

Breakthrough Solution #3: Split Research and Teaching Budgets to Encourage Excellence

The Goal

Breakthrough Solution #3 establishes separate budgeting and reward systems for teaching and research, making it possible to reward exceptional individuals in each area.

Recognizing and rewarding extraordinary performance will not only attract the best and brightest students, teachers and researchers, but also encourage more transparency and accountability by eliminating inefficiencies and hidden cross-subsidies.

[Notes](#)

Carrying Out the Reform

This reform would establish separate budgets and reward systems for teaching and research faculty, while preserving the option for faculty who are excellent teachers and productive researchers to continue to do both.

1. *Separate budgets and reward systems will be created to pay teachers to teach and to pay researchers to conduct valuable research.*

Teachers will be paid based on the number of students taught with a significant bonus based on customer (student) satisfaction. Limits on the number of A's and B's will discourage grade inflation. Researchers will be paid based on the sponsored research dollars they attract from government, business and private donors.

2. *Faculty with tenure would have the option of shifting to the new, more lucrative reward system but would not be required to do so.*

No currently-tenured faculty member will have their annual compensation reduced as a result of the new compensation plan.

3. *Departmental and college budgets would be based on the number of students taught and sponsored research dollars.*

Departmental and college budgets will be based on the number of students taught and sponsored research funding attracted, with a significant bonus based on student satisfaction. Administrative funds will be set as a certain percentage of the total budget. Total university-wide budgets will be expected to remain at or near current levels, at least until efficiency gains appear.

4. *Encourage a culture shift to performance pay.*

Parking and offices will be assigned based on performance. Only faculty electing to participate under the new system would be eligible to serve in institution leadership positions.

Possible Objections

1. *Is this an attack on tenure or academic freedom?*

No, all tenured contracts will be honored and tenured positions will continue to be awarded. All current protections for academic freedom would be preserved.

2. *Is this compensation system too complex?*

Actually, this budgeting and reward system would bring a great deal of transparency to academic accounting. Institutions and taxpayers will know exactly how much is spent to pay faculty to teach and how much is spent to pay faculty to conduct research, with no hidden cross-subsidies.

Similar budgeting and reward systems are used by most businesses and not-for-profits.

3. *What about faculty who are great teachers and researchers?*

Faculty who are great teachers and productive researchers could have a teaching and a research contract, in essence being paid separately for each task.

4. *Does this system favor teaching over research?*

Not at all. It would be up to each university to determine the percentage of its budget that will go to pay faculty to teach and how much effort to expend to attract external research funds.

The quality of research is likely to be enhanced as universities focus on centers of research excellence. Some of the most effective research centers in the country, institutions like the Howard Hughes Medical Institute and the Salk Institute, operate as independent research institutes without a teaching mission, and continue to attract Nobel quality faculty.

5. *Will this cause our most distinguished and prestigious faculty to leave?*

This depends on the definition of “distinguished” and “prestigious.” Since excellent teachers and productive researchers would receive higher pay under this system, it is likely that universities would attract high-quality teachers and researchers from across the country.

When the recently opened Olin College of Engineering put out a call for faculty with a similar compensation system, the school received 2,000 applications for 20 spots, many from teachers at schools like MIT, Cal Tech and Stanford.