

# **Open Letter to the Regents of the University of Michigan**

April 20, 2014

Dear Regents:

The faculty and staff of the University of Michigan are as alarmed as all members of our community by the rising costs of tuition and the proliferation of “image-building” nonacademic programs and activities. The University is in desperate and urgent need of fiscal reform. Arresting the steep increases in salaries to top administrators, reforming the secretive bonus culture of the Fleming administration building, terminating the toxic AST project, and refocusing the attention of the University on its core mission of teaching, research, and service should save the University many tens of millions of dollars per year. We urge you to work with incoming President-Elect Schlissel to introduce and implement these necessary reforms as soon as practically possible.

# 1 Key Observations

## 1.1 Base-Pay Salary Comparison for Top Administrators

The average base salary among the top 16 UM administrators (President, executive officers, and deans of some schools/colleges) is between 27% and 41% higher than their counterparts' at the four highly ranked, peer public institutions selected for comparison, namely UCLA, UC Berkeley, U. Virginia and U. Texas-Austin. In contrast, the average UM faculty salary is lower than that at UCLA by 2-9% (depending on rank), lower than Berkeley's by 3-7%, higher than Texas's by 2-8% and higher than Virginia's by 3-7%. Given the much higher cost of living in California, it is not surprising that faculty salaries at Michigan are slightly lower than those at UCLA and Berkeley. By the same token, Michigan's faculty salaries are slightly higher than those at Texas and Virginia. Overall, among the top 10 public institutions, UM's faculty salaries are within 1% of the average (which is reassuring), but top UM administrator salaries are not only the highest, but separated from the other publics by 27-41%!!! Moreover, these comparisons—which are based on publicly available salary data—are for the base salary component only. If bonuses are included, the disparity becomes even greater!

**Table 1: 2012 Base Salary Comparison Ratios**

|             | Asst. Prof. | Assoc. Prof. | Professor | Top Administrators |
|-------------|-------------|--------------|-----------|--------------------|
| UM/UCLA     | 98%         | 91%          | 91%       | 137%               |
| UM/Berkeley | 93%         | 93%          | 97%       | 141%               |
| UM/Virginia | 107%        | 103%         | 105%      | 131%               |
| UM/Texas    | 102%        | 108%         | 106%      | 127%               |

The overall summary provided in Table 1 is based on a detailed analysis given in Section 3.2. For illustration, the UM to UCLA comparison is shown in Table 2.

| <b>Table 2: UM and UCLA Salary Comparison for Executive Officers and Some Deans</b> |                |                          |                               |                           |                        |                        |
|---|----------------|--------------------------|-------------------------------|---------------------------|------------------------|------------------------|
| <b>University of Michigan 2012 <sup>1</sup></b>                                     |                |                          | <b>UCLA 2012 <sup>2</sup></b> |                           |                        |                        |
| Position  | Name           | Base Salary on 11/1/2012 | Position                      | Name                      | Base Salary in 12/2012 | Difference (UM – UCLA) |
| President   | M. Coleman     | \$603,307                | Chancellor                    | G. Block                  | \$416,000              | \$187,307              |
| Provost   | P. Hanlon      | \$509,292                | Provost                       | S. Waugh                  | \$366,000              | \$143,292              |
| VP Fin & Admin  | T. Slottow     | \$568,218                | Vice Chanc. & CFO             | S. Olsen                  | \$317,166              | \$251,052              |
| VP Development  | J. May         | \$460,000                | Assoc. VC Developmt.          | S. Garner                 | \$275,000              | \$185,000              |
| VP External Relat.  | C. Wilbanks    | \$286,303                | VC External Affairs           | R. Turteltaub             | \$300,000              | -\$13,697              |
| VP Research   | S. Forrest     | \$375,396                | VC Research                   | J. Economou               | \$260,863              | \$114,533              |
| VP Legal  | T. Lynch       | \$400,000                | VC Legal Affairs              | K. Reed                   | \$265,500              | \$134,500              |
| VP Comm.  | L. Rudgers     | \$278,100                | Assoc. VC Comm.               | C. Stogsdill              | \$210,000              | \$68,100               |
| VP Medical  | O. Pescovitz   | \$753,805                | VC Health, Dean Med           | E. Washington             | \$515,000              | \$238,805              |
| VP Student Affairs  | R. Harper      | \$309,450                | VC Student Affairs            | J. Montero                | \$228,400              | \$81,050               |
| Dean of Law   | E. Caminker    | \$470,233                | Dean of Law                   | R. Moran                  | \$386,300              | \$83,933               |
| Dean of Business  | A. Davis-Blake | \$566,775                | Dean of Business              | J. Olian                  | \$500,000              | \$66,775               |
| Dean of Dentistry   | P. Polverini   | \$426,141                | Dean of Dentistry             | N.-H. Park                | \$329,600              | \$96,541               |
| Dean of Engr.   | D. Munson      | \$482,655                | Dean of Engr.                 | V. Dhir                   | \$339,900              | \$142,755              |
| Dean of Nursing   | K. Potempa     | \$380,858                | Dean of Nursing               | C. Lyder                  | \$350,000              | \$30,858               |
| Dean of Libraries   | P. Courant     | \$408,453                | Univ. Librarian               | G. Strong                 | \$244,600              | \$163,853              |
|   | <b>Total</b>   | <b>\$7,278,986</b>       |                               | <b>Total</b>              | <b>\$5,304,329</b>     | <b>\$1,974,657</b>     |
|   |                |                          |                               | <b>Average Difference</b> |                        | <b>\$123,416</b>       |
|   |                |                          |                               | <b>Ratio</b>              |                        | <b>137.2%</b>          |

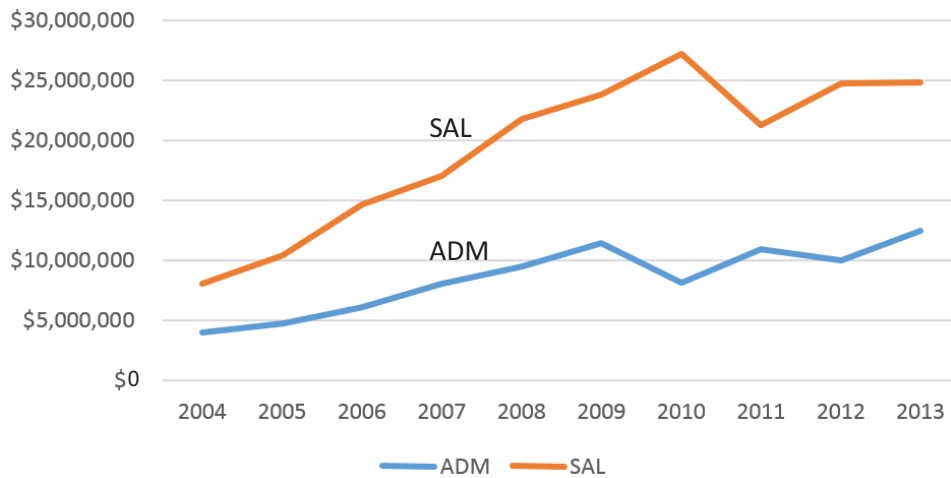
## 1.2 Bonus Pay at UM

Whereas in some States, such as California, public law requires academic institutions to annually disclose not only the base salaries of their employees, but also any other supplemental payments made to them, Michigan law requires disclosure of only the base-pay component. According to UM's Standard Practice Guide, UM has 70 "additional pay" categories. These include many types of transactional payments to doctors, dentists, nurses, and others in return for their services as agreed to under their hiring contracts, administrative differentials to faculty who assume administrative assignments such as chairing a department or program, and numerous other totally legitimate additional-pay categories that have been part of the University's history for many years. Similar systems exist at other universities. This examination focuses on only the additional-pay categories listed in Table 3. The analysis displayed graphically in Figure 1 pertains only to the University of Michigan's Ann Arbor campus.

