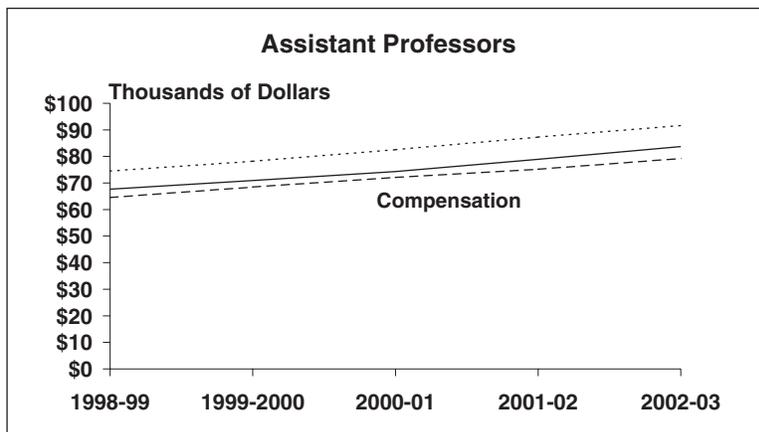
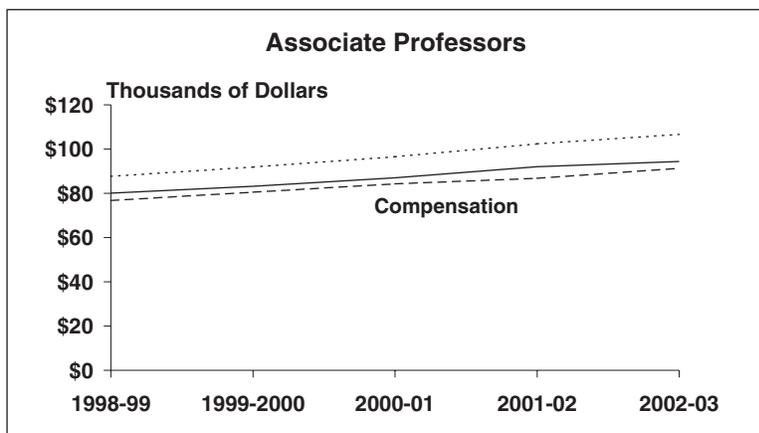
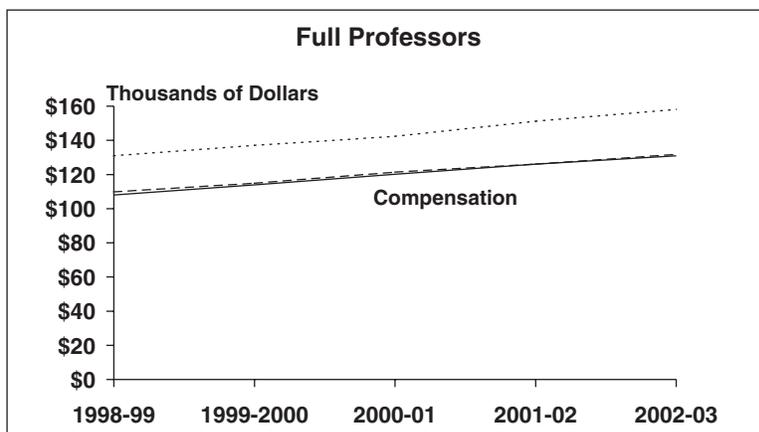
— Twin Cities campus  
 ..... Private comparison institutions  
 - - - - - Public comparison institutions

Since 1998-99, average faculty salaries at U of M-Twin Cities have been similar to the public institutions in its comparison group.

SOURCES: Office of the Legislative Auditor analyses of data from the American Association of University Professors as reported in University of Minnesota, *University Plan, Performance, and Accountability Report: 2002-03* (Minneapolis, MN, undated), 34; <http://www.irr.umn.edu/uplan/2002>; accessed June 18, 2003; and as reported in University of Minnesota, "FY2003 Faculty Compensation and Salary Comparisons: Crookston, Morris, Twin Cities"; <http://www.irr.umn.edu/present/top30report.pdf>; accessed November 24, 2003.

**Figure 3.3: Average Compensation of Faculty, University of Minnesota-Twin Cities and Comparison Institutions, 1999-2003**

**Average faculty compensation at U of M-Twin Cities has been well below the average of the private institutions in its comparison group since 1998-99.**



— Twin Cities campus  
 ..... Private comparison institutions  
 - - - Public comparison institutions

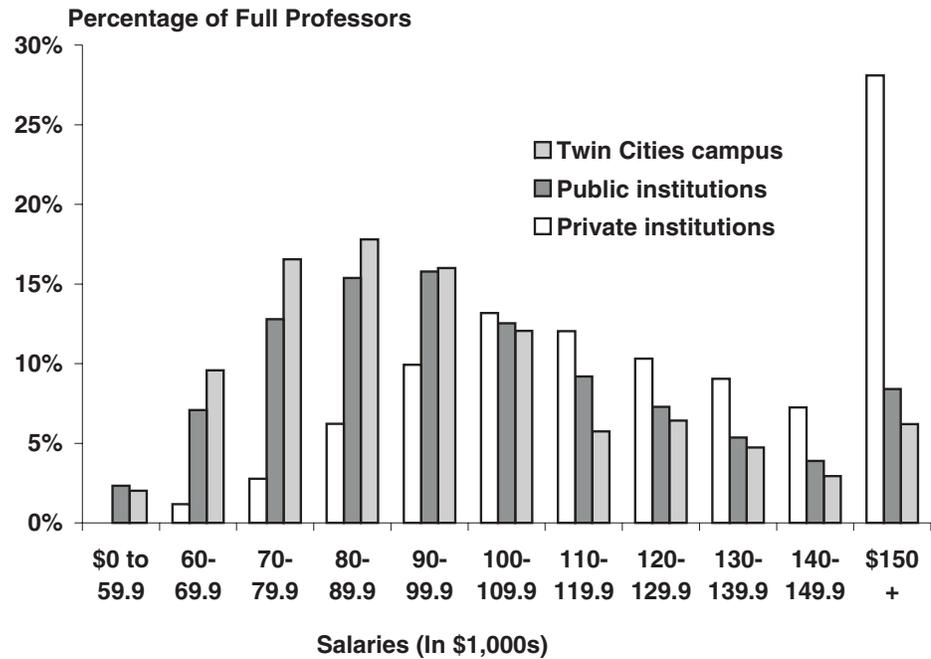
SOURCES: Office of the Legislative Auditor analyses of data from the American Association of University Professors as reported in University of Minnesota, *University Plan, Performance, and Accountability Report: 2002-03* (Minneapolis, MN, undated), 35; <http://www.irr.umn.edu/uplan/2002/>; accessed June 18, 2003; and as reported in University of Minnesota, "FY2003 Faculty Compensation and Salary Comparisons: Crookston, Morris, Twin Cities"; <http://www.irr.umn.edu/present/top30report.pdf>; accessed November 24, 2003.

We also looked at the distribution of full professors' salaries at the Twin Cities campus and its comparison group for 2002-03. Data were available for only 22 of the Twin Cities campus's 29 comparison institutions.<sup>16</sup> As Figure 3.4 shows:

- In 2002-03, the private universities in a subset of the University of Minnesota-Twin Cities comparison group paid a greater percentage of their full professors salaries of \$150,000 or more than the Twin Cities campus and other public institutions did.

**Figure 3.4: Full Professors by Salary Range, University of Minnesota-Twin Cities and 22 Comparison Institutions, 2002-03**

Excluding medical school faculty, less than 10 percent of full professors at U of M-Twin Cities had salaries of \$150,000 or more in 2002-03.



NOTES: Figure reflects 22 of the Twin Cities campus's 29 comparison institutions. The institutions that did not provide data included the California Institute of Technology, Johns Hopkins University, the University of Chicago, and the University of California campuses at Berkeley, Los Angeles, San Diego, and Santa Barbara. At the faculty rank of full professor, all of these institutions had higher average salaries in 2002-03 than the Twin Cities campus had. Salaries for public and private institutions are from the American Association of University Professors (AAUP) and include full professors whose major regular assignment is instruction whereas Twin Cities campus salaries include all full professors, regardless of assignment. The average salary of full professors at the Twin Cities campus is 3 percent lower in these data than in the data the campus reports for AAUP. Salaries exclude full professors in medical schools and are adjusted to a standard nine-month work year.

SOURCES: Data for comparison institutions are from the American Association of University Professors. Data for the Twin Cities campus are based on Office of the Legislative Auditor analysis of University of Minnesota November 2002 payroll data.

<sup>16</sup> The institutions that *did not* provide data included the California Institute of Technology, Johns Hopkins University, the University of Chicago, and the University of California campuses at Berkeley, Los Angeles, San Diego, and Santa Barbara. At the rank of full professor, all of these institutions paid higher average salaries in 2002-03 than the Twin Cities campus paid.

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**Average salaries may be affected by local costs of living.**

About 28 percent of full professors at the 13 private institutions that provided data earned \$150,000 or more, while the comparable figures for the public institutions and the Twin Cities campus were under 10 percent. The Twin Cities campus and the public institutions paid greater percentages of their full professors in the \$60,000 to \$100,000 range.<sup>17</sup>

As we mentioned previously, average salaries may be affected by local costs of living. Several of the University of Minnesota-Twin Cities comparison institutions are located in the Northeast or along the West Coast in cities that tend to have costs of living that exceed those in Minnesota. We obtained cost-of-living data for 24 institutions based on the city or county in which they are located (or a nearby city) in order to make salary comparisons adjusted for the cost of living.<sup>18</sup> Using cost-of-living indexes raises some concerns. First, cost-of-living data were not available for all relevant cities; (2) costs of living can vary widely within individual areas; (3) faculty may choose to live in a city other than where their employer is located; and (4) the cost-of-living index might not reflect all relevant costs. For example, the index we used does not reflect state and local taxes. A final concern is that different cost-of-living indexes may give different results depending on factors such as when the data were collected, the cities that participated, and the demographic group the data covered.<sup>19</sup>

In spite of these concerns, we used cost-of-living data to provide a systematic way of accounting for differences in costs of living for faculty at the 24 institutions and measuring the net effect of these differences on faculty salaries and compensation. We focused on whether the cost-of-living adjustments made the average salaries and compensation of faculty at the Twin Cities campus closer to or farther from the averages of the 24 comparison institutions. As Tables 3.9 and 3.10 show:

- **After adjusting for the cost of living, average salaries and compensation of faculty at the University of Minnesota-Twin Cities compared more favorably with the overall averages of 24 of its comparison institutions in 2002-03.**

As Table 3.9 shows, the Twin Cities assistant professor average salary, which was 9 percent below the average of 24 comparison institutions before adjusting for cost of living, was about 1 percent above the average after adjusting for cost of living. Similarly, the average salary for full professors at the Twin Cities campus was 22 percent below the private institution group average before adjusting for

<sup>17</sup> When we did similar analyses with associate and assistant professors' salaries, the three distributions were more similar than the distributions for full professors' salaries, although the distributions for private institutions slightly favored higher salaries.

<sup>18</sup> American Chambers of Commerce Researchers Association, *ACCRA Cost of Living Index: Comparative Data for 295 Urban Areas* (Arlington, VA, August 2003). If cost-of-living data were unavailable for a city or county in which an institution was located, we selected a nearby city. When two cities were nearby, we selected the city with the index that would make the smallest change to the average salary. We did not have cost-of-living data for five institutions: Brown University, Cornell University, Pennsylvania State University, University of California-Santa Barbara, and University of Michigan-Ann Arbor. Overall, the universities for which we did not have cost-of-living data had lower faculty salaries and compensation, on average, than the institutions for which we had data.

<sup>19</sup> The source we used instructs organizations that volunteer to participate to collect price information in their city for a set of items at a specified time and according to certain specifications. The data are weighted to represent costs for professional and executive households.

**Table 3.9: Average Salaries by Faculty Rank Adjusted for Cost of Living, University of Minnesota-Twin Cities and 24 Comparison Institutions, 2002-03**

	Average Salaries (In \$1,000s)			Average Salaries Adjusted for Cost of Living (In \$1,000s)		
	Full Professor	Associate Professor	Assistant Professor	Full Professor	Associate Professor	Assistant Professor
Twin Cities Campus	\$101.3	\$70.9	\$61.9	\$92.3	\$64.6	\$56.4
Comparison Group Average	119.2	79.3	68.3	96.5	64.6	55.7
Percentage Twin Cities from Average	-15.0%	-10.6%	-9.4%	-4.4%	0.0%	1.1%
Public Institution Average	\$103.7	\$70.6	\$61.7	\$91.7	\$62.7	\$54.8
Percentage Twin Cities from Average	-2.3%	.4%	.4%	.6%	3.0%	2.8%
Private Institution Average	\$130.3	\$85.6	\$73.0	\$100.0	\$65.9	\$56.4
Percentage Twin Cities from Average	-22.3%	-17.2%	-15.3%	-7.7%	-2.0%	-1.1%

**After adjusting for the cost of living, average faculty salaries at U of M-Twin Cities were within 5 percent of the average of 24 comparison institutions.**

NOTES: Salaries are for full-time instructional faculty except those in medical schools and are adjusted to a standard nine-month work year. The public comparison institutions (with the cost-of-living locations in parentheses) are: Purdue University-Main Campus (Lafayette), State University of New York at Stony Brook (Nassau County), University of California-Berkeley (Oakland), University of California-Los Angeles (Los Angeles), University of California-San Diego (San Diego), University of Illinois at Urbana-Champaign (Champaign-Urbana), University of North Carolina-Chapel Hill (Raleigh), University of Texas-Austin (San Marcos), University of Washington (Seattle), and University of Wisconsin-Madison (Janesville). The private comparison institutions are: California Institute of Technology (Los Angeles), Carnegie Mellon University (Pittsburgh), Columbia University (New York-Manhattan), Duke University (Raleigh), Harvard University (Boston), Johns Hopkins University (Baltimore), Massachusetts Institute of Technology (Boston), New York University (New York-Manhattan), Northwestern University (Chicago), Princeton University (Trenton), Stanford University (San Jose), University of Chicago (Chicago), University of Pennsylvania (Wilmington, DE), and Yale University (New Haven). We used the cost-of-living figure for Minneapolis for the University of Minnesota-Twin Cities.

