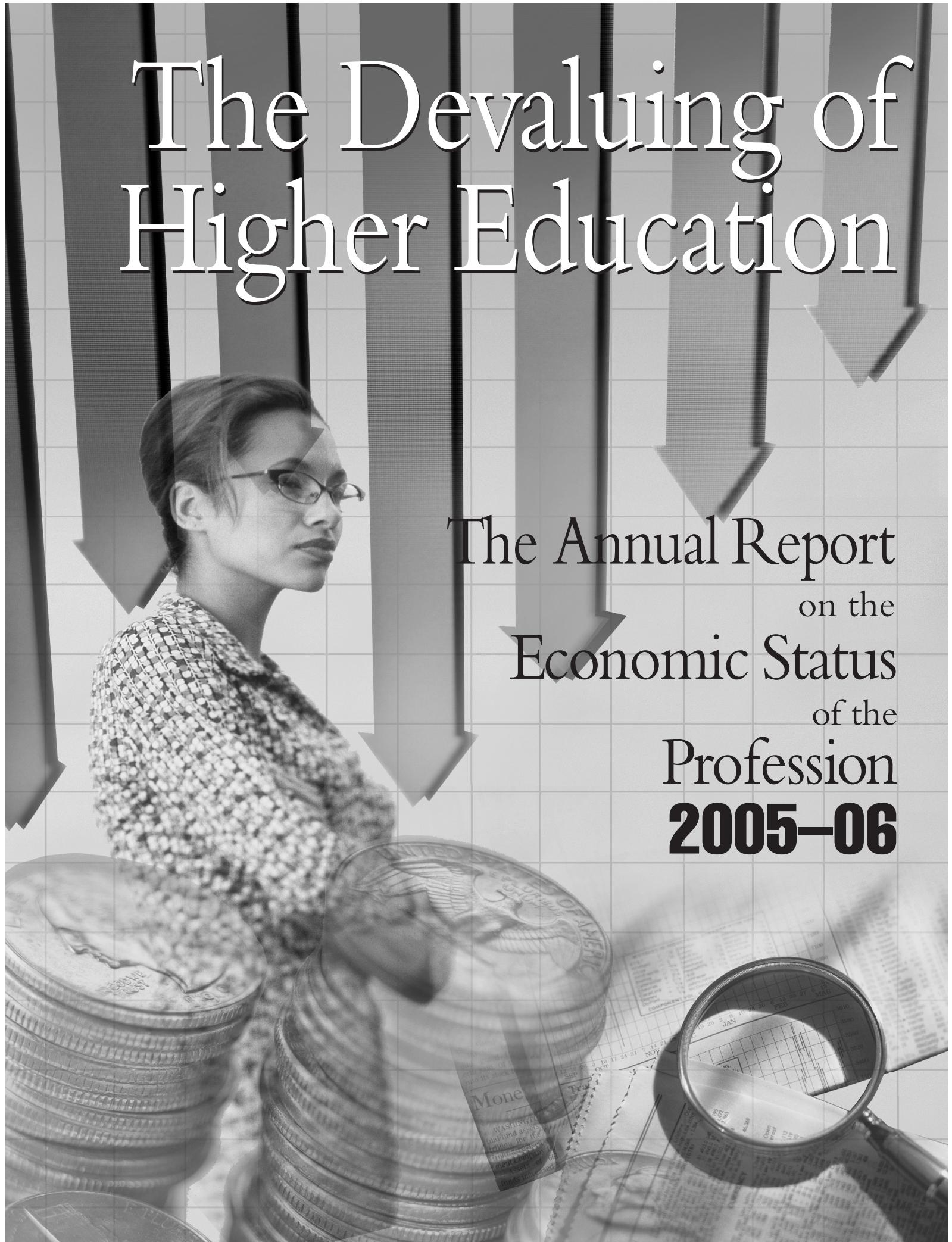
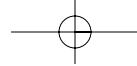


# The Devaluing of Higher Education

The Annual Report  
on the  
Economic Status  
of the  
Profession  
**2005–06**





**I**t's not hard to understand why college and university professors might worry about trends in faculty compensation. It may be more difficult, however, to see why those outside higher education should share this concern. But they should. In 2005–06, average faculty salaries increased by less than the inflation rate for the second consecutive year, making faculty positions less appealing for the next generation of scholars.

Increasingly, groups throughout society are demanding that higher education prepare ever more students for what many call a “knowledge-based economy.”<sup>1</sup> To accomplish this goal, it would seem imperative for colleges and universities to continue to attract the nation’s brightest scholars to their faculties. If they fail to do so, the quality of U.S. higher education will diminish. Now more than ever, all those with a stake in higher education need to grasp the importance of salary and benefits in recruiting and retaining the best-qualified faculty.<sup>2</sup>

Like its predecessors, this year’s survey of trends in faculty compensation aims to clarify when colleges and universities are well positioned to attract highly capable faculty and when they need to try harder. The report first examines the compensation of full-time faculty across different types of institutions, focusing on disparities in faculty compensation at public and private institutions. It then looks at salary trends in other professions requiring advanced degrees and among college and university presidents. Because benefits now account for about 30 percent of full-time faculty compensation, this year’s report compares the cost of benefits available to faculty with that of benefits received by employees in private industry. Given the decreasing proportion of full-time faculty positions in higher education, the report concludes by analyzing pay for part-time faculty.

### Bad News Again

When adjusted for inflation, average salaries for all full-time faculty declined by 0.3 percent in 2005–06, following a 0.5 percent decrease in 2004–05 (see table A). Although the average figure for “gross pay” on faculty paychecks increased by 3.1 percent in 2005–06, professors’ purchasing power diminished, because the inflation rate, as measured by the Consumer Price Index, was 3.4 percent between December 2004 and December 2005. The last time inflation-adjusted salaries declined for two consecutive years was from 1978–79 to 1980–81.

Inflation-adjusted salaries may have declined partly because college and university administrators did not anticipate that the inflation rate would exceed 3 percent in each of the last two years, following a decade in which inflation averaged about 2.5 percent a year. If economic conditions have changed, causing

the average inflation rate to hover in the range of 3.5 percent, academic institutions will need to consider this development when budgeting faculty salaries for 2006–07 and beyond.

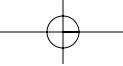
Table A reports average salary increases for full-time faculty by rank and across all ranks. The top half of the table shows changes in salaries for all faculty, including newly hired professors, while the bottom half of the table displays salary increases for continuing faculty only (those who remained in full-time positions at the same institution at which they were employed the previous year). The figures for continuing faculty provide a more consistent measure of changing salary levels, because they filter out some of the effects, such as changes in the composition of the faculty, that influence the overall averages but do not reflect changes in compensation. For example, senior faculty members (who typically earn higher salaries than their more junior colleagues) may retire, move to another institution, or leave academe. They may be replaced by less senior full-time faculty or part-time faculty, or not be replaced at all. The pay of those who remain may (or may not) be augmented with the savings realized from their departure.

Average salary increases for continuing faculty exceeded those for all faculty, rising by 4.4 percent in 2005–06, which is slightly lower than the percentage increase seen in 2004–05. The right side of table A adjusts nominal salary increases for inflation, revealing how salary changes affect the purchasing power of faculty. In real terms, continuing faculty salary increases slightly outpaced inflation, rising by 1.0 percent compared with 1.2 percent for 2004–05.

### Behind the Averages

Survey report table 1 on page 35 shows the percentage change in average salary levels and increases in the average salaries of continuing faculty members from 2004–05 to 2005–06 broken down by academic rank and institutional category and affiliation (public, private-independent, or church-related). The data for continuing faculty show that economic gains varied considerably across rank, institutional category, and affiliation.

