

DEPARTMENT OF ECONOMICS GUIDELINES FOR MERIT PAY

1. INTRODUCTION

The purpose of these guidelines is to establish a set of incentives that will encourage excellence in the areas of instruction, service and intellectual contributions by the Department of Economics faculty. This is not a point system in the sense that it attempts to assign numerical values for certain outputs, (e.g., so many points for teaching a new course, serving on a university committee, etc.). Instead, in the areas of instruction and service, the factors that are considered important and reliable indicators of performance are identified. In the case of research activity that results in publication, explicit dollar rewards are specified for different categories of intellectual contribution. Other research activities are identified but not specifically valued. In addition, a "sunshine" plan is described in which the various components of each faculty member's raise are summarized and reported to the consenting faculty. **These guidelines are intended to supplement and amplify the Walker College of Business Guidelines for Faculty Performance Appraisal and Workload Assignment adopted April, 2005, and all faculty should be familiar with those guidelines since they apply to the Department of Economics.**

2. SALARY SUMMARY

The chairperson will make available a Salary Summary for the department. When the chairperson distributes particular salary information to individual faculty members for the upcoming academic year, she/he will include the department average, minimum, and maximum of each category of merit pay increase and the following form:

If you wish to have the details of your salary increase for this academic year, as specified in the Guidelines for Merit Pay, included in a departmental compilation and made available to consenting faculty members of the Economics Department, sign the statement below and return it to the chairperson by .

I give permission to the chairperson of the Economics Department to include details of my salary increase, as specified by the Guidelines for Merit Pay, in a compilation of information for all consenting faculty members.

Faculty Member

Date

The first column of the summary will contain the current base salary. These will be listed without identifying individual faculty members. All salary information will be reported anonymously. The second column of the summary will show the dollar amount of any across the board raises. The third column will report any raise as determined by the Faculty Handbook (e.g., promotion or receipt of the Ph.D). The fourth column will specify the amount of any salary increase allocated to an individual by the Dean. The fifth column will report any increase from the Provost. The sixth column will indicate any salary increase resulting from publications in refereed journals or from scholarly books. The seventh column will display the dollar amount of merit pay awarded by the chair for instruction, other research and service. The eighth column shall give the count of research projects for each individual.

The Salary Summary shall also include a general statement from the chair explaining how the various factors in each category were weighted. The written statement accompanying the Salary Summary should produce feedback from the department faculty indicating their concerns with the approach used by the chair.

3. AWARDS FOR RESEARCH PUBLICATIONS

This section describes the method for rewarding faculty research activity that results in publication in refereed journals or scholarly books. Although the provisions herein result in such publications being rewarded first, this does not imply that they are more important than teaching, service or other types of research activity. Instead, the approach taken here toward research publication simply reflects the fact that it is a more easily identified and measured product than the outputs associated with excellent teaching or service. It also suggests that research activity is viewed as necessary to the professional growth and development of economics faculty which, in turn, is considered to be a vital ingredient in good teaching.

The rewards for research publication should be pre-specified to eliminate any uncertainty about one's (monetary) reward and, also, to avoid the problem of someone receiving compensation for the same publication more than once. The reward for publishing may be received once an individual has a letter confirming acceptance for publication. Publications should be rewarded in lump-sum dollar amounts. If two people publish the same quality article (e.g., a given number of authors, regular article or note, etc.) in the same journal, then they should receive the same reward.

The dollar amount awarded for a publication will vary depending on the quality of journal, joint or single authorship, and whether it is a letter, note or a full length article. Appendix A contains most of the journals in which economics faculty could be expected to publish. These journals are classified into five categories in descending order of quality: Level 1, Level 2, Level 3, Level 4, and Level 5. The dollar awards for a single-authored regular article are as follows: Level 1, \$4200; Level 2, \$2600; Level 3, \$1800; Level 4, \$1000; and Level 5, \$500. Journals not listed (unranked) and book chapters are presumed to be Level 5. Appendix B contains a framework for faculty to request a reassignment for a journal or book chapter. Appendix C describes award adjustments for joint authorship, notes, comments, etc.

The chair should state specifically in column six of the Salary Summary what the compensation is for. (Example: "This person published one article in a Level 2 Journal. There was one co-author, therefore the reward was \$X.")