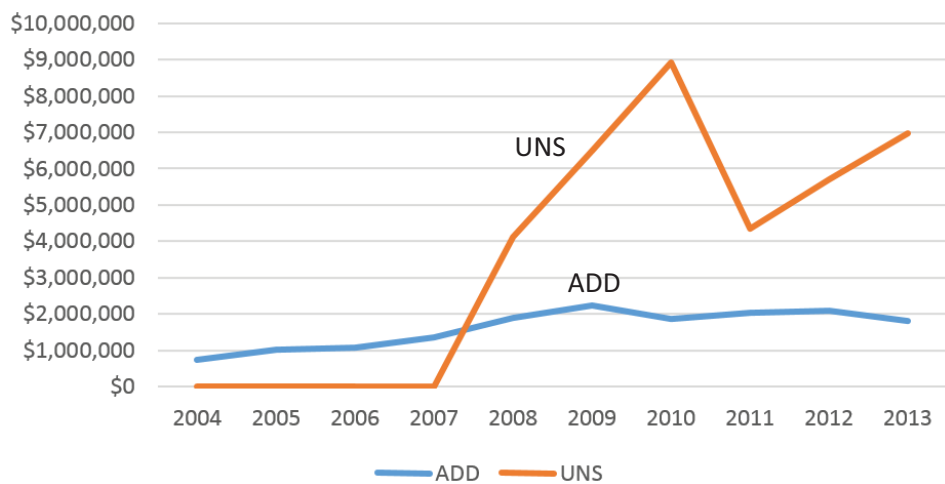
**Table 3: Increases in additional pay categories between 2004 and 2013, in \$ millions**

| Additional Pay               | 2004          | 2013          | Variance      | % increase  |
|------------------------------|---------------|---------------|---------------|-------------|
| ADM: Admin Differential      | 3.982         | 12.487        | 8.505         | 214%        |
| SAL: Salary Supplement       | 8.078         | 24.824        | 16.746        | 208%        |
| UNS: Services Unrelated      | 0             | 6.971         | 6.971         | N/A         |
| ADD: Added Duties            | 0.732         | 1.814         | 1.082         | 149%        |
| <b>Total</b>                 | <b>12.792</b> | <b>46.096</b> | <b>33.304</b> | <b>260%</b> |
| Increase in faculty salaries |               |               |               | <b>28%</b>  |
| Increase in staff salaries   |               |               |               | <b>21%</b>  |

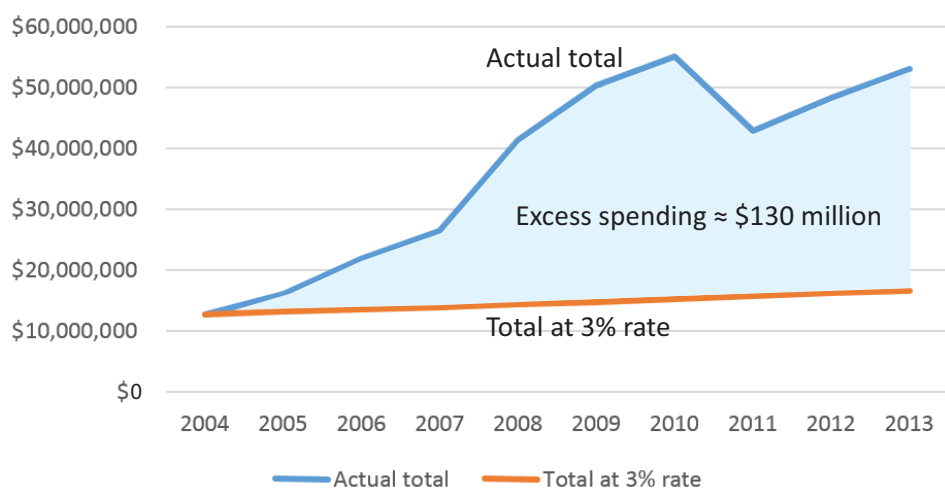
- (1) **Administrative Differential (ADM)**—which is intended for faculty who assume administrative duties and limited to the duration of those administrative duties—was improperly applied to many full-time staff administrators, primarily in the Central Administration. The concept of "administrative differential" is of course inapplicable to full-time administrators. In 2004, ADM amounted to \$3.982 million for UM as a whole, and if this figure were to be increased at a compounded rate of 3% per year (representing a generous rate of increase in comparison to staff and faculty salary increases over the past nine years), it would have grown by about 30% to \$5.177 million. Because of the "distorted" practice, ADM grew by 214% to \$12.487 million, **accounting for over \$7 million per year in seemingly unjustified payments**, made primarily to some deans (who are full-time administrators with already high base salaries), some executive officers, and many staff in Finance and Human Resources and other administrative units.
- (2) **Salary Supplement (SAL)** is basically a pure reward for doing an unusually good job. It is exceedingly rare in academic departments, but has become standard practice in Fleming and some deans' offices. The total amount paid in SAL in 2004 was \$8.078 million. This amount grew by 208% to \$24.844 million in 2013.
- (3) **Services Unrelated to Appointment (UNS)**—was introduced in 2007 to reward faculty and staff who perform services outside their regular appointments. Between 2007 and 2013, this very "popular" reward program grew from \$2,400 to \$6.971 million!!
- (4) **Added Duties Differential (ADD)**—is for "payment for duties done by FLSA nonexempt individuals who temporarily perform additional responsibilities that are not typically part of their regular classification." Payments grew from \$0.732 million in 2004 to \$1.814 million in 2013.



(a) ADM and SAL



(b) ADD and UNS



(c) Total

**Figure 1:** Variations of four additional pay categories between fiscal years 2004 and 2013 and total of all four categories, compared with the total had it increased at 3% per year.

- (5) The grand total increase among all four of the above additional pay categories grew from approximately \$13 million in 2004 to \$46 million, representing an increase of 260%, approximately nine times the cumulative rate of inflation over the nine-year period.
- (6) Figure 1(c) displays two plots, one showing the actual four-category total over the period 2004-2013, and the other showing the total had it increased at 3% per year, starting with 2004. The difference between the two plots represents the excessive payments among the four additional pay categories. The cumulative amount over the nine-year period is approximately \$130 million!! If the excessive salaries to top administrators, which are estimated at \$20 million over the nine-year span, are added to the excessive bonus payments, the total adds up to \$150 million of unjustified spending of public monies.

### 1.3 Who Is Responsible?

The question on the minds of many faculty and staff is: **Who is responsible for this secretive, excessive salary and bonus program?** The practice is not only irresponsible and a breach of public trust, it also borders on the illegal and criminal.