Following trends established in prior years, full professors typically received smaller salary increases than associate professors, assistant professors, or instructors. For all categories combined (except two-year colleges without ranks), salary increases for full professors were lower than those for the other ranks. Full professors received smaller salary increases across all institutional types except for at associate-degree institutions, where they earned larger salary increases than instructors and associate professors but smaller increases than assistant professors. Faculty at lower academic ranks may receive higher salary increases because lower-



**TABLE A**  
**Percentage Increases in Average Nominal and Real Salaries for Institutions Reporting Comparable Data for Adjacent One-Year Periods, and Percentage Change in the Consumer Price Index, 1971-72 through 2005-06**

	Prof.	Assoc.	Asst.	Inst.	All Ranks	Prof.	Assoc.	Asst.	Inst.	All Ranks	Change in CPI
	NOMINAL TERMS					REAL TERMS					
<b>ALL FACULTY</b>											
1971-72 to 1973-74	9.7	9.6	9.1	8.8	9.4	-2.7	-2.8	-3.3	-3.6	-3.0	12.4
1973-74 to 1975-76	12.4	12.1	11.7	12.3	12.1	-7.7	-8.0	-8.4	-7.8	-8.0	20.1
1975-76 to 1977-78	10.1	10.4	10.3	10.4	10.2	-1.8	-1.5	-1.6	-1.5	-1.7	11.9
1977-78 to 1979-80	13.5	13.2	13.1	12.8	13.3	-10.0	-10.3	-10.4	-10.7	-10.2	23.5
1979-80 to 1981-82	18.6	18.1	18.7	17.5	18.5	-3.9	-4.4	-3.8	-5.0	-4.0	22.5
1981-82 to 1983-84	11.2	11.0	11.9	12.1	11.4	3.5	3.3	4.2	4.4	3.7	7.7
1983-84 to 1985-86	13.2	12.7	13.2	12.5	13.1	5.3	4.8	5.3	4.6	5.2	7.9
1985-86 to 1986-87	6.0	5.8	5.7	4.9	5.9	4.9	4.7	4.6	3.8	4.8	1.1
1986-87 to 1987-88	5.0	4.8	4.9	3.8	4.9	0.6	0.4	0.5	-0.6	0.5	4.4
1987-88 to 1988-89	5.8	6.7	6.0	5.3	5.8	1.4	2.3	1.6	0.9	1.4	4.4
1988-89 to 1989-90	6.3	6.3	6.3	5.4	6.1	1.7	1.7	1.7	0.8	1.5	4.6
1989-90 to 1990-91	5.5	5.3	5.5	5.0	5.4	-0.6	-0.8	-0.6	-1.1	-0.7	6.1
1990-91 to 1991-92	3.4	3.5	3.8	3.9	3.5	0.3	0.4	0.7	0.8	0.4	3.1
1991-92 to 1992-93	2.6	2.3	2.6	2.3	2.5	-0.3	-0.6	-0.3	-0.6	-0.4	2.9
1992-93 to 1993-94	3.0	3.1	3.0	3.2	3.0	0.3	0.4	0.3	0.5	0.3	2.7
1993-94 to 1994-95	3.4	3.4	3.2	3.5	3.4	0.7	0.7	0.5	0.8	0.7	2.7
1994-95 to 1995-96	3.1	2.9	2.7	2.6	2.9	0.6	0.4	0.2	0.1	0.4	2.5
1995-96 to 1996-97	2.9	3.0	2.4	3.2	3.0	-0.4	-0.3	-0.9	-0.1	-0.3	3.3
1996-97 to 1997-98	3.6	3.2	2.8	2.6	3.3	1.9	1.5	1.1	0.9	1.6	1.7
1997-98 to 1998-99	4.0	3.6	3.5	2.9	3.6	2.4	2.0	1.9	1.3	2.0	1.6
1998-99 to 1999-00	4.3	4.0	3.9	3.7	3.7	1.6	1.3	1.2	1.0	1.0	2.7
1999-00 to 2000-01	4.4	3.9	4.4	3.6	3.5	1.0	0.5	1.0	0.2	0.1	3.4
2000-01 to 2001-02	4.2	3.8	4.8	4.2	3.8	2.6	2.2	3.2	2.6	2.2	1.6
2001-02 to 2002-03	3.4	3.1	3.8	2.2	3.0	1.0	0.7	1.4	-0.2	0.6	2.4
2002-03 to 2003-04	2.4	2.0	2.3	2.0	2.1	0.5	0.1	0.4	0.1	0.2	1.9
2003-04 to 2004-05	3.4	3.0	3.2	2.7	2.8	0.1	-0.3	-0.1	-0.6	-0.5	3.3
2004-05 to 2005-06	3.7	3.3	3.3	3.2	3.1	0.3	-0.1	-0.1	-0.2	-0.3	3.4
<b>CONTINUING FACULTY</b>											
1971-72 to 1973-74	10.4	12.4	12.8	13.7	11.9	-2.0	0.0	0.4	1.3	-0.5	12.4
1973-74 to 1975-76	14.3	15.7	16.5	17.9	15.6	-5.8	-4.4	-3.6	-2.2	-4.5	20.1
1975-76 to 1977-78	12.5	13.2	13.5	13.7	13.0	0.6	1.3	1.6	1.8	1.1	11.9
1977-78 to 1979-80	15.2	16.3	17.4	18.0	16.1	-8.3	-7.2	-6.1	-5.5	-7.4	23.5
1979-80 to 1981-82	19.9	21.0	22.4	22.3	20.9	-2.6	-1.5	-0.1	-0.2	-1.6	22.5
1981-82 to 1983-84	13.3	13.9	15.3	14.7	14.1	5.6	6.2	7.6	7.0	6.4	7.7
1983-84 to 1985-86	14.2	15.1	16.3	16.1	14.9	6.3	7.2	8.4	8.2	7.0	7.9
1985-86 to 1986-87	6.3	6.7	7.0	6.5	6.6	5.2	5.6	5.9	5.4	5.5	1.1
1986-87 to 1987-88	6.1	6.6	7.1	6.9	6.5	1.7	2.2	2.7	2.5	2.1	4.4
1987-88 to 1988-89	6.4	7.1	7.6	7.4	6.8	2.0	2.7	3.2	3.0	2.4	4.4
1988-89 to 1989-90	6.9	7.4	7.8	7.5	7.3	2.3	2.8	3.2	2.9	2.7	4.6
1989-90 to 1990-91	6.1	6.8	7.2	7.0	6.6	0.0	0.7	1.1	0.9	0.5	6.1
1990-91 to 1991-92	3.9	4.5	4.9	5.1	4.3	0.8	1.4	1.8	2.0	1.2	3.1
1991-92 to 1992-93	3.2	3.7	4.2	4.4	3.6	0.3	0.8	1.3	1.5	0.7	2.9
1992-93 to 1993-94	3.8	4.4	4.7	4.5	4.2	1.1	1.7	2.0	1.8	1.5	2.7
1993-94 to 1994-95	4.1	4.7	4.9	4.9	4.6	1.4	2.0	2.2	2.2	1.9	2.7
1994-95 to 1995-96	3.7	4.1	4.5	4.4	4.0	1.2	1.6	2.0	1.9	1.5	2.5
1995-96 to 1996-97	3.0	4.0	4.2	4.6	3.5	-0.3	0.7	0.9	1.3	0.2	3.3
1996-97 to 1997-98	4.0	4.6	4.8	5.0	4.3	2.3	2.9	3.1	3.3	2.6	1.7
1997-98 to 1998-99	4.5	5.0	5.3	5.3	4.8	2.9	3.4	3.7	3.7	3.2	1.6
1998-99 to 1999-00	4.5	4.9	5.4	5.3	4.8	1.8	2.2	2.7	2.6	2.1	2.7
1999-00 to 2000-01	5.0	5.4	5.8	5.8	5.3	1.6	2.0	2.4	2.4	1.9	3.4
2000-01 to 2001-02	4.8	5.1	5.7	5.4	5.0	3.2	3.5	4.1	3.8	3.4	1.6
2001-02 to 2002-03	4.1	4.4	4.7	4.5	4.3	1.7	2.0	2.3	2.1	1.9	2.4
2002-03 to 2003-04	2.8	3.3	3.5	3.8	3.1	0.9	1.4	1.6	1.9	1.2	1.9
2003-04 to 2004-05	4.2	4.7	4.8	4.7	4.5	0.9	1.4	1.5	1.4	1.2	3.3
2004-05 to 2005-06	4.1	4.7	4.8	4.4	4.4	0.7	1.3	1.4	1.0	1.0	3.4