SOURCES: Office of the Legislative Auditor analysis of salary and compensation data from the American Association of University Professors as reported in University of Minnesota, "FY2003 Faculty Compensation and Salary Comparisons: Crookston, Morris, Twin Cities"; <http://www.irr.umn.edu/present/top30report03.pdf>; accessed November 24, 2003; and cost-of-living data from American Chambers of Commerce Researchers Association, *ACCRA Cost of Living Index: Comparative Data for 295 Urban Areas* (Arlington, VA, August 2003).

costs of living, but only 8 percent below the average after adjusting for costs of living. The University's faculty salaries at the Twin Cities campus were within 3 percent of the average public university's salaries both before and after adjusting for cost-of-living differences.

Table 3.10 shows faculty compensation data adjusted for costs of living for the 24 comparison institutions. After adjusting for cost-of-living differences, average compensation at the Twin Cities campus ranged from slightly below to about 8 percent above the average of 24 of its comparison institutions. The improvement in the position of faculty compensation at the University was

particularly pronounced relative to the private comparison institutions. Before adjusting for costs of living, average compensation at the Twin Cities campus was between 9 and 18 percent below the average of the 14 private institutions, depending on faculty rank. However, after adjusting for the cost of living,

**Table 3.10: Average Compensation by Faculty Rank Adjusted for Cost of Living, University of Minnesota-Twin Cities and 24 Comparison Institutions, 2002-03**

	Average Compensation (In \$1,000s)			Average Compensation Adjusted for Cost of Living (In \$1,000s)		
	Full Professor	Associate Professor	Assistant Professor	Full Professor	Associate Professor	Assistant Professor
Twin Cities Campus	\$130.9	\$94.4	\$83.7	\$119.2	\$86.0	\$76.2
Comparison Group Average	148.0	100.6	86.8	119.7	81.7	70.6
Percentage Twin Cities from Average	-11.6%	-6.1%	-3.5%	-.4%	5.2%	7.9%
Public Institution Average	\$131.0	\$91.0	\$79.6	\$115.0	\$80.3	\$70.3
Percentage Twin Cities from Average	-.1%	3.8%	5.2%	3.7%	7.0%	8.4%
Private Institution Average	\$160.2	\$107.4	\$91.9	\$123.1	\$82.8	\$70.8
Percentage Twin Cities from Average	-18.3%	-12.1%	-8.9%	-3.1%	3.9%	7.6%

NOTES: Compensation is for full-time instructional faculty except those in medical schools and is adjusted, where appropriate, to a standard nine-month work year. The public comparison institutions (with the cost-of-living locations in parentheses) are: Purdue University-Main Campus (Lafayette), State University of New York at Stony Brook (Nassau County), University of California-Berkeley (Oakland), University of California-Los Angeles (Los Angeles), University of California-San Diego (San Diego), University of Illinois at Urbana-Champaign (Champaign-Urbana), University of North Carolina-Chapel Hill (Raleigh), University of Texas-Austin (San Marcos), University of Washington (Seattle), and University of Wisconsin-Madison (Janesville). The private comparison institutions are: California Institute of Technology (Los Angeles), Carnegie Mellon University (Pittsburgh), Columbia University (New York-Manhattan), Duke University (Raleigh), Harvard University (Boston), Johns Hopkins University (Baltimore), Massachusetts Institute of Technology (Boston), New York University (New York-Manhattan), Northwestern University (Chicago), Princeton University (Trenton), Stanford University (San Jose), University of Chicago (Chicago), University of Pennsylvania (Wilmington, DE), and Yale University (New Haven). We used the cost-of-living figure for Minneapolis for the University of Minnesota-Twin Cities.

SOURCES: Office of the Legislative Auditor analysis of salary and compensation data from the American Association of University Professors as reported in University of Minnesota, "FY2003 Faculty Compensation and Salary Comparisons: Crookston, Morris, Twin Cities"; <http://www.irr.umn.edu/present/top30report03.pdf>; accessed November 24, 2003; and cost-of-living data from American Chambers of Commerce Researchers Association, *ACCRA Cost of Living Index: Comparative Data for 295 Urban Areas* (Arlington, VA, August 2003).

average compensation at the Twin Cities campus was between 3 percent lower and 8 percent higher than the average of the private institutions.<sup>20</sup>

Although the University does not use the “Big 10” to make faculty salary comparisons, it is a group that is of interest to legislators and others.<sup>21</sup> Therefore, we compared average salaries and compensation at the Twin Cities campus with the average of the other institutions in the “Big 10,” as shown in Table 3.11. Average salaries at the Twin Cities campus were similar to the “Big 10” average at each faculty rank, while compensation for Twin Cities faculty was 3 to 7 percent higher than the “Big 10” averages.

Most of the preceding discussion has focused on average faculty salaries and compensation, comparing the Twin Cities campus to its comparison institutions. However, as the national literature showed, average faculty salaries vary greatly by discipline. We looked at average salaries by discipline for faculty at the Twin Cities campus and 33 other research universities.<sup>22</sup> We found that:

**Table 3.11: Average Salaries and Compensation by Faculty Rank, University of Minnesota-Twin Cities and Big 10 Institutions, 2002-03**

	Average Salaries (In \$1,000s)			Average Compensation (In \$1,000s)		
	Full Professor	Associate Professor	Assistant Professor	Full Professor	Associate Professor	Assistant Professor
Twin Cities Campus	\$101.3	\$70.9	\$61.9	\$130.9	\$94.4	\$83.7
"Big 10" Average <sup>a</sup>	102.6	70.9	61.3	126.6	89.9	77.9
Percentage Twin Cities from Average	-1.2%	0%	1.1%	3.4%	5.0%	7.4%

NOTE: Salaries and compensation are for full-time instructional faculty except those in medical schools and, where appropriate, are adjusted to a standard nine-month work year.

<sup>a</sup>The University of Minnesota is not included in the "Big 10" average. Besides the University of Minnesota, the "Big 10" includes Michigan State University, Northwestern University, Ohio State University, Pennsylvania State University, Purdue University, University of Illinois, University of Indiana, University of Iowa, University of Michigan, and University of Wisconsin.

SOURCE: Office of the Legislative Auditor analysis of salary and compensation data from the American Association of University Professors.

**Average faculty compensation at U of M-Twin Cities was 3 to 7 percent higher than the "Big 10" average.**

<sup>20</sup> The University of Minnesota did a similar analysis in 1998. It had data for all of the institutions, created average cost indexes for some cities, and adjusted salaries and compensation for state taxes. Overall, its analysis showed small improvements in Twin Cities campus faculty salaries and compensation relative to its comparison institutions after adjusting for the cost of living and state taxes. However, when compared with just the public institutions, the University compared less favorably after the adjustments were made.

<sup>21</sup> Besides the University of Minnesota, the “Big 10” includes Michigan State University, Northwestern University, Ohio State University, Pennsylvania State University, Purdue University, University of Illinois, University of Indiana, University of Iowa, University of Michigan, and University of Wisconsin. Six of these universities are among the University of Minnesota-Twin Cities comparison institutions.

<sup>22</sup> Several higher education institutions that are members of the Association of American Universities (AAU), including the University of Minnesota-Twin Cities, participate in a data exchange that includes average faculty salaries by discipline. The University gave us access to these data for 33 institutions, 31 of which are public. These 33 institutions are *not* the Twin Cities campus’s comparison group. The AAU is “an association of 62 leading research universities in the United States and Canada.” <http://www.aau.edu/aau/members.html>; accessed November 26, 2003.

- **Reflecting what national surveys have found, average salaries of faculty at the University of Minnesota-Twin Cities varied greatly by discipline in 2002-03.**

Table 3.12 shows the ranges that existed between the disciplines with the highest and lowest average salaries for each faculty rank at the University of Minnesota-Twin Cities in 2002-03.<sup>23</sup> For example, at the full professor rank, the difference between the discipline with the highest average salary (law at \$156,869) and the lowest (architecture at \$76,391) was over \$80,000.<sup>24</sup>

**Table 3.12: Disciplines With Highest and Lowest Average Salaries by Faculty Rank, University of Minnesota-Twin Cities, 2002-03**

**Assistant professors in some disciplines have higher average salaries than full professors in other disciplines.**

	Lowest Average Salary	Discipline	Highest Average Salary	Discipline	Range
Full Professors	\$76,391	Architecture <sup>a</sup>	\$156,869	Law	\$80,477
Associate Professors	55,040	Visual and Performing Arts	106,852	Law	51,812
Assistant Professors	48,154	Foreign Language and Literature	105,283	Business	57,129

NOTE: Disciplines were defined by their two-digit Classification of Instructional Programs (CIP) codes assigned by the National Center for Education Statistics. Range may not calculate due to rounding.

<sup>a</sup>There were fewer than two full-time equivalent full professors in architecture. The discipline with the next highest average salary for full professors was visual and performing arts (\$78,869).

SOURCE: Office of the Legislative Auditor analysis of Association of American Universities Data Exchange salary data provided by the University of Minnesota.

These salary ranges were not unusual for the 33 research universities. For full professors, the differences in average salary by discipline ranged from a low of \$21,972 to a high of \$103,162, with seven institutions having ranges of \$80,000 or more. The university with the greatest range in salaries for full professors paid full professors in law \$184,461, on average, and paid full professors in area, ethnic, and cultural studies an average salary of \$81,299. Like the University of Minnesota-Twin Cities, 15 institutions had ranges for associate professors' average salaries of \$50,000 or more. At this faculty rank, the institution with the greatest range in salaries (\$103,300) paid law faculty \$148,433 and faculty of philosophy and religion \$45,133 on average. At the assistant professor rank, 19 institutions had salary ranges of \$55,000 or more.

The disciplines that were the highest and lowest paid at the University of Minnesota-Twin Cities were also among the highest and lowest paid at the other research universities. For 68 percent of the 25 other research universities that had faculty in law, it was the highest paying discipline in 2002-03. For 35 percent of

<sup>23</sup> Disciplines were defined by their two-digit Classification of Instructional Programs (CIP) codes assigned by the National Center for Education Statistics.

<sup>24</sup> There were fewer than two full-time equivalent full professors in architecture in 2002-03. The full professors with the next highest salary (\$78,869) were in visual and performing arts.

the 31 institutions with business faculty, business faculty were the most highly paid, on average. At the opposite end, faculty in visual and performing arts were paid the least, on average, at 39 percent of the 33 other institutions offering that discipline. Foreign language and literature faculty were the lowest paid, on average, at 24 percent of the institutions.<sup>25</sup>

## SELECTED FRINGE BENEFIT COMPARISONS

As we saw previously, adding the value of fringe benefits to faculty salaries—that is, looking at total compensation—tended to improve the position of the University of Minnesota relative to comparison institutions. At the Crookston, Duluth, and Morris campuses, fringe benefits were valued at 40, 36, and 41 percent of average salary respectively in 2002-03. Fringe benefits were 31 percent of average salaries at the Twin Cities campus.<sup>26</sup>

We took a closer look at certain aspects of benefits offered to full-time faculty at the University of Minnesota and the Twin Cities campus comparison group. We focused on the universities in the Twin Cities comparison group because, unlike compensation at the other University of Minnesota campuses, compensation of faculty at the Twin Cities campus was lower than the campus's comparison group averages. Specifically, we focused on the availability of health insurance coverage for domestic partners and tuition assistance for dependent children. We also looked more closely at retirement benefits, including the level of employer contributions, waiting periods before employer contributions began, and vesting periods.<sup>27</sup>

## Health Insurance Coverage for Domestic Partners

In 2002, the Minnesota Legislature denied extension of health insurance coverage to domestic partners of State of Minnesota employees. We were interested in whether this benefit was available to faculty at the University of Minnesota and the universities in the Twin Cities campus comparison group. We found that:

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<sup>25</sup> These overall averages include faculty at all ranks. As was discussed with the national data, the percentage of faculty that are full professors may affect the overall average salary. For the institutions participating in the data exchange, 79 percent of law faculty were full professors. The comparable figures for business, visual and performing arts, and foreign language and literature were 45, 42, and 41 percent respectively.

<sup>26</sup> American Association of University Professors, 2002-03 Salary Appendices.

<sup>27</sup> We created summaries of benefits for regular, full-time faculty for the 2003-04 academic year from the 29 comparison institutions' web sites. We mailed these summaries to 25 institutions and the University of California system (which includes the other 4 institutions) for verification and, in some cases, additional information. Fourteen of the institutions (48 percent of the 29 institutions in the comparison group) responded. The University of Minnesota has collected similar benefits information. Although some of the campus-specific information differed from ours, it resulted in the same general conclusions.

- **Like most of the institutions in the University's Twin Cities campus comparison group, the University of Minnesota offered health insurance coverage for same-sex domestic partners in 2002-03.**

Of the 16 private institutions in the Twin Cities campus comparison group, 13 offered health insurance coverage to same-sex domestic partners, while 3 offered coverage to unmarried partners of either sex. Of the 13 public institutions, 7 offered health insurance coverage to same-sex domestic partners, 1 offered coverage to same- or opposite-sex domestic partners, and 5 did not offer health insurance coverage for domestic partners.

## Tuition Assistance for Faculty Members' Children

People associate free or reduced tuition for faculty members' children as one of the benefits typically available at higher education institutions. The University of Minnesota does not offer tuition assistance for faculty members' children. We found that:

- **Like the University of Minnesota, most of the public institutions in the Twin Cities campus comparison group did not offer tuition assistance for faculty members' children in 2002-03. However, most of the private institutions in the comparison group did.**

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**Private institutions in the U of M-Twin Cities comparison group were more likely to offer tuition assistance for faculty's children than were public institutions.**

Like the University of Minnesota, 9 of the 13 public institutions did not provide tuition assistance for faculty members' children, while only 1 of the 16 private institutions did not. Of the 29 universities in the Twin Cities campus comparison group, 19 offered tuition assistance for children attending the institution where their parents were faculty and 14 (all private) provided tuition assistance for faculty members' children attending other unaffiliated higher education institutions.

Tuition assistance may be provided as a flat dollar amount or as a percentage of tuition. We estimated that the value of tuition assistance at the four public institutions ranged from \$1,000 to almost \$7,000 per year per child for 2003-04.<sup>28</sup> For private institutions, we estimated that the value of the benefit ranged from about \$9,000 to over \$29,000 per child per year, depending on whether the children attended the institution where their parents were faculty or other higher education institutions.