- Some members of the central administration have been neither beneficiaries of the excessive salary and bonus program nor practitioners of it in their own units. They include the vice presidents of student affairs and research.
- Beneficiaries and only minor practitioners include the vice presidents of communication, development, external relations, and legal affairs.
- The promulgators of the excessive salary and bonus program and who deserve the greatest credit for it are President Coleman, former provost Hanlon, current EVP Tim Slottow, and a few of the deans.
- Finally, one would ask: where have the Regents been in all of this? Did they know about these excesses and approve of them, or were they kept in the dark over the past ten years?

### 1.4 Administrative Services Transformation (AST)

The Administrative Services Transformation program is fundamentally flawed and should be abandoned. If the \$18 million paid to Accenture and the internal development cost of AST both are included, the total amount of funds wasted on developing the AST plan probably exceeds \$40 million. Despite these huge investments, the project should be abandoned because its implementation would seriously reduce faculty and staff productivity and will likely lead to losses on the order of tens of millions of dollars in research funding. In a recent article in *The University Record* ("UM Looks to Broaden Sources of Research Funding," March 20, 2014), Interim VP for Research Jack Hu is quoted as referring to the increased difficulty of winning research funding and advocating for reducing the administrative burden on faculty. AST is the exact antithesis of such an approach. AST also translates into reduced support for our teaching mission and dehumanization of our staff. Following the November faculty rebellion against AST, the administration decided to delay implementation of two of the program's three components to 2015 and vowed to protect faculty and staff productivity. The faculty deduced from that commitment that staff working with faculty teams on teaching and research activities are now immune from transfer to State Street. Recently, however, it was discovered that nothing has changed; the staff identified in November for transfer under the Accounts Receivable/Accounts Payable AR/AP component of AST are still destined to move to State Street as per the original plan, even though most of the selected staff do not now perform (AR/AP) tasks or these tasks constitute only a small fraction of their job duties. Consequently, it is the staff most critical to teaching and research and who work most closely with the faculty that got selected to go to

AST. There's a total disconnect between the administration and the reality on the ground. AST remains a financially unviable prospect. It promises to save the institution \$1–3 million per year after the first few years, but the loss in research funding caused by the reduction in faculty productivity will likely result in tens of millions of dollars in reduced Federal funding.

Staff support exists at four levels: (a) university central, (b) school/college central, (c) department central, (d) and direct faculty support. Fifteen years ago, the ratio of the number of staff in the last category to the number of faculty was approximately 2/6. Today, the ratio is closer to 1/6. This is an average across the university and varies widely by discipline. AST, if implemented, would reduce the ratio further by 50% to 1/9. Transferring the tasks that are currently performed by the staff to the faculty will reduce the time they have available to devote to teaching and research. It is that simple. It is worth noting that over the past thirty years, the University has experienced a huge expansion in staff size in central units and deans' offices. Several deans' offices have more than quadrupled in staff size, and it is not clear as to how much of the growth is a result of the transfer of operations from central units to schools/colleges and departments, versus expansion in such activities as public relations and development. At the same time, staff support at the department and program levels has been reduced by over 50%.

## **2 Actions Requested from the Board of Regents**

We, the faculty and staff of the University of Michigan, request that you implement the following actions:

- (a) Freeze salaries of upper administrators, followed by the implementation of a plan to bring those salaries in line with those at peer public institutions. Establish a system of higher administrative approval and transparency for all non–base salary payments.
- (b) Implement a California-like policy for annual release of salary information, wherein not only base salary data is published, but also all other additional payments received by university employees.
- (c) Freeze the Salary Supplement payment category until further review by a faculty/staff/administrators committee and the development of clear guidelines for its use and approval process.
- (d) Conduct an independent audit to review the following additional pay categories: SAL, ADM, UNS, ADD, INB, and INQ. The audit should establish if any of these additional pay categories have been applied improperly or wastefully.
- (e) Terminate the AST/shared services project and rescind the notices sent to the 300 staff members affected by that project.
- (f) Investigate the relationship between the University and Accenture. This should be accomplished through an external audit.

The trust between the faculty and the administration has been broken. Only the Regents and the incoming president are poised to reform the University and reestablish confidence in the administration. You, the Regents, represent the citizens of the State of Michigan. We expect you to work with President-Elect Schlissel to address our request and act on it.

### 3 Salary Comparisons with Other Peer Institutions

#### 3.1 Faculty Salaries Comparison

According to the study released by AAUP and published in *Inside Higher Ed* on April 8, 2013, the average 2012 salary among University of Michigan Full Professors was \$148,700, which places Michigan in the center of the band for the top 10 public universities in pay to full professors (Table 4).

**Table 4. Top Public Universities in Pay for Full Professors, 2012–2013**

| University                                 | Average Salary   |
|--|------------------|
| 1. University of California at Los Angeles | \$167,000        |
| 2. New Jersey Institute of Technology      | \$166,700        |
| 3. University of California at Berkeley    | \$158,900        |
| 4. Rutgers University at Newark            | \$154,700        |
| 5. Rutgers University at New Brunswick     | \$151,000        |
| <b>6. University of Michigan</b>           | <b>\$148,700</b> |
| 7. Rutgers University at Camden            | \$145,000        |
| 8. University of Texas at Austin           | \$144,000        |
| 9. University of Virginia                  | \$143,200        |
| 10. University of Texas at Dallas          | \$143,100        |

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**On Pace With Inflation**  
April 8, 2013  
By Scott Jaschik

The average salary of a full-time faculty member increased by 1.7 percent in 2012-13, roughly keeping pace with inflation, according to a report being released today by the American Association of University Professors. While the average increase was a bit larger last year (1.8 percent), a drop in the inflation rate from 3.0 to 1.7 percent means that this year's modest raises will add to spending power for many faculty members, while last year's did not. Indeed in each of the prior three years, the average overall increase in salaries was less than the rate of inflation.

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Among the five universities used in our analysis, the salaries of UM faculty are within 1% of the average for all three ranks. UCLA and Berkeley's rates are between 2% and 9% higher than UM's, which is understandable given the higher cost of living in the LA and Berkeley areas.

**Table 5**  
**University 2012 Salary Comparisons**

| Base Salary 2012    | Institution |           |           |           |           | Average   | Variance from Average |      |      |      |      |
|---------------------|-------------|-----------|-----------|-----------|-----------|-----------|-----------------------|------|------|------|------|
| Position            | UM          | UCLA      | UV        | UT        | UC-B      |           | UM                    | UCLA | UV   | UT   | UC-B |
| FULL PROFESSOR      | \$148,800   | \$162,600 | \$141,600 | \$140,700 | \$154,000 | \$149,540 | (0%)                  | 9%   | (5%) | (6%) | 3%   |
| ASSOCIATE PROFESSOR | 98,200      | 107,400   | 95,000    | 89,900    | 104,600   | 99,020    | (1%)                  | 8%   | (4%) | (9%) | 6%   |
| ASSISTANT PROFESSOR | 85,800      | 87,400    | 80,300    | 83,900    | 92,300    | 85,940    | (0%)                  | 2%   | (7%) | (2%) | 7%   |

### 3.2 Salary Comparisons for Upper Administrators

Using publicly available salary data, this review compares the salaries of the upper administrators at UM with their counterparts at peer institutions. The selected peers are UCLA, UC Berkeley, the University of Virginia, and the University of Texas at Austin. All four institutions are prestigious and highly ranked, two of them have medical schools (UCLA and Virginia), and one of them (Texas) has a school equivalent to UM's LSA (in the others, there are separate deans for humanities, sciences, etc.). The salary data reports are released by UM in December and include salary rates as of November 1 of that year. The salary reports used in this study are for 2012, because that is the most recent year for which public data is available for all four of the five public institutions (UM, UCLA, UC Berkeley, and Virginia). The most recent report available for Texas is dated February 2012, which is closer in time to the 2011 UM salary data than to 2012. Hence, the comparison with Texas used 2011 UM salary data.