*Note:* Consumer Price Index (CPI) obtained from the U.S. Bureau of Labor Statistics. The change in the CPI for all urban consumers, the percentage change that this table reports, is calculated from December to December. Salary increases for the years to 1985-86 are grouped in two-year intervals in order to present the full 1971-72 through current year series. Nominal salary is measured in current dollars. The percentage increase in real terms is the percentage increase in nominal terms adjusted for the percentage change in the CPI. Figures for All Faculty represent changes in salary levels from a given year to the next. Figures for Continuing Faculty represent the average salary change for faculty on staff at the same institution in both years over which the salary change is calculated.

rank faculty often have more job mobility, perhaps leading institutions to compete more fiercely to retain them.

Across institutional categories, continuing faculty at doctoral universities and baccalaureate colleges fared best in 2005–06; their salary increases averaged 4.6 and 4.5 percent, respectively. Average salaries at master's institutions and two-year colleges with ranks increased by just 4.2 and 4.1 percent, respectively.

The size of the average faculty salary increase across institutional categories generally correlates with the percentage of public versus private institutions within each category.<sup>3</sup> The institutional category with the lowest percentage of public institutions (baccalaureate colleges) experienced some of the highest salary increases in 2005–06. Doctoral universities include private institutions with high average salaries, where faculty received higher salary increases than their colleagues at public institutions. Doctoral universities also include public institutions that have larger faculties receiving lower salaries; these faculty saw smaller salary increases in 2005–06. The institutional categories with the highest percentages of public institutions (master's institutions and two-year colleges with ranks) offered the lowest salary increases.

Because about two-thirds of U.S. faculty are employed by public colleges and universities, and more than three-fourths of postsecondary students are educated in this sector, it is important to analyze faculty salary changes by public-private affiliation.<sup>4</sup> In 2005–06, the salaries of faculty at private colleges and universities increased by 0.5 percentage points more on average than the

salaries of their counterparts at public institutions. However, the percentage salary increases varied across academic ranks and institutional types. The gap in the salary increase between private and public institutions was greatest for faculty at the rank of instructor, with much of the difference occurring at doctoral universities. The private-public difference shrinks to 0.7 percentage points for assistant professors and even less for those at higher ranks.

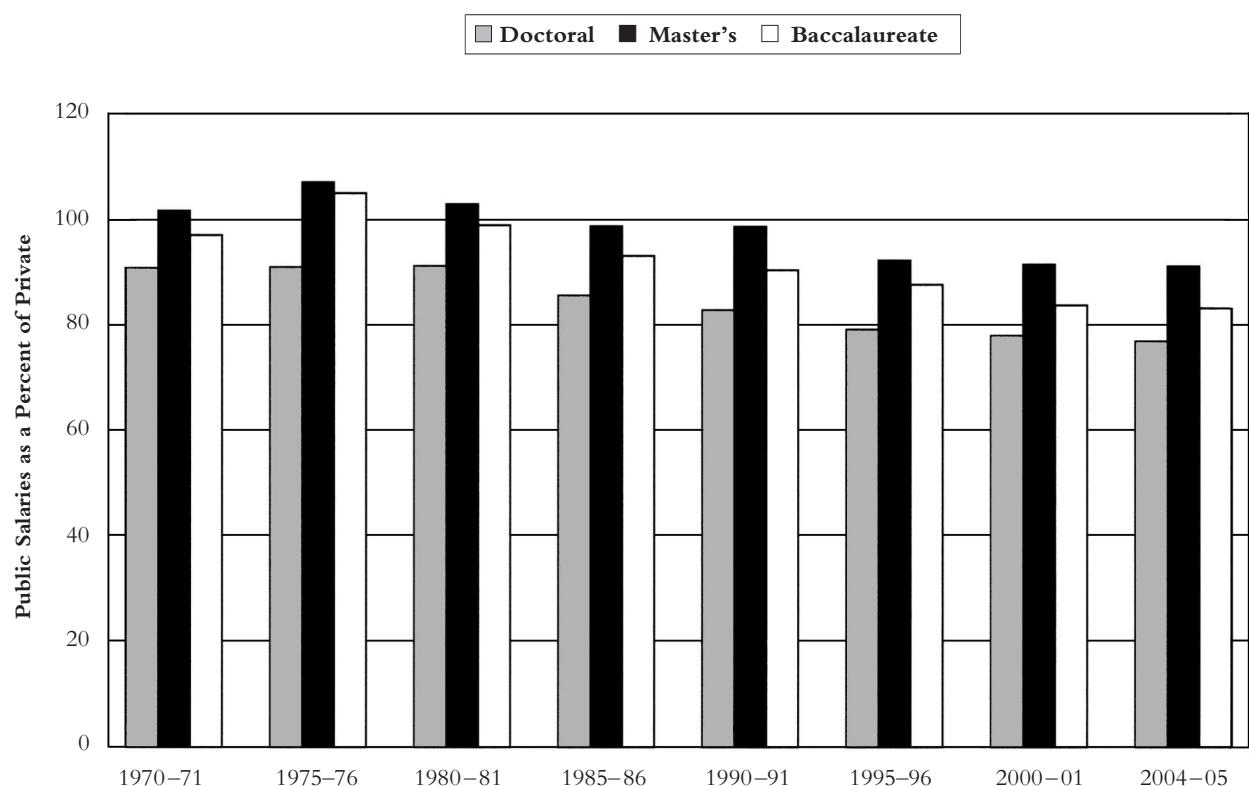
Survey report table 1 shows that the private-public salary gap is largest at baccalaureate colleges, where average faculty salary increases at private institutions were 1.1 percentage points above those at public baccalaureate colleges. Average increases at private master's institutions were 0.5 percentage points higher than at public master's institutions. And average increases at private doctoral institutions were 0.2 percentage points higher than at public universities.

## Big Picture

Anecdotal stories suggest that some private colleges and universities have been using their ability to pay higher salaries to raid public institutions of their tenured faculty, but no empirical data yet exist on how widespread this phenomenon may be. To the extent that the private-public salary gap persists, or grows even wider, it will be harder for public colleges and universities to recruit and retain top-quality faculty.

Figure 1 compares the salaries of full professors at public and private institutions. In 1970–71, full professors at public doctoral

**FIGURE 1**  
**Comparison of Average Full Professor Salaries at Public and Private Institutions,**  
**1970–71 to 2004–05**



universities earned 91 percent as much as professors at private doctoral institutions. But by 2004–05, professors at public doctoral universities earned just 77 percent of what their private-institution counterparts did.

