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Quality of Professional Life - Nine Month Appointments: Discussion

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Jim Trapp has provided a highly informative review of compensation for academic agricultural economists. Since I have no substantive criticisms of his analysis and data, I would like to focus my remarks on emergence of the nine-month (9m) contract as an alternative to the conventional twelve-month (12m) contract in colleges of agriculture, which is a development he mentioned only briefly. If I am not versed on this subject, it is not for lack of trying, as I have had 9m contracts at three schools (Auburn, Montana State and Illinois), and 12m contracts at three schools (Auburn, Illinois, and Texas A&M). Also, I was stricken with insanity long enough to chair a college committee on the subject of 9m contracts.

This article briefly traces evolution of the 9m option in agricultural colleges, reviews conversion rates, and discusses advantages and disadvantages of such contracts compared to 12m contracts. The article concludes with a discussion of salary rigidities in academia, and how conversion to the 9m option might influence salaries.

Emergence of the Nine-Month Contract

Agricultural academics have traditionally held 12m appointments because of research and extension funding combined with job responsibilities that cover the full year, while our colleagues outside agriculture have traditionally held 9m contracts, with additional compensation often provided for summer teaching activities and occasionally for research activities. A fact often overlooked is that

faculty with 12m appointments are a minority in most Land-Grant universities.

Adoption of optional 9m contracts in agricultural colleges began about 10 years ago, with the University of Illinois in the forefront of this movement. Illinois offered and continues to offer agriculture faculty the *irreversible options* of converting from 12m to 9m contracts at (1) a conversion rate of 10/11 (i.e. salary for the 9m period is 10/11 of current 12m salary) with no raises foregone, or (2) a conversion rate of 11/11 with any cost-of-living or merit raises foregone for two years. Now over one-half of the faculty college wide have converted, and all agricultural economists except two have converted.

Agricultural economics faculty appear to have more interest in 9m contracts than other agricultural disciplines. There are a few agricultural economics departments that have historically had faculty on 9m appointments, but I do not know of any college or department that has made the conversion mandatory for all faculty in the last decade, although most colleges make the 9m option irreversible.

Many colleges of agriculture have looked into 9m contracts, but currently less than one-fourth offer it as an option. At some schools the 9m contract is strongly encouraged by the administration, while some schools reluctantly offer the option, while yet others adamantly refuse to let faculty convert.

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Compensation and Conversion Rates

Conversion rates in agricultural colleges that have the 9m contract as an option range from 9/11 to a lucrative 11/11. The 9/11 rate is sometimes referred to as an "accounting" rate that is commonly used in salary comparisons done by administrators. The numerator of the 9/11 rate comes from the standard nine month school year, while the denominator comes from the calendar year less one month of annual leave that accrues on 12m contracts but not on most 9m contracts. At many universities, faculty on 9m contracts technically must be at the office only when students are on campus. Allowing for student holidays and breaks, the 9m contract may actually require closer to eight months of technically required work days.

Most universities will approve summer salary (contingent on funds) up to a maximum of 1/3 (usually less for teaching) of 9m salary. Thus, with a conversion rate of 9/11, total compensation with summer salary would be about 9% above the 12m salary. With the 11/11 conversion, total compensation with summer salary would be 33% more than with the 12m contract. Thus, there is a financial incentive to convert.

A comparison of 12m salaries in closely related disciplines where labor mobility is at least theoretically possible, such as in agricultural economics and agricultural engineering relative to their non-agricultural counterparts, gives an implied conversion rate that is at least 10/11 at the assistant and associate ranks, and greater than 12/11 at the full professor rank.

For existing faculty, the most common conversion rate is 10/11 (or 11/11 with some future raises foregone). For new hires, the conversion rate appears to be near 10.5/11. That is, individuals who are weighing a 9m offer from one school with a 12m offer from another school will find that the 9m salary offer is very close to the 12m offer. New hires at the assistant rank are usually offered an additional one month's salary (computed as 1/9 of 9m salary) from hard funds for two or three years. Except for partial summer salary for new hires, use of hard research or extension funds for summer salary is rare, and explicitly prohibited in many

colleges of agriculture that offer the 9m conversion option.

Faculty bear at least two types of income risk when they convert to a 9m contract. The first and most obvious risk is the prospect of not getting sufficient grant funds to cover summer salary. The second type of risk is that hard money summer support for teaching or research support promised by the administration will be withdrawn at some future date because of insufficient funds, petty retribution for perceived sins, or lack of productivity. The additional 1/11 associated with the 10/11 conversion (compared to the accounting rate) can be explained, I think, as a risk premium, although university level administrators seem to think that it is just a "gimmick" to boost salaries in agriculture.

Reasons for Interest in the 9-month Contract

Interest in the 9m contract in agricultural disciplines appears to come from what we might call harmonic convergence of several factors, namely (1) a way of coping with declining agricultural and extension funds, (2) a one-shot opportunity to increase agricultural faculty compensation relative to other disciplines, (3) a means of increasing incentives for faculty to obtain outside support, and (4) a way to put on equal footing the "comparisons" of salaries in agriculture with salaries in other colleges.