## Retirement Plans

As discussed in Chapter 1, faculty at the University of Minnesota participate in a defined contribution retirement plan. These plans guarantee a certain level of contribution to a retirement account but do not guarantee the final value of the retirement account or the retirement benefit it will provide. Defined benefit plans, on the other hand, guarantee a level of retirement benefit.

<sup>28</sup> The estimated value is the flat dollar amount or, if the benefit is provided as a percentage of tuition, based on full tuition charged to students. It does not consider scholarships or other financial aid. It is not the cost of the benefit to the institution.

Of the 29 universities that comprise the Twin Cities campus's comparison group, 18 offered only defined contribution plans in 2002-03 and 1 institution offered only a defined benefit plan.<sup>29</sup> Ten institutions offered both defined benefit and defined contribution plans; at five of these institutions faculty participated in both and at the other five, faculty had to choose between the two plans. In our comparison of retirement plans, we focused on the defined contribution retirement plans at the 18 institutions that offered only those plans and the 5 institutions that offered them as an alternative to a defined benefit plan. Of these 23 institutions, 8 were public and 15 were private. Overall, we found that:

- **The University of Minnesota's contribution rate to the faculty defined contribution retirement plan was higher than the rates of 17 of the 23 research universities that made employer contributions to such plans in 2002-03.**

The University contributed 13 percent of covered salary to faculty members' retirement accounts while faculty contributed 2.5 percent.<sup>30</sup> Six institutions, only one of which was public, had maximum employer contribution rates that exceeded the University of Minnesota's, reaching as high as 18 percent. However, these institutions did not necessarily contribute at a higher overall rate because, while the University of Minnesota's rate applied to faculty's entire covered salary, regardless of faculty age or years of service, the other institutions' maximum rates applied to a portion of salary or after faculty met age and/or years-of-service requirements. For example, Harvard University's maximum contribution rate of 15 percent applied only to salary above the Social Security taxable wage base (\$87,000 in 2003) for faculty age 40 or over; contributions were made at a lower rate for salary under the Social Security wage base and for faculty under age 40.

In addition to contribution rates, another factor that affects the ultimate value of faculty defined contribution plans is whether there is a waiting period before contributions to the plan begin. Some higher education institutions begin contributing to faculty retirement plans upon a faculty member's employment, while others require that the faculty member complete a specified period of service first. We found that:

- **The period of time before employer contributions to new assistant professors' retirement accounts began was relatively long at the University of Minnesota—two years; only two other institutions in the Twin Cities campus's comparison group, both of which were private, had a waiting period as long.**

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**Few institutions contributed to their faculty retirement accounts at a higher rate than the U of M.**

<sup>29</sup> We did not look at supplemental voluntary retirement plans available at these institutions. Voluntary plans are included in the discussion only if employee contributions generate employer contributions.

<sup>30</sup> Covered salary includes basic appointment salary, administrative augmentation, commutation allowance, regents' professor stipend, and increment and nine-month appointment research earnings funded by sources other than the State of Minnesota. The faculty contribution rate has been 2.5 percent of covered salary since the plan's inception. However, the University increased its contribution rate from the original level of 2.5 percent of salary on the first \$5,000 of salary and 7.5 percent of salary in excess of \$5,000. In 1968, the University increased the 7.5 percent contribution to 13 percent. Finally, in 1992, the University changed its contribution to a flat 13 percent of salary. Jacqueline Singer, "University's Defined Contribution Retirement Plan" (November 21, 2003), electronic mail to [carrie.meyerhoff@state.mn.us](mailto:carrie.meyerhoff@state.mn.us).

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**A new provision allows colleges at the U of M to waive the two-year waiting period before retirement contributions begin.**

Of the 23 faculty retirement plans, 6 public and 5 private institutions had no waiting period before employer contributions to new faculty members' accounts began. Nine institutions had waiting periods ranging from 3 to 13 months.<sup>31</sup> We did not have information on a waiting period for one private institution. Like the University of Minnesota, some institutions had a waiting period that applied to assistant professors or other junior faculty, while the waiting period at other institutions appeared to apply to all faculty.

Recently, the University of Minnesota adopted a provision allowing colleges to waive the two-year waiting period. Although the University determined that eliminating the waiting period for all academic employees would be too expensive, deans told the University that the two-year waiting period "caused the largest recruiting issues in [the] tenure-track assistant professor category."<sup>32</sup> Some of the other universities with waiting periods likewise waived the periods depending on the faculty members' previous employment.

A vesting period refers to the period of time after which faculty members have ownership of the employer contributions to their retirement accounts. Of the 23 universities included in these comparisons, 3 public and 4 private universities had vesting periods ranging from one to five years. University of Minnesota faculty and faculty at the other 16 institutions were immediately vested.

Because of varying starting salaries, waiting periods, vesting periods, and contribution rates, it is difficult to compare the value of university retirement contributions over the life of faculty members at different institutions. We estimated the value of employer contributions over the first several years of employment for a hypothetical assistant professor at the 23 higher education institutions and the University of Minnesota. Assuming the same starting salary at all of the institutions, the estimated value of employer contributions to the faculty retirement account at the University of Minnesota met or exceeded the values of 17 of the 23 comparison institutions after six years, in spite of the University's two-year waiting period before making contributions. Of the six institutions with higher values of contributions, half were public.

However, as we showed previously, faculty salaries at the University of Minnesota-Twin Cities are not necessarily the same as the salaries at its comparison institutions. Doing the same analysis using each institution's average salary for assistant professors as its starting salary, the value of employer contributions to retirement accounts for Twin Cities faculty met or exceeded the values of 11 of the 23 comparison institutions after six years.<sup>33</sup> Three of the universities with higher values of contributions were public.

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<sup>31</sup> Two of these nine institutions made contributions retroactive to the date of hire once they began making contributions.

<sup>32</sup> Jacqueline Singer, "University's Defined Contribution Retirement Plan." As of October 14, 2003, the Crookston and Morris campuses and 11 of 15 colleges on the Twin Cities campus had elected to participate in the waiver option. Of 22 new hires made by the participating entities, 7 were given waivers. During the same time period, the non-participating campus and colleges made 34 new hires. Among documents that new faculty must provide to be eligible for the waiver is evidence that they were eligible for employer contributions to retirement at their previous employer.

<sup>33</sup> For both analyses, we assumed the same raises and investment performance of retirement contributions at each institution and assumed that the institutions with waiting periods did not waive them. In addition, for plans that included employer matching contributions, we assumed that faculty made contributions that garnered the maximum matching contribution.

## OTHER ISSUES

During the course of our study, questions arose about (1) the degree to which base salaries, which are used in the faculty salary comparisons, accurately represent what faculty earn and (2) the amount of teaching expected of faculty under their base salaries. Therefore, we obtained data on faculty earnings and compared them to faculty base salaries. We also reviewed University policies on faculty workload.

### Total Earnings

In the previous sections, we focused on faculty “base” salaries—the amounts specified in faculty contracts to cover specified duties during a contract period. However, faculty can earn additional money by (1) teaching extra courses, (2) taking on additional administrative responsibilities, and (3) for those with nine-month or ten-month contracts, extending their contract through the summer to teach or conduct research. Total earnings may also reflect payments resulting from retroactive pay, teaching awards, and other kinds of payments.

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**Total earnings exceed total base salaries mostly because faculty extend their contracts through the summer.**

We looked at the total earnings of University of Minnesota faculty from University sources, focusing on faculty who had earned at least 90 percent of their base salary in 2002-03.<sup>34</sup> We did this to limit our analysis to faculty who spent most of their contract period employed by and working at the University.<sup>35</sup> As in previous analyses, we focused on full-time faculty, excluding instructors and medical school faculty. In 2002-03, there was a \$19 million difference between the University’s faculty payroll of almost \$184 million and total base salaries of \$165 million for these faculty. About \$15 million—80 percent of the difference—was money that faculty with nine- or ten-month contracts earned by extending their contracts through the summer. Nine-month faculty whose contracts were extended for two months during the summer would earn 22 percent above their base salary. According to the University, this practice is common at all major research universities at which faculty are expected to conduct year-round research funded by grants that the faculty secure.

We found that:

- **For faculty at the University of Minnesota who earned at least 90 percent of their base salary in 2002-03, average total earnings exceeded average salary by almost 12 percent.**

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<sup>34</sup> University sources include research grants. Although faculty secure their own research grants, the funds are administered by the University. Faculty may also earn money from external sources through consulting, but these funds are not funneled through the University. This discussion considers only funds that are administered by the University.

<sup>35</sup> This included 91 percent of full, associate, and assistant professors in colleges other than the medical school. These data are not limited to instructional faculty, as the national data used previously were. Earnings may be less than base salary for numerous reasons. For example, a faculty member may have left University employment during the year or taken leave without pay.

Faculty earned, on average, \$91,591 in 2002-03; their average base salary was \$82,103.<sup>36</sup> Faculty at the Duluth campus had the greatest percentage difference between average base salary and average total earnings—over 13 percent. The largest dollar difference was at the Twin Cities campus, where average earnings exceeded average base salary by almost \$10,000, or about 11 percent.

As Table 3.13 shows, the majority of faculty earned an amount relatively close to their base salaries in 2002-03: About 58 percent of University of Minnesota faculty earned within 10 percent of their base salary. Another 39 percent of faculty earned extra income equal to 10 to 40 percent of their base salary. Faculty who earned additional money during the summer earned, on average, an additional \$12,981 during that time. Faculty with other earnings and payments averaged an additional \$2,825 from those sources.

**Table 3.13: Distribution of University of Minnesota Faculty by Extra Earnings as a Percentage of Base Salary, 2002-03**

<u>Extra Earnings as a Percentage of Base Salary</u>	<u>Number of Faculty</u>	<u>Percentage of Faculty</u>	<u>Cumulative Percentage</u>
-10 to 9.9 percent	1,162	57.9%	57.9%
10 to 19.9 percent	314	15.7	73.6
20 to 29.9 percent	261	13.0	86.6
30 to 39.9 percent	209	10.4	97.0
40 to 49.9 percent	34	1.7	98.7
50 percent or more	26	1.3	100.0

NOTES: The table includes full-time full, associate, and assistant professors who earned at least 90 percent of their base salary in 2002-03. It does not include instructors or medical school faculty.

SOURCE: Office of the Legislative Auditor analysis of University of Minnesota November 2002 payroll data.

We looked more closely at the total earnings of the 26 faculty members who earned 150 percent or more of their base salary in 2002-03. For these faculty, regular pay, averaging \$76,413, comprised about 57 percent of their total earnings.<sup>37</sup> Teaching courses beyond those required in their base contract, including teaching and developing courses for the College of Continuing Education, accounted for 22 percent of earnings, averaging \$29,579. Another 9 percent of total earnings were due to summer teaching and research.<sup>38</sup> The remaining 11 percent of earnings included payments resulting from teaching and service awards and assumption of additional administrative duties, among other things.

Faculty can also earn income from sources outside the University. The University encourages faculty to engage in non-University service as long as it does not interfere with their responsibilities. Recognizing that “the talents and expertise of

<sup>36</sup> Including faculty who earned less than 90 percent of their base salary during 2002-03, average total earnings was \$88,452, 7 percent more than their average base salary (\$82,511).

<sup>37</sup> Regular pay is the amount of earnings attributable to base salary.

<sup>38</sup> This measure is narrower than the measure used previously that included all types of summer earnings, not just teaching and research.

its faculty may on occasion affect University service,” the University has developed guidelines regarding the outside consulting activities of faculty and academic staff.<sup>39</sup> Outside professional activities cannot exceed 39 days for faculty with 9-month appointments or 48 days for those with 11-month appointments. To ensure that these activities do not present a conflict of interest, the University requires faculty to obtain prior approval for each outside professional activity expected to average more than one day a month. Board of Regents policy requires that the University present monthly and quarterly reports to the Board that summarize outside consulting requests. In addition, although the University does not collect information about how much income faculty earn from their outside activities, faculty must file annual reports detailing the actual number of days spent on each outside professional activity that they engaged in for more than three days. Administrative guidelines effective November 2001 require that the University report annually on the outside consulting activities of faculty. However, we found that:

- **Contrary to University policy, the University has not produced the required reports on the outside consulting activities of faculty.**

Because the required reports on faculty consulting requests and activities were not available, we asked the University for data regarding the extent to which faculty engaged in outside consulting. However:

- **The University of Minnesota refused to provide us with detailed data regarding the extent to which faculty engaged in outside consulting in 2002.**

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**According to the U of M, about 5 percent of academic staff engaged in more than nine days of outside consulting in 2002.**

Although University staff told us that 5 percent of academic staff engaged in more than nine days of consulting during fiscal year 2002, they refused to provide us with any additional information. Staff told us that they were concerned about how the outside consulting data might be interpreted, particularly by legislators. In addition, the University indicated that our request for the data was outside the scope of our evaluation, as outlined in the “project description” document that we prepared.<sup>40</sup> We encouraged the University to reconsider its position, pointing out that it was our responsibility to define the scope of our study and that withholding the data could be misinterpreted by legislators and the public.<sup>41</sup> Nonetheless, the University refused to cooperate with us. Although we believe that it was inappropriate for the University to deny us access to these data, we did not pursue our request further because the data were not central to our evaluation.

Even though we did not have data for University of Minnesota faculty, we found national data on the amount of time that full-time instructional faculty and staff

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<sup>39</sup> University of Minnesota, Board of Regents, *Outside Consulting, Service Activities, and Other Work* (Minneapolis, MN, February 11, 1983), sec. 1, subd. 2; <http://www1.umn.edu/regents/policies/academic/OutsideConsulting.pdf>; accessed August 28, 2003; and University of Minnesota, *Administrative Guidelines for Prior Approval for and Reporting of External Professional Activities and Business and Financial Interests*, undated; <http://www1.umn.edu/ohr/ohrpolicy/Governing/repaguidelines/repaguidelines.doc>; accessed August 28, 2003.

<sup>40</sup> J. Peter Zetterberg, “Data on Outside Professional Activities” (October 27, 2003), electronic mail to [jo.vos@state.mn.us](mailto:jo.vos@state.mn.us).