During the 1970s and early 1980s, there was no significant private-public salary gap at baccalaureate or master's institutions—although baccalaureate colleges are disproportionately private, and master's institutions are disproportionately public. In the mid-1980s, however, a disparity in salaries at private and public baccalaureate colleges emerged, and it continued to widen over the following twenty years. By 2004–05, full professors at public baccalaureate colleges earned just 83 percent as much as their counterparts at private institutions.

In the 1970s and early 1980s, full professors at public master's institutions typically earned more than their counterparts at private institutions. By the mid-1990s, however, salaries at public master's institutions began to slip below those at private institutions. Still, the private-public salary gap remains smaller at master's institutions than at any other institutional type; full professors at public master's institutions earn approximately 91 percent as much as their counterparts at private institutions. Over the last four years, the size of the private-public salary gap has remained relatively constant at doctoral, master's, and baccalaureate institutions.

Figure 2 compares trends in the average salaries of assistant professors at public and private four-year colleges and universities

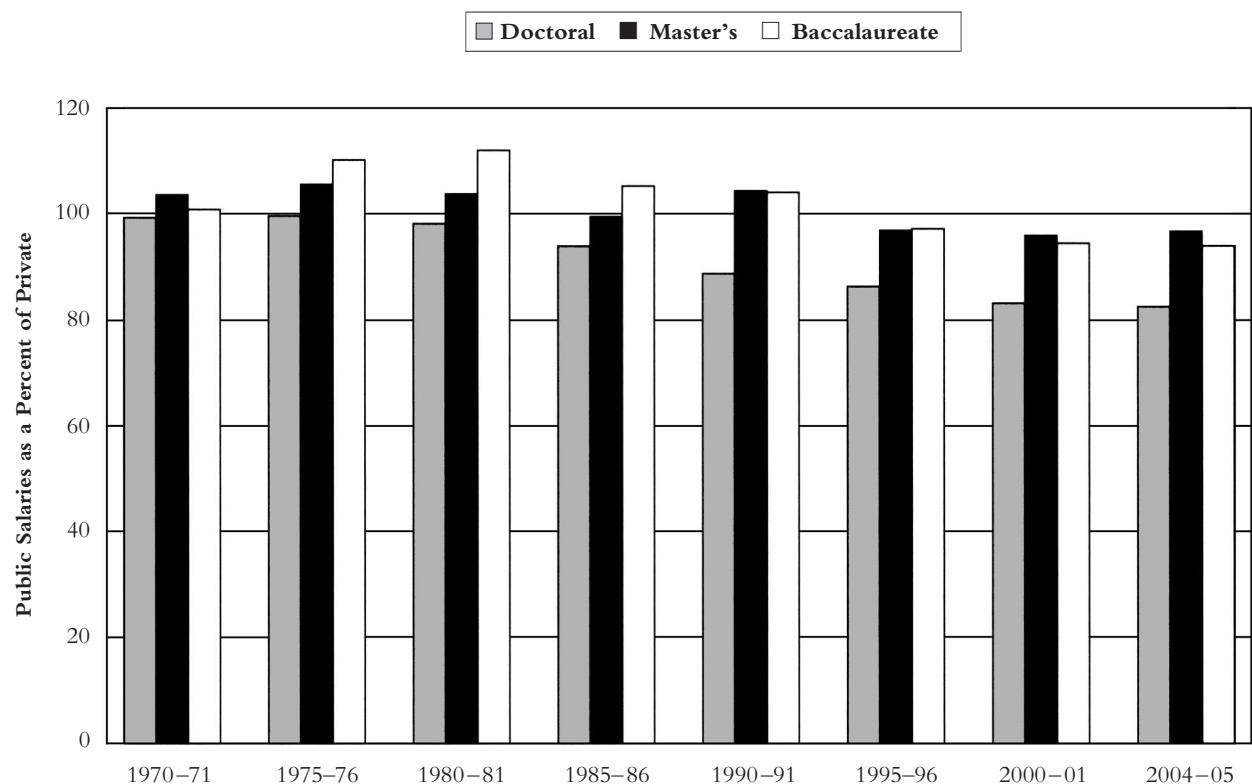
over the past thirty-five years. Because most tenure-track faculty enter the profession at the rank of assistant professor, significant differences in compensation at this level would seem to affect the ability of public institutions to attract top-quality new PhDs to their faculties. Public doctoral universities did not appear to have a financial disadvantage in recruiting new professors until the mid-1980s, when the salary gap began to widen. By 2004–05, assistant professors at public doctoral universities earned only 83 percent as much as their private-university counterparts. Assistant professors at public baccalaureate and master's institutions typically received higher salaries than their colleagues at private institutions until the mid-1990s. Since then, the salary gap has held relatively constant at 3 to 5 percentage points.

Compensation gaps at the assistant professor level likely compound as faculty advance through the professorial ranks, which may partly explain why the private-public salary gaps in figure 1 are larger than those in figure 2.

### Academia and Other Professions

Although most faculty members probably do not choose a career in academe for the paycheck, increasing disparities between the compensation of faculty and that of those with graduate degrees in other professions will no doubt make it harder to recruit the best undergraduates into academic careers. For example, a paper presented at the 2006 meeting of the American Economic Association examined the decisions of applicants who were

**FIGURE 2**  
**Comparison of Average Assistant Professor Salaries at Public and Private Institutions, 1970–71 to 2004–05**



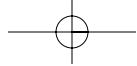
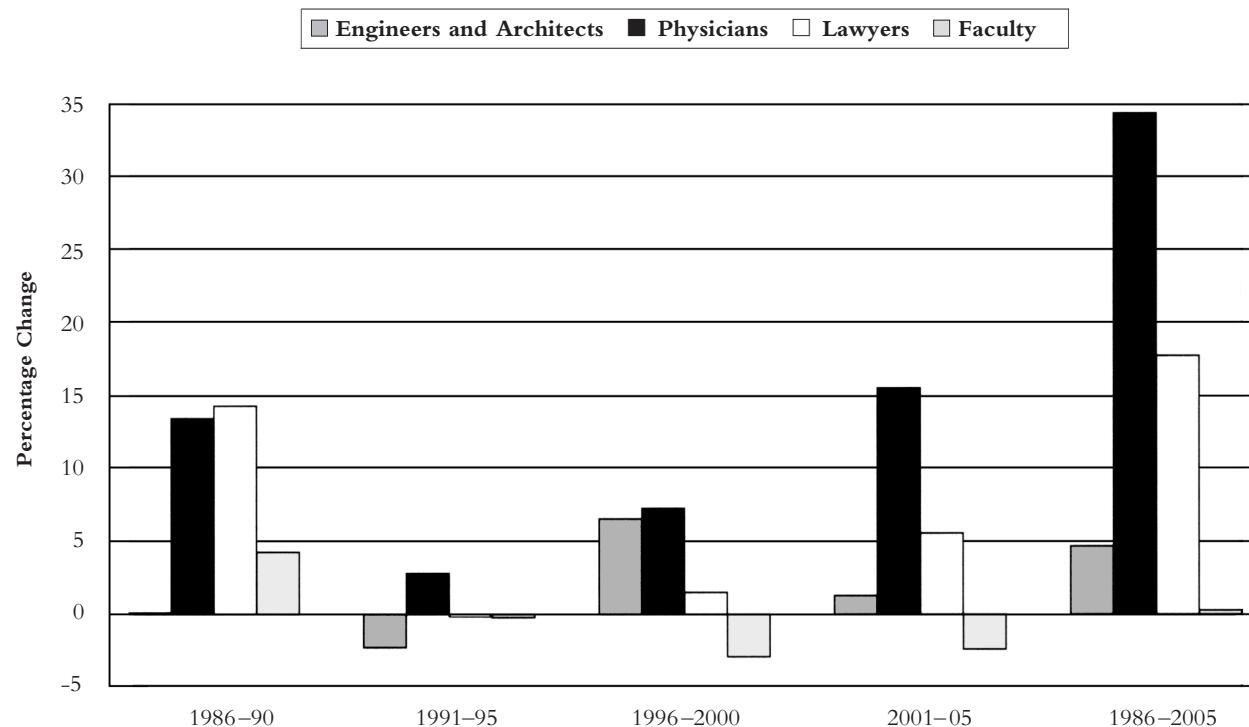