To ensure "apples to apples" comparisons, in each comparison between UM administrators and their counterparts at the other institution, only those positions that exist at both institutions are included. For example, the salary of UM's VP for Development is not included in the comparison with Berkeley because development activities at Berkeley are managed by an external foundation. Also, the salary of the dean of LSA is compared with that of the dean of Arts and Sciences at Texas, but not with the other institutions, because UCLA, Berkeley, and Virginia have multiple colleges covering the scope of UM's LSA rather than a single college.

The base-salary data in Tables 6–9 below shows the wide disparity between the salaries of top UM administrators and those of their counterparts at peer institutions. The excessive salaries are shameful, irresponsible, and wasteful of public funds.

| <b>Table 6: UM and UCLA Salary Comparison for Executive Officers and Some Deans</b> |                |                                 |                               |                           |                               |                               |
|---|----------------|---------------------------------|-------------------------------|---------------------------|-------------------------------|-------------------------------|
| <b>University of Michigan 2012 <sup>1</sup></b>                                     |                |                                 | <b>UCLA 2012 <sup>2</sup></b> |                           |                               |                               |
| <b>Position</b>   | <b>Name</b>    | <b>Base Salary on 11/1/2012</b> | <b>Position</b>               | <b>Name</b>               | <b>Base Salary in 12/2012</b> | <b>Difference (UM – UCLA)</b> |
| President   | M. Coleman     | \$603,307                       | Chancellor                    | G. Block                  | \$416,000                     | \$187,307                     |
| Provost   | P. Hanlon      | \$509,292                       | Provost                       | S. Waugh                  | \$366,000                     | \$143,292                     |
| VP Fin & Admin  | T. Slottow     | \$568,218                       | Vice Chanc. & CFO             | S. Olsen                  | \$317,166                     | \$251,052                     |
| VP Development  | J. May         | \$460,000                       | Assoc. VC Developmt.          | S. Gamer                  | \$275,000                     | \$185,000                     |
| VP External Relat.  | C. Wilbanks    | \$286,303                       | VC External Affairs           | R. Turteltaub             | \$300,000                     | -\$13,697                     |
| VP Research   | S. Forrest     | \$375,396                       | VC Research                   | J. Economou               | \$260,863                     | \$114,533                     |
| VP Legal  | T. Lynch       | \$400,000                       | VC Legal Affairs              | K. Reed                   | \$265,500                     | \$134,500                     |
| VP Comm.  | L. Rudgers     | \$278,100                       | Assoc. VC Comm.               | C. Stogsdill              | \$210,000                     | \$68,100                      |
| VP Medical  | O. Pescovitz   | \$753,805                       | VC Health, Dean Med           | E. Washington             | \$515,000                     | \$238,805                     |
| VP Student Affairs  | R. Harper      | \$309,450                       | VC Student Affairs            | J. Montero                | \$228,400                     | \$81,050                      |
| Dean of Law   | E. Caminker    | \$470,233                       | Dean of Law                   | R. Moran                  | \$386,300                     | \$83,933                      |
| Dean of Business  | A. Davis-Blake | \$566,775                       | Dean of Business              | J. Olian                  | \$500,000                     | \$66,775                      |
| Dean of Dentistry   | P. Polverini   | \$426,141                       | Dean of Dentistry             | N.-H. Park                | \$329,600                     | \$96,541                      |
| Dean of Engr.   | D. Munson      | \$482,655                       | Dean of Engr.                 | V. Dhir                   | \$339,900                     | \$142,755                     |
| Dean of Nursing   | K. Potempa     | \$380,858                       | Dean of Nursing               | C. Lyder                  | \$350,000                     | \$30,858                      |
| Dean of Libraries   | P. Courant     | \$408,453                       | Univ. Librarian               | G. Strong                 | \$244,600                     | \$163,853                     |
|   | <b>Total</b>   | <b>\$7,278,986</b>              |                               | <b>Total</b>              | <b>\$5,304,329</b>            | <b>\$1,974,657</b>            |
|   |                |                                 |                               | <b>Average Difference</b> |                               | <b>\$123,416</b>              |
|   |                |                                 |                               | <b>Ratio</b>              |                               | <b>137.2%</b>                 |



**Table 7: UM and UC Berkeley Salary Comparison for Executive Officers and Some Deans**

| University of Michigan 2012 <sup>1</sup> |                |                          | UC Berkeley 2012 <sup>2</sup> |                                  |                          |                               |
|--|----------------|--------------------------|-------------------------------|----------------------------------|--------------------------|-------------------------------|
| Position                                 | Name           | Base Salary on 11/1/2012 | Position                      | Name                             | Base Salary in Dec. 2012 | Difference (UM – UC Berkeley) |
| President                                | M. Coleman     | \$603,307                | Chancellor                    | R. Birgeneau                     | \$436,800                | \$166,507                     |
| Provost                                  | P. Hanlon      | \$509,292                | Provost                       | G. Breslauer                     | \$309,100                | \$200,192                     |
| VP Fin & Admin                           | T. Slottow     | \$568,218                | VC Admin & Fin                | J. Wilton                        | \$375,000                | \$193,218                     |
| VP Development                           | J. May         | N/A                      | VC Development                | Managed by affiliated foundation |                          |                               |
| VP External Relat.                       | C. Wilbanks    | \$286,303                | VC Univ. Relations            | F. Biddy                         | \$322,000                | -\$35,697                     |
| VP Research                              | S. Forrest     | \$375,396                | VC Research                   | G. Fleming                       | \$317,500                | \$57,896                      |
| VP Legal                                 | T. Lynch       | \$400,000                | Chf Campus Counsel            | C. Patti                         | \$240,000                | \$160,000                     |
| VP Comm.                                 | L. Rudgers     | \$278,100                | Assoc. Chancellor             | B. Fitzpatrick                   | \$183,750                | \$94,350                      |
| Dean of Nat. Res.                        | M. Miranda     | \$282,288                | Dean of Nat. Res.             | K. Gilles                        | \$177,500                | \$104,788                     |
| VP Student Affairs                       | R. Harper      | \$309,450                | VC Student Affairs            | H. Grande                        | \$215,000                | \$94,450                      |
| Dean of Law                              | E. Caminker    | \$470,233                | Dean of Law                   | C. Edley                         | \$316,200                | \$154,033                     |
| Dean of Business                         | A. Davis-Blake | \$566,775                | Dean of Business              | R. Lyons                         | \$384,400                | \$182,375                     |
| Dean Public Hlth                         | M. Philbert    | \$347,214                | Dean of Public Hlth           | S. Shortell                      | \$337,400                | \$9,814                       |
| Dean of Engr.                            | D. Munson      | \$482,655                | Dean of Engr.                 | S. Sastry                        | \$283,300                | \$199,355                     |
| Dean Public Policy                       | S. Collins     | \$285,027                | Dean Public Policy            | H. Brady                         | \$291,700                | -\$6,673                      |
| Dean of Libraries                        | P. Courant     | \$408,453                | Univ. Librarian               | T. Leonard                       | \$196,000                | \$212,453                     |
|  | Total          | \$6,172,711              |                               | Total                            | \$4,385,650              | \$1,787,061                   |
|  |                |                          |                               |                                  | Average Difference       | \$119,137                     |
|  |                |                          |                               |                                  | Ratio                    | 140.7%                        |