<sup>41</sup> James Nobles, Legislative Auditor, Office of the Legislative Auditor, to Robert H. Bruininks, President, University of Minnesota, November 3, 2003, letter.

spend on outside professional activities and the income they earn from outside sources. According to the results of a 1998 survey by the U.S. Department of Education, instructional faculty and staff at public research institutions reported that they spent, on average, about 4 hours of their 56-hour work week on a combination of paid and unpaid outside activities.<sup>42</sup> Based on the same survey, a recent report by the U.S. Department of Education looked at faculty income—both from inside the institution and from outside consulting. During 1998, full-time instructional faculty and staff at public research institutions reported earning \$80,247, on average, from all sources. Of this, about 83 percent (\$66,395) was base salary, 6 percent (\$4,779) was other institutional earnings, 3 percent (\$2,379) was outside consulting, and 8 percent (\$6,694) was other outside income.<sup>43</sup>

## Workload

Base salaries compensate faculty for activities that reflect the different aspects of the University's mission—teaching, research, and public service. Workload focuses on one aspect of faculty responsibilities: the amount of teaching that they do. Although the University generally expects all faculty to teach:

- **Faculty workload policies vary among University of Minnesota colleges and departments.**

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**The U of M does not have a system-wide policy on faculty workload.**

The University of Minnesota does not have a system-wide policy that covers faculty workload requirements; instead each college must develop its own policy. The University believes that a uniform policy for all departments and faculty would be unworkable, in part because of discipline variation. University policy does, however, set forth a process that itemizes the various components of teaching, research, and public service for colleges and departments to use in coming up with their individual guidelines.<sup>44</sup>

Colleges and departments at the Twin Cities campus have adopted varying workload policies. For example, in the College of Liberal Arts, faculty with full-time nine-month contracts must teach four semester courses each academic year, with each course being at least three credits.<sup>45</sup> Faculty may teach fewer

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<sup>42</sup> National Center for Education Statistics, *1998 National Survey of Postsecondary Faculty*, "Table 229: Full-time instructional faculty and staff in degree-granting institutions, by instruction activities and type and control of institution: Fall 1998;" <http://nces.ed.gov/programs/digest/d02/tables/dt229.asp>; accessed December 10, 2003.

<sup>43</sup> U.S. Department of Education, *Background Characteristics, Work Activities, and Compensation of Faculty and Instructional Staff in Postsecondary Institutions: Fall 1998* (Washington, D.C., April 2001), 46. These figures are not comparable to the University of Minnesota earnings information we presented previously. The data cover different types of employees and institutions and may be based on different calculations of base salary.

<sup>44</sup> In contrast to the other three campuses, Duluth has a central policy on instructional contact hours that is spelled out in its bargaining agreement with faculty. However, requirements are still allowed to vary by college or department. Individual faculty limits for contact hours per week range from 19 hours in various departments in the School of Business and Economics to 40 hours for theatre-production in the School of Fine Arts. The limit for faculty in College of Liberal Arts departments is 20; contact hour requirements are higher—at times considerably—for various College of Science and Engineering departments, ranging from 24 to 34, depending on program.

<sup>45</sup> University of Minnesota, College of Liberal Arts, "Workload Principles and Guidelines for Regular (Tenure and Tenure-Track) Faculty Members," August 19, 2002.

courses if they use outside grant funds to “buy-out” their teaching responsibilities (with permission from the department chair). Tenure-track faculty in the Carlson School of Management are expected to teach, on average, 14 semester credits per academic year, although actual teaching load may vary among faculty for a variety of reasons. For example, faculty who are determined to be actively and productively engaged in research receive a four-credit reduction in their annual teaching workload. At a minimum, faculty are expected to carry a teaching load of eight credits.<sup>46</sup> The workload policy covering faculty in the Department of Psychology says that faculty should teach three three-credit courses during a two-semester year and provide individualized instruction at a level consistent with an additional three-credit course.<sup>47</sup>

The University of Minnesota does not systematically collect data on faculty workload. According to a 2001 report by the U.S. Department of Education, the average work week for full-time instructional faculty and staff at public and private research institutions was 56 and 55 hours respectively.<sup>48</sup> As might be expected:

- **The U.S. Department of Education found that full-time instructional faculty and staff in the nation’s research institutions (both public and private) spent a smaller share of their time on teaching-related activities and a greater share on research-related activities than their counterparts in other types of higher education institutions.**

Full-time instructional faculty and staff in public research institutions reported that they spent 46 percent of their time on teaching-related activities and 26 percent on research-related activities while instructional faculty and staff in private research institutions said that they spent 42 and 29 percent of their time on teaching and research activities respectively. In contrast, faculty and staff in public and private doctoral institutions reported that they spent 47 and 46 percent of their time respectively in teaching-related activities and only 19 to 20 percent on research activities.<sup>49</sup>

In addition, full-time instructional faculty and staff in research institutions reported that they spent fewer hours per week in the classroom than did their counterparts in other types of higher education institutions, including public and private doctoral institutions. Faculty in public and private research institutions spent 7.8 and 6.7 hours per week in the classroom compared with 9.2 and 8.8

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**Nationwide, faculty and staff in private research institutions spend fewer hours in the classroom than do faculty and staff in other types of institutions.**

<sup>46</sup> Faculty may teach less than the “minimum” due to administrative responsibilities or research buy-outs, upon approval of the Dean. University of Minnesota, Carlson School of Management, “Faculty Workload Policy,” December 1, 1998.

<sup>47</sup> University of Minnesota, Department of Psychology, “Faculty Workload Policy,” March 1, 1999; <http://online.psych.umn.edu/Chair/PolProc/workload.htm>; accessed September 4, 2003.

<sup>48</sup> U.S. Department of Education, *Background Characteristics*, 39. Research institutions are defined as institutions that receive the most federal research funding and that award substantial numbers of doctorates across many fields. In contrast, doctoral institutions offer a full range of baccalaureate programs and doctoral degrees in at least three fields, but receive substantially less federal research funding.

<sup>49</sup> *Ibid.*, 40.

hours for instructional faculty and staff in public and private doctoral institutions.<sup>50</sup>

## COMPETITIVENESS

As we mentioned in Chapter 2, the University of Minnesota's salary and compensation comparisons are useful for providing an overall picture of each campus relative to other higher education institutions. In addition, one of the University's goals since 1997 has been to raise faculty's average salaries up to the average of each campus's individual comparison group.<sup>51</sup> However, the overall average compensation at each campus relative to its comparison group is not by itself a good indication of the University's ability to attract or retain faculty. Other factors that affect faculty decisions about where they want to work include, but are not limited to, the reputation of the campus and department, the opportunity to work with specific individuals, the quality of the student body, the level of support for graduate students and new faculty, the location of the institution, and employment opportunities for significant others.

We spoke with several University administrators and college deans at the University of Minnesota-Twin Cities campus to get a more complete picture of faculty recruitment and retention issues.<sup>52</sup> We focused on the Twin Cities campus because the comparisons presented previously showed that average compensation at the Twin Cities campus was below the average of its comparison institutions. We also asked deans whether they were concerned about the number of faculty leaving their college and whether their college had recruitment and retention problems. We learned that:

- **In general, deans and administrators at the University of Minnesota-Twin Cities told us that they are not overly concerned about the University's current level of faculty turnover.**

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**Annual faculty turnover at U of M-Twin Cities averaged 6 percent between 1998 and 2002.**

Consistently high faculty turnover rates can indicate that a university has systemic problems that prevent it from being able to keep the faculty that it has. Of course, faculty may leave university employment for reasons that have little to do with the university. For example, the performance of the stock market may affect faculty decisions about when to retire. Annual faculty turnover for 1998 to 2002

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<sup>50</sup> *Ibid.*, 42.

<sup>51</sup> University of Minnesota, *2002-2003 University Plan, Performance, and Accountability Report Executive Summary* (Minneapolis, MN, 2002), 6; <http://www.irr.umn.edu/uplan/2002>; accessed June 17, 2003.

<sup>52</sup> We selected the deans with whom we spoke based in part on the recommendations of the University, the faculty turnover rates at the colleges, and the number of faculty employed at the colleges. We spoke with the deans of the College of Biological Sciences, the College of Liberal Arts, the Institute of Technology, and the Medical School. We also spoke with the Senior Vice President of the Academic Health Center and the Vice President and Executive Vice Provost for Faculty and Academic Programs.

averaged 6 percent at the Twin Cities campus but decreased over the five-year period, from about 7 percent in 1997-98 to about 4 percent in 2001-02.<sup>53</sup>

Even though administrators were not worried about current faculty turnover rates, they told us that retaining good faculty is challenging, especially in departments that are ranked high nationally. According to the deans, the faculty who pose retention problems are those who are, or show promise of becoming, “superstars” in their field. Recruiting faculty can also pose challenges.

Whether University of Minnesota compensation poses a recruitment or retention problem can vary by discipline. For example, the Dean of the College of Liberal Arts told us that he is able to recruit excellent faculty with competitive salaries in some disciplines, but that it is more difficult in others. To illustrate a discipline that can prove difficult, he said that the nationally ranked Department of Economics competes for faculty with other top departments around the world, most of which are at private institutions. Although economics faculty comprise 5 percent of the faculty in the College of Liberal Arts, they have been the subject of 16 percent of attempts by other universities to lure faculty away from the college. The Dean told us that he does not have the goal of paying salaries that equal the average salary of the universities his departments compete against because the college does not have the money to support it. According to the Dean, of 13 retentions offers extended to economics faculty between 1998-99 and 2002-03, 7 were accepted with an average increase to base salary of over \$28,500.<sup>54</sup>

The Dean of the Institute of Technology also spoke of salary increases he has made in order to keep good faculty. According to the Dean, the successful retention situations in his college typically have included increases to base salaries in the \$15,000 to \$20,000 range, with the resulting salary still below what is being offered by another university. If a salary being offered by an institution trying to hire a faculty member away is too high, the college does not try to match it.<sup>55</sup>

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**Compensation is not the only factor faculty consider when weighing U of M employment.**

However, University administrators and deans emphasized that faculty compensation is only part of what attracts faculty to an institution and keeps them there. Illustrating some of the factors listed previously, the Dean of the College of Biological Sciences at the Twin Cities campus described one faculty member who went to another research university, in spite of an offer to increase his salary, because he wanted to work with the faculty at that institution. In another case, a potential recruit did not join the University of Minnesota because employment opportunities for his wife were limited. Similarly, the Dean of the Institute of Technology said he lost an excellent faculty member because the University did not have a position for her spouse. The Senior Vice President of the Academic Health Center said that when the medical school loses a faculty member that it

<sup>53</sup> We calculated annual faculty turnover as the number of faculty who departed during an academic year divided by the number of faculty at the University as of its first November payroll in the academic year. The first November payroll is the date that the University generates its faculty counts each year.

<sup>54</sup> Dean Steven Rosenstone, College of Liberal Arts, interview by authors, In person, Minneapolis, Minnesota, August 26, 2003, and Dean Steven Rosenstone, College of Liberal Arts, to Christine Maziar, Executive Vice President and Provost, *Faculty Retention*, August 20, 2003, memorandum.

<sup>55</sup> Dean H. Ted Davis, Institute of Technology, interview by authors, In person, Minneapolis, Minnesota, August 14, 2003.

would rather keep, it is usually not because of salary issues, but because the medical school does not have money to put into the research program, such as by hiring additional research staff to work with the faculty member.<sup>56</sup>

Providing examples of how the Twin Cities campus has used other factors besides compensation to its competitive advantage, the Vice President and Executive Vice Provost for Faculty and Academic Programs said that the University of Minnesota-Twin Cities generally has a good reputation as a place for faculty to start or boost their career, which helps in recruitment. The Dean of the College of Biological Sciences told us about one faculty member who was being recruited by Princeton and Stanford universities but decided to stay at the University of Minnesota-Twin Cities—the college increased his salary and, more importantly, committed resources to building the quality of the department through future faculty hires.<sup>57</sup>

Some University administrators highlighted the cost and importance of start-up packages in recruiting faculty. Besides compensation, potential faculty consider where they will be able to build their career and the level of support an institution will provide to that end. At research universities, and especially in certain disciplines, start-up costs related to hiring an individual faculty member might include funds to equip a laboratory with the latest equipment, research assistants, or summer salary for faculty on a nine-month contract. For example, the Dean of the Institute of Technology told us that a start-up package for an organic chemist might reach \$400,000 and include summer salary for one year, graduate assistants for two years, and money for instruments and equipment. As another example, the Dean of the College of Biological Sciences said that he had planned on salaries in the \$60,000-range and start-up costs in the \$380,000-range when he was recruiting faculty in molecular and cellular biology. In reality, salaries were closer to \$70,000 and start-up costs were \$500,000 or more.<sup>58</sup>

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**Private funding is becoming more important in attracting and retaining faculty.**

Administrators also discussed the importance of adequate research space and facilities. According to the Dean of Biological Sciences, the new Microbial and Plant Genomics Building was helpful in luring a new faculty member who was also being pursued by the University of Michigan, the University of Wisconsin, and the Massachusetts Institute of Technology.<sup>59</sup>

Several administrators mentioned the increasing importance of private funding in recruiting and retaining faculty. For example, we were told that private funds paid for half of the new Microbial and Plant Genomics Building.<sup>60</sup> Private funds have also helped fund endowed chairs, which are useful recruitment and retention tools. For example, a private gift provided half of the funding for an endowed

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<sup>56</sup> Dean Robert Elde, College of Biological Sciences, interview by authors, In person, St. Paul, Minnesota, August 27, 2003; Dean H. Ted Davis, interview by authors; and Senior Vice President Frank Cerra, Health Sciences, interview by authors, In person, Minneapolis, Minnesota, September 29, 2003.

<sup>57</sup> Vice President and Executive Vice Provost Robert Jones, interview by authors, In person, Minneapolis, Minnesota, August 7, 2003; and Dean Robert Elde, interview by authors.

<sup>58</sup> Dean H. Ted Davis, interview by authors, and Dean Robert Elde, interview by authors.

<sup>59</sup> Dean Robert Elde, interview by authors.

<sup>60</sup> *Ibid.*

chair that was instrumental in the University of Minnesota successfully recruiting a renowned scientist in stem cell research from Duke University.<sup>61</sup>

Through our interviews, we found that:

- **Deans at the University of Minnesota-Twin Cities told us that they have generally been able to offer competitive employment packages to recruit and retain faculty, although they expressed some concerns about their future ability to do so.**

Most of the administrators we spoke with said that all research universities confront similar recruitment and retention challenges as the University of Minnesota-Twin Cities. Some said that most public institutions are in a similar financial situation as the University, and even most private institutions experienced losses in their endowments in the early 2000s. According to the deans, in some cases the University is able to offer salaries or other inducements that are attractive to faculty, while in other cases it is not. The examples previously discussed illustrate this.