FIGURE 3

**Percentage Change in Inflation-Adjusted Median Salaries for Five Professions, Four-Year Intervals, 1986 to 2005**



Source: "Median Weekly Earnings of Wage and Salary Workers Who Usually Work Full Time, by Detailed Occupation and Sex, 1983–2002" and "Median Usual Weekly Earnings of Employed Full-Time Wage and Salary Workers by Occupation, 2000–04," unpublished tables, U.S. Bureau of Labor Statistics, January 2006.

admitted to one or more U.S. PhD programs in economics but chose not to enroll.<sup>5</sup> The third most prevalent reason for not enrolling was that the applicants expected higher lifetime earnings in a different career, such as finance, public policy, law, or accounting.

Figure 3 compares changes in the inflation-adjusted salaries of full-time faculty members, physicians, lawyers, engineers, and architects. For most of the five-year intervals between 1986 and 2005, faculty salary increases compare unfavorably to pay increases in these other professions. Professionals (and employees in many other occupations) expect that as they spend more time in their chosen career and acquire more experience and competence, their inflation-adjusted salaries will increase.

AAUP salary data show that in any given year, salaries rise with professorial rank. So professors, on average, earn more than associate professors, who earn more than assistant professors, and so on. But over the past twenty years, average faculty salaries, adjusted for inflation, increased by only 0.25 percent. In contrast, physicians received inflation-adjusted salary increases of 34 percent, lawyers saw their salaries rise by 18 percent, and engineers and architects received increases of 5 percent.

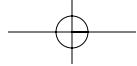
### Reasons for Negative Salary Growth

The ability of a college or university to invest in recruiting and retaining faculty through adequate salary growth depends on its

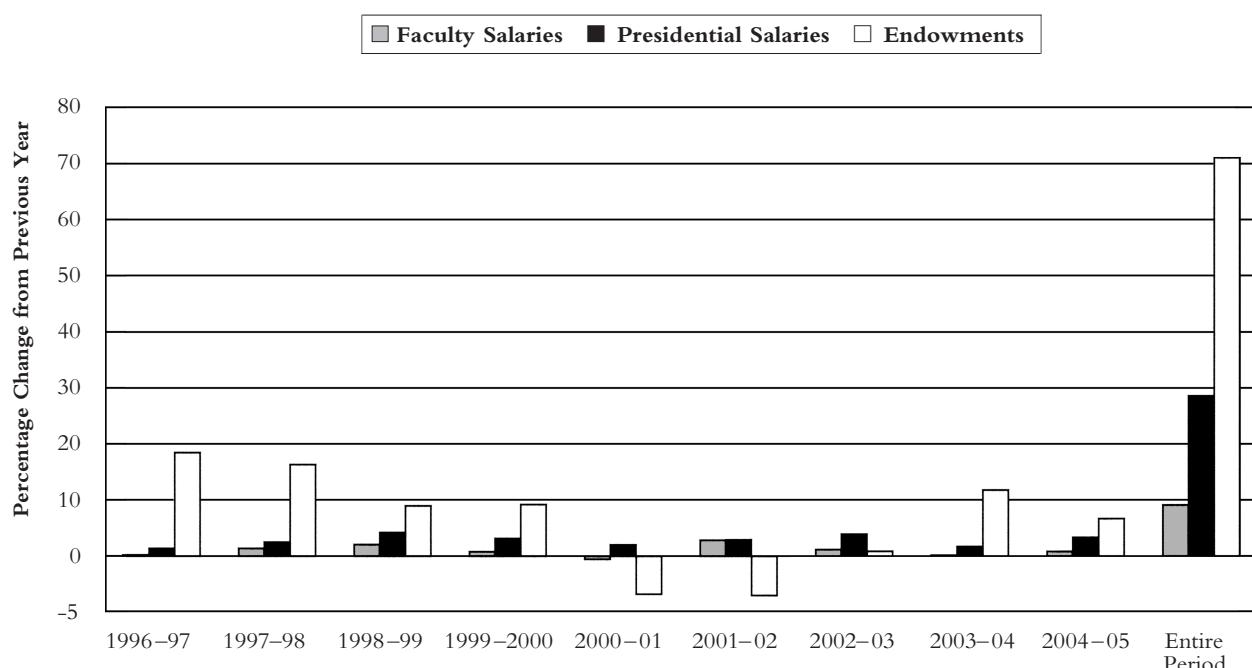
fiscal position. Key sources of revenue are tuition, grants, endowment returns, and, for public institutions, appropriations by state governments. For institutions with large endowments, endowment growth can be a significant source of budget revenue. Although public universities rely heavily on state appropriations, they have increasingly focused on building endowments to finance expenditures. At the end of fiscal 2005, eighteen of the fifty-six colleges and universities with endowments of \$1 billion or more were public, according to the *National Endowment Survey* of the National Association of College and University Business Officers (NACUBO).<sup>6</sup>

NACUBO reports that in the fiscal year ending June 30, 2005 (that is, the 2004–05 academic year), the institutions that responded to its survey had a total of \$299 billion in endowment assets. Doctoral universities owned 78.9 percent (\$235.1 billion) of those assets, baccalaureate colleges owned 13.1 percent (\$39 billion), and master's institutions owned 6.4 percent (\$19.1 billion).

As table B shows, endowment returns have mostly recovered from the downturn in financial markets that occurred between 2000 and 2002. The median return on college and university endowments in fiscal 2005 was 9.1 percent, with public institutions experiencing average returns of 9.1 percent and private institutions realizing returns of 9.4 percent.<sup>7</sup> One-, three-, and ten-year median returns, adjusted for inflation,



**FIGURE 4**  
**Percentage Change from Previous Year in Faculty and Presidential Salaries and Institutional Endowments, Adjusted for Inflation, 1996–97 to 2004–05**



Source: Data on presidential salaries from College and University Professional Association for Human Resources, *Administrative Compensation Survey*, various years. Data on endowment returns from National Association of College and University Business Officers, *National Endowment Study*. Figures for change in endowment are not adjusted for inflation.