If it is desirable to maintain some relation between the dollar rewards for publications and the total amount of merit salary available to the departmental, then the Economics faculty may index these amounts. For example, the total amount of rewards each year could be raised by a proportion equal to the average percentage raise received that year in the department.

4. DISTRIBUTION OF MERIT INCREMENTS

Whenever funds are available for merit increments to faculty salaries, the department chairperson will decide the proportion of the total to be used for research, instruction, and service

awards. In deciding on these proportions, the chairperson should take into account the current mixture of goals, achievements, and activities of faculty in the department and should take due account of the priorities stated in the College of Business Mission Statement. Further, the proportions assigned will be subject to these constraints:

- a) for each year in which merit awards are being made, the total amount of research awards shall not exceed forty percent of the total funds available for merit increases;
- b) at least forty percent of the total amount available for merit increases in that year shall be used for merit increments for instruction, and
- c) no more than twenty percent shall be used for service.

In the research area, awards for research publication will be made first; if those awards total less than the amount designated for research increments, the remainder shall be used to award other research activity as described below in Section 5.3.

If there are insufficient merit funds, it will be necessary to delay compensation for publications until a year when the funds are available. Such delayed compensation for publications will be given first priority for funding the following fiscal year. If merit awards for publication exceed the maximum forty percent of the merit funds available for research, then the difference would be considered delayed compensation and would be handled as described above.

The proportions of any merit increment funds going to research, instruction, and service will be included in the Salary Summary described in Section 2.

5. DISCRETIONARY MERIT AWARDS

The activities considered in this section include teaching, service and research activity not resulting in publication. Merit rewards for these activities are determined in a more discretionary manner than are rewards for research publication. This is necessary not because they are less meritorious but because performance in these areas is extremely difficult to measure. Creating incentives that motivate faculty toward excellence in these areas, particularly teaching, is very important. Doing this, however, involves a far more subtle and normative process than is the case for research publication. The chair must use thoughtful and prudent judgment in evaluating the areas of teaching, service and other research. The purpose here is to provide guidance to the chair in assessing individual performance in these areas by identifying those factors considered important by the department faculty.

Performance may be divided into as many as five categories, depending on the amount of variation in performance. The middle level is “performance met expectations.”

All faculty members in a given category will receive the same salary increment. The question of whether discretionary merit awards should be allocated on the basis of equal dollar amounts or equal percentage raises for equal performance is a controversial one. Clearly there are arguments for either approach. However, the Board of Governors typically stipulates that a non-trivial fraction of faculty salary increases be an across-the-board percentage increase. If compensation for publications and discretionary merit awards are both made in lump-sum dollar amounts, then there is a blend of both approaches. Thus, discretionary merit awards will be made on the basis of equal dollar amounts for equal performance. In the future, if the Board of Governors moves

away from across-the-board raises, the department could review this approach and adjust, if desired, this method of allocating discretionary salary increases.

5.1. INSTRUCTION

All faculty in the department are expected to contribute in the area of instruction, to be effective in the classroom, and to continuously strive toward excellence in teaching.

To as great an extent as possible, the evaluation of instruction should be based on objective grounds. The following items should be regarded as contributing positively to instructional rating (the listing of these factors below is not considered to be exhaustive).

- a. teaching an upper-level course
- b. undertaking multiple preparations during the academic year
- c. undertaking a new preparation or creating a new course during the year
- d. assigning regular homework problems in service courses
- e. giving written exams in service courses
- f. having a 12 hour teaching load in a single semester
- g. other noteworthy and documented activities that foster improved learning experience in the classroom

Merit awards should reward and encourage the above behavior. The chairperson will use these indicators to rank order faculty members' instructional performance. No attempt is made to assign ex ante weights or priorities to these various instructional activities, but it is expected that the chairperson will be able to explain and document the decisions actually made.

The Walker College of Business Guidelines for Faculty Performance Appraisal and Workload provide a description of the minimum expectations in instruction on pages 12 and 13, with a partial description of items demonstrating “performance above expectations” on page 13.