Budgetary Stress

With the 10/11 conversion, 1/11 of salary dollars are freed up, which can then be used to increase nonsalary support, or used to relieve severe budgetary stress without losing faculty. Thus, a conversion rate of 10/11 gives incentives to both the faculty and the administration.

Some of the early adopters of 9m contract options for ag faculty did so in response to sudden declines in Extension funding. In many cases it was conversion of research/teaching faculty that allowed Extension specialists to be retained. Nevertheless, the Federal Cooperative Extension Service (CES) will not allow 9m contracts. Note that Federal law does not prevent such conversions for Extension

specialists; rather, it is the *policy* of the Administrator of Federal CES that such conversions will not be permitted.¹

More Incentives for Grantsmanship

Another reason for administrative interest in the 9m contract is that it gives faculty more incentive to get grant funds, which obviously have a higher priority in times of budgetary stress. Furthermore, the 9m appointment gives agricultural faculty the same set of incentives faced by the majority of faculty in the university. Not all agricultural administrators have effectively communicated expectations for research and extension faculty to university level promotion and tenure (P&T) committees. Since composition of most university level P&T committees is skewed toward the 9m contract incentives, agriculture faculty can suffer from being evaluated on a set of criteria that do not match perfectly with expectations of college of agriculture administrators.

Salary Comparisons

Another reason why some college of agriculture administrators are interested in 9m contracts is that they perceive that salary comparisons made, for example, by university salary review committees and the popular press, do not recognize the 9m versus 12m distinction. Thus, when comparing a 12m salary with a 9m salary which does not include summer compensation for teaching or grant research, agriculture faculty appear to be well paid relative to faculty in many other colleges.

It has been my experience that university personnel who routinely make salary comparisons, whether it be one discipline (e.g. agricultural economics) with another discipline (e.g. general economics), or the university versus the region or the nation, make appropriate accounting adjustment (i.e. they use the 9/11 factor) for the 9m versus 12m contracts. However, the same cannot always be said for salary review committees or for the popular press. Thus, there appears to be some truth to the claim by college of agriculture administrators that we in agriculture suffer from being a minority with 12m contracts.

Disadvantages of Nine-Month Contracts

Primary disadvantages cited by opponents of 9m contracts are that they (1) reduce grant funds available for assistantships, (2) would change the mix of products and make program emphasis subject to the whims of funding agencies, and (3) might compound salary inequities. With a 9m contract system dependent on outside grants, soft funds available for assistantships can be expected to decrease because highest priority on funds by the grantsman goes to paying summer salary, not assistantships. To the extent that 9m contracts increase the incentive for grantsmanship, outside funding for a department may increase. However, since summer salary will require all or most of the small grants available to agricultural economists, the net effect of 9m contracts on assistantship funding will likely be negative. Of course, hard monies freed up by the conversion might be used to offset this negative effect.

Dependence on grants for summer salary could indeed redirect faculty efforts in all three areas of teaching, research, and service. To the extent that the agricultural economics profession has drifted away from their clientele, some might argue that this is good. Others would argue that the system really makes faculty private consultants who operate under the auspices of a university; of course, we cannot ignore compensation rigidities and perverse incentives in the university community that already lead some professors to give a higher priority to private consulting than to university responsibilities.

Opponents of the 9m system often argue that it would create compensation inequities between individuals and between disciplines. A common argument by opponents is that "... but there are no grant funds available in my area." All too often, it appears to me that this is simply an excuse, and should be interpreted as "I really don't want to put forth the effort to get grant money" or "I want to work on what I want to work on and not what somebody with money thinks I should work on." To the extent that we are in a short-lived era during which favorable conversions to 9m contracts might be allowed by university administration, faculty who try to block the option for all faculty because there are presently no grant funds in their specialty area

may end up penalizing themselves if grants should become available in the future.

A common complaint made by agricultural scientists is that "my cows gotta' be fed all year," or "I have to conduct my crop experiments in summer." Overcoming this hurdle depends on the willingness of the administration to word contracts to call for 9 months service over a 12 month period, with the particular months of service not specified. Or, the faculty member can accept the obligation to do the seasonal work even though pay may not be technically earned during those periods (as is the case in some nonagricultural fields).

It should be cautioned that P&T committees usually do not adjust performance evaluations for type of contract. Likewise, individuals seeking employment often note that the market recognizes total productivity over a career unadjusted for contract type. Realization of this often lead faculty who are contemplating conversion to think something like "now the administration is asking me to do 12 months of work for 9 months pay."

