

To: Open Letter to the Public



From: Chaouki Abdallah, Provost & EVP for Academic Affairs

Re: UNM Main Campus Faculty Compensation Rates

On October 28, 2016, the EEOC sent UNM a letter stating that it had determined that UNM “failed to provide persuasive evidence that factors other than sex accounted for the disparity in pay” in four departments, English, Economics, Linguistics and Marketing, and that “UNM’s subsequent efforts to remedy the pay inequities were also unsuccessful.” Here are the facts.

Equal Employment Opportunity Commission Investigation

In August of 2011, the EEOC initiated an investigation of faculty compensation rates for all UNM campuses going back to January 1, 2008. This was in response to a 2007 study that showed some unexpected pay gaps for women and minority faculty on UNM’s main campus. Almost a year prior to the EEOC’s action, in November 2010, the Department of Justice also initiated a review of UNM’s faculty compensation practices. On April 3, 2012, the DOJ closed its investigation, satisfied by UNM’s good faith efforts to address faculty pay differences. The DOJ credited UNM’s efforts to improve oversight of compensation to ensure equity. Since that time, EEOC has requested and received UNM compensation data on at least six occasions. In 2015 EEOC also interviewed UNM faculty administrators in four departments about compensation policies and practices, and the factors that determine compensation rates. In 2016, UNM submitted 551 pages of documents and analysis.

UNM has never denied there are pay differences among its approximately 1,000 regular faculty on Main campus. The University has demonstrated that market forces, credentials, field of study, promotion in rank, years of service and performance are the primary drivers of pay differences. In September 2016, UNM voluntarily provided EEOC with the preliminary report of its most recent equity study dated September 21, 2016. That study showed that the gender gap at UNM had essentially been closed due to much diligence and focus on making targeted, data driven salary adjustments to remedy potential inequities, along with related problems of compression and inversion by rank, which some describe as a ‘Loyalty Tax.’

UNM has thus made extensive and repeated efforts to identify and address faculty salary differences for the last several years, which were recognized by the Department of Justice in closing a similar investigation. In order to understand how the EEOC came to its conclusions, the University has requested more information from the EEOC and asked to schedule a conciliation meeting with the agency.

Background

For the past ten years, UNM has regularly monitored faculty compensations rates. We do this to:

- ensure our compensation policies adequately reward innovative faculty
- keep us competitive when recruiting new faculty

- aid us in retaining faculty, and ensure that faculty are paid equitably.

With improved data collection and analysis, UNM is now able to accurately pinpoint the factors that influence compensation rates, and to better assess the impact of each factor.

Factors that primarily influence faculty compensation are:

- Credentials (types and numbers of degrees held)
- Market differentials for field of study (e.g., business, law, arts, humanities)
- Years of directly relevant experience
- Performance as tracked by annual reviews
- Rank, and promotion through the ranks; the most common faculty ranks include:
 - Tenured senior faculty such as Associate Professors, Professors, and Distinguished Professors
 - Tenure-track probationary faculty such as Assistant Professors (entry level)
 - Non-tenure track instructors such as Lecturers, Senior Lecturers and Principal Lecturers

The most informative methods for analyzing pay data account for nondiscriminatory factors such as market rates for different fields of study, years of experience, rank, etc., as UNM did in its 2016 equity study. Less informative compensation analyses often resort to use of averages in an attempt to illustrate salary parity. Statistical theory demonstrates that using averages to compare different groups is notoriously unreliable. https://en.wikipedia.org/wiki/Simpson%27s_paradox.

Monitoring for Internal Equity

We have seen the effect of market forces outside of UNM's control, such as increases in the market value for new faculty during times of no or minimal cost-of-living increases for UNM faculty. Consequently and unfortunately, salaries of faculty who are loyal to UNM have fallen behind market rates.

A 2007 internal comparison revealed some unexplained gaps in compensation rates for women when compared to men with similar experience and field of study. These gaps raised concerns that UNM may not have been achieving its goal of equitable faculty compensation. At that time, UNM began to take steps to close these gaps. Those steps were hampered by national and state economic challenges which caused a four-year salary freeze at the University. However, UNM did not abandon its goal of achieving faculty pay equity.