5.2. SERVICE

All faculty members must demonstrate a cooperative willingness to support the Department's, College's, and University's purposes and to share the responsibility for evaluating its policies and programs, which implies an active participation in Department, College, and University affairs. The success of sponsored activities and events depends on appropriate faculty support and participation. Every faculty member shares an equal responsibility in supporting such activities. The following are the departmental guidelines for the minimum expectations of participation in such activities:

- A) Departmental and general faculty meetings: regular attendance is expected at meetings where the agenda indicates substantive matters to be considered
- B) Department, College and University events such as Commencement, Open House, Family Day, CEO Lectures and convocation: faculty are expected to participate equally on an as-needed basis. The department chairperson will request volunteers for these

events. If the number of volunteers is insufficient or not equally distributed, then the chairperson will allocate assignments as necessary on a rotating basis.

In addition to the above minimum expectations, each faculty member must engage in service activities to one or more of the University constituencies as described in the Walker College of Business *Guidelines for Faculty Performance Appraisal and Workload Assignment* on pages 15 and 16.

For performance above expectations, the following is a partial list of activities to be considered:

- A.) service to the department, college and university
 - a) formal membership on departmental committees and task forces
 - b) informal activities that develop and support the development of the department
 - c) membership on college and university committees and task forces
 - d) participation in activities that develop or support the development of the department
 - e) other contributions, formal and informal, towards the development of the department

- B.) service to students
 - a) academic advising
 - b) advisor to student groups
 - c) membership on MBA or MA oral committee
 - d) thesis supervision or thesis committee membership
 - e) other contributions, formal and informal, that support students, particularly economics majors.

- C.) service to the profession
 - a) lectures to professional organizations and business groups
 - b) officer/board member in professional associations
 - c) editor, referee, or member of an editorial board of a professional journal
 - d) organizer, chairperson or discussant at professional meeting
 - e) other contributions, formal and informal, that supports the profession

5.3. RESEARCH

Discretionary salary increases may also be awarded for unpublished intellectual contributions. To be considered in salary decisions, such a project must show some tangible product, which is to be submitted with the Annual Report. At the very least there must be a typescript of a working paper or report. Works in progress, data collection, etc. will not be considered. A research project is to be considered in salary decisions only once, when it is first reported, and only in one category. A project reported, for example, as a working paper, a conference presentation, and a journal submission will count as only one project, whether the reports are in the same year or in succeeding years; the only exception to this is that a project reported once as unpublished may later be eligible for a research publication award as provided in Section 3.

In light of the lumpiness of both appropriated funds for merit increases and of research output; and in light of the AACSB's five year measurements, in determining merit increments in this category, the chairperson should weigh for each faculty member the total of research activity over the five year period ending in the year in which merit increments are made. Merit pay increases for research thus should not be subject to annual fluctuations, but to a moving five year total.

The following provides a list of possible contributions that may receive discretionary merit awards:

- a) working papers; not under review and under review
- b) applied research projects and reports; particularly for local and state interests
- c) submissions for external funding; unfunded and funded
- d) efforts to facilitate research collaboration within the department
- e) efforts to facilitate research collaboration beyond the department
- f) presentation at a professional conference
- g) presentation at a faculty seminar; particularly at another university
- h) other noteworthy efforts that contribute to the research in the department

With reference to the Walker College of Business's *Guidelines for Faculty Performance Appraisal and Workload Assignment*, the "Minimum Expectations" for Intellectual Contributions noted in Section I.D.2, page 14 and in Section III, page 17, are met when a faculty member is "Academically Qualified" according to the College of Business Standards for Faculty Sufficiency & Faculty qualifications, adopted January, 2007, with the addition noted below. The summary of how a faculty member maintains Academically Qualified status is "A faculty member that meets the original academic preparation guidelines for being academically qualified will maintain academically qualified status if, over the most recent five-year period, he or she has completed at least four (4) academic maintenance activities, of which at least two (2) must be quality publications." Elaboration of this definition is found on pages 6 – 8 of the College of Business Standards for Faculty Sufficiency & Faculty qualifications, adopted January, 2007. The Department of Economics requires that the two quality publications be two single-author equivalent publications, as described in Appendix D of these Guidelines.

