

FACULTY SALARY CONVERSION

The “industry/academy standard” for converting faculty salaries is based on a 9/11ths (.8182) formula. This advantages faculty on an academic year appointment who do not receive vacation **time**, rather they receive vacation **pay** instead. Presumably, they take that vacation in the 3 months outside of the contract period. And, if they choose, can work through the entire summer, still keeping that vacation pay plus whatever they earn in the summer as negotiated summer salary. Conversely, the reverse process is applied to change a faculty member from academic to fiscal year appointment. Then, as a fiscal year employee, vacation **time** is earned and can be taken with pay. After the conversion is completed, it is necessary to take the steps to ensure the hourly rate is divisible by the hours for the contract period (AY or FY) in order to correctly process an EPAF. Note that you may choose to round down rather than up. The variance between conversion and rounding is quite minimal.

Examples:

Faculty converting from fiscal year to academic year appointments:

Method 1: FY salary of \$75,774.40 * .8182 = \$61,998.6140 / 1560hrs = \$39.742;
\$39.74 * 1560hrs = **\$61,994.40 AY**

Method 2: FY salary of \$75,774.40 / 11 = \$6,888.5818 * 9 = 61,997.2362 / 1560hrs = \$39.7418;
\$39.74 * 1560hrs = **\$61,994.40 AY**

Faculty converting from academic year to fiscal year appointments:

Method 1: AY salary of \$61,994.40 / .8182 = \$75,769.2495 / 2080hrs = \$36.4275;
\$36.43 * 2080hrs = **\$75,774.40 FY**

Method 2: AY salary of \$61,994.40 / 9 = \$6,888.2666 * 11 = \$75,770.9326 / 2080 hrs = \$36.4283;
\$36.43 * 2080hrs = **\$75,774.40 FY**

UI ACADEMIC ADMINISTRATOR STEP-DOWN

Guideline:

For faculty members serving in administrative roles, a shadow salary will be maintained at the faculty level and updated by all salary increases. When an individual steps-down as an administrator, the salary will be returned to the shadow salary. If greater than a 15% reduction is required, the reduction may be phased in at 15% per year to reach shadow salary unless term of administrative service is relatively short. [From UI salary model adopted April 1998].

Discussion points:

- Appointments to administrative positions
 - Need to be competitive with peer institutions
 - May involve conversion from AY to FY appointment and an administrative increment
- Shadow salary for administrative appointments
 - To be established at the time of the administrative appointment and indicated in the offer letter
 - Guided by predicted salary in the salary model and reflect the academic experience and record of the individual
 - The shadow salary will be adjusted each year by the percentage of increases received for across the board, merit and equity
- Return of administrators to a faculty role
 - We want to help former administrators reassume successful faculty roles
 - Policies should not discourage return to the faculty
 - Transition support may be considered – for example: start-up, seed funds, or teaching assignments that reflect new course preparations

- o In some cases, leave is available to aid transition in accordance with FSH 3710.1

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- Step down salary implementation* (revised 7/7/2005 to help clarify process; examples updated/added 5/2011)
 1. Remove administrative stipend
 2. Apply 15% step down
 3. Convert from FY to AY; (conversion factor = .8182) or 9/11

Additional notes/consideration: (added 5/2011 to clarify)

- Add change in employee compensation (CEC) after step 2 in a year implementing a step down (other than year 1 as the increase would be included in the FY salary). See example 3
- % of step down and implementation can be defined in an offer letter and/or negotiated and vary from this guideline including no phase for step-down for administrative terms of short duration
- If a faculty shadow salary has not be established, contact the Provost's Office
- A combination of conditions presented in each of the examples can occur, therefore steps 1-3 in that order are to be followed
- Full reversion to the faculty shadow salary is usually completed by the 3rd year of appointment following the change in appointment status. If not, continue the step down implementation by reducing up to 15% for additional years as necessary.

