

Executive Summary of the 2015 SCESF Report on the Economic Status of the Faculty

I. Introduction

This Executive Summary provides an overview of the 2015 Report of the Senate Committee for the Economic Status of the Faculty (SCESF). The Report is based on data provided to the Committee by the Office of the Vice Provost for Faculty, in combination with information the Committee has assembled from other sources. The 2015 Report covers the 2014 Fiscal Year, from July 1, 2013 through June 30, 2014.

The full 2015 Report is published in *Almanac* at www.upenn.edu/almanac/v61/n32/pdf/esf-long.pdf and includes the full publicly available dataset provided to the Committee by the Vice Provost's office. The data tables included within this Executive Summary retain the numbering system used in the full Report for consistency and ease of comparison.

This Executive Summary focuses on key observations and issues of concern identified by the Committee upon review of these data as well as issues raised during direct discussions with the Vice Provost for Faculty, Anita Allen. The Committee met five times to discuss the data and assemble the report, including one question-and-answer session with Vice Provost Allen. The report concludes with the Committee's recommendations to the University administration in regard to maintaining and improving the economic status of the faculty at Penn.

II. Merit Raises for Penn Faculty in Fiscal Year 2014

a. *Target Number for Annual Salary Increase.* The mean salary increase across all ranks and schools for FY 2014 was targeted to 3.0%, published in *Almanac* at <http://www.upenn.edu/almanac/volumes/v59/n27/salary.html>. The target has not been set above 3% since 2006.

While the faculty have not received a complete explanation of how the target number published annually in *Almanac* is set, local market forces appear to be the primary determinant. Appropriate inputs used for setting this target appear to be complicated by the fact that the number represents the pool for staff and faculty salaries. Given that the market determinants for staff salaries are typically a function of local market factors, whereas the market for faculty salaries is national in scope, the inputs to the pool number for faculty salaries should be carefully reviewed.

b. *Actual Annual Salary Increases.* Once the University-wide target has been set, annual salary increases for individual faculty members are determined by department chairs and deans. Those set either below 1.0% or above 5.0% are reviewed by the Provost's office.

Actual annual salary increases for Fiscal Year 2014 are summarized in Table 1. There is variability in these increases across academic rank. The mean and median values for full, associate and assistant professors are broken out in Table 1.

Table 1

Average academic base salary percentage increases of continuing Penn standing faculty members by rank in comparison with the Consumer Price Index (CPI) and Penn Budget Guidelines

Group/Condition/Metric		FY 2013-2014
Full Professor	Mean	3.9%
	Median	3.0%
Associate Professor	Mean	4.5%
	Median	3.0%
Assistant Professor	Mean	3.4%
	Median	3.0%
All Three Ranks	Mean	3.9%
	Median	3.0%
US City Average CPI Growth	Mean	2.1%
Philadelphia CPI Growth	Mean	1.8%
Budget Guidelines	Mean	3.0%

NOTES: All salaries are converted to a nine-month base. Academic base salary increases pertain to all Penn standing faculty members with an appointment at the time of the fall census for both years. Faculty members on paid leave or unpaid leave are reported at their full salaries.

Excluded are all members of the Faculty of Medicine except basic scientists, all Clinician Educators from four schools (Dental Medicine, Veterinary Medicine, Nursing and Social Policy & Practice), faculty members on phased retirement and deans of all schools.

FYs 2013-2014 CPI growth for the US and for Philadelphia are based on a change in CPI from June 2013 to June 2014.

c. *Some Schools Lag Significantly Behind the Target Number.* In Fiscal Year 2014, merit increases in several schools fell markedly below the University-wide target of 3.0%. Strikingly, ~33% of faculty in the basic sciences within the Perelman School of Medicine received a salary increase less than the Consumer Price Index (CPI) for Philadelphia. That means that about a third of the basic science faculty in the Perelman School of Medicine did not receive merit increases

sufficient to stay ahead of inflation. The deficit between the University-wide target number for merit raises and the median salary increases received by faculty in the basic science departments at the medical school was marked at all faculty ranks: the median raise for full professors was 2.0%, while associate and assistant professors received median raises of 2.0% and 1.7%, respectively.