**Table 8: UM and Univ. of Virginia Salary Comparison for Executive Officers and Some Deans**

| University of Michigan 2012 <sup>1</sup> |                |                          | University of Virginia <sup>3</sup> |               |                          |                            |
|--|----------------|--------------------------|-------------------------------------|---------------|--------------------------|----------------------------|
| Position                                 | Name           | Base Salary on 11/1/2012 | Position                            | Name          | Base Salary in Dec. 2012 | Difference (UM – Virginia) |
| President                                | M. Coleman     | \$603,307                | President                           | T. Sullivan   | \$485,000                | \$118,307                  |
| Provost                                  | P. Hanlon      | \$509,292                | Provost                             | J. Simon      | \$395,000                | \$114,292                  |
| VP Fin & Admin                           | T. Slottow     | \$568,218                | Exec. VP and COO                    | P. Hogan      | \$450,000                | \$118,218                  |
| VP Development                           | J. May         | \$460,000                | Sr VP Univ Advance                  | R. Sweeney    | \$413,900                | \$46,100                   |
| VP External                              | C. Wilbanks    | \$286,303                | Exec Asst Govt Relat.               | R. Lockridge  | \$104,000                | \$182,303                  |
| VP Research                              | S. Forrest     | \$375,396                | VP Research                         | T. Skalak     | \$310,000                | \$65,396                   |
| VP Legal                                 | T. Lynch       | \$400,000                | General Counsel                     | P. Forch      | \$234,000                | \$166,000                  |
| VP Comm.                                 | L. Rudgers     | \$278,100                | Chief Comm.                         | C. Wood       | \$153,000                | \$125,100                  |
| VP Medical                               | O. Pescovitz   | \$753,805                | VP Hlth Affairs, Dean               | S. DeKosky    | \$650,000                | \$103,805                  |
| VP Student Affairs                       | R. Harper      | \$309,450                | VP Student Affairs                  | P. Lampkin    | \$240,000                | \$69,450                   |
| Dean of Law                              | E. Caminker    | \$470,233                | Dean of Law                         | P. Mahoney    | \$450,000                | \$20,233                   |
| Dean of Business                         | A. Davis-Blake | \$566,775                | Dean of Business                    | R. Bruner     | \$518,900                | \$47,875                   |
| Dean of Nursing                          | K. Potempa     | \$380,858                | Dean of Nursing                     | D. Fontaine   | \$278,000                | \$102,858                  |
| Dean of Engr.                            | D. Munson      | \$482,655                | Dean of Engr.                       | J. Aylor      | \$300,000                | \$182,655                  |
| Dean of LSA                              | T. McDonald    | \$426,901                | Dean of Arts & Sci.                 | M. Woo        | \$320,000                | \$106,901                  |
| Dean of Libraries                        | P. Courant     | \$408,453                | Dean of Libraries                   | K. Wittenborg | \$256,800                | \$151,653                  |
|  | Total          | \$7,279,746              |                                     | Total         | \$5,558,600              | \$1,721,146                |
|  |                |                          |                                     |               | Average Difference       | \$107,572                  |
|  |                |                          |                                     |               | Ratio                    | 131.0%                     |

| Table 9: UM and Univ. of Texas-Austin Salary Comparison for Executive Officers and Some Deans |                 |                          |  |                    |                       |                         |
|---|-----------------|--------------------------|--|--------------------|-----------------------|-------------------------|
| University of Michigan 2011 <sup>4</sup>  |                 |                          | University of Texas-Austin (as of 2/6/12) <sup>5</sup> |                    |                       |                         |
| Position  | Name            | Base Salary on 11/1/2011 | Position   | Name               | Base Salary on 2/6/12 | Difference (UM – Texas) |
| President   | M. Coleman      | \$585,783                | President  | B. Powers          | \$613,612             | -\$27,829               |
| Provost   | P. Hanlon       | \$485,040                | Provost  | S. Leslie          | \$381,023             | \$104,017               |
| VP Fin & Admin  | T. Slottow      | \$551,668                | VP and CFO   | K. Hegarty         | \$381,023             | \$170,645               |
| VP Development  | J. May          | \$355,136                | Sr Assoc VP Develop.                                   | D. Onion           | \$195,700             | \$159,436               |
| VP External   | C. Wilbanks     | \$278,640                | VP Diversity   | G. Vincent         | \$280,719             | -\$2,079                |
| VP Research   | S. Forrest      | \$365,348                | VP Research  | J. Sanchez         | \$308,394             | \$56,954                |
| VP Legal  | S. Scarnecchia  | \$312,206                | VP Legal   | P. Ohlendorf       | \$242,182             | \$70,024                |
| VP Comm.  | L. Rudgers      | \$270,000                | Chief Comm. Off.                                       | G. Leavenworth     | \$154,000             | \$116,000               |
| VP Student Affairs  | R. Harper       | \$301,167                | VP Student Affairs                                     | J. Gonzalez        | \$232,456             | \$68,711                |
| Dean of Law   | E. Caminker     | \$457,964                | Dean of Law  | S. Lindquist       | \$329,318             | \$128,646               |
| Dean of Business  | A. Davis-Blake  | \$550,000                | Dean of Business                                       | T. Gilligan        | \$541,500             | \$8,500                 |
| Dean of Nursing   | K. Potempa      | \$371,026                | Dean of Dentistry                                      | A. Stuijbergen     | \$257,520             | \$113,506               |
| Dean of Engr.   | D. Munson       | \$470,195                | Dean of Engr.  | G. Fenves          | \$361,025             | \$109,170               |
| Dean of Info.   | J. MacKie-Mason | \$267,800                | Dean of Info.  | A. Dillon          | \$240,875             | \$26,925                |
| Dean of Libraries   | P. Courant      | \$408,453                | V Provost, Dir. Librar.                                | F. Heath           | \$238,960             | \$169,493               |
|   | Total           | \$6,030,426              |  | Total              | \$4,758,307           | \$1,272,119             |
|   |                 |                          |  | Average Difference |                       | \$84,808                |
|   |                 |                          |  | Ratio              |                       | 126.7%                  |

