

# How Sacrificial Must Teachers' Wages Be?

Suggestions for how to increase the income of Adventist college teachers until the whole system changes.

by Malcolm Russell

ONE RECENT SPRING DAY, JOHN AND MARY, real people and the parents of two children, visited an Adventist campus to consider an invitation for John to teach. His qualities strongly appealed to the department. As a junior faculty member several years before, his energy and spiritual interests had influenced a number of undergraduates. His doctorate, from a well-respected program, would strengthen the department's reputation. John's research interests would enhance a very modest publications and consulting record. Devout and spiritual—he had converted to Adventism in his 20s—John and Mary could influence students by their forthright Christian values. Finally, as a nurse, Mary could find employment locally, without the need for the college to find positions for both spouses. Thus John and Mary joined the

century-long flow of persons considering an offer to work for the church.

However, when the couple sought to live the proclaimed Adventist lifestyle, difficulties mounted rapidly. Forced to work during her husband's years of graduate school, Mary now desired to fulfill a strong tenet of Adventist philosophy, and care for her children at home. After the younger son entered school, she hoped to take graduate work. This meant a single salary for the family during much of the coming decade.

No stranger to financial calculations, John set out to discover if he and his family could live a modest Adventist dream on his denominational salary. Calculating roughly his associate professor's salary of \$32,000, he subtracted expenses to discover the following:

<b>Income:</b>	<b>\$32,000</b>
<i>Less Tithe and Taxes</i>	
Social Security Taxes	2,400
Federal Income Tax	2,700
State Income Tax	1,200
<u>Tithe and Offerings</u>	<u>3,700</u>
<b>Disposable Income</b>	<b>\$22,000</b>

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Malcolm Russell graduated from Columbia Union College with a B.A. in history, and received his Ph.D. in international economics and Middle East studies from the Johns Hopkins University School of Advanced International Studies. He is professor of economics and director of the honors program at Andrews University.

**Expenses:**

Housing—\$60,000 mortgage (8 percent mortgage, incl. taxes)	6,500
Utilities (heat; no air conditioning)	1,200
Food (\$1.50 per person per meal)	6,500
Tuition—two children	3,000
Medical (after compensation)	200
Vacation	500
Clothing—four persons	1,500
Automobile—operation expense	2,000
Automobile—depreciation	2,000
<u>Household, books, journals</u>	<u>1,500</u>
<b>Total Expenses</b>	<b>\$24,900</b>
<b>Annual Loss</b>	<b>\$2,900</b>

Undoubtedly John and Mary prayed before deciding whether to accept the offer. They enjoyed the luxury of choice: a state university also sought to hire him. It lacked Christian fellowship, and the Adventist church school in the university town seemed small and vaguely second rate. But State U. offered double the salary, free tuition for Mary, a much lighter teaching load, and consulting opportunities. To plunge his family into debt, for both the present and foreseeable future, seemed presumption, not faith. Mary had supported the family for three years of his doctoral work: now he would take his turn, and hopefully after she finished her graduate work he could seriously reconsider working for his church. John and Mary decided to join the State U. faculty.

For Adventist education in general, arguably their choice did not matter. Many Adventist colleges and universities continue to offer majors in the field. However, only one-quarter of the Adventist system's professors hold a doctorate in the discipline. The loss of John and Mary, plus others like them, leaves Adventist colleges critically short of qualified faculty in growing disciplines. John and Mary's decision, repeated by many others, should concern the church. What follows is an analysis of salaries at Adventist colleges and universities in North America and what can be done

to improve them.

Those Marys and Johns who joined the church work force, but who now face the temptation of bitterness over financial struggles, are equally important but harder to measure. A study of faculty on one Adventist campus found a "wide range of dissatisfaction" over compensation. Nearly one-half considered themselves "less than reasonably paid," while an additional quarter ranked themselves "grossly underpaid."<sup>1</sup> Not surprisingly, such responses threaten declining morale, and undermine faculty effectiveness. Nearly one-half of the faculty likewise rejected the proposal that they should "accept a sacrificial salary"; only 36 percent agreed.<sup>2</sup> Consequently, although current difficulties in many schools leave administrators singularly concerned with cutting costs, in the longer run the issue of denominational pay must be addressed.