Among other schools at Penn, only Veterinary Medicine and Dental Medicine showed a marked fraction of faculty receiving salary increases below the growth in the CPI, at 19.3% and 18.5%, respectively. Faculty in Veterinary Medicine received median raises of 2.0% at all ranks. Specific data on raises for the Dental School are not available for all ranks due to a limited data pool.

d. *Widening Gap Between Faculty and Senior Administrative Salaries.* In light of concerns raised in last year's SCESF Report on the widening gap between merit increases for faculty and administrators at Penn (<http://www.upenn.edu/almanac/volumes/v60/n33/esf.html>), the Committee requested data for mean and median salary increases for senior administrators for Fiscal Year 2014 from the Office of the Vice Provost for Faculty. As the requested data were not provided, the committee utilized publicly available data from Form 990 reporting (for example, see <http://www.citizenaudit.org/231352685/>). The Form 990 data indicate that senior administrators at Penn received a median raise of 5.6% for Fiscal Year 2014.

Further, we compared mean reportable income for senior administrators at Penn over the past five years to mean salary data for full professors at Penn. (Reportable income for administrators in the medical school and health system were not included in this comparison, both because the medical school administrative salaries are on a higher scale than those of most other senior administrators and because the faculty data that were provided by the Vice Provost's office exclude clinical faculty). Over the past five years of available data, the reportable income of senior administrators increased more than 9%, compounded annually, while the faculty salaries increased slightly less than 2.8%, compounded annually. Thus, while administrative compensation has effectively "recovered" from the economic downturn of 2008-2010, faculty salaries have remained relatively static over time.

Importantly, the persistent gap between merit increases for administrators and faculty has led to an ever-widening gap between salaries. Plotting publicly available data from Penn's Form 990 reporting against the data provided to the Committee by the Office of the Vice Provost for Faculty (Graph 1) illustrates the trend over time.

III. Salary Comparisons: Penn's Competitive Standing

a. *Comparisons to Ivy-Plus Universities.* Academic salaries at Penn can be compared to those offered at a set of highly competitive private research universities, including Ivy League schools and other premier private universities (Stanford, Chicago, etc.). We provide comparisons of mean academic base salaries for full, associate and assistant professors at Penn to this peer group in Table 5.

Graph 1
Total Mean Reportable Income for Senior Non-medical Administrators (upper line) and Total Mean Salary for Full Professors (lower line)

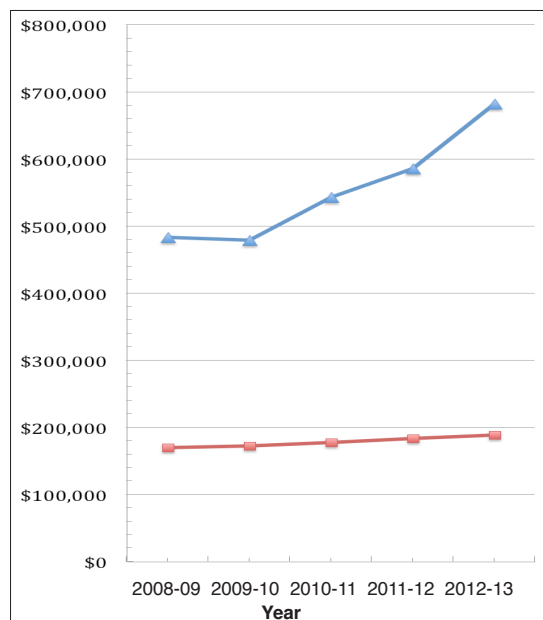


Table 5
Percentage differences in mean academic base salary levels of Full Professors at a sample of comparable research universities for Academic Years 2008-2009 through 2013-2014

Full Professor—Mean Academic Base Salaries: Percentage Differences*	Percentage Differences*					
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Columbia	3.4%	10.9%	9.3%	8.9%	13.5%	12.1%
Stanford	7.4%	6.6%	7.6%	7.6%	10.9%	11.9%
Chicago	6.0%	8.2%	8.7%	8.9%	8.9%	9.6%
Harvard	13.7%	12.4%	10.7%	9.3%	8.6%	7.7%
Princeton	6.4%	6.4%	6.2%	6.7%	7.0%	7.2%
Penn	\$169.4	\$170.1	\$175.1	\$181.6	\$187.0	\$192.3
Yale	3.1%	2.4%	1.1%	-0.7%	-0.4%	-0.1%
Duke	-4.8%	-5.5%	-6.7%	-3.5%	-3.6%	-3.1%
MIT	-5.4%	-5.4%	-5.3%	-5.4%	-4.4%	-3.3%
Dartmouth	-8.8%	-9.4%	-9.9%	-10.7%	-10.5%	-9.5%
Cornell	-8.9%	-8.8%	-9.9%	-10.9%	-14.5%	-14.2%
Brown	-13.6%	-14.3%	-13.9%	-13.7%	-14.0%	-14.4%

NOTES: Penn academic base mean salaries are based on standing faculty members at the rank of full professor. Excluded are all members of the Faculty of Medicine except basic scientists and all standing faculty members who are appointed as Clinician Educators. Data Source: AAUP Salary Surveys.

