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MERIT-PAY RAISES FOR UNIVERSITY FACULTY
MERIT CLOSER SCRUTINY

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The just concluded session of the Louisiana state legislature approved $31.2 million in additional funding for faculty salaries at state universities – a five percent increase overall. The Board of Regents then decided to allow university presidents to allocate those funds according to the different needs of their universities. The good news is that the Regents are not micro-managing university decisions from which they are too far removed to do the job effectively. The bad news is that merit pay is a value-laden issue which depends critically on the values of the administrators making the decisions.

The leading question in this matter is: 'How to define and measure merit in a way that minimizes any arbitrariness in the decision making process?'. This means finding ways to judge faculty performance in terms of three main tasks: instruction, research, and service. In what follows our attention is focused on instruction and research because they are clearly more important than service.

Performance as an instructor often is measured by an instrument that is completed by students and asks them to grade their instructor along several dimensions including whether the instructor begins and ends class on time, is properly prepared for the class, gives reasonable exams. The problem with this instrument, which is administered toward the end of the course, is that it is well known both anecdotally and empirically that one of the most important correlates of evaluation scores that derive from student responses is the grade a student expects from the instructor. Also well known is that instructors can raise grade expectations by easing back on what is demanded of students, thereby raising the evaluation score and in turn his/her performance evaluation. Connecting all the dots, the easier the instructor's grading scheme the greater the likelihood of qualifying for a merit pay increase.

Research in general is measured in terms of the number of articles published in professional journals and the placement of those journals in a scheme that ranks them according to some prestige measure. These rankings are generated from faculty input in which there is a powerful incentive to expand the list of the top-ranked journals in order to enhance one's publication record. For example, the number of top-ranked economics journals at one Louisiana state university has tripled in the last 20 years. Merit pay in other words can be impacted by pushing the lesser journals in which one publishes into the top ranks. But there are two other serious problems in measuring faculty performance in research. Knowing that the number of articles published influences one's performance evaluation means that there is an incentive to add a colleague's name to one's own work in

an arrangement that is reciprocal. "Your work counts on my publication record, my work counts on your publication record," and unless there is an adjustment in the performance evaluation process for number of co-authors, every co-author listed gets full credit for that publication. In other words, double-counting or worse is built into such performance evaluation systems. The other serious problem is that unless the practice is explicitly forbidden, a faculty member can curry favor with his/her own department head by adding the head's name to any paper in submission to a journal in return for a better performance evaluation.

There are other problems in the administration of any merit pay that warrant further scrutiny in a state like Louisiana where salaries in general are below regional averages. Below-average salaries force administrators to recruit new faculty from the ranks of those who recently completed their doctorates from less-than-prestigious doctoral programs because they can be hired at salaries that are lower than the salaries offered to graduates from more prestigious programs and lower than the salaries that would be paid to other candidates with more experience. At the same time, however, because these new hires are younger they generally are more mobile than their older faculty colleagues they are more willing to relocate for higher salaries at other universities with greater financial resources. A further anomaly is that at times the younger newly hired faculty are paid more than the older more experienced faculty on grounds that it is necessary to pay the new hires the market rate. If two members of the faculty merit the same percentage increase, the new hire often gets a bigger boost in pay than the more experienced faculty member, even if both serve side by side in the same department and both get the same performance evaluation from the same department head.

This system resembles the farm system in baseball coupled with free agency for prime-time players. To illustrate, business faculty salaries at farm-system schools such as University of Louisiana at Lafayette and Louisiana Tech are roughly $75,000-$100,000 below Texas Tech and Arkansas. Thus junior faculty in the farm system hone their skills and develop their resumes expecting that their enhanced performance qualifies them for both merit-pay increases in the short term and an opportunity in the longer term for better-paying positions "in the big leagues." Those who stay either find a way to get their salaries boosted by exploiting the flaws in the performance evaluation system or have other reasons for not leaving such as deep family roots in the area or an especially attractive professional position for one's spouse. Those who stay can boost their salaries by as much as 25 percent by moving into administrative positions, and some do just that. If they stay long enough, higher pay in administrative positions translates into higher retirement pay.

The faculty who remain and are assigned to full-time instruction and research are the hard-core of any university. If they are demanding in the classroom and do not succumb to the practice of reciprocal co-authoring they may find that their performance evaluation does not qualify them at all for merit pay or makes them eligible for smaller increases than their more ambitious and clever colleagues. Further, the longer they stay and the older they get, the more easily they can be passed over for pay increases because administrators know they will stay rather than leave even though the older faculty for years save their universities the very substantial expense of recruiting new faculty to replace them,

Two problems merit further comment. First, merit pay that is based on a flawed performance evaluation system is not authentic merit pay. It is more accurately characterized as get-ahead pay, or as the once popular bumper sticker proclaimed "I got mine …". Second, get-ahead pay in a state with below-average salaries even when performance evaluation is not flawed works effectively only in the short run because faculty who are motivated by higher salaries will relocate where the pay across the board is better. The answer to the first problem is to fix the performance evaluation system. The answer to the second problem is to build into the salary administration system a reward for faculty who stay and form the hard-core by remaining active full time in the classroom and in research.

Several years ago a state appellate court judge asked the attorney for several plaintiffs in an age discrimination lawsuit against a Louisiana state university this question: 'Isn't the practice of paying younger relatively inexperienced faculty members more that older more experienced faculty justifiable in terms of the parable of the vineyard?'. That question utterly misinterprets and misapplies that parable as a lesson about justice in this world when in fact it's a lesson about mercy and love in the next. Unfortunately this blunder can be repeated by administrators whenever the language of the parable is replaced with the rhetoric of the invisible hand of market forces as the foundation of the university's performance evaluation and salary scheme.

Merit pay is a two-edge sword. Properly employed, the additional funds can help make wage and salary administration at state universities more equitable. However, even with the best intentions in the legislature, when merit pay is mishandled, the same bump in pay could make a flawed system even more dysfunctional.

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