The facts provide a convenient perspective. In the late 1980s, Kimberly Kuzma Ivkov compared the salaries of full professors at Andrews University—\$27,300 for a 12-month year—with academic-year contracts at other church-related institutions. At comprehensive universities they averaged \$44,070, and at doctoral institutions, \$57,160. Thus, while professors at Andrews earned approximately the national median, counterparts at similar universities averaged at least 60 percent more. Another comparison also informs the discussion: after taxes, Adventist ministers receive approximately the same income as full professors, and more than lower ranks.<sup>3</sup>

In the blunt words of one denominational treasurer, "America's cost of living means a single denominational salary will never suffice to support a family."<sup>4</sup> Moreover, given the present financial state of the Adventist Church, substantial wage increases can hardly be expected. Indeed, one university proposes to avoid layoffs by postponing cost-of-living increases, despite pressure from its regional accrediting association to raise salaries.

Such arguments seem to leave little room for change. Nevertheless, other data imply that present policies often do not work well, and do not save as much as the salaries suggest. Personnel shortages exist in several disciplines, and annual turnover among business faculty often exceeds 20 percent. The replacement of academy principals ranges much higher. Others, who cannot leave, remain disgruntled: one quarter of Ivkov's sample planned to resign within three years. To sum it up, moving people costs money directly as well as through lower efficiency. A school's academic reputation suffers from unstable faculty, and students may be lost to academically superior programs.

Given these facts, reasonable custody of the church's human resources suggests the need for changes in pay and working conditions. Administration readily recognize that significant changes are necessary to attract professors—and other highly trained employees—with scarce skills. One key interpretation underlying the issue is that the "sacrifice" of working for the Adventist Church is the pay relinquished by not working "outside." No longer restricted to a life lived simply, driving an older car in worn clothes, and a diet of canned food, sacrifice instead is the gap between denominational compensation and the national average for the job. Because academia rewards the various disciplines differently, this definition implies that Adventist academics (and administrators) do not sacrifice alike, though most sacrifice more than the clergy.

The new definition matters because most prospective church employees today approach compensation in a far different spirit than did their predecessors even a generation ago. Numerous anecdotes confirm that in the 1950s and 1960s, ministers and teachers "gladly accepted" jobs with the Adventist Church, many never asking about pay or benefits. Young Adventists then favored church service

over the importance of money and earnings. This provided a supply of workers far greater than wages alone would attract.

For a variety of reasons, young Adventists increasingly hold financial values much closer to their secular peers. Though existing faculty members demonstrate a deep sense of service and loyalty to the church,<sup>5</sup> increasing financial concerns threaten shortages, especially in the most competitive fields.

Despite its importance, pay is not the only likely cause of high turnover and vacancies. The traditional or "closed" system featured loyalty and passivity over wages, but those who accepted "calls" to sacrifice also expected lifetime employment. Ignatius Yacoub, dean of the school of management and business at La Sierra University, describes the contrasting perspectives of his prospective employees who operate with an "open" philosophy. To them, career paths, employment for spouses, and working conditions all require detailed attention, as certainly as does income. Given the clash of cultures and wage expectations, Yacoub frequently needs more qualified faculty. Indeed, during much of the past decade, perhaps 50 percent of the working time of a business dean has revolved around faculty recruitment.

## Why Are Existing Professors Less Content?

Pressures for changing the wage structure come against a background of at least five significant circumstances, each strengthened during the past decade.

*First, the church accepted the payment of competitive (or "market") wages in medically linked areas, especially hospital administration.* Even if uninformed about the pressures and difficulties of managing hospitals, faculty members appear very skeptical of the proposition that a hospital administrator provides

between two and five times the labor value of a professor. The Adventist network is so small that these administrators were often classmates, fellow teachers, or even students. Thus, when business professors read in the *Adventist Review* that higher salaries in health administration must reach \$120,000 to \$150,000 to attract qualified people, they begin to conclude that (a) the church would prefer them running a hospital, and (b) it is unfair to expect them to sacrifice by working at wage levels perhaps 50 percent of the going rate in their discipline when the church pays far higher rates in others.<sup>6</sup>