*Universities are ordered from highest to lowest percentage difference for full professors as of 2013-2014. For each year reported, the difference between the Penn mean salary and the mean salary for a comparison university was computed as a percentage of the Penn salary.

Associate Professor	Percentage Differences*					
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Columbia	-1.7%	6.2%	8.9%	6.1%	12.9%	21.6%
Stanford	12.2%	12.9%	12.7%	11.4%	15.2%	17.3%
Princeton	0.2%	6.1%	7.4%	5.0%	10.1%	8.5%
MIT	-3.3%	0.7%	2.3%	2.1%	4.5%	6.4%
Harvard	-1.6%	6.1%	7.3%	2.6%	1.4%	3.6%
Duke	-6.0%	-6.9%	-7.6%	-2.8%	2.3%	1.1%
Penn	\$114.1	\$110.2	\$112.5	\$117.8	\$117.3	\$119.5
Chicago	-6.4%	-3.3%	-3.2%	-3.1%	0.3%	-0.5%
Yale	-12.5%	-10.7%	-7.7%	-7.8%	-3.6%	-1.0%
Cornell	-3.8%	-1.3%	-2.8%	-4.1%	-5.6%	-3.5%
Dartmouth	-8.7%	-5.0%	-4.6%	-7.9%	-4.9%	-4.9%
Brown	-19.5%	-16.6%	-14.0%	-15.7%	-11.9%	-10.0%

Assistant Professor	Percentage Differences*					
	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Penn	\$98.0	\$102.3	\$106.8	\$112.3	\$116.2	\$118.0
Stanford	2.9%	-1.8%	-3.2%	-2.2%	-4.2%	-0.4%
Harvard	3.5%	2.1%	-2.6%	-2.2%	-2.4%	-3.0%
MIT	-0.5%	-1.7%	-6.4%	-8.5%	-8.5%	-5.8%
Columbia	-9.0%	-9.8%	-9.0%	-11.8%	-9.0%	-6.0%
Chicago	-0.3%	-2.2%	-5.9%	-8.6%	-11.6%	-10.5%
Duke	-6.5%	-12.2%	-18.4%	-14.5%	-16.3%	-12.3%
Princeton	-12.4%	-14.3%	-15.0%	-16.1%	-16.7%	-13.8%
Cornell	-4.6%	-9.8%	-9.6%	-13.6%	-15.8%	-16.6%
Yale	-12.2%	-16.3%	-18.1%	-20.1%	-18.9%	-18.7%
Dartmouth	-15.1%	-18.9%	-20.0%	-20.1%	-23.1%	-20.3%
Brown	-21.6%	-23.3%	-24.3%	-26.7%	-26.0%	-24.7%

Among this group of highly competitive private research universities, Penn is generally ranked mid-pack. The relative ranking for mean salaries for full professors is 6/12 and for associate professors is 7/12. In contrast, mean salaries for assistant professors are highly competitive, at 1/12 relative to Ivy-Plus peers.

b. *Comparison to the American Association of Universities.* Academic salaries at Penn can also be compared more broadly to data provided by the American Association of Universities (AAU). The AAU is comprised of ~60 public and private research universities in the United States and Canada, including several Ivy League institutions (e.g., Penn, Brown, Harvard, Princeton, Cornell and Yale), other private universities (e.g., Brandeis, Rice, Emory and Vanderbilt), public flagship universities (e.g., Berkeley, UCLA, the Universities of Michigan, Virginia and Wisconsin) and other public universities (e.g., Michigan State, University of California, Davis and University of California, Irvine). Please refer to the AAU website for a complete list of member institutions at <http://www.aau.edu/>

Given the broad variation in salaries across schools and academic levels, comparisons to the AAU dataset are broken out by academic field and rank. Categories with fewer than five faculty members at Penn were omitted from the table to preserve confidentiality.