#### Notes and Data Sources for Tables 6–9

- 1 University of Michigan Salary Data, released on 14 Dec 2012:  
<http://quod.lib.umich.edu/e/errwpc/public/3/3/1/3314612.html>
- 2 UCLA and UC Berkley salaries as of December 2012:  
<https://ucannualwage.ucop.edu/wage/>
- 3 University of Virginia salaries for July 1, 2012 to 30 June 2013:  
<http://datacenter.timesdispatch.com/databases/salaries-virginia-state-employees-2012/>
- 4 University of Michigan Salary Data, released on 14 Dec 2011:  
<http://quod.lib.umich.edu/e/errwpc/public/3/3/1/3314612.html>
- 5 University of Texas at Austin salaries as of 6 Feb 2012:  
<http://www.texastribune.org/library/data/government-employee-salaries/the-university-of-texas-at-austin/>

### Combined 2012 Base Salary of Top 15 Administrators

|                   |                            |                                     |                     |
|-------------------|----------------------------|-------------------------------------|---------------------|
| UM<br>\$7,278,986 | UCLA<br>\$5,304,339        | UM – UCLA<br><b>\$1,974,657</b>     | UM/UCLA<br>137%     |
| UM<br>\$6,172,711 | UC-Berkeley<br>\$4,385,650 | UM – Berkeley<br><b>\$1,787,061</b> | UM/Berkeley<br>141% |
| UM<br>\$7,279,746 | UC-Berkeley<br>\$5,558,600 | UM – Berkeley<br><b>\$1,721,146</b> | UM/Berkeley<br>131% |

### 3.3 Salary Increase History of President, XOs, Deans, and a Few Others

Why have the salaries of UM upper administrators grown so much more rapidly than those of their counterparts at other institutions, as well as in comparison to the rate for faculty salaries? The answer has to do with two irresponsible types of practices:

- Offering newly appointed vice presidents and deans (as well as third and fourth tier positions reporting directly to the central administration) base salaries that far exceed the terminal salaries of those they replaced, and
- Offering these same administrators raises in the 10–30% range every time their five-year term is renewed.

#### Examples of the first type of practice include:

- In August 2010, Phillip Hanlon replaced Teresa Sullivan as Provost. Her base salary when she left UM was \$366,331. Hanlon replaced her at a base salary of \$470,000, a 28% increase.
- When Alison Davis-Blake replaced Robert Dolan on 1 July, 2011 as dean of the Business School, she was offered a base salary of \$550,000, which exceeded Dolan's final salary by over \$100,000.

#### Examples of the second type of practice include:

- After getting promoted to Executive VP for Finance and Administration in 2003 (which entailed a salary raise of 27.6% to \$283,250), Timothy Slottow received several annual raises in the 3–5% range, a 41.2% raise in 2006, and a 10.1% raise in 2010, the cumulative result of which is a current salary of \$596,629. This is base salary alone, and does not include unreported supplemental bonuses.
- As reported in the *Ann Arbor News* in December 2011, Dean of Engineering David Munson received a raise of 29% that year. While in his current position as Dean, his salary rose from \$330,000 on 1 July 2006 to \$495,687 on 1 September 2013. This represents a cumulative increase of 50%, or more than double the cumulative average increase given to the faculty over the same time period.
- The excessive salary raises are not limited to vice presidents and deans. Indeed similar patterns exist throughout the offices of finance, administration, and Human Resources.

## **4 History of Salary Increases**

### **4.1 Base Salary**

Between fiscal years 2005 and 2013, the average base-salary increases for UM faculty varied between 2.3% and 4.4%, with a compounded cumulative increase of 28% over the eight-year time span. The corresponding cumulative increase for UM staff was 21%. Over the same time period, the average base-salary increase for top UM administrators was 48% (Table 10), approximately double the rate for faculty and staff.

### **4.2 Bonus Pay**

The 48% figure does not include bonuses. If total pay, including both base salary and bonus, is used to compute the cumulative rate of increase, and if, additionally, the analysis is limited to the five executive officers who occupied their current positions continuously throughout the past eight years (thereby avoiding arguments that part of the raises were because of changes in positions or job responsibilities), the results lead to the data in Table 11. The cumulative effective pay increase ranges between 33% for VP Harper and 136% for President Coleman and VP Slottow!

### **4.3 2012-2013 Raises for Executive Officers**

The January 13, 2014 issue of *The University Record* stated that the average 2012 to 2013 raise for executive officers is 2.5%. As Table 12 shows, the statement is false. The table includes all executive officers except the interim provost because she did not occupy that position in 2012, so including her would have increased the rate even higher. For base pay alone, the average raise is 5.2%, not 2.5%, and if bonuses received in 2013 are included, the raise is 32% with Mary Sue Coleman included and 16.4% with her excluded. These figures are a far cry from the reported 2.5% figure!!

### **4.4 Salary History for Executive Officers, Deans, and Second-Tier Administrators**

Appendix A displays the payment history—in the form of both base salary and other additional pay categories—made to top administrators and some of their immediate lieutenants over the past 10 years.

### **4.5 Additional Pay by Administrative Unit**

The history of additional pay by administrative unit is given in Appendix B.

| Table 10: Salary Increases between 2004-2005 and 2013-2014 for UM Executive Officers and Some Deans |             |             |                                  |                    |             |              |
|---|-------------|-------------|----------------------------------|--------------------|-------------|--------------|
| University of Michigan 2004-2005  |             |             | University of Michigan 2013-2014 |                    |             |              |
| Position  | Name        | Base Salary | Position                         | Name               | Base Salary | Increase     |
| President   | M. Coleman  | \$484,500   | President                        | M. Coleman         | \$603,357   | \$118,857    |
| Interim Provost   | P. Courant  | \$292,031   | Interim Provost                  | M. Pollack         | \$450,000   | \$157,969    |
| VP Finance & Admin  | T. Slottow  | \$292,031   | VP Finance & Admin               | T. Slottow         | \$596,629   | \$304,598    |
| VP Development  | J. May      | \$278,370   | VP Development                   | J. May             | \$460,000   | \$181,630    |
| VP External Relations   | C. Wilbanks | \$228,660   | VP External Relations            | C. Wilbanks        | \$296,324   | \$67,664     |
| VP Research   | F. Ulaby    | \$271,625   | VP Research                      | S. Forrest         | \$388,534   | \$116,909    |
| VP Legal  | M. Krislov  | \$247,491   | VP Legal                         | T. Lynch           | \$410,000   | \$162,509    |
| VP Communications   | L. Rudgers  | \$218,148   | VP Communications                | L. Rudgers         | \$289,224   | \$71,076     |
| VP Medical  | R. Kelch    | \$618,600   | VP Medical                       | O. Pescovitz       | \$753,805   | \$135,205    |
| VP Student Affairs  | R. Harper   | \$221,708   | VP Student Affairs               | R. Harper          | \$320,280   | \$98,572     |
| Dean of Law   | E. Caminker | \$314,150   | Dean of Law                      | M. West            | \$420,000   | \$105,850    |
| Dean of Business  | R. Dolan    | \$348,994   | Dean of Business                 | A. Davis-Blake     | \$582,078   | \$233,084    |
| Dean of Dentistry   | P. Poverini | \$293,550   | Dean of Dentistry                | L. McCauley        | \$400,000   | \$106,450    |
| Dean of Engineering   | S. Director | \$309,397   | Dean of Engineering              | D. Munson          | \$495,687   | \$186,290    |
| Dean of Nursing   | A. Hinshaw  | \$229,722   | Dean of Nursing                  | K. Potempa         | \$380,858   | \$151,136    |
| Dean of Medicine  | A. Lichter  | \$390,313   | Dean of Medicine                 | J. Woolliscroft    | \$593,980   | \$203,667    |
| Dean of LSA   | T. McDonald | \$291,748   | Interim Dean of LSA              | S. Gilman          | \$376,000   | \$84,252     |
| Dean of Libraries   | W. Gosling  | \$188,918   | Dean of Libraries                |                    | \$375,000   | \$186,082    |
|   | Total       | \$5,519,956 |                                  | Total              | \$8,191,756 | \$2,671,800  |
|   |             |             |                                  | Average Difference |             | \$148,433.33 |
|   |             |             |                                  | % Increase         |             | 48.40%       |