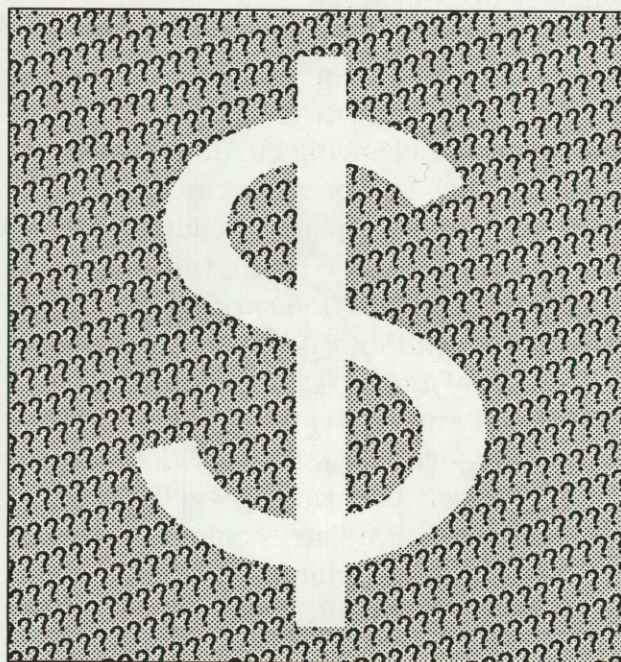
*Second, denominational workers suffered stagnant or falling inflation-adjusted incomes during the past two decades.* Denominational real wages fell during the early 1980s, and regained some but not all the lost ground in 1989. Academy teachers, for example, regained their inflation-adjusted wages of 1970, just in time to watch them fall again in the last recession. Moreover, because tuition and taxes rose at rates well above inflation, the startling result is that raising a family on a denominational salary today may be more difficult than it was in the 1960s. The larger houses, better furnishings, and fancier cars represent a greater contribution from the spouse, not the church. Far from improving the standard of income of their parents, today's young church workers are losing ground.

This pattern is hardly unique. It reflects the national trend for blue-collar workers, because U.S. industries laid off highly paid union workers, while many new service jobs yield relatively low wages. Thus, median household income rose from \$20,091 in 1979 to \$28,910 10 years later. Adjusted for consumer inflation, however, this rise of nearly 44 percent becomes a decline exceeding 20 percent, moderated somewhat by cuts in income taxes.

The Adventist wage-scale philosophy speaks of providing a "modest living wage." On the surface, and to many low-income tithe payers,

the fact that a college teacher receives the median household income might seem equitable enough. Besides, it is double the poverty level for a family of four. Such arguments ignore many reasons why household income is so low, including unemployment, part-time work, disability, and retirement. More narrowly, academics typically endure long years of higher education as poverty-stricken students accumulating large debts. Both ethically and practically, they need higher-than-average incomes thereafter to compensate. The nation does this quite well: mean monthly income for individuals with doctorates in 1993 was \$4,679, compared with only \$1,405 for high school graduates.<sup>7</sup>

During the 1980s, American colleges and universities—including religiously affiliated ones—annually raised tuition substantially above inflation. From 1975 to 1991, average tuition at private institutions rose by 315 percent, while general prices climbed only 139 percent. Schools used some of the extra income to reward faculty, whose average salaries *after inflation* rose 44 percent. Secondary teachers did as well in percentage terms. Clearly, most American academics en-



joyed a rising standard of living even though average incomes in the nation changed very little. However, while Adventist tuition increases regularly exceeded the rate of inflation, salary adjustments rarely equaled it. Adventist pay stood still, while professional salaries outside the church generally advanced quite comfortably. Inevitably the "sacrificial gap" widened.

*Third, the United States experienced an era of heightened materialism, with an emphasis on high living and accumulating wealth.* Tom Wolfe, in *Bonfire of the Vanities*, and Lewis Lapham, in *Money and Class in America: Notes and Observations*

*on the Civil Religion*, portray a nation caught up in materialism. Undoubtedly subject to some of the same advertising and cultural influences as others, Adventist workers increasingly desire the finery that only greater income can afford. The values show at home: whether from increasing materialism, personal dissatisfaction with their own struggles, or a changing culture, pastors and teachers only infrequently encourage their own children to prepare for church employment.

*Fourth, dissatisfaction may also be encouraged by the equality of pay scale and a smaller proportion of faculty being sponsored for their doctorates.* Annual pay within the church for instructors—who typically lack doctorates—broadly equals the national average for the rank. (Faculty notice that denominational wages include summer teaching, while national figures do not.) "Sacrifice" from the national average for the rank varied in 1989 from

\$3,500 (13.4 percent) for an assistant professor to \$14,000 (48 percent) for a full professor, according to calculations of Don Pursley, the financial vice president at Loma Linda University. By contrast, salaries at accredited, church-related schools follow broadly the national averages.