While Penn strives to be an elite university, it is important to note how few academic fields at Penn offer faculty salaries within the top ranks of this broad comparator set. Only faculty in the Annenberg and Wharton Schools consistently rank within the top 10%, although full professors in Nursing, associate

and assistant professors in Design and associate professors in basic sciences within the Perelman School of Medicine also rank above this top 10% cutoff.

Penn ranks within the top 20% in this comparison group of both public and private universities in a broader number of fields, with competitive salaries at the full professor level in the Graduate School of Education, in the humanities, natural sciences and social sciences in the School of Arts & Sciences.

Table 4
Rank of mean salaries of Penn faculty by academic fields as compared to 60 selected universities participating in the American Association of Universities Data Exchange (AAUDE) survey

Academic Field	Rank of Mean Salaries					
	Fall 2008	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013
Full Professor						
Annenberg	1/38	1/40	1/41	1/41	1/39	1/43
Dental Medicine	11/43	2/44	9/45	10/45	9/43	9/44
Design	8/51	5/51	5/55	10/53	11/52	10/55
Engineering & Applied Science	14/53	11/53	13/57	13/55	14/54	13/58
Graduate Education	4/45	4/44	6/47	6/47	7/45	4/45
Humanities (A&S)	8/53	9/54	9/58	7/56	11/55	11/58
Law	7/39	7/37	8/40	7/39	8/38	7/39
Natural Science (A&S)	13/54	15/54	14/58	12/56	11/55	14/58
Nursing	2/25	2/24	1/17	1/19	1/19	1/21
Perelman—Basic Science	5/53	6/54	6/58	6/56	8/55	7/58
Social Policy & Practice	5/23	7/23	8/25	6/25	6/23	6/26
Social Science (A&S)	9/54	8/54	9/57	8/56	9/55	9/57
Veterinary Medicine	3/14	3/13	3/14	3/14	4/13	2/13
Wharton—Business & Management	5/50	4/51	5/55	5/53	2/52	3/55
Wharton—Public Policy	15/50	15/52	-	13/54	12/53	5/55
Wharton—Statistics	1/34	1/32	1/36	1/34	2/34	2/36
Associate Professor						
Annenberg	-	-	-	-	-	-
Dental Medicine	14/41	9/42	9/43	13/43	9/41	-
Design	6/51	3/51	3/55	1/51	3/51	3/52
Engineering & Applied Science	9/53	7/53	8/57	11/54	11/53	10/56
Graduate Education	5/44	4/44	8/48	8/45	9/44	9/44
Humanities (A&S)	6/53	12/54	12/57	11/55	13/54	12/57
Law	n/a	-	-	-	-	-
Natural Science (A&S)	11/54	14/54	14/58	15/56	17/55	17/58
Nursing	7/24	6/23	3/17	5/19	3/19	2/21
Perelman—Basic Science	5/53	7/54	8/58	4/55	4/54	3/57
Social Policy & Practice	3/24	-	-	-	-	-
Social Science (A&S)	11/54	8/54	7/57	8/56	14/55	10/56
Veterinary Medicine	8/14	9/13	11/14	6/14	6/13	7/13
Wharton—Business & Management	1/50	2/50	2/54	2/51	2/51	3/54
Wharton—Public Policy	-	-	-	-	-	-
Wharton—Statistics	2/27	-	3/31	2/27	2/30	-
Assistant Professor						
Annenberg	-	-	-	-	-	3/41
Dental Medicine	8/42	8/43	-	-	-	-
Design	7/49	4/50	6/55	6/51	4/50	5/54
Engineering & Applied Science	10/53	5/53	6/57	7/54	8/54	8/58
Graduate Education	6/45	6/43	7/47	-	15/43	12/44
Humanities (A&S)	17/53	14/54	14/58	14/56	17/55	14/58
Law	-	6/25	5/25	6/27	-	-
Natural Science (A&S)	15/54	15/54	15/58	15/56	22/55	16/58
Nursing	3/24	3/23	2/17	3/19	2/19	3/21
Perelman—Basic Science	7/53	10/54	8/58	6/56	9/55	9/58
Social Policy & Practice	6/24	6/25	6/25	-	5/24	5/26
Social Science (A&S)	13/54	11/54	8/57	7/56	8/55	7/57
Veterinary Medicine	6/14	5/13	6/14	5/14	5/12	5/13
Wharton—Business & Management	10/50	5/50	4/54	4/52	4/51	5/54
Wharton—Public Policy	-	1/51	-	1/54	1/53	1/52
Wharton—Statistics	1/33	-	-	-	-	-

NOTES: Median salary data from this particular data source is not complete, and therefore, the more complete average salary data set is used. The AAUDE survey instructions request academic base salaries and this was the metric used for submitting Penn faculty salaries.