Looking toward the future, some administrators were concerned about the effect salary freezes could have on their ability to recruit or retain faculty.<sup>62</sup> Others mentioned the possibility that, as endowments increase with improvements in the stock market, private institutions might increase their efforts to lure faculty away from the University of Minnesota by offering higher salaries. Finally, some deans mentioned that the quality of some of the new faculty is so high that they are bound to become the retention challenges of the future.

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<sup>61</sup> Senior Vice President Frank Cerra, interview by authors, and Josephine Marcotty, "U Names Noted Stem Cell Researcher to Endowed Chair, Research Center," *Minneapolis Star Tribune*, September 23, 2003; <http://www.startribune.com/stories/1556/4113015.html>, accessed September 23, 2003.

<sup>62</sup> The University of Minnesota froze faculty salaries for 2003-04. It has not proposed to extend the freeze.

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# Staff Compensation

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## SUMMARY

*The University of Minnesota provides little overall information about salaries and fringe benefits for non-instructional staff. We recommend that it begin to periodically examine academic and non-academic staff salaries and benefits relative to appropriate comparison groups. Our comparisons showed that the overall average salary for high-level academic administrative and professional positions at each of the University's four campuses ranged from 1 percent below to 4 percent above the average salary of other higher education institutions with a similar mission and budget in 2002-03. The overall average salary paid by the University of Minnesota for collectively bargained and civil service positions in 2002 was about 1 percent below the average paid by the University's comparison group—Twin Cities metropolitan area employers. Besides competitive salaries, other factors also make the University of Minnesota an attractive place to work. For example, the University paid a higher percentage of employees' health care premiums than did private employers in 2003. In addition, the University's contribution rates toward its employees' retirement accounts and plans generally were higher than the rates contributed by other higher education institutions and the private sector.*

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In the previous chapter, we examined compensation for faculty who are chiefly responsible for providing student instruction at each of the University of Minnesota's four campuses. This chapter looks at overall salaries and benefits for the remaining 80 percent of the University's workforce—academic professional and administrative staff and non-academic employees covered by collective bargaining agreements or civil service regulations. For the most part, these employees do not have direct instructional responsibilities. As we noted in Chapter 1, there has been a dramatic increase in the number of academic staff employed by the University over the last ten years, while the number of non-academic staff has declined. This chapter addresses two major questions regarding these employees:

- **How do salaries and benefits for academic staff at the University of Minnesota compare with compensation for similar employees in higher education institutions? Would additional comparisons contribute useful information?**

- **How do salaries and benefits for collectively bargained and civil service staff at the University of Minnesota compare with compensation for similar employees in the private or public sectors? Would additional comparisons contribute useful information?**

To answer these questions, we reviewed available studies and surveys that compare University of Minnesota staff salaries with salaries of similar types of employees in the private and public sectors. We also obtained salary data from the University of Minnesota and the Minnesota State Colleges and Universities. Finally, we talked with University staff regarding their efforts to ensure that compensation for non-instructional employees is similar to that paid by comparison groups.

This chapter has three sections. The first section looks at the salaries and benefits of non-instructional academic staff at the University of Minnesota. The second section contains a similar review of salaries and benefits for non-academic staff. Finally, we briefly discuss the overall competitiveness of compensation at the University of Minnesota.

It should be noted that the data that are available for salary comparisons are limited. Average salaries are affected by many factors that are not always reported in the data, such as employees' years of service, qualifications, and experience. Also, when there are a small number of employees in a given position, each individual salary has a large effect on the average. Finally, it is difficult to match specific positions across different employers. To the extent possible, we focused our salary comparisons on positions that are common to the University and comparison employers.

## ACADEMIC STAFF

As discussed in Chapter 1, there are two types of academic staff at the University of Minnesota: administrators who help set or implement policies and professionals who provide support to faculty regarding the University's instruction, research, or public service activities. In Fall 2003 the University employed 1,461 full-time academic administrative staff at an average salary of \$68,831; salaries ranged from a low of \$19,500 to a high of \$399,623. It employed 1,609 full-time professional staff at an average salary of \$53,739; salaries ranged from \$20,888 to \$300,000.

Table 4.1 shows how base salaries of administrative and professional staff changed since Fall 1998 relative to changes in the Consumer Price Index. As these data show, between 1998 and 2003, salaries for administrative and professional staff increased at an average annual rate of .7 and 2.6 percent respectively. During the same time period, the Consumer Price Index increased at an average annual rate of 2.4 percent.

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**In 2003, salaries of academic staff at the U of M ranged from \$20,000 to almost \$400,000.**

**Table 4.1: Average Salaries of Full-Time Academic Staff, Fall 1998-2003**

Fall	Administrative Staff		Professional Staff		Annual Change in CPI-U <sup>a</sup>
	Average Salary	Annual Change	Average Salary	Annual Change	
1998	\$66,512	-	\$47,333	-	-
1999	66,486	-0.0%	48,349	2.1%	1.7%
2000	65,071	-2.1	49,678	2.7	2.9
2001	66,980	2.9	51,550	3.8	3.4
2002	68,475	2.2	54,103	5.0	1.8
2003	68,831	.5	53,739	-.7	2.2
Average Annual Increase:		.7%			2.6%
					2.4%

<sup>a</sup>CPI-U is the Consumer Price Index for United States cities, not seasonally adjusted. We calculated the percentage based on fiscal year averages.

SOURCES: Salary data provided by the University of Minnesota, November 2003; and Bureau of Labor Statistics, "Consumer Price Index-All Urban Consumers"; <http://data.bls.gov/cgi-bin/surveymost>; accessed December 17, 2003.

## Salary Comparisons

**We compared U of M salaries for academic staff to those paid by other colleges and universities.**

As noted in Chapter 2, the University of Minnesota has not established comparison groups to examine the overall competitiveness of its compensation for academic staff. Instead, it examines salaries on an individual basis whenever specific positions become open or as individual contracts are renegotiated. When this occurs, salaries may be compared with the same position at other higher education institutions, public sector employers, or private employers. Depending on the position, the comparison may be based on local, regional, or national markets. While such comparisons are useful in setting individual salaries, they reveal little about the overall level of the University's compensation for academic staff relative to other employers. Thus, we recommended in Chapter 2 that the University establish an appropriate comparison group (or groups) for academic staff. Comparison groups provide a simple way for institutions to describe and measure themselves in the context of other employers, which is valuable for communicating with policy makers and the general public. In addition, they help institutions plan for the future and identify issues that may need to be addressed.

In the absence of University-established comparison groups for academic staff, we examined their salaries relative to other higher education institutions.<sup>1</sup> We believe that it is appropriate to use other colleges and universities as the basis for our comparisons because University policies require that administrative staff "have a thorough working knowledge of academic administration," and professional staff are expected to "generally parallel disciplinary faculty in having the requisite preparation and specialized knowledge in an academic discipline or field."<sup>2</sup> In

<sup>1</sup> Although we recommended that the University develop an appropriate group or groups to examine academic staff salaries, it need not adopt the groups that we used in these analyses.

<sup>2</sup> University of Minnesota, Office of Human Resources, *Academic Professional and Administrative (P&A) Staff Policy and Procedures Manual* (Minneapolis, MN, 1990), 10, 1; <http://www1.umn.edu/ohr/ohrpolicy/Governing/Manual?appointments.htm>; accessed September 29, 2003.

the following sections we first look at salaries for “high-level” administrative and professional staff—academic staff who are at or above the level of director. We then look at salaries for “mid-level” administrators and professionals—staff who are generally below the level of director.

### High-Level Administrative and Professional Staff

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**High-level academic staff include positions above the director level, such as deans and vice presidents.**

To examine the overall competitiveness of salaries for high-level academic administrative and professional staff at the University of Minnesota in 2002-03, we used data collected and reported annually by the College and University Professional Association for Human Resources (CUPA-HR).<sup>3</sup> We compared average base salaries at each of the University’s four campuses with the average median salaries of “similar” higher education institutions nationwide for a variety of positions.<sup>4</sup> For the most part, we did not have salary data for individual institutions, but rather for groups of institutions as defined by CUPA-HR; thus, we were not able to adjust salaries for cost-of-living differences or use smaller, more homogeneous comparison groups. For the purposes of these analyses, CUPA-HR defines “similar” institutions as public and private institutions with the same Carnegie classification and with a similar-sized budget.<sup>5</sup> We examined average salaries for high-level administrative and professional staff on three levels: (1) the overall average for the positions surveyed, (2) the averages for five types of positions, and (3) the averages for individual positions.

Table 4.2 compares the overall average salary of high-level academic staff positions at each of the University’s four campuses with the overall average salary for the same positions at similar institutions nationwide. As shown:

- **The overall average salary for high-level academic staff positions at each of the University’s four campuses was close to the average salary for the same positions at similar higher education institutions in 2002-03.**

Specifically, the overall average salaries for high-level academic administrative and professional positions at the Crookston and Twin Cities campuses were within 3 percent of the averages of similar institutions nationwide, while the Morris campus was within 4 percent. The overall average salary at the Duluth campus was about 1 percent below the average of other master’s institutions with a similar budget.

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<sup>3</sup> College and University Professional Association for Human Resources, *2002-03 Administrative Compensation Survey* (Knoxville, TN, 2003).

<sup>4</sup> CUPA-HR collected data on 167 high-level positions found at most higher education institutions. It included positions at or above the level of director, including the president, vice president, dean, general counsel, and chief financial officer. Each of the University of Minnesota’s four campuses had similar positions for only a subset of the 167 positions that CUPA-HR examined. We further excluded those positions that the University classified as non-academic.

<sup>5</sup> CUPA-HR grouped the Crookston campus with baccalaureate institutions with budgets of \$20.4 to \$31.2 million; the Duluth campus with master’s institutions with budgets of \$97.0 million or more; the Morris campus with baccalaureate institutions with budgets of \$31.2 to \$53.3 million; and the Twin Cities campus with doctoral institutions with budgets of \$743.9 million or more. The respective budgets for the Crookston, Duluth, Morris, and Twin Cities campuses for 2002-03 were \$20.9 million, \$151.5 million, \$34.7 million, and \$1.8 billion respectively.

Table 4.2 also shows the extent to which average salaries differed from comparison institutions by type of academic position. The average salaries for external affairs positions (such as chief public affairs and public relations officers) at the Duluth and Morris campuses were 16 and 22 percent below the average salaries of similar institutions. The average salaries for these types of positions at the Crookston and Twin Cities campuses were higher—11 and 24 percent respectively—than at similar institutions. At the Twin Cities campus, the average salary for academic positions, which includes various college deans, was

**Table 4.2: Average Salaries for Selected High-Level Academic Staff Positions, University of Minnesota and Similar Institutions, 2002-03**

**The average salary for high-level student services positions at the U of M ranged from 2 percent below to 18 percent above the average of similar institutions.**

Campus	Types of Positions						Overall
	Executive	Academic	Administrative	External Affairs	Student Services		
Crookston	\$143,541	\$73,875	\$64,522	\$54,104	\$61,920	\$68,781	
Similar Institutions <sup>a</sup>	155,200	76,807	59,512	48,635	60,145	66,958	
Percentage Crookston from Average	-7.5%	-3.8%	8.4%	11.2%	3.0%	2.7%	
Duluth	\$178,989	\$104,366	\$105,068	\$79,630	\$85,633	\$101,045	
Similar Institutions <sup>a</sup>	200,000	106,258	96,010	94,886	87,495	102,135	
Percentage Duluth from Average	-10.5%	-1.8%	9.4%	-16.1%	-2.1%	-1.1%	
Morris	\$148,361	\$76,624	\$59,596	\$50,410	\$55,437	\$66,935	
Similar Institutions <sup>a</sup>	176,780	68,578	61,725	64,800	52,907	64,445	
Percentage Morris from Average	-16.1%	11.7%	-3.4%	-22.2%	4.8%	3.9%	
Twin Cities	\$215,000	\$189,565	\$113,851	\$145,823	\$131,586	\$152,311	
Similar Institutions <sup>a</sup>	217,000	201,516	107,710	117,997	111,516	148,276	
Percentage Twin Cities from Average	-1.2%	-5.9%	5.7%	23.6%	18.0%	2.7%	
Twin Cities 27 Research Institutions <sup>b</sup>	\$215,000 217,775	\$189,565 199,763	\$113,851 101,749	\$145,823 117,533	\$131,586 116,325	\$152,311 145,103	
Percentage Twin Cities from Average	-1.3%	-5.1%	11.9%	24.1%	13.1%	5.0%	

<sup>a</sup>For the Crookston campus, similar institutions are baccalaureate institutions with budgets of \$20.4 to \$31.2 million; for the Duluth campus, similar institutions are master's institutions with budgets of \$97.0 million or more; for the Morris campus, similar institutions are baccalaureate institutions with budgets of \$31.2 to \$53.3 million; and, for the Twin Cities campus, similar institutions are doctoral institutions with budgets of \$743.9 million or more.

<sup>b</sup>The 27 research institutions include the University of Arizona, University of California-Berkeley, University of Colorado, University of Florida, University of Illinois, University of Indiana, University of Iowa, Iowa State University, University of Kansas, University of Maryland, University of Michigan, Michigan State University, University of Missouri, University of Nebraska, University of North Carolina, Ohio State University, University of Oregon, University of Pittsburgh, Purdue University, Rutgers University, State University of New York-Buffalo, University of Texas, Texas A&M, University of Toronto, University of Virginia, University of Washington, and University of Wisconsin.

SOURCES: Office of the Legislative Auditor analysis of data as reported in College and University Professional Association for Human Resources, *2002-03 Administrative Compensation Survey* (Knoxville, TN, March 2003); Association of American Universities Data Exchange salary data provided by the University of Minnesota; and University of Minnesota salary data as reported to the College and University Professional Association for Human Resources.

6 percent below the average of similar institutions while the average salary for positions related to student services was 18 percent higher. At the Morris campus, the average salaries for academic and student services types of positions were 12 and 5 percent higher than the averages of similar institutions.