A generation ago, Adventist faculty with doctorates were often sponsored for their degrees. Compared to their classmates, they enjoyed the benefits of a salary while a student—a distinct luxury—against lower compensation later. Today, doctoral sponsorships seem less common. Those faculty who earn

their doctorates unassisted receive a fraction of the pay of those who are sponsored, and that spread over several years. Without a steady income during graduate work, and covering their own tuition and expenses, their lifetime earnings compare unattractively with the denomination's ministers.

*Fifth, housing represents a particularly difficult*

*problem for denominational workers.* Housing forms the largest single component in the cost of living, comprising 42 percent of the Consumer Price Index. If the householder is fortunate, however, ownership also produces tax advantages and major capital gains.

In the U.S., Adventist policy flounders over the vast differences in housing costs. Broadly acceptable single-family dwellings cost from \$60,000 to more than \$200,000, depending on location, but the maximum annual pay differential between the lowest cost area and the highest is merely \$7,800. With mortgage rates hovering around 8 percent, this differential

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pays roughly two-thirds the larger interest payments of the highest cost areas compared to the lowest cost areas. Payments of principal are a further burden, as are taxes, tithes, and offering on the additional salary.<sup>8</sup>

Prevailing economic views suggest that difficulties over housing will increase. For much of the 1980s, high-cost regions such as the Northeast and California tended toward ever-higher real estate prices. If a family did sacrifice for the mortgage, though, the fairly certain rise in real estate values represented capital gains. These often exceeded \$5,000 per year, equivalent to 20 percent or more of an annual salary. Moreover, established workers, with homes purchased at a fraction of the current market value on fixed interest mortgages, watched their property appreciate while enjoying cost-of-living supplements for abstract changes in the Consumer Price Index that they did not directly experience.

By the 1990s, however, many parts of the country found themselves over-built, while changing family structures diminished the number of home-buyers. From Boston to Washington, and along the West Coast, house prices actually fell. For the longer term, some academic models suggest housing prices will rise less than prices generally.

For many Adventist workers, this comes as very bad news: home ownership often represents their only major earthly wealth. In earlier years, inflation in housing prices plus a low real mortgage rate provided the retirement nest egg that a modest salary could never furnish. Not surprisingly, when appreciation of the home equaled a quarter of the denominational salary per year, and came tax-free to boot, moving to a high-cost area brought great benefits for the moderate scrimping required. However, if instead of appreciating, high real estate prices begin to fall, then workers moving to high-cost areas face the unpalatable menu of high mortgage costs and diminishing values for their homes.

One solution to the issue, floated a few years ago by James Londis, now president of Atlantic Union College, in effect returns the ministry to parsonages, while allowing them to build up equity through monthly payments. Practiced in the Methodist Church, the policy merits serious consideration for pastors. At once it removes the major problem in the cost of living, and reduces the occasionally excessive time some pastors spend building their own homes. However, to extend such a policy to academies and colleges in rural areas would leave an institution holding excess—and difficult to sell—real estate if it cut back on employees, or insufficient property during expansion. Moreover, mortgage interest and real estate taxes provide most Adventist teachers with the only significant tax relief beyond charitable deductions. Lacking the ministry's income tax benefits, teachers need home ownership, not cheap rent. Nevertheless, the suggestion raises the possibility that housing issues may provide the incentive to enact separate pay scales for teachers and the ministry.

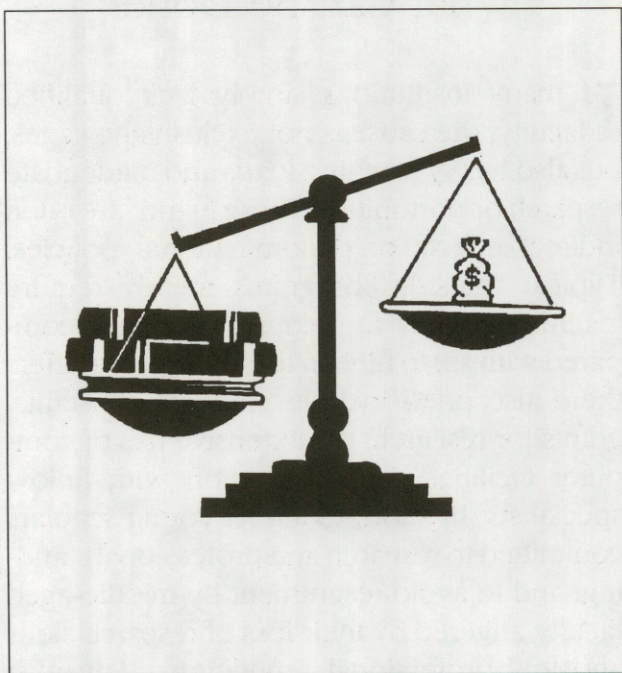
## What Can Be Done?