Using the federal CIP (Classification of Instructional Programs) codes for 2000, departments at comparable universities were mapped to Penn Schools.

** Between Fall 2007 and Fall 2008, several modifications were made to CIP Code classifications for medical sciences. In Fall 2009, at the school's request, Wharton—Public Policy began being compared to Economics rather than Policy programs.

Calculations of rank only include those universities that have relevant departments. Therefore, the number of universities among which Penn is ranked varies by field.

Rank is suppressed for all cells which contain fewer than five Penn faculty members.

es (SAS) and for faculty within the basic sciences within the Perelman School of Medicine. At the associate professor level, the School of Nursing ranks at 16% of peers. At the assistant professor level, Engineering, Nursing, basic sciences within the Perelman School of Medicine and social sciences within SAS all rank within the top 20%.

In contrast, there are also fields in which Penn lags markedly behind our top competitors with regard to competitive salaries for faculty. Salaries for associate and assistant professors in natural sciences within the School of Arts & Sciences rank well below the 20% mark. The lowest ranking school in terms of faculty salaries at all levels is the School of Veterinary Medicine. Additional areas of concern include salaries for assistant professors in the Graduate School of Education and in humanities within SAS.

Similar concerns have been expressed by SCESF in the past with regard to faculty salaries in both the natural sciences and the School of Veterinary Medicine (<http://www.upenn.edu/almanac/volumes/v60/n33/esf.html>). It is unclear how Penn can effectively compete or retain the best faculty in these disciplines without offering more competitive salaries. Achieving and maintaining excellence across all schools is consistent with Penn's mission and Penn's standing in American academia, and this requires competitive salaries for faculty in all disciplines.

IV. Salaries for Female Faculty Continue to Lag Behind their Male Counterparts

a. *Mean Salary Increases are Generally Equivalent for Men and Women.* Annual percent increases in salary are generally similar for men and women on the faculty at Penn. However, there is some disparity in the top quartile (see Table 11 in the full report).

b. *Persistent Gender Gap in Faculty Salaries at Penn.* Despite the general parity in annual salary increases, there are striking differences in base salaries for men and women (Table 12). At the full professor level, the mean salary for women is \$14,393 less than the mean salary for men at the same rank. At the associate professor level, the mean salary for women is \$16,142 less than the mean for men at the same rank. Remarkably, there is even a significant wage gap at the entry level, as the mean salary for assistant professors who are women is \$12,275 less than that received by men at the same rank. Importantly, this wage gap is increasing rather than decreasing over time.

c. *Factors Contributing to the Ongoing Disparity.* Some of the disparity apparent in Table 12 may result from differences in gender ratios in faculty across the different schools at Penn, with traditionally male-dominated fields perhaps benefiting from higher salary levels than those typical for traditionally female-dominated fields. To examine this possibility, the Vice Provost's office provides a "weighted" set of comparisons (see the complete version of Table 12 published in the full report). However, even the "weighted" values show a persistent gender gap, ranging up to a 5.1% differential in mean salaries at the associate professor level. As the gender gap in salaries is apparent at all faculty ranks even within the "weighted" set of comparisons, it is likely that multiple factors contribute; we encourage the Office of the Vice Provost for Faculty to continue to investigate and remediate this persistent gender gap in faculty salaries at Penn.

Table 12
Mean academic base salary levels of Penn standing faculty members who continued in rank by gender and rank. Faculty on paid leave or unpaid leave are reported at their full salary.