Example 1: An administrator with rank of full professor has a fiscal year appointment at a salary of \$148,937. What is the administrative stipend [a dollar amount] (\$15,000)? What is the shadow salary (\$73,000)? Have there been changes in compensation [how much & how many years] (No)?
****check offer letter for references and faculty files/banner for conditions.**

Step down implementation

YEAR 1	Fiscal year salary	148,937.00	
	Remove administrative stipend (\$amount)	<u>015,000.00</u>	
	Salary w/o stipend	133,937.00	
	Less 15% step down (133,937*.15)	<u>020,090.55</u>	
	Salary with first step down	113,846.45	
	Convert from FY to AY (113,846.45*.8182)	93,149.17	AY salary
YEAR 2	Academic year salary	093,149.17	
	Less up to 15% step down (93,149.17*.15)	<u>013,972.38</u>	
	AY salary at 2 nd step down	79,176.79	AY salary
YEAR 3	Academic year salary	079,176.79	
	Less the remaining difference to complete step down	<u>006,176.79</u>	
	Faculty shadow salary reached	73,000.00	AY shadow

Example 2: An administrator with rank of associate professor has a fiscal year appointment at a salary of \$166,175. What is the administrative stipend [a percentage above salary] (13%)? What is the shadow salary indicated in the offer letter (\$82,785)? Have there been changes in compensation [how much & how many years] (Yes)? ****check offer letter for references and faculty files/banner for conditions.**

Shadow salary at time of reversion from change in employee compensation (CEC)

Initial administrative appointment (letter) =	82,785.00	Shadow salary w/ change
Year 3 = 5% salary increase (82,785*.05)	04,139.25	86,924.25
Year 4 = 3% salary increase (86,924.25*.03)	02,607.73	89,531.98

Year 6 = 2.7% salary increase (89,531.98*.027) 02,417.36 **91,949.34***

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Step Down Implementation:

YEAR 1	Fiscal year salary	166,175.00	
	Remove administrative stipend (13% above salary)		
	166,175/1.13=147,057.52		
	Salary w/o stipend	147,057.52	
	Less 15% (of the salary) step down (147,057.52*.15)	<u>022,058.63</u>	
	Salary with first step down	124,998.89	
	Convert from FY to AY (124,998.89*.8182)	102,274.09	AY salary
YEAR 2	Academic year salary	102,274.09	
	Less the remaining difference to complete step down	<u>010,324.75</u>	
	Faculty shadow salary reached	91,949.34*	AY shadow

Example 3: An administrator with rank of full professor has a fiscal year appointment at a salary of \$227,429.82. What is the administrative stipend [none]? What is the shadow salary indicated in the offer letter (115,800)? Have there been changes in compensation [how much & how many years] (Yes)? ****check offer letter for references and faculty files/banner for conditions.**

Shadow salary at time of reversion from change in employee compensation (CEC)

Initial administrative appointment (letter) =	115,800.00	Shadow salary w/ change
Year 1 = 3% salary increase	003,474.00	119,274.00
Year 2 = 5% salary increase	005,963.70	125,237.70
Year 5 = 1.7% salary increase	002,129.04	127,366.74**
CEC during year 2 step down = 3.6%	004,585.20	131,951.95***
CEC during year 3 step down = 1.7%		

Step Down Implementation:

YEAR 1	Fiscal year salary	227,429.82	
	Remove administrative stipend (none)	0	
	Less 15% (of salary) step down (227,429.82*.15)	<u>034,114.48</u>	
	Salary with 1 st step down	193,315.34	
	Convert from FY to AY (193,315.34*.8182)	158,170.61	AY salary
YEAR 2	Academic year salary	158,170.61	
	Less up to 15% step down (158,170.61*.15)	<u>023,725.59</u>	
	AY salary at 2 nd step down	134,445.02	
	Add current yr CEC (3.6%) (134,445.02*.036)	<u>004,840.02</u>	
	AY salary for year 2	139,285.04	AY salary
YEAR 3	Academic year salary	139,285.04**	
	Less the remaining difference to complete step down	007,333.09	
	Faculty shadow salary reached	131,951.95***	
	Add current yr CEC (1.7%) (131,951.95*.017)	002,243.18	
	Step down complete; new faculty shadow salary	134,195.13	AY shadow