

## INEQUALITY IN CHURCH-RELATED UNIVERSITIES' SALARIES

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### ABSTRACT

In the United States, income inequality has increased, and many assume that this results from the spread of earnings among workers within an organization. However, research indicates that most of the disparity in salaries can be ascribed to a rising disparity among organizations in the average salaries paid. The average salary difference between firms is the issue and not the gap between the highest and lowest paid employees within firms. However, the large-firm salary premium has been declining in the private sector. In this research, these results are generalized from the private sector to church-related universities with the finding of sizeable salary differences between groupings of universities. The 11-year cumulative mean faculty salary differential within academic rank was calculated for universities in the church-related university AAUP Category I and IIA classifications at the national level. Adjusted for inflation, the cumulative 11-year differences in the two classifications range from nearly \$210,000 for assistant and \$235,000 for associate professors to greater than \$515,000 for full professors. In addition, there is no indication that the Category I annual salary premiums declined over this 11-year study. These salary differences are extrapolated to a full career where the earnings differential could easily exceed one million dollars. The earnings differential is expected to feed through to a higher standard of living in retirement as higher-paid professors can be expected to have more income from retirement contributions and from Social Security. In addition, the monetary incentive to be full professor at Category I church-related institutions compared to the assistant professor rank is sizeable, at nearly \$670,000 inflation-adjusted, over this 11-year study time span. This compared to approximately \$380,000 for the same time period at IIA church-related entities.

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