		Unweighted		% Difference	\$ Difference
		Women	Men		
Full Professor					
2009-2010	Mean	\$161,532	\$175,440	8.6%	\$13,908
	Median	\$148,541	\$160,000	7.7%	
2010-2011	Mean	\$166,221	\$180,044	8.3%	\$13,823
	Median	\$152,030	\$163,900	7.8%	
2011-2012	Mean	\$172,035	\$186,174	8.2%	\$14,139
	Median	\$158,631	\$169,112	6.6%	
2012-2013	Mean	\$178,939	\$191,240	6.9%	\$12,301
	Median	\$167,606	\$172,921	3.2%	
2013-2014	Mean	\$183,418	\$197,811	7.8%	\$14,393
	Median	\$169,373	\$179,000	5.7%	
Associate Professor					
2009-2010	Mean	\$101,538	\$114,421	12.7%	\$12,883
	Median	\$92,925	\$102,750	10.6%	
2010-2011	Mean	\$103,011	\$116,923	13.5%	\$13,912
	Median	\$93,557	\$105,175	12.4%	
2011-2012	Mean	\$107,783	\$119,589	11.0%	\$11,806
	Median	\$97,250	\$108,000	11.1%	
2012-2013	Mean	\$107,877	\$123,145	14.2%	\$15,268
	Median	\$98,350	\$110,153	12.0%	
2013-2014	Mean	\$108,925	\$125,067	14.8%	\$16,142
	Median	\$100,127	\$112,750	12.6%	
Assistant Professor					
2009-2010	Mean	\$89,601	\$102,559	14.5%	\$12,958
	Median	\$77,925	\$85,152	9.3%	
2010-2011	Mean	\$98,764	\$108,534	9.9%	\$9,770
	Median	\$82,250	\$90,253	9.7%	
2011-2012	Mean	\$104,768	\$113,590	8.4%	\$8,822
	Median	\$84,913	\$94,425	11.2%	
2012-2013	Mean	\$104,802	\$121,832	16.3%	\$17,030
	Median	\$86,398	\$97,732	13.1%	
2013-2014	Mean	\$109,758	\$122,033	11.2%	\$12,275
	Median	\$89,400	\$100,435	12.3%	

NOTES: All salaries are converted to a nine-month base. Academic base salary increases pertain to all Penn standing faculty members with an appointment at the time of fall census for both years. Faculty members on paid leave or unpaid leave are reported at their full salaries.

Excluded are all members of the Faculty of Medicine except basic scientists, all Clinician Educators from four schools (Dental Medicine, Veterinary Medicine, Nursing and Social Policy & Practice), faculty members on phased retirement and Deans of all Schools.

Female faculty members are weighted using male weights. Male weights are calculated as a ratio of male faculty in each school/area to the total number of male faculty at Penn. Percent difference is calculated as the difference between male and female salaries divided by the female salary. Negative percent differences occur when the female salary exceeds the male salary.

SCESF's Recommendations for Fiscal Year 2016

In accordance with Faculty Senate policy, we present the following issues of concern and our recommendations to address these issues. The administration's responses appear in *italics* after the Committee's recommendations.

1. Maintaining Penn's Competitive Standing

Issue of Concern: To provide high-quality instruction, research and service, the University must attain and maintain faculty salaries at levels that are competitive with peer institutions in the top tier of American research universities. Comparisons of mean salaries at Penn to the most relevant peer group (an Ivy-Plus list) show that Penn consistently ranks mid-tier (6 or 7 out of 12) for those in the full and associate professor ranks. Salaries are more competitive at the assistant professor rank, with mean faculty salaries at Penn ranking first in this category. Of note, while the pool number for annual salary increases has improved since the recent economic downturn, the overall level of 3% median increases remains substantially and consistently lower than the median merit increases awarded to those in administrative positions at Penn.

SCESF Recommendation: The SCESF recommends that priority be placed over the next three years on improving faculty salaries at Penn, to move the University from the middle of the pack to the top quartile of the Ivy-Plus peer group, consistent with the goals of the University in fostering faculty excellence. This will require annual merit increases significantly higher than the 3% level awarded in FY 2014. To give the deans of the individual schools maximum flexibility, the University administration should consider revising the current approach, which tightly couples faculty and staff increases. Importantly, an increase in the pool allocated to the faculty will allow the University to adjust mean salaries for Penn faculty to levels that are more competitive nationally and more commensurate with the overall status of our institution.

Response: *The recruitment and retention of an eminent faculty is a paramount priority of the University. We are thus committed to offering competitive salaries and rewarding faculty achievement. The University pays attractive salaries and rewards faculty with merit increases that typically outpace the Consumer Price Index. In fact, as the Committee notes, Penn's assistant professor salaries rank number one among Ivy-Plus peer research universities. Associate professor and full professor salaries at Penn fall solidly in the mid-range of its Ivy-Plus peers. The mean salaries of faculty at the Annenberg School, the School of Nursing and some of the Wharton School's departments are ranked first among their peers (see Table 4).*

In addition to the faculty salaries and benefits it offers, a university's competitive advantages include its academic reputation, location, the cost of living of its region, the array of public and private schools and cultural amenities available to families and the climate of the university for teaching and research. The University of Pennsylvania has distinct advantages in all of these important categories of competitiveness.

