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**Subject:** University of Washington Salary Comparisons, Funding, and Planning

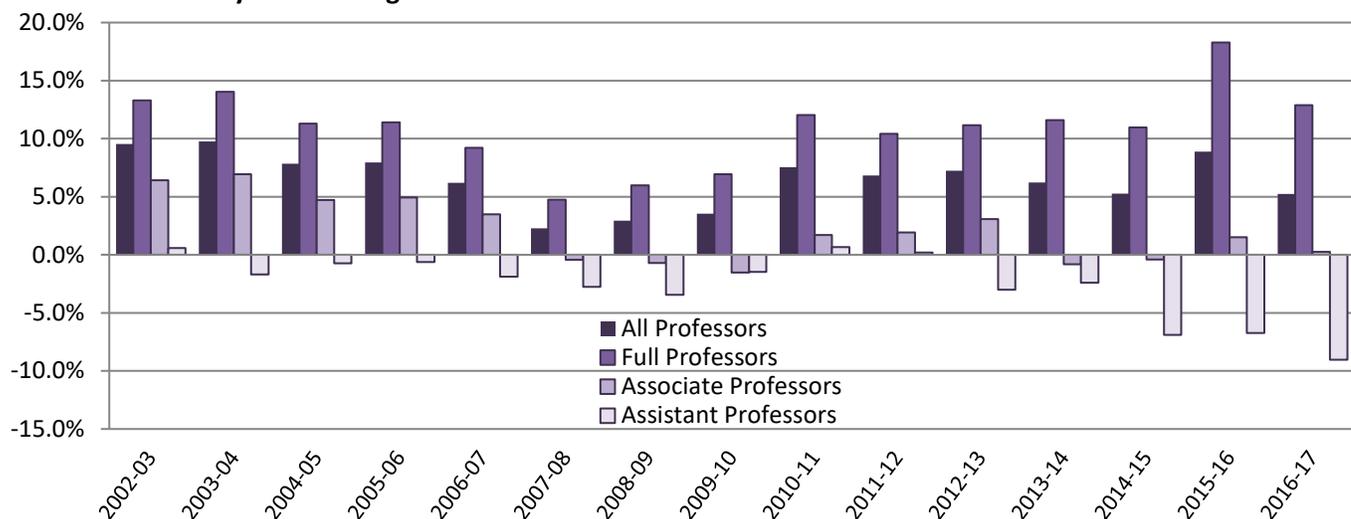
For fiscal year 2018 (FY18), the Provost and President hoped to be able to combine state resources with internal adjustments to provide merit increases above 2 percent, as they have done in recent years. However, while it may appear that the state provided enough funding for 2 percent raises, in fact, the state operating budget only provided approximately one-third of the funding required to implement a 2 percent increase for faculty and staff paid on state and tuition dollars. The remainder must be funded through tuition revenue and redeployment of unit and central funds. Therefore, there is very limited funding for raises beyond 2 percent. Competitive compensation was and continues to be the University’s highest priority in working with the Washington legislature. This brief provides a short description of the current state of salaries and salary funding at the UW, central conversations regarding salary planning, and background regarding our request to the state for additional funding to address this important issue. The UW’s [FY18 budget](#) provides much greater detail regarding the funding challenges facing the University, annual budget development processes and oversight, and the use of incremental revenue for the current year, including funds for compensation.

**Peer Salary Comparison**

Although the UW has been able to provide moderate salary increases for faculty and staff during the past few years, the state imposed a four-year salary freeze during the Great Recession and the fact remains that UW faculty and staff are compensated below their counterparts at peer institutions.

According to our most recent analysis, shown in Table 1, the average UW faculty salary across all ranks would need to grow by approximately 5 percent in order to reach the average faculty salary at our *U.S. News* Top Public Research Institution peers. Importantly, the gap differs by year and rank, highlighting the need for targeted salary adjustments.