In welfare economics jargon, provision of the 9m contract as an option (as opposed to mandatory conversion) would appear to be Pareto superior. Those who elect to convert clearly expect to gain (otherwise they would not convert) while those who remain on their current 12m contract do not lose and may actually gain through resources freed up by those who convert. Thus, the option of 9m contracts should move us closer to "bliss." Not! Or we could say, well, so much for theory! Person A is indeed envious of person B, contrary to the assumption of standard welfare economics theory.

Some faculty outside agriculture, as well as individual faculty in agriculture may want to block the 9m option because they perceive that someone else is getting something that they won't get (because they already have a 9m contract or because there are no grant funds in their area). I will not attempt a sociological or psychological explanation of this phenomenon, but I would like to point out that this attitude can be a major force in deliberations about whether a college should offer optional 9m contracts. If left to faculty deliberations, the 9m contract as an option may die

because of this attitude. Agricultural colleges that have adopted the 9m contract appear to have done so by administrative decree, and not by majority vote of faculty.

Salary Rigidities

That the salary paid academics is incredibly slow to adjust to market conditions and to individual productivity is well known. Theoretical and empirical analysis of salary stickiness is beyond scope of this paper; however, there are several subtle pressures on academic salaries that merit brief discussion.

Trapp appropriately maintains that real increases in salaries in the 1980s can be partly attributed to inflation rates relative to growth of the general economy during this period. I would hypothesize that an additional factor in real salary increases is the increasing reliance on salary survey information (such as that cited by Trapp) in budgeting by university administrators. Reliance on survey information tends to institutionalize national average salaries, and even place upward pressure on the average. Aggressive universities who want to attract or keep the best faculty try to offer "above average" raises, while less aggressive universities try to get their salaries up to the average. Thus, there may be upward pressure on the average.

Adoption of 9m contracts at favorable conversion rates also puts upward pressure on salaries. That is, with 9/11 institutionalized as the conversion rate from 12m to 9m, any more favorable conversion, such as 10/11, will increase the average salary converted to a 9m basis as a higher percentage of agricultural economists hold 9m appointments.

Trapp notes some of the forces, such as retrenchment of agriculture in universities generally, will put a downward force on salaries. University administrators appear to have made jointly the decision several years ago to cannibalize agricultural funds, which contributes to downward pressure on salaries. However, if sufficient cannibalization occurs that we are moved back to general economics or business departments, there will be upward pressure on salaries of agricultural economists who "measure up" to the standards of business or general economists, especially at the full

professor level. A movement back to business or general economics will also likely force 9m contracts on those who make the move, as well as allow for largely uncontrolled private consulting by such faculty.

Labor mobility may have also played a positive role in increasing real salaries in the 1980s, and lack of mobility due to retrenchment may play a negative role in the 1990s. It is well known that the primary means to get a substantive raise in academia is to move (with associated costs, which I am well qualified to discuss!), or to get a counter offer on a threatened move. Such mobility may also increase salaries of productive faculty who do not try to move, to the extent that their administration attempt to make salary equity adjustments. Thus, mobility can place upward pressure on salaries of many more faculty than the number who actually move.

Although I don't have any hard data, I think that agricultural economists were much more mobile in the 1980s, which may have contributed to real increases in the average salary. Anticipated lack of mobility in the 1990s, due in part to retrenchment of agriculture within universities and the Federal government, and thus fewer chances of moving, will put downward pressure on salaries in the next decade.

To some extent, 9m contracts have emerged as a "gimmick" to boost compensation for agricultural scientists and to reward grantsmanship. Unfortunately, more creative solutions to any perceived salary problems, such as simply giving large raises to highly productive faculty or simply giving faculty a cut of grants, invariably meet with strong resistance by administration. Thus, efforts to make the salary of academicians more responsive to demand and supply shifts will likely be fruitless.

Concluding Remarks

The total amount of research teaching extension funds coming to agricultural economists is virtually fixed in the short-run. Given this, an aggregate consequence of the emergence of 9m contracts is that, because of grantsmanship incentives under the 9m system, a higher proportion of funds will flow away from those colleges who stick with status quo 12m contracts. Since colleges of agriculture in the Southern and Southeastern regions are not encouraging 9m contracts, while other regions (especially in the Midwest) are offering 9m incentives, we can expect a lower proportion of grant funds available in agricultural economics to flow to our region. And, because a grantsmanship track record makes it easier to get future grants, the negative effect on our region can be expected to continue for many years, perhaps as long as agricultural economics survives as a separate discipline.

There is also the question of whether the 9m option for new hires at extremely favorable terms will allow colleges with such options to pick off the most promising and productive faculty. Certainly, the 12m contract (compared to a 9m base salary near the 12m salary) will be preferred only by the most risk averse academics who also expect to rarely seek outside support for their research, teaching or extension activities.

The aggregate economics of change in academia can be likened to the economic effects of technological change: The early adopters may capture windfall gains, while everyone else must adopt just to stay even. Hence, colleges of agriculture in the South and Southeast, because of their apparent reluctance to change, may have missed out on any windfall gains associated with conversion to nine-month contracts.