We also compared high-level administrative and professional salaries position-by-position. As shown in Table 4.3:

- **Base salaries for less than one-third of the high-level academic staff positions examined at each of the University of Minnesota’s four campuses were more than 5 percent lower than the average salaries of similar institutions for 2002-03.**

**Table 4.3: Differences in Average Salaries for Selected High-Level Academic Staff Positions, University of Minnesota and Similar Institutions, 2002-03**

**Average salaries for 40 percent or more of the high-level academic staff positions at each U of M campus were more than 5 percent above the averages of similar institutions.**

Campus	Campus Positions With Average Salaries:						Total Number of Positions
	More Than 5 Percent Below Averages of Similar Institutions		Within 5 Percent of Averages of Similar Institutions		More Than 5 Percent Above Averages of Similar Institutions		
	N	Percentage	N	Percentage	N	Percentage	
Crookston	4	27%	4	27%	7	47%	15
Duluth	5	20	10	40	10	40	25
Morris	9	31	8	28	12	41	29
Twin Cities	14	24	16	27	29	49	59

NOTE: For the Crookston campus, similar institutions are baccalaureate institutions with budgets of \$20.4 to \$31.2 million; for the Duluth campus, similar institutions are master's institutions with budgets of \$97.0 million or more; for the Morris campus, similar institutions are baccalaureate institutions with budgets of \$31.2 to \$53.3 million; and, for the Twin Cities campus, similar institutions are doctoral institutions with budgets of \$743.9 million or more.

SOURCES: Office of the Legislative Auditor analysis of data as reported in College and University Professional Association for Human Resources, *2002-03 Administrative Compensation Survey* (Knoxville, TN, March 2003); and University of Minnesota salary data as reported to the College and University Professional Association for Human Resources.

We found that, for 20 to 31 percent of the individual positions examined, average salaries at the University were more than 5 percent below the averages for the same positions in similar institutions. For example, the 2002-03 salaries for the chief executive officer at the Crookston, Duluth, and Morris campuses (\$143,541, \$178,989, and \$148,361 respectively) were 8, 11, and 16 percent below the averages for the same position in similar institutions nationwide. The base salary for the financial aid director at the Crookston campus (\$44,999) was 10 percent below the average of similar institutions and the salary of the chief development officer at the Duluth campus (\$103,500) was 18 percent below the nationwide average for similar institutions. The 2002-03 base salary for the dean of medicine at the Twin Cities campus (\$202,056) was 38 percent below the average for that position at similar institutions while the base salary for the chief business officer (\$139,050) was 28 percent lower.

On the other hand, salaries for 40 to 49 percent of the individual positions examined at each campus were more than 5 percent above the average salaries of similar institutions nationwide. For example, the 2002-03 base salary for the dean of the law school at the Twin Cities campus (\$325,000) was 48 percent above the average of similar institutions nationwide; the director of student activities' base salary at Crookston (\$46,750) was 42 percent above the average of similar institutions nationwide. The salary for the director of continuing education at Morris (\$77,277) was 58 percent above the average salary nationwide while the salary for the director of auxiliary services at Duluth (\$104,253) was 39 percent above the average nationwide.

We also looked at high-level academic staff salaries at the Twin Cities and Duluth campuses in two other ways. First, we compared administrative and professional salaries on the Twin Cities campus with the same positions at a smaller, more homogenous group of institutions—27 large public research institutions. The results of this analysis are similar to our previous findings. We found that:

- **The overall average salary for high-level academic staff positions at the Twin Cities campus was similar to the average salary for the same positions at 27 other research institutions in 2002-03.**

As shown previously in Table 4.2, the overall average salary for high-level administrators and professionals at the Twin Cities campus was \$152,311 in 2002-03. This was 5 percent higher than the average of 27 other public research universities, also shown in Table 4.2. When we looked at salaries by type of position, we found that the average salary for academic positions at the Twin Cities campus was about 5 percent below the average of the 27 public research institutions. On the other hand, the average salaries for administrative, external affairs, and student services positions were 12 to 24 percent above their respective averages. Finally, salaries for 20 percent of the 59 individual positions examined at the Twin Cities campus were more than 5 percent below the averages of the 27 research institutions, 25 percent were within 5 percent of the averages, and 54 percent were more than 5 percent above the averages.

Second, we compared average salaries for high-level administrative and professional positions at the Duluth campus in 2002-03 with average salaries for Minnesota State University, Mankato, and St. Cloud State University. These two institutions have the same Carnegie classification as the Duluth campus (master's institutions) and have the largest budgets of Minnesota's state universities.<sup>6</sup> The results of this analysis parallel our previous findings:

- **The overall average salary for high-level academic staff positions at the University of Minnesota-Duluth was similar to the average salaries for the same positions at Minnesota State University, Mankato and St. Cloud State University in 2002-03.**

The overall average salary for administrative and professional positions at the Duluth campus was, on average, 1 percent below the overall average of Minnesota State University, Mankato and less than 1 percent below the average of St. Cloud

<sup>6</sup> In 2002-03, the University of Minnesota-Duluth had an operating budget of \$151.5 million; operating budgets for the Minnesota State University, Mankato and St. Cloud State University were \$103.4 million and \$106.8 million respectively.

State University. When we looked at average salaries by type of position, we found that the average salary for student services positions at the Duluth campus was 8 percent below the average for Minnesota State University, Mankato and 5 percent below the average of St. Cloud State University. On the other hand, the average salary for academic positions at the Duluth campus was within 3 percent of the average salary for these types of positions at both state universities.

We also looked at each of the 16 positions that the Duluth campus had in common with Minnesota State University, Mankato and the 14 positions that it had in common with St. Cloud State University. Salaries for 6 of the 16 positions at the Duluth campus were more than 5 percent below the salaries for the same position at Minnesota State University, Mankato. Salaries for 6 of the 14 positions at the Duluth campus were likewise more than 5 percent below the salaries for the same positions at St. Cloud State University. For example, the salary for the chief personnel officer at the Duluth campus (\$82,510) was 6 percent below the salary for the same position at Minnesota State University, Mankato and 8 percent below the salary at St. Cloud State University.

On the other hand, average salaries for individual positions at the Duluth campus were either within 5 percent or more than 5 percent higher than average salaries at the two state universities for 55 to 70 percent of the positions examined. For example, the salary for the dean of business at the Duluth campus (\$140,856) was 24 percent higher than the salary for the same position at Minnesota State University, Mankato and 19 percent higher than at St. Cloud State University.

### **Mid-Level Administrative and Professional Staff**

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**Mid-level academic staff include librarians and athletic coaches, among others.**

While the previous section focused on high-level academic staff, this section examines average salaries for a small number of mid-level academic administrative and professional positions. As noted previously, CUPA-HR defines mid-level positions as those below the level of director, such as librarian, human resources specialist, and athletic coach. To compare salaries for these types of positions, we used the results reported in another CUPA-HR survey that grouped education institutions into four broad categories based on their budgets.<sup>7</sup> As in the previous analyses, we did not have data on individual institutions, but rather groups of institutions as defined by CUPA-HR. Thus, we were not able to adjust for cost-of-living differences or create smaller, more homogeneous comparison groups. As with our previous comparisons, the University may wish to select a smaller, more homogeneous group of institutions to use in examining overall salaries, especially for the Twin Cities campus.

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<sup>7</sup> College and University Professional Association for Human Resources, *2002-03 Mid-Level Administrative and Professional Salary Survey* (Knoxville, TN, May 2003). CUPA-HR collected data on 135 positions that are typically found at most higher education institutions. Each of the University's four campuses had similar positions for only a subset of the positions that CUPA-HR examined. For this analysis, CUPA-HR grouped the Crookston campus with other institutions with budgets of \$24.2 million or less; the Morris campus with institutions with budgets of \$24.2 to \$48.0 million; and the Duluth and Twin Cities campuses with institutions with budgets of \$121.5 million or more.

Table 4.4 shows the results of our comparison overall for the Twin Cities campus and for five types of positions.<sup>8</sup> We found that:

- **In 2002-03, the overall average salary of a sample of mid-level academic staff positions at the Twin Cities campus was considerably higher than the average for the same positions at higher education institutions with budgets of \$121.5 million or more.**

**Table 4.4: Average Salaries for Selected Mid-Level Academic Staff Positions, University of Minnesota-Twin Cities and Similar Institutions, 2002-03**

	Types of Positions					Overall
	General Administration	Extracurricular Events <sup>a</sup>	External Affairs	Student Services	Medical Services	
Twin Cities Campus	\$65,332	\$79,994	\$47,487	\$44,720	\$97,461	\$63,549
Similar Institutions	54,915	53,992	44,768	39,327	112,955	51,899
Percentage Twin Cities from Average	19.0%	48.1%	6.1%	13.7%	-13.7%	22.4%

NOTE: Similar institutions are defined as those with annual budgets of \$121.5 million or more.

<sup>a</sup>Includes base salaries for athletic staff, including coaches.

SOURCES: Office of the Legislative Auditor analysis of data as reported in College and University Professional Association for Human Resources, *2002-03 Mid-Level Administrative and Professional Salary Survey* (Knoxville, TN, May 2003); and University of Minnesota salary data as reported to the College and University Professional Association for Human Resources.

**About one-half of the difference between the overall average salary of mid-level academic staff at U of M-Twin Cities and similar institutions is explained by base salaries of athletic staff.**

The overall average salary of mid-level academic administrative and professional positions at the Twin Cities campus was \$63,549—22 percent higher than that of the comparison institutions. About one-half of this difference, however, can be attributed to base salaries for athletic staff, such as football and basketball coaches, whose base salaries are reflected in extracurricular events positions. The average salary for this type of position at the Twin Cities campus was 48 percent higher than the average of comparison institutions.<sup>9</sup> When we excluded athletic positions from the overall analysis, the average salary at the Twin Cities campus was \$56,798—11 percent higher than the average of comparison institutions.

As Table 4.5 shows, average salaries for two-thirds of the 24 mid-level administrative and professional positions examined at the Twin Cities campus (including positions related to athletics) were more than 5 percent higher than the averages of comparison institutions. For example, the average salary for senior personnel analysts was \$61,567 in 2002-03—21 percent higher than the average of other institutions. Five of the 24 positions examined at the Twin Cities campus

<sup>8</sup> This analysis only shows the average salaries of those positions that the University classifies as academic. The University fills many of the positions covered by this CUPA-HR survey with collectively bargained and civil service employees. Salary comparisons for those staff are shown in the next section of this report.

<sup>9</sup> For an analysis of salaries and benefits for athletic coaches at the Twin Cities campus, see: Dennis Brackin, "Contract Squawks," *Minneapolis Star Tribune*, November 30, 2003, sec. C, pp. 1 and 6.

**Table 4.5: Differences in Average Salaries for Selected Mid-Level Academic Staff Positions, University of Minnesota and Similar Institutions, 2002-03**

Campus	Campus Positions With Average Salaries:						Total Number of Positions
	More Than 5 Percent Below Averages of Similar Institutions		Within 5 Percent of Averages of Similar Institutions		More Than 5 Percent Above Averages of Similar Institutions		
	N	Percentage	N	Percentage	N	Percentage	
Crookston	3	33%	2	22%	4	44%	9
Duluth	4	57	0	0	3	43	7
Morris	5	63	2	25	1	13	8
Twin Cities	3	13	5	21	16	67	24

NOTE: For the Duluth and Twin Cities campuses, similar institutions are defined as those with annual budgets of \$121.5 million or more. For the Crookston campus, similar institutions are those with budgets of \$24.2 million or less, and, for the Morris campus, similar institutions are those with annual budgets of \$24.2 to \$48.0 million.

SOURCES: Office of the Legislative Auditor analysis of data as reported in College and University Professional Association for Human Resources, *2002-03 Mid-Level Administrative and Professional Salary Survey* (Knoxville, TN, May 2003); and University of Minnesota salary data as reported to the College and University Professional Association for Human Resources.

**Average salaries of the majority of administrative and professional positions at U of M-Twin Cities were higher than the average of several Big 10 institutions.**

had average salaries within 5 percent of comparison institutions. For example, the average salary for staff attorneys was \$89,962—very near the comparison group average of \$90,911. Three of the positions had average salaries that were more than 5 percent below the averages of the comparison institutions. For example, average salaries for academic advisors, resource development coordinators, and staff physicians were 6, 9, and 14 percent below the averages of the other institutions.

Because the 2002-03 operating budget for the Twin Cities campus (\$1.8 billion) was likely significantly higher than many of the institutions in the comparison group created by CUPA-HR (institutions with budgets of \$121.5 million or more), we also looked at the results of a 2002 University of Missouri System salary survey of administrative and professional positions in Big 10 institutions.<sup>10</sup> This study showed that average salaries for 26 percent of the 42 positions examined on the Twin Cities campus were more than 5 percent below salaries at other Big 10 universities, 19 percent were within 5 percent, and 55 percent were more than 5 percent above. For example, the average salary of clinical counselors at the Twin Cities campus was \$56,100 in 2002, 14 percent above the average salary of Big 10 institutions. On the other hand, the average salary of academic advisors at the Twin Cities campus was \$32,400, 9 percent below the average of Big 10 institutions.

<sup>10</sup> University of Missouri System, *The Twenty Fourth Annual Higher Education Salary Survey of Administrative/Professional Positions* (Columbia, MO, 2002). Eight of the 11 Big 10 universities (including the University of Minnesota) responded to the survey. The survey asked about salaries for a variety of administrative and professional positions, some of which the University classifies as non-academic. We were not able to distinguish between academic and non-academic positions in this analysis.

Table 4.5 also shows average salaries for a small number of mid-level academic administrative and professional positions at the other three University of Minnesota campuses. Four of the seven positions examined at the Duluth campus and five of the eight positions at the Morris campus had average salaries more than 5 percent below the averages of their comparison groups. On the other hand, six of the nine positions examined on the Crookston campus had average salaries either within 5 percent or more than 5 percent above comparison group averages.

## Fringe Benefits

We also looked at the value of fringe benefits as a percentage of average salary for academic employees at the University of Minnesota. Fringe benefits include University contributions for retirement, unemployment insurance, group life and disability insurance, social security, medical and dental insurance, tuition assistance, and Medicare. University of Minnesota data show that:

- **In 2002-03, the University of Minnesota's cost of fringe benefits for academic employees was, on average, about one-third of salary.**

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### Medical and dental insurance accounts for an increasing share of fringe benefits costs.

Fringe benefits averaged 34 percent of salary in 2002-03, up 2 percentage points from the previous year. This is much higher than it was in 1998-99, when fringe benefits were 27 percent of salary. The changes are largely due to significant increases in the cost of medical and dental insurance. In 1998-99, the University's contribution toward employees' medical and dental insurance averaged 6 percent of salary; by 2002-03, that percentage was 12 percent.

