

PERSONALLY SPEAKING

Number 34

May 2007

LOUISIANA GOVERNOR BLANCO PROPOSES PAY BOOST FOR UNIVERSITY FACULTY: IS MORE BETTER?

**Edward J. O'Boyle
Mayo Research Institute**

Last year the Louisiana state legislature approved \$31.2 million in additional funding for faculty salaries at state universities. This year Governor Blanco has proposed a similar bump in pay for state university faculty. As in 2006, the additional funds are to pass through the Board of Regents directly to university presidents who are to be given free rein in allocating those funds without any guidance from the legislature or the BoR. This agreement avoids the pitfalls of micromanaging large institutions from afar. It rests on the dual premise that more is better and that university administrators know better than anyone else how best to allocate the additional monies and have the courage to make the right decisions even when those decisions are not the most popular ones with the university's various constituencies.

The 2007 round of pay increases is intended to raise average faculty salaries in Louisiana to the southern regional average. Moreover, it will contribute to the state's economic development because, as the conventional wisdom goes, universities are engines of economic development. If the \$30 million is divided equally among the roughly 7,100 university faculty, everyone regardless of rank, tenure, or discipline would get about \$4,200. If not, some faculty would get more than \$4,200 possibly even a lot more, and others less perhaps a lot less. A few probably would get nothing. Whatever factors a university decides to use in its allocation scheme – equal shares, merit pay for better performance, length of service, demands of the marketplace – the statistical outcome will be the same. Louisiana faculty salaries on average will increase by approximately \$4,200 and the Louisiana average will creep closer to the regional average *provided other southern states at the same time do not raise faculty salaries at their universities*. As in a horse race, any university behind most of the other universities in the region must run faster in order to catch the pack.

Using the mean average¹ can be misleading in the sense that the average increase is the same whatever extreme measure is used. Notice that the average increase is \$4,200 whether everyone benefits by getting an equal share or the monies are allocated entirely to a select few. Notice, however, that enhancing the salaries of a select few, if the few are already among the highest-paid faculty who merit the

¹ Total funds for faculty salaries ÷ number of faculty.

increase or who otherwise might leave for better-paying positions elsewhere, means that the pay gap widens between them and the lowest-paid, and in that sense the many are relatively worse off than before the bump in pay. The detailed budget information necessary for anyone on the faculty to see how the additional faculty salary funds were allocated at his/her university and therefore how he/she fared against university colleagues is readily available in a public document that every university must deposit in its library collection.

For that reason, the state legislature should instruct the BoR to demand of universities data showing the following.

I. How many *continuing* faculty:

- (a) were above the target regional average (TRA) last year and are above the TRA this year even had they not gotten a pay increase;
- (b) were above the TRA last year but would have fallen below the TRA this year without a pay increase;
- (c) were above last year's TRA but below this year's TRA even though they got a pay increase;
- (d) were below last year's TRA but above this year's TRA because they got a pay increase;
- (e) were below the TRA both years whether they got a pay increase or not.

II. How many *continuing* faculty got no pay increase in the current year or the preceding year.

III. How many *newly hired* faculty were paid a salary above this year's TRA and how many below that TRA.

As noted above, salary administration at the university depends critically on the wisdom and courage of the senior administrators. Rewarding loyalty – taking care of cronies – is a powerful temptation especially when the BoR imposes no guidelines. Term limits might be helpful in controlling this abuse. At the department level, instead of serving at the discretion of the dean, rotating the position of department head every three years or every five years by vote of the faculty would put this sobering thought in the mind of every department head: next year I might be reporting to the very person who this year is reporting to me. Similar limits might be imposed throughout the entire administrative structure, including the university president. Even so, there is no real substitute for an administrator of wisdom and courage.

Two other reforms that might be instituted relate to performance and how it is evaluated. First, since professional publications are a critical aspect of faculty performance, no administrator should co-author with a person who is a direct report. Without that constraint, faculty and administrators who put personal ambition above all else can cut an agreement to add the administrator's name to a publication making him/her appear more productive in terms of scholarly output in exchange for a more favorable performance evaluation for the actual author. Take away that constraint and the very concept of merit pay is corrupted.

Second, the weight assigned to any given publication in a performance evaluation should be the inverse of the number of co-authors. Thus, a single-authored publication would be given a weight of one in that person's performance evaluation. A publication with four co-authors would be weighted $\frac{1}{4}$ in the performance evaluation of each one of the four co-authors. Without this reform, friends add one another's names to their publications even when there has been no substantive research collaboration. Otherwise, and this has been happening for years at one Louisiana university, the same publication is weighted as one in the every co-author's evaluation and in the extreme double-, triple-, quadruple-counted in the statistics reported by the department, division, college, or university.

Is more better? Yes, probably, if administrators are prudent and courageous. No, most likely, if they are personally ambitious above all else and use cronies to help them achieve those ambitions. This is where the BoR can make a difference. The Regents can insist on detailed statistical information that reveals how monies, especially monies for faculty and administrator salaries, are being allocated and they can carefully review and approve any system in place to measure performance evaluation. In this regard, the BoR might bear in mind the unfortunate ending of the statistician who drowned in a river with an average depth of three feet.

Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute located in West Monroe, Louisiana. Since he completed his doctorate in economics from Saint Louis University more than 30 years ago, Dr. O'Boyle has been specializing in economic research and analysis increasingly from the perspective of the human person engaged in everyday activities both as a unique individual and as a community member. In January 2004 the Association for Social Economics conferred on Dr. O'Boyle its prestigious Thomas Divine Award for lifetime contributions to social economics and the social economy. He taught economics at a state university in Louisiana for 30 years prior to his retirement.

*Mayo Research Institute 1217 Dean Chapel Road West Monroe, Louisiana 71291
318-396-5779 edoboyle@earthlink.net*