**Table 1: Percentage Increase Required for Average UW Seattle Faculty Salaries to Reach *U.S. News* Top Public Research University Peer Average**



For professional staff, the UW’s employee-weighted average salary is 4.7 percent below the 50th percentile of the market, and particular job categories—such as information technology staff, facilities engineers, human resources (HR) staff, and others—lag substantially behind the market. The high (and rising) cost of living in the Puget Sound region is also a major complicating factor for both faculty and staff, as it is increasingly expensive to live and commute in the area.

As a result, it has become increasingly challenging to recruit and retain high quality faculty and staff who, in turn, provide students with a quality and meaningful education. Therefore, it is the highest priority of the UW administration to offer competitive compensation, so that the University can maintain and expand its reputation as a world-class research institution, and its exceptional record in scholarship, research, and student success.

***State Funding for Compensation***

For the 2017-19 biennium, the UW requested \$66 million to support two 4-percent salary and benefit increases for faculty and professional staff, and submitted a series of collective bargaining agreements (CBAs) for represented employees. The state’s compromise budget provides approximately \$13.1 million over the biennium to partially fund three 2 percent wage increases for faculty and professional staff over the biennium—one 2 percent increase in FY18, and two 2 percent increases in FY19. Unfortunately, the **state funding only covers approximately one-third of the total funds needed to implement such increases.**

The state budget only funds a portion of new compensation and central service costs for higher education institutions. Budget writers assume the UW (and other institutions) will be able to cover the remainder using new tuition revenue. These “fund splits” between state funding and tuition revenue are based on *total* funding ratios carried forward, rather than more recent *incremental* funding ratios. Thus, the fund splits continue to reflect and institutionalize recession-era funding cuts that resulted in the vast majority of funding coming from tuition dollars, rather than the state.

Last biennium, all public four-years had roughly the same fund split: a 38/62 split between state general funding and tuition authority. **This biennium, however, all the other public four-year institutions have roughly a 50/50 split, while the UW has roughly a 34/66 split.** The UW’s current fund split significantly over-estimates the UW’s ability to generate new tuition revenue, and therefore under-funds the UW in comparison to other state agencies and institutions.

For the coming legislative session, **the UW is requesting an adjustment to the proportion, or “fund split,” of new state-related expenses that are covered by state funding versus tuition revenue.** Specifically, we are requesting that state funding be adjusted to cover 50 percent of new expenses in the 2017-2019 state operating budget for compensation and central services, leaving the remaining 50 percent for tuition revenue. A 50/50 ratio for the UW would:

- Help the University support crucial and equitable compensation adjustments assumed by the state, which would improve the UW’s ability to recruit and retain quality faculty and staff and, in turn, protect our academic mission,
- More accurately reflect the potential for tuition revenue growth,
- Align the UW’s share of new costs with the share borne by other public four-year universities, and
- Help reverse state funding cuts that occurred during the recession.

For more detail, the UW’s 2018 state supplemental operating budget request can be found [here](#) (see page 9).

***UW Salary Planning Process***

In the spring, the Provost initiated salary planning conversations with the Board of Deans and Chancellors and the Faculty Senate, and asked that each school and college develop a three-year plan in collaboration with their Elected Faculty Council, department chairs, and leadership teams (see page 15 of the [UW’s FY18 budget](#) for more information). These plans are to proactively contemplate salary equity, compression, and inversion. Ultimately, the discussions and solutions are not just about salary; they are about the quality of the faculty, meritorious work, and market pressures.

These issues also concern human capital needs. Program and curriculum design, faculty workload, staffing mix, and salary policy goals and objectives are all inextricably linked together to create a dynamic system. Sustaining long-term institutional success requires thoughtfully managing and appreciating the dynamic links between these many contributing factors.

This process requires (a) making explicit the costs related to our activities, (b) deciding how to prioritize those activities in a way that most effectively serves our mission and addresses our needs and interests, and (c) being strategic about how we distribute funds. Further, this planning provides an opportunity for extensive and deep collaboration between faculty and administration in each school and college.

Given the outcome of the 2017 legislative session, the Provost authorized merit-based salary increases of 2 percent for faculty, librarians, and professional staff in FY18. Conversations regarding salary increases for FY19 are underway, but are largely dependent on the success of the UW's state budget request for more state funding for compensation, which will be considered during the 2018 legislative session.