

## Faculty Sacrifice and Students Pay – For What?

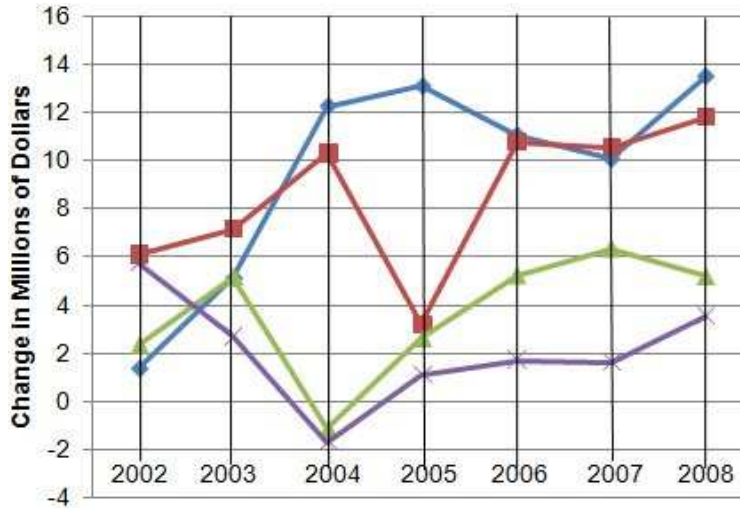


Figure 1. Change in millions of dollars for a fiscal year compared to prior fiscal year (faculty salaries – purple, instructional costs – green, tuition – red, university unrestricted reserves – blue). Sources: University financial reports and data reported by the university for AAUP Annual Report on the Economic Status of the Profession.

The above chart compares the increases from one year to the next for student tuition (red) with increases in full-time faculty salaries (purple), instructional costs (green) and university unrestricted reserve funds (blue). In all years the increase in tuition exceeded the increase in faculty salaries. The total increase in full-time faculty salaries over this period was \$11.95 million while the total increase in tuition was \$59.79 million. Clearly faculty raises accounted for a minor portion of tuition increases.

Contrast the tuition-faculty raise increases with annual increases in the university's unrestricted reserve funds. Over this period these reserve funds increased by \$66.43 million. One view of these data is that the entire increase in tuition revenue from annual raises in tuition and enrollment growth was used to enhance the university's reserve funds. The university needs reserves funds for capital projects and repairs and to counter a sudden decrease in revenues as might occur from a pandemic. Its reserve balance at the start of this decade was a modest \$35.92 million. However, was it reasonable that the university should during a period of a recession followed by prolonged economic stagnation and decline in Michigan build its reserves each and every year to their 2008 balance of \$102.34 million?

## Reserves grow and faculty (and staff) fall further and further behind

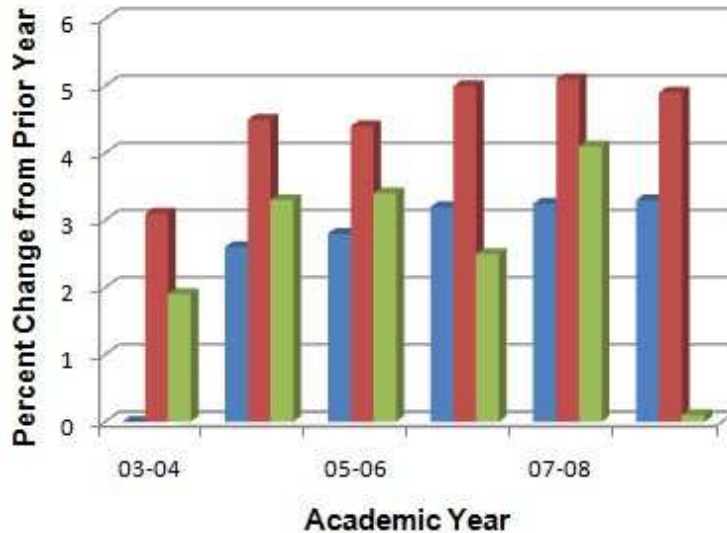


Figure 2. Percent change from prior year for: OU full-time faculty salaries (blue), national full-time faculty salaries (red) and CPI (green).

The above graph shows that the average percent increase in OU full-time faculty salaries exceeded the percentage increase in the CPI only in 2006-2007 and 2008-2009. The national average increase in full-time faculty salaries exceeded both the OU increases and CPI increases every year. Although OU salaries rose 16.1% from 2002-2003 to 2008-2009, in inflation adjusted dollars wages in 2008 equaled those in 2002. The average national full-time faculty salary increased 30.2% and was 12.2% higher in inflation adjusted dollars.

Both the flat inflation adjusted Oakland salaries and growing differential with national faculty salaries are due to maximum raises that our negotiating teams were able to secure in 2003 and 2006 negotiations. Our faculty accepted and many applauded these raises due to the weak Michigan economy and plight of our neighbors who were losing jobs and homes. How did the university respond over this period? As shown in Figure 1 the university increased substantially its reserve funds by increasing tuition 66.7 % for students and widening the gap between Oakland and national faculty wage increases. No similar sacrifice was made by the upper administration.

Faculty must take the initiative and demand that the university stop acting as a for-profit corporation, begin to restore the competitiveness of faculty salaries, and cease using tuition increases to build bank balances. If tuition must increase, let's demand that all increases are absolutely essential for the maintenance of the quality of our academic programs and our instructional and research facilities.