Generally, the faculty feel that the range of variation in instructional performance is about the same as the range of variation in non-published research performance, although this may not be true in any given year. Therefore, unless the chairman can demonstrate the existence of unusual circumstances, the maximum discretionary award, whether specified as dollar amounts or percentages, for non-published research shall be no more than that for instruction.

6. AUTHORITY

These amended guidelines and the attached appendices were approved by the economics faculty on September 12, 2008.

Appendix A: Journal List

Below is a partial listing of the journals categorized into the five levels discussed in the body of the guidelines. Obviously there will be disagreement about which journals should be placed in each category and how many categories exist. To minimize an inherently subjective debate, the ranking was taken (without adjustments) directly from the most recent, rigorous and comprehensive journal ranking (Kalaitzidakis, Mamuneas and Stengos, *Journal of the European Economic Association*, 2003). In addition, the distribution of journals across the five levels was set using “standard” cutoffs. Book chapters and unranked journals are considered to be in Level 5.

For reference, Level 1, Level 2, Level 3, Level 4, and Level 5, list articles in descending quality order. The dollar awards for a single-authored regular article are as follows: Level 1, \$4200; Level 2, \$2600; Level 3, \$1800; Level 4, \$1000; Level 5, \$500. Refereed journals not listed (unranked) and book chapters are presumed to be Level 5. Appendix B contains a framework for faculty to request a reassignment for a journal or book chapter. Appendix C describes award adjustments for joint authorship, notes, comments, etc.

<i>Level</i>	<i>Rank</i>	<i>Journal Abbreviation</i>	<i>Index</i>
1	1	AM ECON REV	100.00
1	2	ECONOMETRICA	96.78
1	3	J POLIT ECON	65.19
1	4	J ECON THEORY	58.76
1	5	Q J ECON	58.11
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2	6	J ECONOMETRICS	54.91
2	7	ECONOMET THEOR	45.85
2	8	REV ECON STUD	45.15
2	9	J BUS ECON STAT	38.41
2	10	J MONETARY ECON	36.41
2	11	GAME ECON BEHAV	35.49
2	12	J ECON PERSPECT	34.26
2	13	REV ECON STAT	28.02
2	14	EUR ECON REV	23.76
2	15	INT ECON REV	23.04
2	16	ECON THEOR	22.43
2	17	J HUM RESOUR	21.34
2	18	ECON J	20.71
2	19	J PUBLIC ECON	19.77
2	20	J ECON LIT	18.78
2	21	ECON LETT	18.73
2	22	J APPL ECONOM	16.59
2	23	J ECON DYN CONTROL	14.54
2	24	J LABOR ECON	12.76
2	25	J ENVIRON ECON MANAG	11.85
2	26	RAND J ECON	11.44
2	27	SCAND J ECON	10.66
2	28	J FINANC ECON	9.89

2	29	OXFORD B ECON STAT	8.35
2	30	J INT ECON	7.84
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3	31	J MATH ECON	7.64
3	32	J ECON BEHAV ORGAN	7.05
3	33	SOC CHOICE WELFARE	6.89
3	34	AM J AGR ECON	6.19
3	35	INT J GAME THEORY	6.09
3	36	ECON INQ	6.03
3	37	WORLD BANK ECON REV	5.68
3	38	J RISK UNCERTAINTY	5.58
3	39	J DEV ECON	5.50
3	40	LAND ECON	5.14
3	41	INT MONET FUND S PAP	5.12
3	42	CAN J ECON	5.09
3	43	PUBLIC CHOICE	4.95
3	44	THEOR DECIS	4.90
3	45	ECONOMICA	4.56
3	46	J URBAN ECON	4.37
3	47	INT J IND ORGAN	4.26
3	48	J LAW ECON ORGAN	4.05
3	49	J LAW ECON	3.90
3	50	NATL TAX J	3.87
3	51	J IND ECON	3.85
3	52	J ECON HIST	3.78
3	53	OXFORD ECON PAP	3.71
3	54	J COMP ECON	3.36
3	55	WORLD DEV	3.22
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4	56	SOUTHERN ECON J	3.09
4	57	EXPLOR ECON HIST	2.97
4	58	ECON REC	2.93
4	59	J BANK FINANC	2.62
4	60	CONTEMP ECON POLICY	2.42
4	61	J POPUL ECON	2.41
4	62	J FINANC QUANT ANAL	2.09
4	63	J INST THEOR ECON	2.01
4	64	APPL ECON	2.00
4	65	SCOT J POLIT ECON	1.84
4	66	J ECON	1.80
4	67	J MACROECON	1.75
4	68	REV INCOME WEALTH	1.74
4	69	OXFORD REV ECON POL	1.64
4	70	EUROPE-ASIA STUD	1.63
4	71	J HEALTH ECON	1.60
4	72	REG SCI URBAN ECON	1.59
4	73	J ECON MANAGE STRAT	1.38
4	74	WORLD ECON	1.34
4	75	SMALL BUS ECON	1.33
4	76	ECON HIST REV	1.27
4	77	CAMBRIDGE J ECON	1.25