**FIGURE 5**  
**Institutional Cost of Benefits per Faculty Member as a Percent of Average Salary, All Institutions, 1984–85 to 2004–05**

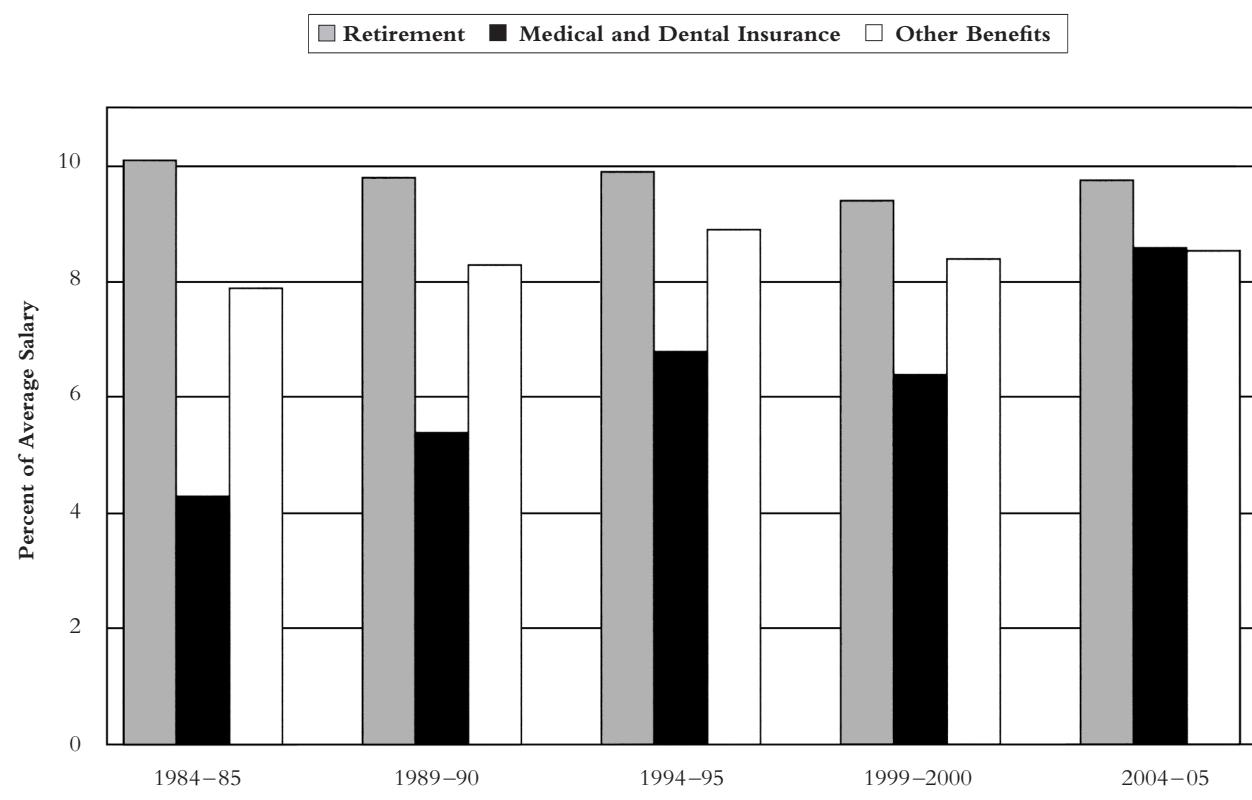


Table B  
**Endowment Rates of Return for Fiscal 2005,  
One-, Three-, and Ten-Year Intervals**

	Rates of Return (percent)		
	One-Year	Three-Year	Ten-Year
All Institutions (Median)	9.1	9.4	9.4
All Institutions (Average)	9.3	9.1	9.3
Public Institutions (Average)	9.1	9.0	9.1
Private Institutions (Average)	9.4	9.2	9.5
Change in Consumer Price Index	2.5	2.6	2.5
Change in stock market <sup>a</sup>	6.3	8.3	9.9

Note: Rates of return for three- and ten-year intervals are average per year. Each institution is given equal weight in computing average, regardless of endowment size.

Source: National Association of College and University Business Officers, *National Endowment Study, 2005*, public table 1, available at <http://www.nacubo.org/documents/about/FY05NESRatesofReturn.pdf>.

a. As measured by Standard and Poor's 500 Index.

ranged between 6.5 and 7.0 percent. Median returns vary more by the total size of an institution's endowment than by institutional type. Colleges and universities that had endowments of at least \$1 billion performed much better than the full sample, obtaining median returns of 13.8 percent for fiscal 2005.

Table B makes it clear that low endowment growth rates do not explain the negative growth in faculty salaries between 2004 and 2006. Endowments performed well over all three time intervals covered by the table compared with both the rate of inflation and stock market returns (as measured by Standard and Poor's 500 Index). Moreover, the Center for the Study of Higher Education Policy at Illinois State University, which runs a national database tracking state tax support for higher education, recently reported an overall increase of 6 percent in state appropriations for 2005–06, the largest increase since 2001.<sup>8</sup> For public colleges and universities—where two-thirds of full-time faculty work—this increase offers an opportunity to reverse recent salary shortfalls.

Presumably, colleges and universities that have weak fiscal positions would ask not only their faculty members, but also their presidents to accept modest salary increases. Figure 4 confirms recent anecdotal evidence, however, that presidential compensation packages have grown rapidly over the past decade and that the effects of this expansion have compounded.<sup>9</sup> Between 1995 and 2005, median presidential salaries for chief executives of a single institution rose by almost 29 percent. During the same period, the salaries of full-time faculty increased by only 9 percent.<sup>10</sup> Further, a recent report found that the median salary of administrators increased 3.5 percent for 2005–06, the ninth consecutive year that administrative increases have exceeded inflation.<sup>11</sup> Governing board members have argued that, given the pay opportunities available in the private sector, high presidential salaries are needed to attract and retain highly qualified senior academic administrators. The same argument, however, would seem to apply equally to faculty compensation.

For the first time in 2004–05, the AAUP surveyed the salaries of top administrators. Because the level of response was encouraging, a table on presidential salaries has been added to the roster of tables accompanying this report. Survey report table 15 on page 50 compares presidential salaries to those of the average full professor by institutional type. Presidential salaries do not, however, appear in the individual institutional listings in the appendices to this report.

## Benefits Crunch

As figure 5 shows, benefits are an important part of faculty compensation packages. Unlike private industry, colleges and universities have not decreased the relative size of their contributions to retirement benefits over the past twenty years. Their contributions to other benefits—both legally mandated benefits such as Social Security and worker's compensation and optional benefits such as long-term disability insurance and tuition benefits—also remained fairly constant. On average, the non-medical retirement benefits that colleges and universities provide equal almost 10 percent of faculty salaries.

In contrast, institutional contributions to medical insurance for full-time faculty have doubled over the past twenty years when measured as a percentage of salary.<sup>12</sup> It might seem that this doubling represents an increase in faculty compensation. At the same time, however, that employer costs for medical insurance have grown, the dollar amounts of deductibles, copayments, and health-insurance premiums paid by faculty members have also risen. Arguably, the escalating costs of medical insurance shown in figure 5 represent budget lines that otherwise would have been available to augment faculty salaries. Like other sectors of the U.S. economy, higher education has had to grapple with rapidly rising health-care costs.

Health insurance is one of the most important benefits in employee compensation packages. In a 2003 survey of state employee benefits packages, twenty-six of the thirty-nine state officials responding ranked health insurance as the most important benefit they offer—presumably because of the importance of this benefit in recruiting and retaining employees.<sup>13</sup> As health-insurance costs throughout the United States have skyrocketed over the past two decades, employees have increasingly opted out of their employers' group health-insurance plans because they cannot afford the premiums. An important factor in determining the affordability of employer-provided health insurance plans, and the amount of compensation received by faculty who participate in such plans, is the proportion of the premium the employer pays.