If many institutions simply lack qualified faculty, the cause is not exclusively wages, but also heavy teaching loads and inadequate research opportunities. These in turn are often indirect effects of denominational policies. Typical "outside" programs merely require teaching three or four courses per year, compared with six to nine in the church. Job offers there also often include graduate assistants, grants for research, the extensive use of computer facilities, and interaction with fellow specialists. In short, to attract young scholars committed to research and professional standing, and to avoid resentment by middle-aged faculty angered by their loss of research skills and low professional reputations, Adventist

programs in business and other fields must spend more on faculty research and professional needs.

Given the financial plight of most Adventist colleges and universities, substantial across-the-board pay increases seem impossible. In addition, they are also impractical in recruiting faculty in areas of shortage. For example, a 10 percent pay increase may not be essential to filling vacancies in modern language. However, the same raise for physical therapists might easily fall below a critical threshold, and fail to draw potential applicants. Consequently, some administrators and church leaders show signs of a willingness to supplement incomes where faculty shortages are greatest. Typically imprecise, such suggestions often do not spell out exactly what work the extra pay would reward, nor the source of the extra funds.

All such approaches shatter the present rule of equal pay for similar ranks, and hence introduce new questions of ethics and equality. Is it fair, let alone wise, to pay some associate professors more than others on the same campus? Most universities, recognizing the marketplace, do. In Adventism the changes would be dramatic. Supplemental pay pro-



grams would generate envy on campuses without them. At home, extra pay might reduce or eliminate the departmental surplus of the more efficient "cash cow" programs that previously subsidized other departments.

The suggestions also imply that the denomination does not employ its workers "24 hours a day," and that there is disposable time to earn additional income within one's own profession. Tight budgets, few professional contacts, little research time, and extracurricular responsibilities all limit the feasibility of these suggestions. Moreover, while academics might teach marketing and serve Mammon a little during the afternoons and on weekends, one finds it somewhat more difficult to imagine the clergy doing so, or approving in council a wage policy that explicitly encourages it.

*First, programs with the greatest salary differentials might be cut loose, to run themselves autonomously without limitation by the denominational wage policy.* A department or school, having rendered appropriate dues to central administration and meeting certain standards of quality, could adopt an entrepreneurial style of operation, accepting a higher student-faculty ratio, and spending the extra tuition income on higher salaries. Don Pursley, when vice president for financial affairs at Union College, noted that with one-third of the college's students enrolled in business, that program could afford to pay competitive salaries. A more palatable option comes at universities that pay faculty per classes taught beyond a certain minimum. Thus faculty who might otherwise spend time consulting privately for additional income can instead teach additional courses, by bidding for large, well-paid classes, but just imagine the debate if your daughter did badly in one of them. . . .

*Second, reward entrepreneurial success. Where faculty research or consulting could bring in additional income for both faculty members and the institution, reward them for*

doing so. In effect, this constitutes an incentive for sponsored research. Present regulations typically deter faculty from undertaking what may become long hours of extra work without additional income.

*Third, allow extra earnings for research done through the institution.* Loma Linda University established a precedent in this by sharing royalties from patents with professors. However, there will still be problems in finding time to do the research, making the initial contacts, and then winning contracts. If such a policy is adopted, clearly some disciplines will lack opportunities that others enjoy.

*Fourth, provide non-tuition support for faculty outside the traditional institutional structure,* perhaps through endowed chairs or other grants that may provide financial benefits beyond the ordinary.