4	78	WORLD BANK RES OBSER	0.93
4	79	ENERGY J	0.92
4	80	WELTWIRTSCH ARCH	0.92
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5	81	KYKLOS	0.91
5	82	AUST ECON HIST REV	0.89
5	83	ECOL ECON	0.89
5	84	REV IND ORGAN	0.87
5	85	GENEVA PAP RISK INS	0.87
5	86	J TRANSP ECON POLICY	0.80
5	87	ECON PHILOS	0.78
5	88	J ACCOUNT ECON	0.76
5	89	RESOUR ENERGY ECON	0.76
5	90	J JPN INT ECON	0.76
5	91	J AGR RESOUR ECON	0.72
5	92	BROOKINGS PAP ECO AC	0.71
5	93	ECON DEV CULT CHANGE	0.66
5	94	COMMUNIST ECON EC TR	0.65
5	95	J REGUL ECON	0.62
5	96	J HOUS ECON	0.62
5	97	MANCH SCH	0.60
5	98	ECON MODEL	0.54
5	99	J POLICY MODEL	0.50
5	100	DEV ECON	0.50
5	101	J PROD ANAL	0.49
5	102	CAN J AGR ECON	0.48
5	103	AUST J AGR ECON	0.44
5	104	J RISK INSUR	0.43
5	105	JPN WORLD ECON	0.41
5	106	REV BLACK POLIT ECON	0.40
5	107	J ECON PSYCHOL	0.38
5	108	J ECON ISSUES	0.37
5	109	ECON EDUC REV	0.35
5	110	OPEN ECON REV	0.34
5	111	J AGR ECON	0.32
5	112	J ECON EDUC	0.32
5	113	J POST KEYNESIAN EC	0.31
5	114	J REAL ESTATE FINANC	0.31
5	115	EUR REV AGRIC ECON	0.31
5	116	JAHRB NATL STAT	0.30
5	117	J EVOL ECON	0.27
5	118	HIST POLIT ECON	0.24
5	119	FOOD POLICY	0.23
5	120	REAL ESTATE ECON	0.22
5	121	HEALTH ECON	0.20
5	122	POST-SOV AFF	0.18
5	123	CHINA ECON REV	0.18
5	124	INSUR MATH ECON	0.16
5	125	REV SOC ECON	0.16
5	126	DEFENCE PEACE ECON	0.16
5	127	B INDONES ECON STUD	0.11

5	128	REV ECON	0.10
5	129	POST-SOV GEOGR ECON	0.09
5	130	INT REV LAW ECON	0.09
5	131	WORK EMPLOY SOC	0.08
5	132	ECON GEOGR	0.07
5	133	ECON PLANN	0.06
5	134	EASTERN EUR ECON	0.05
5	135	J WORLD TRADE	0.05
5	136	FUTURES	0.05
5	137	APPL ECON LETT	0.04
5	138	ENERG ECON	0.04
5	139	J DEV AREAS	0.03
5	140	AUST J AGR RESOUR EC	0.03
5	141	HITOTSUB J ECON	0.02
5	142	AM J ECON SOCIOL	0.02
5	143	NEW ENGL ECON REV	0.01
5	144	ECON SOC	0.00
5	145	REV ETUD COMP EST-Q	0.00
5	146	POLIT EKON	0.00
5	147	JPN ECON	0.00
5	148	J TAX	0.00
5	149	TIJDSCHR ECON SOC GE	0.00
5	150	ECON DEV Q	0.00
5	151	ECON SOC REV	0.00
5	152	NATIONALOKON TIDSSKR	0.00
5	153	DESARROLLO ECON	0.00
5	154	J MEDIA ECON	0.00
5	155	BETRIEB FORSCH PRAX	0.00
5	156	TRIMEST ECON	0.00
5	157	EKON CAS	0.00
5	158	S AFR J ECON	0.00
5	159	PROBL ECON TRANSIT	0.00