Research suggests that the University of Minnesota has been more generous than other higher education institutions regarding the employer's share of employee health care premiums. A 2002 study by the College and University Professional Association for Human Resources showed that, on average, colleges and universities nationwide paid 88 percent of the monthly premium for medical insurance for employees and 70 percent of the premium for family coverage in 2002.<sup>11</sup> In contrast, in 2002 the University of Minnesota paid 100 percent of the low-cost premium for employee coverage and 94 percent of the premium for family coverage.<sup>12</sup>

University contributions toward academic employees retirement accounts—made at a rate of 13 percent of salary—comprised the largest share of fringe benefit costs—about 40 percent in 2003. As noted previously in Chapter 3, the University's contribution toward academic employees' retirement accounts was more than what most of the higher education institutions in the University of Minnesota-Twin Cities comparison group contributed for their faculty. A recent

<sup>11</sup> College and University Professional Association for Human Resources, *2002 Comprehensive Survey of College and University Benefits Programs* (Knoxville, TN, 2002), Table 02.F.1. Institutions were asked to report on the most representative major medical plan offered (typically the plan with the highest enrollment).

<sup>12</sup> The percentages reflect insurance premiums for the University's low-cost provider for employees in the Twin Cities/Central Minnesota area. University of Minnesota, *Uplan Medical Plan Options for 2002 Plan Year*; <http://www1.umn.edu/ohr/eb/uplan/premiums.htm>; accessed November 26, 2003. These percentages have changed for 2004 and 2005. Currently the University pays 90 percent of the low-cost premium for both employee and family coverage. In 2005, the University will continue to pay 90 percent of the premium for employee coverage, but will pay 85 percent of the premium for family coverage.

survey found that, on average, colleges and universities with defined contribution plans (such as the retirement plan covering academic employees at the University of Minnesota) contributed 7.9 percent of employees' salary toward retirement in 2002.<sup>13</sup>

## NON-ACADEMIC EMPLOYEES

**Non-academic employees include collectively bargained and civil service staff.**

Non-academic employees make up the majority of the University of Minnesota's workforce—55 percent in Fall 2003. Civil service regulations or collective bargaining agreements largely set salaries and benefits for these employees. In Fall 2003, the University employed 8,056 full-time collectively bargained and civil service staff. As shown in Table 4.6, these staff had an average salary of \$40,261 in 2003.

In addition to showing current salaries, Table 4.6 shows how average salaries for collectively bargained and civil service staff have changed since Fall 1998 relative to changes in the Consumer Price Index. As these data show, salaries for

**Table 4.6: Average Annual Salaries of Full-Time Non-Academic Staff, Fall 1998-2003**

	Fall						Average Annual Change
	1998	1999	2000	2001	2002	2003	
<b>Collectively Bargained Staff</b>							
Clerical/Office	\$26,856	\$28,022	\$29,282	\$29,833	\$32,324	\$32,962	4.2%
Crafts/Trades	44,157	44,434	51,031	54,150	57,074	58,800	5.9
Health Care—Non-professional	29,603	30,422	31,062	31,394	33,575	33,598	2.2
Law Enforcement	43,608	43,264	44,496	45,846	49,345	52,442	3.8
Technical	28,467	29,686	30,811	30,914	33,608	33,534	3.4
Service/Maintenance/Labor	26,353	26,107	29,401	29,206	30,989	31,331	3.6
<b>Civil Service Staff</b>							
Confidential	42,650	43,941	45,501	44,262	44,646	43,992	0.7
Managerial	50,933	54,269	57,059	59,991	61,615	62,272	4.1
Nursing—Professional	48,161	50,936	51,653	53,320	57,185	57,790	3.7
Professional	36,042	37,539	39,936	41,863	43,233	43,427	3.8
Supervisory	38,834	40,119	42,351	44,956	46,602	46,904	3.9
Overall Average Salary	\$33,764	\$34,808	\$36,648	\$37,886	\$39,850	\$40,261	
Overall Annual Change	-	3.1%	5.3%	3.4%	5.2%	1.0%	3.6%
Annual Change in CPI-U <sup>a</sup>	-	1.7	2.9	3.4	1.8	2.2	2.4

<sup>a</sup>CPI-U is the Consumer Price Index for United States cities, not seasonally adjusted. We calculated the percentage based on fiscal year averages.

SOURCES: Salary data provided by the University of Minnesota, November 2003; and Bureau of Labor Statistics, "Consumer Price Index-All Urban Consumers"; <http://data.bls.gov/cgi-bin/surveymost>; accessed December 17, 2003.

<sup>13</sup> College and University Professional Association, *Survey of College and University Benefits*, Table 10.C.3.

non-academic staff increased at an average annual rate of 3.6 percent between Fall 1998 and 2003. During the same time period, the Consumer Price Index increased at an average annual rate of 2.4 percent.

Table 4.7 shows average salaries in Fall 2003 for full-time non-academic employees at each campus by type of position. Average salaries varied widely by campus, with the highest average salaries generally found on the Twin Cities campus.

**Table 4.7: Average Annual Salaries of Full-Time Non-Academic Staff by Campus, Fall 2003**

	Campus			
	Crookston	Duluth	Morris	Twin Cities
Collectively Bargained Staff				
Clerical/Office	\$32,279	\$31,322	\$30,365	\$33,213
Crafts/Trades		55,216	-	58,922
Health Care–Non-professional	-	-	-	33,598
Law Enforcement	-	48,239	52,298	53,316
Technical	30,387	36,413	32,260	33,401
Service/Maintenance/Labor	33,782	32,618	32,384	31,037
Civil Service Staff				
Confidential	-	38,830	35,069	44,673
Managerial	52,541	55,669	51,217	63,449
Nursing–Professional	-	39,000	28,423	58,635
Professional	36,496	41,808	45,829	43,566
Supervisory	47,321	41,366	45,016	47,423

SOURCE: Salary data provided by the University of Minnesota, November 2003.

## Salary Comparisons

As noted in Chapter 2, the University's comparison group for non-academic employees on all of its campuses consists of employers in the Twin Cities metropolitan area. As we discussed earlier, this is appropriate because non-academic employees generally work under system-wide civil service rules or collective bargaining agreements that are driven by the concentration of employees in the Twin Cities metropolitan area. However, we found that:

- **Although the University of Minnesota has established an appropriate comparison group for non-academic employees, it has not systematically used it to compare the overall level of salaries for those employees.**

In addition, Minnesota statutes say that salaries for non-academic employees at the University of Minnesota should be comparable to salaries for similar classified employees at the State of Minnesota.<sup>14</sup> Despite this statutory provision, the University of Minnesota has not specifically examined its salaries for collectively bargained and civil service staff relative to State of Minnesota salaries.

<sup>14</sup> *Minn. Stat.* (2003), §137.02, subd. 4.

Instead, the University has prepared a very limited number of market analyses for an annual report to the Board of Regents; in its 2003 report it compared average salaries for five individual positions.<sup>15</sup> According to its 2003 report, average salaries for two commonly used professional positions at the University were lower than average salaries for similar positions in the Twin Cities metropolitan area while average salaries for three commonly used non-professional positions were generally higher.<sup>16</sup> The University also looks at the salary ranges for some of its collectively bargained positions—mostly clerical ones—relative to other public employers, including the State of Minnesota, to prepare for contract negotiations. But these analyses cover a limited range of positions and do not include average salary comparisons.

The University of Minnesota participates in numerous salary surveys each year.<sup>17</sup> These surveys cover a broad range of individual positions in both the public and private sectors. However, the University has not systematically analyzed its responses to the various surveys relative to other respondents to determine the overall competitiveness of University salaries.

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### RECOMMENDATION

*The University of Minnesota should periodically examine overall salaries and benefits for its non-academic employees relative to its comparison group, including the State of Minnesota, and report the results of those analyses to University and state policy makers.*

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**We used available salary survey data to compare University salaries of non-academic employees to those of Twin Cities employers.**

As we noted earlier, market analyses for individual positions are useful in setting individual salaries, but they reveal little about the University's overall level of compensation for non-academic staff relative to its comparison group—employers in the Twin Cities metropolitan area, including the State of Minnesota. Periodically making such comparisons for groups of similar positions would provide a simple way for the University to measure itself in the context of other employers. This could be valuable in communicating with policy makers and the general public and could help the University plan for the future and identify issues that may need to be addressed.

Because we wanted to get some measure of how average salaries for non-academic positions at the University of Minnesota compared with average

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<sup>15</sup> The University also examines the competitiveness of individual positions upon request of department managers to help them set individual salaries.

<sup>16</sup> University of Minnesota, *Office of Human Resources, Regents Presentation* (Minneapolis, MN, 2003). Specifically, the University reported that the average salary of 733 information technology employees at the University was 12 percent below the average salary for the same types of employees in the Twin Cities metropolitan area in 2002. The difference in salary was even greater for 220 research scientists—19 percent lower at the University. On the other hand, the average salaries for 54 cooks and 448 principal administrative specialists at the University were 1 and 3 percent higher than local averages respectively, while the average salary for 624 building and grounds workers was 9 percent higher.

<sup>17</sup> For example, the University participates in two salary surveys and one benefits survey conducted by the College and University Professional Association for Human Resources; a University of Missouri higher education salary survey; two local government salary surveys conducted by the Stanton Group and Hennepin County; and numerous private sector surveys conducted by Watson Wyatt Data Services, Mercer Human Resources Consulting, QualComp Research Company, and the Minnesota Department of Employment and Economic Development.

salaries elsewhere, we analyzed the results of some salary surveys in which the University participates. To see how average salaries at the University compared with those of local employers, we examined the results of a 2002 salary survey of 174 positions at 117 Twin Cities metropolitan area employers.<sup>18</sup> The Twin Cities campus reported salary information for 73 collectively bargained and civil service positions. As shown in Table 4.8:

- **The overall average salary of 73 collectively bargained and civil service positions at the Twin Cities campus was within 1 percent of the average of Twin Cities metropolitan area employers in 2002.**

**Table 4.8: Average Salaries for Non-Academic Positions by Type of Position, Twin Cities Campus and Twin Cities Metropolitan Area Employers, 2002**

Type of Position at the University	Average Salary		Percentage Twin Cities Campus From Average
	Twin Cities Campus	Twin Cities Area Employers	
<b>Collectively Bargained</b>			
Clerical/Office	\$29,300	\$29,100	0.7%
Crafts/Trades	51,400	51,900	-1.0
Health Care–Non-professional	31,500	30,800	2.3
Technical	28,400 <sup>a</sup>	33,600	-15.5
Service/Maintenance/Labor	33,900	30,900	9.7
<b>Civil Service</b>			
Confidential/Managerial	41,100	44,100	-6.8
Nursing–Professional	51,100	55,800	-8.4
Professional	45,000	46,000	-2.2
Supervisory	48,600	47,200	3.0
Overall Average Salary	\$38,700	\$38,900	-0.5%

**Average salaries of various types of non-academic positions at U of M-Twin Cities ranged from 15 percent below to 10 percent above the averages of local employers.**

NOTE: Type of position reflects how the University of Minnesota grouped the majority of its employees when it reported more than one type of employee for a single job described in the survey.

<sup>a</sup>Average salary is based on four staff.

SOURCES: Office of the Legislative Auditor analysis of data as reported in Mercer Human Resources Consulting, *2002 Metropolitan Benchmark Compensation Survey* (Louisville, KY, 2002); and University of Minnesota salary data as reported to Mercer Human Resources Consulting.

The overall salary for the 73 positions at the Twin Cities campus was \$38,700, about 1 percent below the average salary of local employers. Although not shown in the table, the overall average salaries at the other three campuses were also within 5 percent of the average salaries of Twin Cities metropolitan area employers, ranging from 4 percent below at the Crookston campus to 4 percent above at the Morris campus.

Table 4.8 also shows that average salaries for five of the nine types of civil service and collectively bargained positions surveyed at the Twin Cities campus were within 5 percent of the average of Twin Cities metropolitan area employers. Only the average salary for service/maintenance/labor positions at the University

<sup>18</sup> Mercer Human Resources Consulting, *2002 Metropolitan Benchmark Compensation Survey* (Louisville, KY, 2002).

(\$33,900) was high relative to local employers—about 10 percent greater at the University. Conversely, the average salaries for confidential/managerial, nursing, and technical positions at the University were 7 to 16 percent below the averages of local employers.

When we examined average salaries for each position, we found that the average salaries for 45 percent of the 73 positions at the Twin Cities campus were within 5 percent of the averages of Twin Cities metropolitan area employers. The average salaries for 27 percent of the positions at the Twin Cities campus were more than 5 percent below local averages, and salaries for another 27 percent were more than 5 percent above. Table 4.9 shows how average salaries for a variety of collectively bargained and civil service positions at the Twin Cities campus compared with the averages of local employers in 2002.

We found only limited data that compared average salaries at the University of Minnesota with average salaries at the State of Minnesota. Each year the Stanton Group compiles salary data across more than 100 units of government, including the University of Minnesota-Twin Cities and the State of Minnesota. As Table 4.10 shows:

- **According to data collected in a 2003 survey by the Stanton Group, average salaries for the majority of the 15 positions examined at the University of Minnesota-Twin Cities were more than 5 percent below the average salaries for the same positions at the State of Minnesota.**

Specifically, average salaries at the Twin Cities campus were more than 5 percent below the averages for similar state employees for nine positions, within 5 percent of the state's averages for five positions, and more than 5 percent above for one position. For most of the positions (12), the minimum starting salary at the University of Minnesota was lower than the minimum starting salary at the State of Minnesota, although the maximum salary possible for more than half of the positions (9) was higher.