As revenue permitted, UNM has made several rounds of Main campus salary adjustments in the last four years. A total of \$2,097,000 was allocated for addressing equity, compaction and retention concerns. Another \$4,747,000 was made available for merit increases. The total allocated across all categories during this four-year period is \$6,845,000.

Even prior to salary adjustments made in August 2016, the 2016 equity study showed:

- The unexplained gap between men and women was much smaller, and in many cases had been eliminated, due to earlier strategic, targeted adjustments.

- Controlling for the factors that legitimately should influence compensation rates, salary differences between female and male faculty are now relatively small and vary substantially by rank.
- Holding factors such as rank and field of study constant, salaries of female faculty members of any race are 0.7% higher than men (which translates to \$123 higher). The internal equity study, by design, did not attempt to control for performance.
- A comparison of average female salaries versus average male salaries at UNM results in a 14.6% difference. However, when an appropriate comparison of individual salaries considering all factors is made, in particular amongst faculty in the same rank and field of study, the salary differences between male and female faculty are minor. Statistical theory demonstrates that using simple averages to compare different groups is notoriously unreliable.
- Male faculty members at UNM are more likely than female faculty to have ranks of Full or Distinguished Professor (39% male vs. 22% female), reflecting a legacy of the hiring practices in the 1980s and earlier. Moving up through the ranks results in promotional salary increases.
- The disproportionate number of men to women at the full professor rank skews the average salaries for men vs. women. Averages are further skewed by the fact that there are more men than women in higher paying fields like engineering and the natural sciences.

These figures were obtained before the August 2016 adjustments in order to guide our actions related to faculty pay equity, and the full impact of the August 2016 salary adjustments are still being analyzed. Preliminary analysis of the August 2016 adjustments, however, shows that 27% of the faculty received additional compensation as a result of the 2016 study. Tenured women and minority faculty were the primary beneficiaries. As a result, UNM expects individual faculty salary differences to decrease even further after the final impact is analyzed.

We are not alone in addressing this longstanding, stubborn issue. Universities across the nation are working on remedies. <http://www.chronicle.com/blogs/data/2014/04/11/there-is-a-gender-pay-gap-in-academe-but-it-may-not-be-the-gap-that-matters/>

UNM is actively working to increase the number of women in traditionally male-dominated fields, which is one crucial way to achieve parity. One example of these efforts is the 'Advance at UNM' program: <http://news.unm.edu/news/unm-awarded-major-nsf-stem-grant>

National Competitiveness

UNM is increasingly concerned about our ability to remain competitive in recruiting and retaining faculty. That is why we also did an external salary comparison study in 2016.

Faculty salaries become less competitive over time, when there is too little revenue to keep current faculty at market rates. New hires come in at higher market rates, which can lead to salary compression. This so-called 'loyalty tax' refers to downward pressure on salaries that are not keeping pace with market rates.

The external study compared the individual salaries of Main campus faculty members to the median salaries, by field and rank, of faculty at 76 public research universities, excluding the North East region and California. This comparison showed that:

in several Main Campus colleges, in particular Fine Arts, Law and Engineering, approximately half or more of faculty salaries are below the 25th percentile of the external comparison group.

it would take approximately \$2 million to bring all Main Campus faculty salaries up to the 25th percentile, and approximately \$5 million to bring them up to the 50th percentile of the external comparison group.

The 2016 adjustments occurred after the external study, and will have closed those gaps somewhat.

The full report of the external comparison study can be found on the Faculty Compensation webpage maintained by the Provost: <http://provost.unm.edu/Initiatives/faculty-compensation-studies-and-policies.html>

Conclusion

UNM has made significant strides toward achieving pay equity on Main campus. Compensation for women faculty is equitable when other factors such as field of study, rank, years of experience, and performance are considered.

UNM remains committed to the principle of comparable pay for comparable work for all of its employees, including women and under-represented groups. Any shortfall in predicted salaries on the basis of gender, race or ethnicity, no matter how small, is unacceptable and UNM will take all appropriate corrective action.

The full report of the UNM's faculty compensation studies can be found on the Faculty Compensation webpage maintained by Academic Affairs: <http://provost.unm.edu/Initiatives/faculty-compensation-studies-and-policies.html>