

**A RESOLUTION ON FACULTY AND STAFF COMPENSATION INCREASES AND  
COMPENSATION POLICY (10/2)**

- WHEREAS,** due to prudent and sound financial decisions, the University is in a strong financial position, as evidenced by the accumulation of reserves in excess of \$250 million and excellent credit ratings from S&P and Moody's; and
- WHEREAS,** the University administration and the Board of Trustees have noted that the current relative financial strength of the University presents an opportunity for The George Washington University to improve its position relative to that of other market-basket schools; and
- WHEREAS,** for Fiscal Year 2010 the University administration and the Board of Trustees were able to continue the past policy of providing for a 4% merit salary pool for faculty and staff while maintaining a balanced budget, and
- WHEREAS,** the quality of education and life at the University is inextricably linked to the quality of the faculty and staff which form its core, and compensation policy is crucial to maintaining that quality, and allowing the University to improve its ability to continue to compete for the best available faculty and staff; and
- WHEREAS,** the Board of Trustees is in the process of developing the University budget for Fiscal Year 2010-2011; and
- WHEREAS,** current budget projections indicate that the University's financial position for Fiscal Year 2011 will continue to be strong, **NOW, THEREFORE,**

**BE IT RESOLVED BY THE FACULTY SENATE OF  
THE GEORGE WASHINGTON UNIVERSITY**

1. That the Faculty Senate commends the University administration and the Board of Trustees for the decision to continue the past policy of providing for a 4% merit pool in the budget for Fiscal Year 2010; and
2. that the Faculty Senate strongly urges the University administration and the Board of Trustees to stay the course by providing for a 4% merit pool in the budget for Fiscal Year 2011, subject to the University continuing to maintain its strong current financial position.

Committee on Fiscal Planning and Budgeting

April 20, 2010

Adopted May 14, 2010

## **Background Statement on the Faculty Senate Resolution 10/2 on Faculty Compensation Increases and Compensation Policy**

The quality of faculty and staff is an essential ingredient in the University's aspiration to move to the next level among institutions of higher education. It is laudable that the Board of Trustees and Administration decided to continue the recent policy of providing for a 4% faculty and staff merit pool for 2010. There are, however, indications that consideration is being given to providing for a merit pool of 3% instead of 4% in the next university budget. Possible reasons for doing so might include: (1) Many other colleges and universities have either frozen salaries, or reduced them so that the higher annual increase of 4% is not needed to keep the University competitive; and (2) it is prudent in uncertain financial times for the University to budget for more modest increases in faculty and staff compensation.

The counter arguments for "staying the course" as recommended in the resolution are as follows.

1. It is certainly true that many other universities have had to freeze or reduce faculty and staff compensation for financial reasons. At such institutions, these actions have also been accompanied by austerity in other areas, such as plans for expansion of programs, construction of new buildings, etc. However, as the Resolution notes, thanks to prudent financial management, The George Washington University does not find itself in such circumstances. Indeed the Administration has stated several times that the current relatively strong financial position of the University offers a somewhat unique opportunity for the University to move forward relative to its competition.

This argument applies to faculty and staff salaries as well to other parts of the University budget. In commenting on GWU faculty salaries relative to its market basket the Middle States Accreditation report (Chapter 4) notes that while considerable progress has been made in improving average faculty compensation at the University compared to other similar universities nationally, progress has been considerably slower in making the University truly competitive compared with its market basket

*In a fiercely competitive environment, one must be willing to do all one can, and more, to come out on top. It is not clear that GW is in fact doing all it can and more or that it is progressing more rapidly than its competition.*

The attached spreadsheet of GWU faculty salaries compared with its market basket shows that in 2010, some improvement was achieved as a result of GWU providing for a 4% merit pool compared with raises offered at other market-basket institutions; but there was clearly room to do even better. The third panel of the spreadsheet shows what might happen if (a) GWU were to stay the course for 2011, and (b) the market basket schools behaved in 2011 as they did in 2010. This simple back-of-the-envelope exercise shows that there would be continued improvement in the University's competitive standing, and hence its ability to compete for the very best faculty.