We also compared the average salary for 39 collectively bargained and civil service positions at the University of Minnesota with the average salary for the same positions found at one or more of the state universities that are part of the Minnesota State Colleges and Universities system. Using data on mid-level administrative and professional positions reported by CUPA-HR and MnSCU, we found that:

- **The overall average salary for a sample of mid-level non-academic administrative and professional positions at the Twin Cities campus was above the average salary of the same positions at Minnesota state universities in 2002-03, while the overall average salaries at the Crookston, Duluth, and Morris campuses were below.**

The overall average salary for the 39 positions at the Twin Cities campus was \$51,374, 6 percent above the average of Minnesota state universities. Average salaries for 38 percent of the positions were more than 5 percent below the average salaries of the state universities while 41 percent of the positions had average salaries that were more than 5 percent above. Overall average salaries for the other three campuses ranged from 14 percent below (Duluth campus) to

**Table 4.9: Average Salaries for Selected Non-Academic Positions, Twin Cities Campus and Twin Cities Metropolitan Area Employers, 2002**

	Twin Cities Campus	Twin Cities Area Employers	Percentage Twin Cities Campus From Average of Local Employers
<u>Collectively Bargained Positions at the University</u>			
Clerical/Office			
Data Entry Operator	\$26,200	\$25,100	4.4%
Word Processing Specialist, Senior	35,800	34,200	4.7
Secretary, Intermediate	26,900	29,400	-8.5
Senior Office Assistant	25,600	27,800	-7.9
Crafts/Trades			
Carpenter	48,800	49,100	-0.6
Electrician	58,100	60,300	-3.7
Health Care—Non-professional			
Admissions Interviewer	31,900	25,700	24.1
Licensed Practical Nurse	30,800	33,200	-7.2
Technical			
Communications Technician	25,400 <sup>a</sup>	31,600	-19.6
Production Artist	31,500 <sup>a</sup>	35,600	-11.5
Service/Maintenance/Labor			
Building and Grounds Worker	27,500	26,300	4.6
Food Service Worker	22,300	20,300	9.9
Gardener	34,100	31,800	7.2
<u>Civil Service Positions at the University</u>			
Confidential/Managerial			
Legal Assistant	41,800	38,300	9.1
Principal Secretary	34,600	37,100	-6.7
Senior Payroll Specialist	38,100	34,600	10.1
Nursing—Professional			
Registered Nurse-Associate	52,400	54,000	-3.0
Registered Nurse-Senior	58,600	57,000	2.8
Professional			
Accountant	35,900	35,200	2.0
Personnel Specialist	37,200	39,500	-5.9
Principal Information Representative	39,000	44,200	-11.8
Buyer, Intermediate	49,400	47,000	5.1
Supervisory			
Building and Grounds Supervisor	41,700	38,300	8.9
Facilities Manager	77,800	69,700	11.6
General Maintenance Supervisor	45,300	52,600	-13.9
Accountanting Supervisor	48,900	52,500	-6.9

NOTE: Positions are grouped according to how the University of Minnesota grouped the majority of its employees when it reported more than one type of employee for a single job described in the survey.

<sup>a</sup>Average salary is based on three or fewer staff.

SOURCES: Office of the Legislative Auditor analyses of data as reported in Mercer Human Resources Consulting, *2002 Metropolitan Benchmark Compensation Survey* (Louisville, KY, 2002); and University of Minnesota salary data as reported to Mercer Human Resources Consulting.

**Table 4.10: Average Hourly Wages for Selected Non-Academic Positions, Twin Cities Campus and State of Minnesota, 2003**

	Average Hourly Wage		
	Twin Cities Campus	State of Minnesota	Percentage Twin Cities From Average
<u>Collectively Bargained Positions at the University</u>			
Cook	\$14.82	\$15.78	-6.1%
Custodian	13.60	14.15	-3.9
Food Service Worker	10.71	13.46	-20.4
Driver	17.52	15.69	11.7
Patrol Officer	23.82	25.26	-5.7
Accounting Technician	14.45	17.40	-17.0
Office—General	13.26	13.00	2.0
Office—Experienced	15.14	16.09	-5.9
Office—Advanced	17.47	19.40	-10.0
<u>Civil Service Positions at the University</u>			
Building Inspector	31.07	30.52	1.8
Maintenance Supervisor	21.92	22.93	-4.4
Accounting Technician, Advanced	17.76	18.99	-6.5
Accountant II	20.07	21.25	-5.6
Accountant III	24.06	23.69	1.6
Accounting Supervisor	23.42	25.44	-7.9

SOURCE: Stanton Group, *2003 Twin Cities Metropolitan Area Compensation Survey* (Plymouth, MN, 2003), Vol. 1 and County Supplement.

1 percent below (Morris campus) the average salary of the state universities. Average salaries for 3 of the 7 positions examined on the Morris campus, 13 of the 21 positions at the Duluth campus, and 5 of the 6 positions at the Crookston campus were more than 5 percent below the averages of the state universities.

Finally, we compared average salaries for a small number of collectively bargained and civil service positions at the University of Minnesota with average salaries for the same positions in “similar” higher education institutions nationwide. For this comparison, we used CUPA-HR’s grouping of higher education institutions by budget size.<sup>19</sup> We found that:

- **With the exception of the Duluth campus, the overall average salary for a sample of mid-level non-academic administrative and professional positions at each University of Minnesota campus in 2002-03 was more generous than the average salary of the same positions at similar higher education institutions nationwide.**

<sup>19</sup> College and University Professional Association, *Mid-Level Salary Survey*. CUPA-HR collected data on 135 positions that are typically found at most higher education institutions. Each of the University of Minnesota’s four campuses had similar positions for only a subset of the positions that CUPA-HR examined; we further excluded positions that the University classified as academic. CUPA-HR grouped the Crookston campus with other institutions with budgets of \$24.2 million or less; the Morris campus with institutions with budgets of \$24.2 to \$48.0 million; and the Duluth and Twin Cities campuses with institutions with budgets of \$121.5 million or more.

On average, the salary for mid-level non-academic administrative and professional positions at the Duluth campus was \$41,153—1 percent below the average of higher education institutions with budgets of \$121.5 million or more. The overall average salaries for these positions on the Crookston (\$40,073) and Morris (\$47,846) campuses were 26 and 29 percent above the average of their comparison institutions.

The overall average for the Twin Cities campus (\$50,868) was also greater than its comparison institutions, but by a smaller margin—12 percent. Table 4.11 shows how average salaries by type of position at the Twin Cities campus varied relative to the averages of similar institutions. As shown, the difference in average salaries between the Twin Cities campus and comparison institutions was greatest for positions related to law enforcement.

**Table 4.11: Average Salaries for Selected Mid-Level Non-Academic Positions, Twin Cities Campus and Similar Institutions, 2002-03**

	Average Salary		Percentage Twin Cities From Average
	Twin Cities Campus	Similar Institutions <sup>a</sup>	
<u>Collectively Bargained Positions</u>			
Technical	\$34,686	\$35,178	-1.4%
Law Enforcement	54,214	40,737	33.1
<u>Civil Service Positions</u>			
Confidential/Managerial	61,133	50,044	22.2
Nursing—Professional	58,316	54,395	7.2
Professional	50,207	44,776	12.1
Supervisory	49,930	47,107	6.0
Overall Average	\$50,868	\$45,374	12.1%

NOTE: Similar institutions are defined as those with annual budgets of \$121.5 million or more.

SOURCES: Office of the Legislative Auditor analysis of data as reported in College and University Professional Association for Human Resources, *2002-03 Mid-Level Administrative and Professional Salary Survey* (Knoxville, TN, May 2003); and University of Minnesota salary data as reported to the College and University Professional Association for Human Resources.

We also compared average salaries position-by-position. Base salaries for all six positions examined on the Crookston campus and seven of the eight positions on the Morris campus were more than 5 percent above the average of their comparison institutions. Base salaries for 32 percent of the 60 positions examined on the Twin Cities campus were within 5 percent of the average of comparison institutions while 55 percent were more than 5 percent above the comparison group average. In contrast, salaries for 50 percent of the 30 positions examined at the Duluth campus were more than 5 percent below the average of similar institutions nationwide while 40 percent were more than 5 percent above the nationwide average. For example, the average salary of senior auditors on the Twin Cities campus (\$58,723) was 10 percent higher than the average salary for this position at colleges and universities with an annual budget of \$121.5 million or more; the average salary of editors at the Twin Cities campus (\$36,857) was 9 percent below the average of these institutions. Local area network specialists on

the Morris campus had an average salary of \$58,739—36 percent more than area network specialists at other institutions with a similar budget. Salaries for advanced lab technicians at the Duluth campus averaged \$28,334 in 2002-03—20 percent below the average of other similar institutions.

## Fringe Benefits

We also looked at the value of fringe benefits for non-academic staff. According to University data:

- **In 2002-03, the University of Minnesota’s cost of fringe benefits for non-academic employees averaged 31 percent of salary.**

Fringe benefits include retirement contributions, workers compensation, unemployment, social security, Medicare, tuition reimbursement, and health insurance. As with academic employees, the University’s cost of fringe benefits as a percentage of salary increased considerably in the last few years, due largely to increased medical and dental insurance costs. Health insurance, the largest component of fringe benefits for non-academic employees, cost, on average, 18 percent of salary—up from three years ago when it was 11.5 percent. The University contributed 4 percent of salary toward non-academic employees’ retirement plan.<sup>20</sup>

It is difficult to compare fringe benefits across employers because average wages vary and some fringe benefits, such as retirement and social security, vary as a percentage of salary. According to a 2003 comparison of benefit costs done by the Stanton Group, the University of Minnesota, like the State of Minnesota, paid a much larger share of health insurance than other employers—public or private—in the Twin Cities metropolitan area in 2003.<sup>21</sup> For example, the University contributed 100 percent of the health insurance premium for employee coverage and 94 percent of the cost for family coverage.<sup>22</sup> In contrast, while other large local government employers contributed 76 to 100 percent of the premium for employee coverage, they contributed only 67 to 71 percent of the premium for family coverage.

For the most part, public employers contributed a higher percentage of employees’ salary toward their retirement plans than did private sector employers. Both the University of Minnesota and the State of Minnesota contributed 4 percent of base salary toward the same defined benefit retirement plan for their employees; other public employers contributed 5.2 percent of base salary toward their employees’ retirement plan. In contrast, the U.S. Bureau of Labor Statistics indicated that

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<sup>20</sup> As noted in Chapter 1, non-academic employees are covered by the Minnesota State Retirement System, the same plan that covers State of Minnesota employees. The Legislature sets the plan’s employee and employer contribution rates. *Minn. Stat.* (2003), §352.04, subds. 2-3.

<sup>21</sup> Stanton Group, *2003 Twin Cities Metropolitan Area Compensation Survey*, (Plymouth, MN, 2003), vol. 2; 1, 21; and *2003 General Benefit Comparisons*, undated. Health plan contribution rates are based on the health plan most frequently used by employees.

<sup>22</sup> As noted previously, the University currently pays 90 percent of the low-cost premium for both employee and family coverage. In 2005, the University will pay 90 and 85 percent of the low-cost premium for employee and family coverage respectively.

private employers contributed, on average, 2.8 percent of wages and salary toward employees' defined benefit retirement plans nationally in 2003.<sup>23</sup>

## COMPETITIVENESS

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**Staff turnover at the U of M was higher than faculty turnover in 2002.**

In general, we found that average salaries for non-instructional academic and non-academic positions at the University of Minnesota were competitive with other higher education institutions nationwide or Twin Cities metropolitan area employers. Although average salaries for some positions at the University were lower than the average salaries of other employers, we did not examine the extent to which this might have led to staff recruitment and retention problems. The University routinely measures overall turnover rates for academic and non-academic staff. These data showed staff turnover rates of 8.9 and 12.3 percent for academic administrative and professional staff respectively in 2002, and 10.3 and 14.4 percent for civil service and collectively bargained staff respectively.<sup>24</sup>

It is important to remember that salary is not the only factor that staff consider when weighing University employment. The University paid a higher percentage of employees' health care premiums than did private employers in 2003, and its contribution rates toward employee retirement plans and accounts were higher than other higher education institutions or private sector employers. In addition, other factors, such as the University's reputation and the ability to participate in campus life, likely make the University of Minnesota an attractive place to work for many employees.

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<sup>23</sup> U.S. Department of Labor, Bureau of Labor Statistics, *Employer Costs for Employee Compensation* (Washington, D.C., 2003), 9.

<sup>24</sup> University of Minnesota, *Full Time Employee Turnover-2002* (Minneapolis, MN, October 22, 2003).



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February 6, 2004

James Nobles, Legislative Auditor  
Office of the Legislative Auditor  
State of Minnesota  
140 Centennial Building  
658 Cedar Street  
St. Paul, MN 55155-1603

**SUBJECT:** Response to Audit of University of Minnesota Compensation

Dear Mr. Nobles:

The major findings in the report “Compensation at the University of Minnesota” are broadly consistent with the analyses of salaries and compensation that the University conducts annually and reports publicly to the Board of Regents. Compensation is always of great importance to the University, since the quality of the University depends on the quality of its faculty and staff. It is for this reason that the University must be competitive in recruiting and retaining employees, whether the market is national, as in the case of faculty and some other academic staff, or local, as in the case of most civil service and collectively bargained employees.

The only significant disagreement the University has with the findings in the report concern the appropriateness of the peer groups that are used in faculty compensation analyses for the Crookston and Duluth campuses. We do not agree that these peer groups are inappropriate, but we will review them with Chancellor Burton, Chancellor Martin, and the University Education Association, which represents faculty members on the Duluth campus. If they can be improved, we will try to do so.

I would make just two other points.

First, the report finds that low salaries on the Twin Cities campus are somewhat less so when adjusted for cost-of-living. As the report notes, however, such cost-of-living analyses are very difficult to do, especially for campuses in large urban areas. Note that this finding is also based on a slightly different peer group that excludes five institutions, four of which have higher average compensation than the University. This is because the cost-of-living data was not available. Our own experience in recruiting and retaining faculty is that cost-of-living is rarely a major consideration when talented faculty make a decision to join the University of Minnesota’s Twin Cities Campus or decide to stay or leave in relationship to competitive offers. Retention is

a continuing challenge for the University, since at least 50 to 70 faculty each year receive competitive offers. The levels of competitive, total compensation for faculty on the Twin Cities Campus are still too low when compared to national peers, and cost of living has a marginal influence on their decisions to locate or stay at the University of Minnesota.

Second, the report recommends that we try to define a peer group for comparing professional and administrative staff. We agree that this would be a good thing to do, but in fact it is not possible because of very significant differences in how staff are classified at other campuses and also because the market for these employees is national in some cases, while local in others. However, whenever the University has occasion to join in such comparisons we do certainly take part and will make every effort to build appropriate comparisons in the future.

Finally, I want to thank Jo Vos and Carrie Meyerhoff for the very cooperative way in which they worked with University staff on this project. We appreciate their efforts.

Sincerely,

*/s/ Robert H. Bruininks*

Robert H. Bruininks  
President

RHB/so

## Recent Program Evaluations

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<i>State Building Maintenance</i> , February 1998	98-04	<i>Charter School Financial Accountability</i> , June 2003	03-06
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