Table C shows that in 2005, for both single (employee-only) and family coverage, the percentage of premiums that colleges and universities paid resembles on average those paid in private industry. For both single and family coverage, however, the average subsidy provided by state government employers in 2003 (the most recent year for which data are available) exceeded the average subsidy provided for all employees in institutions of higher education. (There is significant overlap between the higher education and state government categories, but it is worth noting the average difference in premium subsidy.)

The average state subsidies for health-insurance premiums reported in Table C, however, hide large variations in state costs

for, and contributions to, the medical-insurance premiums for state employees. In 2003, twelve states (Alabama, Iowa, Maine, Michigan, Minnesota, New Jersey, North Carolina, North Dakota, Oklahoma, Oregon, Texas, and Wisconsin) paid 100 percent of the medical-insurance premiums for single coverage. Five states (New Jersey, North Dakota, Oregon, South Carolina, and Wisconsin) paid 100 percent of the medical-insurance premiums for family coverage. Faculty working in public institutions in these states might want to compare their health-insurance packages and premium subsidies to those offered to other state employees if they are not already included in the same plans.

On average, the states of Kentucky, Mississippi, and North Carolina paid no more than 40 percent of employee health-insurance premiums for family coverage. For single coverage, Colorado and New Mexico provided the smallest average subsidies, only about 66 percent of the premium costs.

### Part-Time Faculty

As figure 6 shows, since 1971, the proportion of faculty teaching part time has doubled, from 23 percent in that year to 46 percent in 2003. With almost half of the faculty members in the United States in part-time positions, consideration of the economic status of the profession is incomplete without an analysis of the pay of part-time faculty.

Part-time faculty are a demographically diverse group. Some have other full-time employment and teach part time because they enjoy teaching. Others derive all their income

Table C  
Percent of Health-Insurance Premiums Paid by Employers in Higher Education, Private Industry, and State Government

	Higher Education, All Employees, 2005 <sup>a</sup>	Private Industry 2005 <sup>b</sup>	State Government Employees, 2003 <sup>c</sup>
Single Coverage	81	82	90
Family Coverage	69	71	78

a. Ray B. Sizemore and Stan McKnight, *CUPA-HR's 2005 Benefits Survey: A Review of Selected Findings*. Available at <http://www.cupahr.org/surveys/files/Benefits%2005%20PresSlides1-05NatConf.ppt>. Benefits refer to those in place on January 1, 2005.

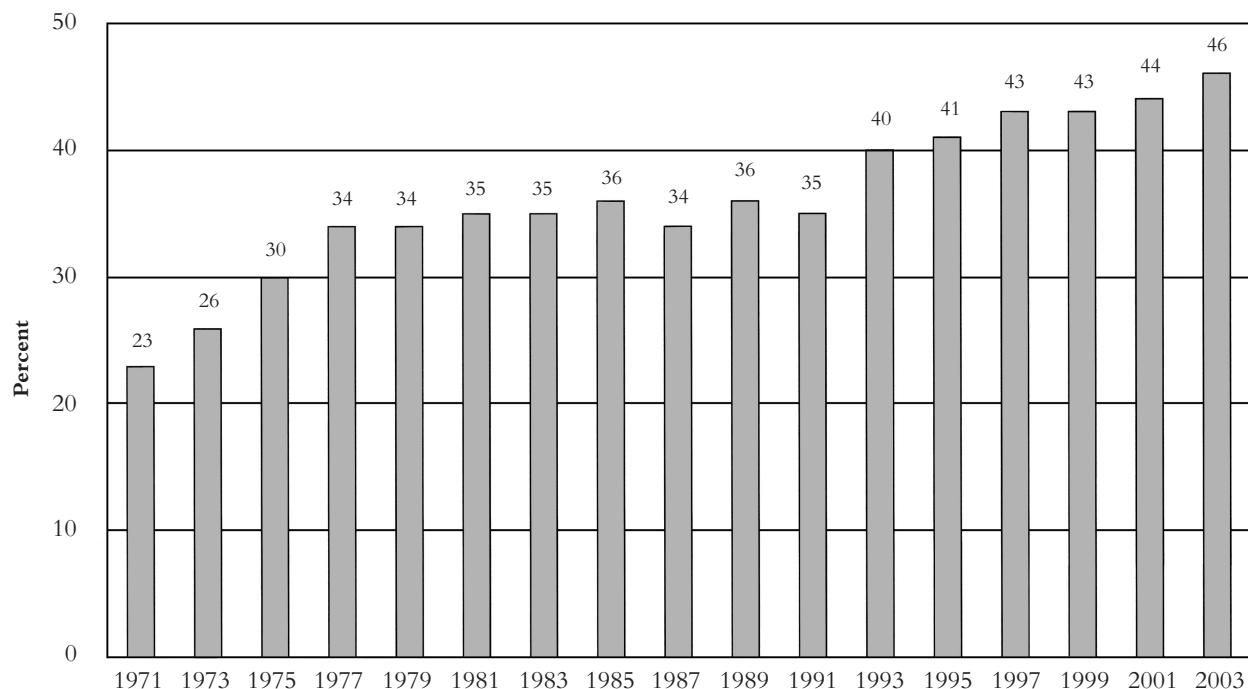
b. U.S. Department of Labor, Bureau of Labor Statistics, *National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2005*.

c. 2003 Segal State Health Benefits Survey: *Medical Benefits for Employees and Retirees*. Available at [http://www.segalco.com/publications/surveysandstudies/2003statessurvey\\_medicalbenefits.pdf](http://www.segalco.com/publications/surveysandstudies/2003statessurvey_medicalbenefits.pdf).

from multiple part-time academic assignments but would prefer a single full-time academic appointment.<sup>14</sup>

No matter why faculty members may teach part time, however, the adequacy (or inadequacy) of part-time faculty salaries affects the quality of education our institutions can provide.

FIGURE 6  
Percent of Faculty Employed Part Time, 1971 to 2003



Source: U.S. Department of Education, Integrated Postsecondary Education Data System.

**Table D**  
**Percentile Distribution of Pay Rates for Part-Time Faculty Paid Per Course or Per Credit Hour, Fall 2003, by Institutional Category**

Pay Rate for Faculty Paid per Course (Dollars per Course)				
	25th Percentile	50th Percentile	75th Percentile	90th Percentile
Public Doctoral Universities	2,000	2,940	3,800	5,000
Private Doctoral Universities	2,100	3,000	4,000	5,500
Public Master's Universities	1,700	2,125	3,000	4,000
Private Master's Universities	1,500	1,800	2,400	3,000
Private Baccalaureate Colleges	1,385	1,950	2,476	3,200
Public Associate Colleges	1,397	1,675	2,250	3,000
Pay Rate for Faculty Paid per Credit Hour (Dollars per Credit Hour)				
	25th Percentile	50th Percentile	75th Percentile	90th Percentile
Public Doctoral Universities	555	700	850	1,165
Private Doctoral Universities	500	850	1,120	2,000
Public Master's Universities	600	750	934	1,167
Private Master's Universities	425	600	850	1,000
Private Baccalaureate Colleges	450	540	800	1,000
Public Associate Colleges	49	470	670	909

*Note:* Data restricted to part-time faculty teaching at least one for-credit class and no noncredit classes.

*Source:* U.S. Department of Education, *National Study of Postsecondary Faculty 2004*.

Table D shows the distribution of part-time faculty pay using data from the U.S. Department of Education's 2004 National Study of Postsecondary Faculty (NSOPF). Because of how NSOPF data were available at the time of this report's publication, the table shows two different rates of pay for two different groups of part-time faculty: those who are paid on a per-course basis and those who are paid on a per-credit-hour basis.<sup>15</sup> Per-course pay varies substantially by institutional type, with doctoral universities typically paying their part-time faculty 50 percent more than public associate colleges. Per-course pay also varies considerably within institutional types. The per-course pay difference between the twenty-fifth and ninetieth percentiles ranges from 100 percent for private master's institutions to more than 160 percent for private doctoral universities.