**Table 11:** Salary payment history between fiscal 2005 and 2013 for the five UM executive officers who occupied their current positions continuously over this time period. Amounts in \$ thousands.

|                     | M.S. Coleman |       | T. Slottow |       | J. May |       | C. Wilbanks |       | R. Harper |       |
|---------------------|--------------|-------|------------|-------|--------|-------|-------------|-------|-----------|-------|
| Fiscal Year         | Base         | Bonus | Base       | Bonus | Base   | Bonus | Base        | Bonus | Base      | Bonus |
| 2005                | \$483        | 0     | 291        | 0     | 277    | 30    | 228         | 3     | 221       | 0     |
| 2006                | 499          | 0     | 362        | 0     | 286    | 30    | 235         | 3     | 227       | 0     |
| 2007                | 514          | 0     | 436        | 0     | 295    | 30    | 243         | 3     | 234       | 0     |
| 2008                | 530          | 983   | 452        | 0     | 314    | 345   | 252         | 53    | 243       | 0     |
| 2009                | 552          | 170   | 470        | 0     | 330    | 100   | 261         | 53    | 252       | 0     |
| 2010                | 554          | 165   | 472        | 0     | 339    | 225   | 262         | 53    | 253       | 0     |
| 2011                | 569          | 175   | 533        | 0     | 349    | 100   | 270         | 54    | 292       | 0     |
| 2012                | 585          | 275   | 549        | 50    | 260    | 230   | 277         | 55    | 298       | 0     |
| 2013                | 602          | 274   | 564        | 0     | 405    | 208   | 285         | 58    | 308       | 0     |
| Total               | \$6930       |       | \$4179     |       | \$4253 |       | \$2648      |       | \$2328    |       |
| Cumulative increase | 136%         |       | 136%       |       | 122%   |       | 63%         |       | 35%       |       |

| Table 12: Executive Officers' Compensation 2012 to 2013                       |             |             |                               |             |             |
|---|-------------|-------------|-------------------------------|-------------|-------------|
| Name  | Base 2012   | Base 2013   | % Increase                    | Bonus 2013  | Total 2013  |
| Coleman   | \$603,357   | \$603,357   | 0.0%                          | \$756,089   | \$1,359,446 |
| Slottow   | \$568,218   | \$596,629   | 5.0%                          | \$50,000    | \$646,629   |
| May   | \$365,790   | \$460,000   | 25.8%                         | \$145,000   | \$605,000   |
| Lynch   | \$400,000   | \$410,000   | 2.5%                          | \$0         | \$410,000   |
| Rudgers   | \$278,100   | \$289,224   | 4.0%                          | \$25,000    | \$314,224   |
| Forrest   | \$375,396   | \$388,534   | 3.5%                          | \$0         | \$388,534   |
| Harper  | \$309,450   | \$320,280   | 3.5%                          | \$0         | \$320,280   |
| Pescovitz   | \$753,806   | \$753,806   | 0.0%                          | \$99,540    | \$853,346   |
| Wilbanks  | \$286,303   | \$296,324   | 3.5%                          | \$57,308    | \$353,632   |
| Churchill   | \$269,208   | \$279,977   | 4.0%                          | \$25,000    | \$304,977   |
| Total   | \$4,209,628 | \$4,398,131 |                               | \$1,157,937 | \$5,556,068 |
| Average Base Pay % increase   |             |             | 5.2%                          |             |             |
| (University Record dated 1/13/14 states Executive Officers' average was 2.5%) |             |             |                               |             |             |
| True total pay % increase   |             | 32.0%       | (including President Coleman) |             |             |
| True total pay % increase   |             | 16.4%       | (excluding President Coleman) |             |             |

## 5 Concluding Observations

In a recent AAUP report (“Losing Focus,” 4 March 2014), Curtis and Thornton document the history of large increases in administrative salaries, administrative positions, and spending on athletics, in contrast with the insignificant change in expenditures on instruction. Many of their observations are evident in the new “Michigan culture” of excessive administrative salaries, secretive bonuses, and extravagant spending on athletics.

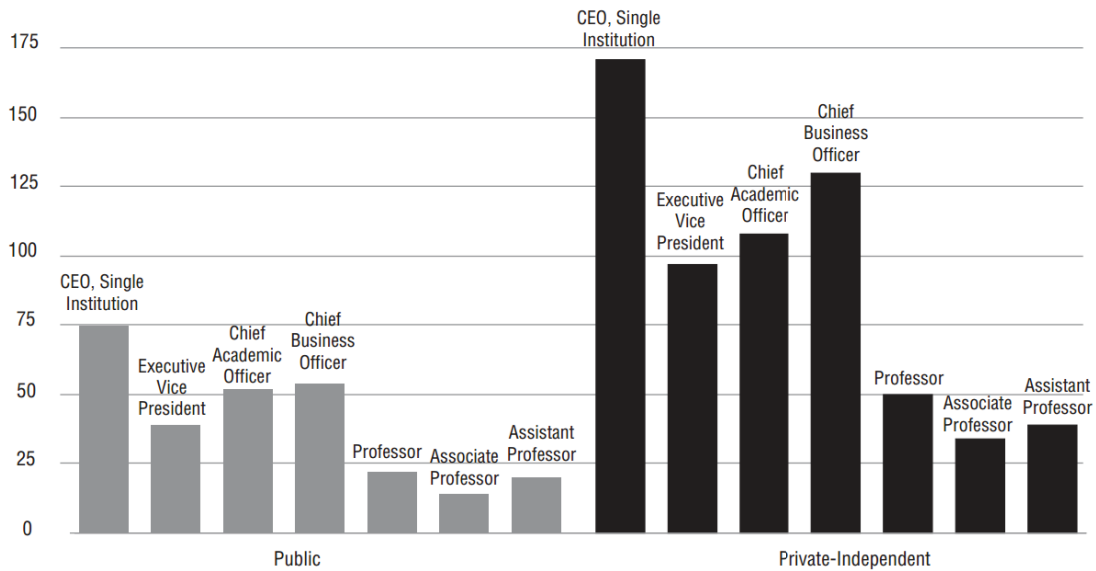
According to the data in Table 13, over the past 35 years the average salaries of faculty at public institutions increased by about 15–20% (after accounting for inflation). In contrast, the average salaries of university administrators rose by 50–75%. The rates at private institutions are approximately double those at the publics.