The merit pool has been set at 3% for several years. In the future, as in the past, the University will engage in a careful contextual assessment of its resources and the economy and thereafter set a financially responsible faculty merit increase pool to reward excellence in teaching, research and service.

The University's salary setting for faculty is coupled with that for staff as part of the overall budget planning process for the University. The deans work in close consultation with the administration in setting merit pool parameters for faculty with an aim of providing maximum flexibility as they allocate their schools' resour-

es, consistent with their financial capacities, projected trends and strategic goals. The mean salary increase awarded to faculty by their deans in Fiscal Year 2014 in fact exceeded the 3.0% merit pool announced for faculty and staff (see Table 1).

2. Maintaining a Standard of Excellence Across the University

Issue of Concern: The SCESF acknowledges that it is not a goal of the University administration or the Board of Trustees to attain parity in faculty salaries across diverse fields, departments and schools. Still, we express concern about the consistently lower levels of salaries in some fields. Faculty within the School of Veterinary Medicine and faculty in the natural sciences within SAS have consistently received low salary increases. We question whether the University can retain and attract the highest-quality faculty members across disciplines under these circumstances. The overall excellence of Penn is dependent on all schools and departments continuing to thrive.

SCESF Recommendation: The SCESF recommends that priority be placed on maintaining faculty salaries for each school at Penn within the top 10% of salaries of peer institutions within the American Association of Universities (AAU) group, broken out by discipline (Table 4 on page 2). Some fields will require relatively minor adjustments to achieve parity with peers within the top 10% of this list. However, we have strong concerns about the uncompetitive nature of the salaries received by faculty in the natural sciences within SAS and in the School of Veterinary Medicine, as compared to peers in similar fields at other universities. SCESF believes that Penn cannot effectively compete for the best faculty in these disciplines without a more aggressive salary structure.

Response: The University is strongly committed to providing highly competitive salaries to allow Penn to recruit and retain the very best faculty. The adoption of a recommendation that faculty salaries for each school at Penn fall within the top 10% of salaries of peer institutions within the American Association of Universities (AAU) group is not realistic for every school. The Responsibility Center Management structure requires that each school fund its own expenses, including faculty and staff salaries. The fiscal resources in each of the 12 schools may constrain their ability to successfully attain such a standard.

Natural sciences faculty salaries at Penn are approximately in the middle ranks of salaries paid by Penn's AAU peers to full, associate and assistant professors. The School of Arts & Sciences continues to work assiduously to ensure that salaries for faculty in the natural sciences are competitive and support the recruitment and retention of eminent scholars. The School of Veterinary Medicine faces special funding challenges due to decreased state funding support, but nevertheless pays competitive salaries. The average salary for full professors at Penn Vet in Fiscal Year 2013-14 was the second highest in the nation; for associate professors, the seventh highest; and for assistant professors, the fifth highest. Contributing to its competitiveness in the global market for eminent faculty, Penn Vet is unique among vet schools for having an urban location and urban research hospital, as well as a world-class suburban large-animal teaching and research facility.

3. Consistent Implementation of Salary Policies

Issue of Concern: In Fiscal Year 2014, faculty within the Perelman School of Medicine did not receive their annual merit increases in salary until two months after the start of the fiscal year. This unprecedented policy resulted in median salary increases for basic science faculty in the Perelman School of Medicine that were significantly lower than the target of 3% set for the University as a whole. More than 30% of the faculty within the School of Medicine received increases less than the increase in the local CPI.

SCESF Recommendation: The SCESF recommends that the medical school administration clarify why their faculty in the basic sciences within the Perelman School of Medicine fell well below University-wide norms for salary increases for FY 2014. In addition, SCESF strongly recommends against delaying faculty salary increases relative to the start of the fiscal year. Delaying merit increases for a given school appears arbitrary and suggests a lack of equity, undermining trust within the faculty. Faculty salary adjustments, barring individual cases, should remain on a consistent schedule tied to the fiscal year calendar.

Response: Deans across the University are responsible for allocating their schools' resources in a financially responsible manner. The Dean of the Perelman School of Medicine (PSOM) and other senior administrators in the school consult with department chairs and business administrators in annual budget meetings to review salaries and address any specific issues such as adjustments relating to equity, promotion and change in levels of responsibility. In response to anticipated financial pressures in Fiscal Year 2014 and to address projected budgetary shortfalls, a merit pool below 3% was established. The two-month delay in increasing faculty salaries was a strategic decision to enable the school to address budgetary constraints and maximize the percentage increase to base salaries. In keeping with usual practices, salary increase guidelines were communicated to the department chairs who were in turn responsible for communicating those guidelines to their faculties. University procedures were followed and faculty members within the school were treated equitably.