## The System Must Change

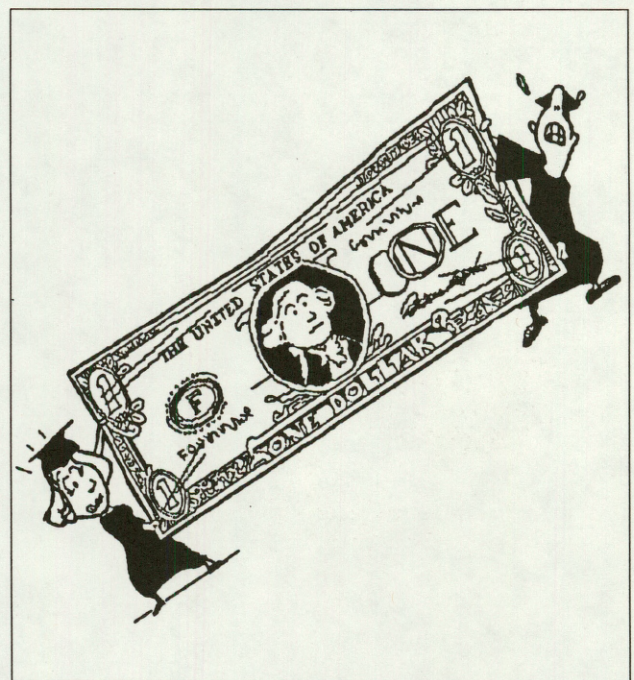
Adventist colleges and universities face large financial difficulties, compounded by declining enrollments. Any measure that requires them to spend more money usually implies greater subsidies. In turn, church finances now stretch uncomfortably, and arguments increase about the benefits—measured in terms of membership and tithes—of Adventism's large investment in higher education. Even if growing prosperity raises tithes, across-the-board salary increases seem likely only if forced by regional accreditation associations.

In contrast, present inequities, such as the difference in lifetime income between sponsored and non-sponsored Ph.D.s, seem far more comfortable to live with than entire departments leaving the pay structure and earning \$10,000 more than their colleagues, or one professor in a department luxuriating in a highly rewarded endowed chair. When faculty lose jobs to match falling enrollment,

Adventist professors will hardly accept additional cuts designed to raise substantially the salaries of a few of those who remain. Hence, the future will probably look very much like the past, with some disciplines perpetually short of faculty, and faculty morale sagging yet a little more. Good will in sufficient hearts will carry our institutions through, albeit with modest—or even mediocre—achievements. Thus, we will likely maintain policies in the name of saving money, although in fact they may not save much money, given the rapid turnover of faculty, including those sponsored for doctorates.

Moreover, ethical questions remain. Is it ethical, for example, to recruit an accounting professor (or biologist, computer specialist, or engineer) for a position that condemns the spouse to an otherwise unnecessary lifetime of work to help pay the bills, and infant children to daily separation from both parents? Is the recruitment of an academy teacher or minister who lacks higher-paid alternatives any more ethical?

If supplemental programs appear difficult, and the system cannot afford general increases, one hope remains: reform of the





entire system. Our students pay so much, and the faculty receive so little, that fewer students are required to provide a professor's salary than at almost any other private college. This suggests, among other things, expensive student-faculty ratios, inefficient programs, and low levels of non-tuition support. The contro-

versy over low salaries may serve to move these issues from being narrowly managerial to the broadly ethical. A reform of the system that raised student-faculty ratios significantly would provide the opportunity to hold down tuition and raise pay simultaneously. After a generation of discussion, it may be time to act.

#### NOTES AND REFERENCES

1. Kimberly K. Kuzma [Ivkov], "Faculty Attitudes Towards and Perceptions of Andrews University Working Conditions," Undergraduate Honors Paper (Berrien Springs, Mich.: James White Library, Andrews University, 1989), p. 21.

2. Andrew, Park, and Nelson, *Administrator's Handbook for Improving Faculty Morale*, summarized by Kuzma.

3. A valid comparison of educators' salaries with that of the clergy involves complex assumptions about the number of children, other family earnings, and how benefits are paid. The difference of a few percent—trifling by world standards—is probably worth far less than the time spent in gloomy discussion of it.

4. Many of the remarks that follow were made at two panels on the ethics of denominational wage policy, held at Andrews University in 1990. I wish to thank all of the participants, including James Greene, Henry Felder, James Londis, Ralph Martin, Robert Osborn, Don Pursley, Richard Roderick, Slimen Saliba, and

Ignatius Yacoub.

5. In Kuzma's survey, two-thirds of the respondents affirm that their reasons for teaching at an Adventist institution included interest in serving students, an invitation to teach at an Adventist institution, commitment to the task of Christian education, and interest in serving the church.

6. Significantly, there are virtually no finance professors to use as an example. Even more attuned to the value of money, in most years no Ph.D.s in finance teach for Adventist colleges and universities.

7. These figures and those that follow are largely from the 1993 *Statistical Abstract*.

8. Even this difference challenges church finance. Richard Roderick, treasurer of the Northern California Conference, noted in 1989 the case of one of the worst affected regions—his own. The decision to raise wages, in the face of insufficient funds, required the conference to cut 14 positions to provide for those remaining, even before the significant California recession.