Appendix B: Requests for Reassignment

Appendix A provides a list of journals by level. Journals not listed (unranked) and book chapters are considered as Level 5 publications. Faculty members may request a journal or book chapter be reassigned to a higher (or lower) level. Requests are made to the Economics Department tenured and tenure-track faculty during an annual Spring semester meeting, and should include documentation provided by the faculty member justifying the request. These Economics Department faculty will evaluate and decide whether or not to approve the faculty member's request for reranking, with majority vote needed for approval. The appropriate burden for approval would be justification for reassignment beyond a reasonable doubt. The following information provides guidelines for the reassignment of journals and book chapters. (note that journals currently not on the Appendix A list are considered Level 5 by default, and so a faculty member wishing to have the new journal listed in a higher Level is effectively requesting the journal's reassignment).

Reassignment of Journals. Faculty members may request a journal be reassigned to a different category. Faculty members wishing to request a journal reassignment should submit the request

and supporting documents to the Economics Department tenured and tenure-track faculty at least 24 hours prior to the annual Spring faculty meeting. The supporting material must justify the reassignment by clearly showing, beyond a reasonable doubt, the journal's relative position is comparable to the average journal found in the requested level. Supporting documents should address most, if not all, of the following questions:

- a) how the journal's impact factor compares to the level's average journal
- b) how the journal's home department/editor compares to that of the average journal in the requested level
- c) how the journal's editorial board compares to that of the average journal in the requested level
- d) other relevant factors that may influence the above comparisons (e.g., multi-disciplinary, age of journal, etc.)

As a guideline, the comprehensive nature of the ranking methodology should limit the reassignment of journals in numbers and magnitude. Reassignment typically requires special circumstances, and typically will cross one level (e.g., reassignment of Category 5 to Category 4), though exceptions may arise (e.g., reranking a high quality journal not currently on our list).

Reassignment of Book Chapters. Faculty members may request a book chapter be reassigned to a higher category than its base level 5. Faculty members wishing to request a book chapter be reassigned should submit the request and supporting documents to the Economics Department faculty. The supporting material must justify the reassignment by clearly showing the relative strength of the outlet, including, but not limited to, the following:

- a) the quality of the publisher
- b) the quality of the editor
- c) the quality of the other researchers contributing to the volume
- d) whether the chapters are peer-reviewed
- e) other relevant information that further illustrates the quality of the outlet

As a guideline, the relative disconnect between book chapters and the journal ranking in appendix A creates more opportunity for reassignment for book chapters, though the upper-bound for the value of a book chapter is limited. Generally, relatively high level journals are preferred to book chapters, while quality book chapters may be preferred to low level journals. Since it is common for a *quality book chapter* to represent a greater intellectual contribution than an unranked journal article, the reassignments of book chapters may be greater in numbers and magnitudes. Generally, it may be common for quality book chapters to be reassigned from level 5 to level 4, but it will be uncommon for them to be reassigned to a category higher than level 4. For illustrative purposes, a *high quality book chapter* will appear in an edited volume that is published by a respected publisher (e.g., Routledge, Edward Elgar, a major university press), the editor is a recognized scholar, and the other contributors are recognized scholars.

Appendix C

The following adjustments should be made for the nature of the publication and the case of joint authorship:

- 1) Quantity Weights:

Article or major note = 1.00

Letters, Notes = 0.75

Comments, etc. = .50

Replies = .25

Book Review = .10

2) For joint authors, multiply the weights by 1.5 and divide by the number of authors.

Example: A co-authored comment appearing in *Contemporary Economic Policy*:

$\$1000 * (1.5/2) * .50 = \375.00