One way to evaluate the adequacy of salaries for part-time faculty might be to ask how much a part-time faculty member would earn if he or she taught on a full-time schedule (that is, if the instructor combined multiple part-time appointments). According to the poverty thresholds computed by the U.S.

Census Bureau, one person living alone in 2003 with an annual income of \$9,573 or less would have been classified as living in poverty.<sup>16</sup> Using the median per-course pay rate in table D, and assuming an eight-course annual load, a part-time professor at a public associate college would have earned 140 percent of the poverty level had he or she taught full time. A part-time instructor at a public master's university would have earned 150 percent of the poverty level, and a part-time professor at a private baccalaureate college or master's university would have earned between 163 and 178 percent of it. The highest-paid part-time faculty members—those teaching at doctoral universities—would have earned between 245 and 251 percent of the poverty level for a household of one in 2003 if they had taught full time at their part-time rate of pay. Part-time faculty members with families to support would find their incomes closer to, or even below, the poverty level, which was \$12,015 for a family of two in 2003 and \$14,680 for a family of three.

The 2004 NSOPF per-credit-hour rates of pay for part-time faculty also vary substantially across institutional types. Private doctoral universities pay the highest per-credit-hour rates for part-time faculty; their median per-credit-hour pay is \$150 higher than at corresponding public institutions. Their median pay rate is 80 percent higher than at public two-year colleges, which offer the lowest median rate of pay to part-time faculty members.

Median hourly wages, computed by the U.S. Bureau of Labor Statistics, are another benchmark for evaluating part-time faculty pay rates.<sup>17</sup> As a conservative estimate, let us assume that a professor spends two hours preparing for each credit hour of teaching. Each single credit hour should thus result in about three hours of work each week. Over a fourteen-week semester, the professor would spend a total of forty-two hours for each credit hour. Dividing per-credit pay by forty-two thus produces an estimate of the hourly wage of part-time faculty members.<sup>18</sup> Computed this way, median hourly wages for part-time faculty in 2003 range from a low of \$11.19 at public two-year colleges to a high of \$20.24 at private doctoral universities. By comparison, the Bureau of Labor Statistics estimated that the median hourly wage for medical secretaries in fall 2003 was \$12.53; for bookkeeping clerks, \$13.45; for auto mechanics, \$15.18; for paralegals, \$18.48; and for registered nurses, \$24.53. Without doubt, part-time professors who expected that their advanced educations would permit them to earn at least what they might have earned working in occupations requiring four years or less of college have been bitterly disappointed.

One justification for lower pay for part-time faculty is that they do not have the same scholarship or service demands that full-time faculty face. It is, however, hard to classify the economic status of the profession as healthy when a substantial proportion of faculty members receive such extremely low pay. Most part-time faculty are professionals with graduate training. Many of them probably expected to compete for full-time faculty positions based on their academic qualifications, and they do much the same work as that done by similarly qualified full-time faculty. Yet if they attempt to remain in academic employment by piecing together the equivalent of full-time teaching jobs at part-time rates, they face the prospect of incomes

close to the poverty level and similar to those earned by workers with substantially less education. That so many graduates of our advanced degree programs are confronted with this problem does not bode well for the future of the faculty or of higher education as we know it.

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## Notes

1. In a 1996 report, the Organization for Economic Cooperation and Development defined a knowledge-based economy as one based directly on the production, distribution, and use of knowledge and information and discussed the increasing importance of creating a more educated society by enhancing people's capacity to learn. See *The Knowledge-Based Economy*, available online at <http://www.oecd.org/dataoecd/51/8/1913021.pdf>.
2. The latest available data from the U.S. Department of Education's National Center for Education Statistics indicate that in fall 2003, nearly 17 million students (part and full time) were enrolled in degree-granting postsecondary institutions in the United States. The U.S. Department of Education's *Digest of Education Statistics 2004* reports that these students were taught by approximately 632,000 full-time faculty members and 543,000 part-time faculty members.
3. Unless otherwise specified, the designation "private" in this article henceforth refers to private-independent (non-church-related) institutions.

4. For the source of the figures on enrollment and faculty employment, see note 2.

5. David Glenn, "Economists Ponder Their Doctoral Programs," *Chronicle of Higher Education* 20 January 2006, A24.

6. See public table 3, available at <http://www.nacubo.org/documents/about/FY05NESInstitutionsbyTotalAssets.pdf>. See also, Erin Strout, "College Endowments Post 'Respectable' Returns for 2005," *Chronicle of Higher Education* 27 January 2006.

7. Note that the rate of return on an endowment is not equal to the change in the endowment's market value. Changes in market value are a function of rates of return, spending from endowments during the year, and additions to endowments from gifts.

8. Karin Fischer, "State Spending on Colleges Bounces Back," *Chronicle of Higher Education*, 13 January 2006, A1. Complete data are available at <http://www.coe.ilstu.edu/grapevine/>.

9. Sarah Lipka, "Uneven Stevens," *Chronicle of Higher Education*, 4 March 2005, A26, and Audrey Williams June, "College Presidents Break into the Million Dollar Club," *Chronicle of Higher Education*, 18 November 2005, B12.

10. Data on inflation-adjusted faculty salary growth differ between figure 3 and figure 4 because figure 3 uses data from the U.S. Department of Labor, and figure 4 uses data collected by the AAUP's annual compensation survey.

11. Erin Strout, "Administrators' Pay Rises 3.5 Percent, Beating Inflation for the Ninth Consecutive Year," *Chronicle of Higher Education*, 24 February 2006, A28.

12. In this discussion, medical insurance includes the costs of dental insurance for those institutions that provide it, because some institutions are unable to separate expenditures for the two items.

13. 2003 Segal State Health Benefits Survey: *Medical Benefits for Employees and Retirees*, table 1, available online at [http://www.segalco.com/publications/surveysandstudies/2003statesurvey\\_medicalbenefits.pdf](http://www.segalco.com/publications/surveysandstudies/2003statesurvey_medicalbenefits.pdf). "Health benefits" were named the most important aspect of total compensation by 13 percent of respondents and the second most important by 66 percent of respondents, trailing only "wages and salary."

14. The data available on whether current part-time faculty members would prefer full-time positions are ambiguous. This topic is discussed more fully in an unpublished paper available from John Curtis, the AAUP's director of research, who can be reached at [jcurtis@aaup.org](mailto:jcurtis@aaup.org).

15. The figure in the table for the twenty-fifth percentile per-credit-hour pay rate for public associate colleges appears to be an outlier but is the value produced by the NSOPF data analysis system.

16. U.S. Census Bureau, Historical Poverty Tables, table 1, available online at <http://www.census.gov/hhes/www/poverty/histpov/hstpov1.html>.

17. U.S. Bureau of Labor Statistics. National Occupational Employment and Wage Estimates, November 2003, available online at [http://www.bls.gov/oes/2003/november/oes\\_nat.htm](http://www.bls.gov/oes/2003/november/oes_nat.htm). Median hourly wages are computed using a data sample of full- and part-time employees and thus are likely to overestimate the median hourly wages of those who are employed only part time in these occupations.

18. Not all of the time that part-time faculty spend working for their institutions is allocated to teaching-related activities. Consequently, estimates of the hourly wages of part-time faculty based only on teaching are likely to overestimate actual pay rates.