The disproportionate attention to athletics is demonstrated by the data in Tables 14 and 15. Whereas the average increase in spending per FTE student increased by a modest 0.9% between 2004 and 2012 (at four-year colleges), the average increase per athlete was between 30% and 60% for Divisions I–III with football. The change in salaries to coaches is shown in Figure 17. At Division I-A institutions, the compensation for football and basketball coaches rose by about 100% (between 2006 and 2012), compared with under 4% for faculty.

How did so many U.S. universities—UM included—lose their focus? Is President-Elect Schlissel up to the task of realigning UM’s direction and redefining its priorities so we can once more become a great *academic* institution?

TABLE 13

**Percentage Change in Average Salary for Senior Higher Education Administrators and Full-Time Faculty Members, by Sector, 1978–79 to 2013–14**

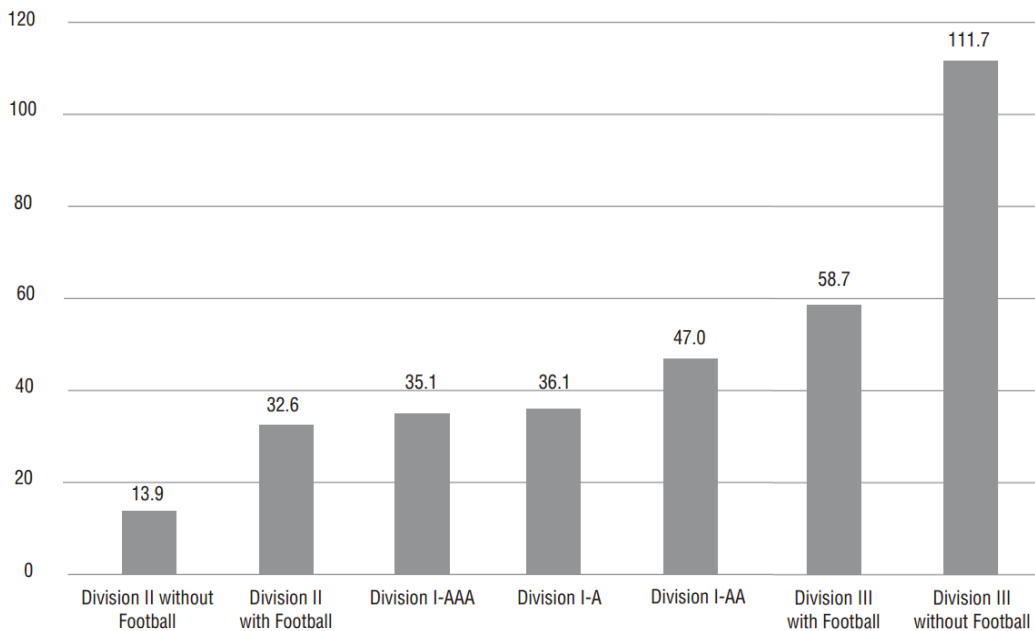


*Note:* Percentage increase controlled for inflation. Administrator salary is the median, faculty salary is a weighted mean. Administrator salary for 1978–79 was for all private institutions.

*Source:* Administrator Salary from College and University Professional Association for Human Resources, *Administrators in Higher Education Salary Survey*. (Prior to 2013, *Administrative Compensation Survey*.) Faculty salary from American Association of University Professors, *The Annual Report on the Economic Status of the Profession*.

TABLE 14

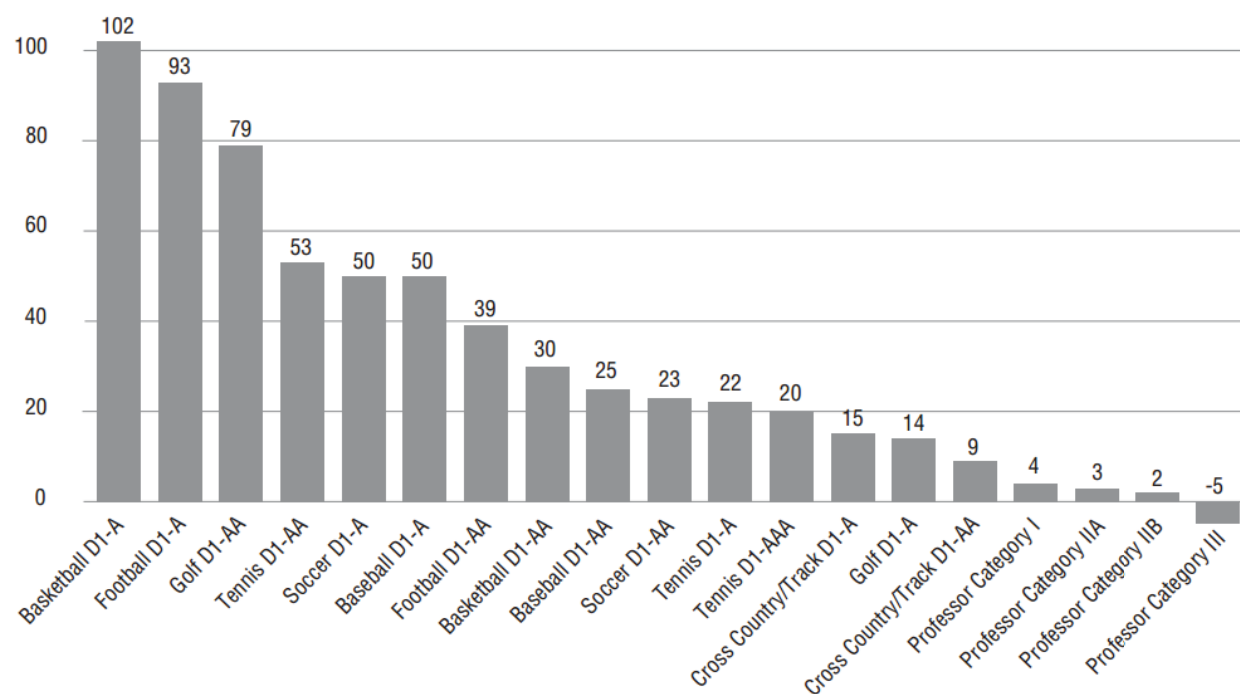
**Percentage Change in Median Athletics Spending per Student-Athlete, 2003–04 to 2011–12**



*Note:* Athletic expense per student-athlete as reported by the NCAA, in constant dollars.

*Source:* NCAA reports of revenues and expenditures, by division, 2004–11 and 2004–12.

TABLE 15

**Percentage Change in Median Compensation for Men's Head Coaches and Full Professors, 2005–06 to 2011–12**

*Note:* For coaches, compensation is the median salary and benefits expenditures for head coaches of men's sports, in constant dollars. The sports represented here are a selection of "revenue generating" sports (for example, basketball and football) and other sports that had high participation rates. For full professors, the calculation uses the median in the institutional distribution for compensation, which is average salary plus the average institutional expenditure on benefits, in constant dollars.

*Source:* NCAA reports of revenues and expenditures, by division, 2004–06 and 2004–12. American Association of University Professors, *Annual Report on the Economic Status of the Profession*.