4. Achieving Gender Equity at Penn

Issue of Concern: SCESF is concerned about the continuing gender inequity in faculty salaries observed over time and at all ranks. Further, this gap is widening rather than shrinking over time. The SCESF notes that this continued inequity is inconsistent with the aims of the *Action Plan for Faculty Di-*

versity (<http://www.upenn.edu/almanac/volumes/v58/n02/diversityplan.html>).

SCESF Recommendation: We urge the Vice Provost for Faculty to focus on reducing gender inequities in faculty salaries across the University. We recommend that the President, Provost, Vice Provost for Faculty and deans of the individual schools allocate specific funds, additional to those already allocated to the pool for merit increases, in order to address the persistent gender imbalance in faculty salaries at Penn. University-wide disparities in compensation based on gender, race or any considerations other than merit are inconsistent with the ideals of the institution and are the responsibility of the University to correct.

Response: Ensuring gender equity is a top priority for the President, Provost and Vice Provost for Faculty. The Office of the Provost every year closely reviews salaries to monitor fairness and equity and to address unexplained differences in faculty salaries. A comprehensive review of salaries by gender was conducted in conjunction with the January 15, 2013 Progress Report on Gender Equity published in Almanac. The review found that "once additional variables for discipline, rank, time in rank and status as endowed professor and/or department chair were added, the differences between men's and women's salaries declined to 2.6%. The University will analyze the data related to these modest differences between male and female salaries and make needed adjustments to address any unexplained differences. This will take time and resources. We are committed to working with the relevant deans to identify the necessary resources to move forward and expeditiously address unexplained differences in salaries for men and women faculty.

5. Improving Communication and Enhancing Transparency and Fairness

Issue of Concern: The SCESF is concerned about the lack of transparency in regard to the process and considerations by which faculty salaries are determined, particularly with regard to the determinants that go into the setting of the annual target for salary increases. Further, there has been a worrying trend in which merit increases for top administrators significantly exceed those for faculty, leading to an ever-increasing salary gap.

SCESF Recommendation: The SCESF recommends that the faculty be provided annually with an explanation of the determinants that go into establishing the pool for faculty salary increases, such as market conditions, cost of living increases and other financial indices that impact the University's decision. The SCESF also recommends that the Provost's office provide SCESF with additional data that help to assess the competitiveness of total faculty compensation, including both salaries and benefits, relative to other universities. Finally, the SCESF recommends that mean merit increases for faculty parallel those awarded to top administrators.

Response: In the spirit of transparency, the President, Provost and Vice Provost for Faculty meet regularly throughout the year with the Faculty Senate Tri-Chairs. In addition, senior administrators from the areas of finance, budget and human resources, including Craig Carnaroli and Jack Heuer, meet with the Faculty Senate upon request to explain policies and answer questions.

The University provides faculty with a competitive package of health, wellness, family-friendly and retirement benefits. The University remains committed to market competitive faculty benefits and as such conducts periodic reviews of faculty benefits in collaboration with the Division of Human Resources. The University administration regularly engages with the University Council's Committee on Personnel Benefits and the Faculty Senate Tri-Chairs. To better communicate benefits information, in 2014-2015 the Division of Human Resources, in collaboration with the Faculty Senate and the Vice Provost for Faculty, launched a Faculty Benefits Newsletter, which was sent to all Penn faculty.

The Committee recommends that mean merit increases for faculty parallel those awarded to University Officers and other senior administrators as reported on the University's Form 990. The salaries of University administrators are informed by national markets relating to their particular administrative positions and the performance of the individuals who serve in those roles. The Committee concludes from its analysis of Form 990 data that senior administrators they designate as "Senior Non-medical Administrators" at Penn received a median raise of 5.6% for Fiscal Year 2014. In that year, 793 members of Penn's standing faculty received salary increases at or above 5%. Because the relevant job descriptions, qualifications and market comparisons for faculty and administrators are dramatically different, a simple comparison of average percentage increases is misleading. Nonetheless, these data, taken as a whole, evince the University's commitment to ensuring equity in faculty and senior administrative salaries and rewarding outstanding performance in both groups.

2014-2015 Senate Committee on the Economic Status of the Faculty

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