2. Concern about the financial capacity of the University to stay the course is of course always relevant. The Resolution provides for this concern in the resolving clause. What is known at this point is that the University's financial performance for fiscal year 2009-2010 was extremely positive, and preliminary indications are that enrollments (a key variable) for 2010-2011 remain strong.

Submitted: May 7, 2010

Joseph Cordes

Chair, Faculty Senate Committee on Fiscal Planning and Budgeting

**AAUP Faculty Average Salaries GWU vs. BWU Market Basket Schools  
2008-2009, 2009-2010, and Projected 2010-2011**

	AAUP 2009-2010			AAUP 2008-2009			Percent Chng. 2009/10 vs.2008/09			"Projected Avg. AAUP Salaries for 2010-2011"***		
	Full	Associate	Asst	Full	Associate	Asst	Full	Associate	Asst	Full	Associate	Asst
American University	\$146.5	\$96.4	\$67.2	\$142.9	\$92.6	\$67.6	2.5%	4.1%	-0.6%	\$150.2	\$100.4	\$66.8
Boston University	\$140.6	\$95.5	\$82.1	\$135.7	\$91.2	\$76.4	3.6%	4.7%	7.5%	\$145.7	\$100.0	\$88.2
Duke	\$160.8	\$102.6	\$89.8	\$161.2	\$107.3	\$89.5	-0.2%	-4.4%	0.3%	\$160.4	\$98.1	\$90.1
Emory University	\$154.8	\$99.4	\$83.4	\$153.4	\$100.5	\$84.1	0.9%	-1.1%	-0.8%	\$156.2	\$98.3	\$82.7
George Washington University	\$142.9	\$98.6	\$81.0	\$134.7	\$97.0	\$78.7	6.1%	1.6%	2.9%	\$151.6	\$100.2	\$83.4
Georgetown University	\$155.5	\$100.7	\$83.6	\$155.9	\$101.0	\$80.5	-0.3%	-0.3%	3.9%	\$155.1	\$100.4	\$86.8
New York University	\$171.1	\$101.5	\$92.7	\$170.7	\$103.7	\$93.5	0.2%	-2.1%	-0.9%	\$171.5	\$99.3	\$91.9
Northwestern University	\$166.3	\$106.9	\$95.3	\$161.8	\$105.3	\$93.5	2.8%	1.5%	1.9%	\$170.9	\$108.5	\$97.1
Southern Methodist University	\$133.4	\$89.9	\$84.4	\$127.5	\$88.8	\$84.2	4.6%	1.2%	0.2%	\$139.6	\$91.0	\$84.6
Tufts University	\$127.2	\$95.3	\$75.7	\$128.0	\$95.3	\$75.8	-0.6%	0.0%	-0.1%	\$126.4	\$95.3	\$75.6
Tulane University	\$128.0	\$84.0	\$67.8	\$125.9	\$83.4	\$65.2	1.7%	0.7%	4.0%	\$130.1	\$84.6	\$70.5
University of Miami	\$132.5	\$86.9	\$79.1	\$132.8	\$86.2	\$79.5	-0.2%	0.8%	-0.5%	\$132.2	\$87.6	\$78.7
University of Southern California	\$145.8	\$98.6	\$89.6	\$145.0	\$95.8	\$86.7	0.6%	2.9%	3.3%	\$146.6	\$101.5	\$92.6
Vanderbilt University	\$145.1	\$93.1	\$73.1	\$145.9	\$93.5	\$72.5	-0.5%	-0.4%	0.8%	\$144.3	\$92.7	\$73.7
Washington University	\$160.7	\$97.1	\$85.4	\$159.3	\$96.5	\$85.0	0.9%	0.6%	0.5%	\$162.1	\$97.7	\$85.8
<b>Market Basket Median</b>	\$145.8	\$97.1	\$83.4	\$145.0	\$95.8	\$80.5	0.9%	0.7%	0.5%	\$150.2	\$98.3	\$84.6
<b>GWU Ranking</b>	10	6	10	11	6	10	1	4	5	7	5	9

Projected average AAUP salary for 2010-2011 arrived at by applying the percentage changes in average salaries for 2010 to the AAUP averages for 2010