

minorities \$10,849 which was slightly higher than the white average of \$10,666.

CONCLUSION

Starting salaries for liberal arts graduates have been negatively affected by inflation, particularly from 1979 to 1983. Over the last three years (1984 to 1986) starting salaries have steadily improved. Real salaries in 1986 were slightly higher than salaries in 1978.

The academic majors within the college have fared differently against inflation. The pattern over time has generally been very cyclical; thus, predictions of short-term salary performance cannot be made. English and studio arts graduates have reported higher salaries over the last few years.

Salary comparisons by gender, job location, employer, and racial group revealed several interesting differences. The most heartening trend has been the closing and actual reversal of the salary gap between men and women. In 1986, women had slightly higher average salaries than men. A reasonable expectation is that women can remain competitive with men in terms of salary.

Figure 6: Arts & Letters Salaries (real) by Grade Point Average

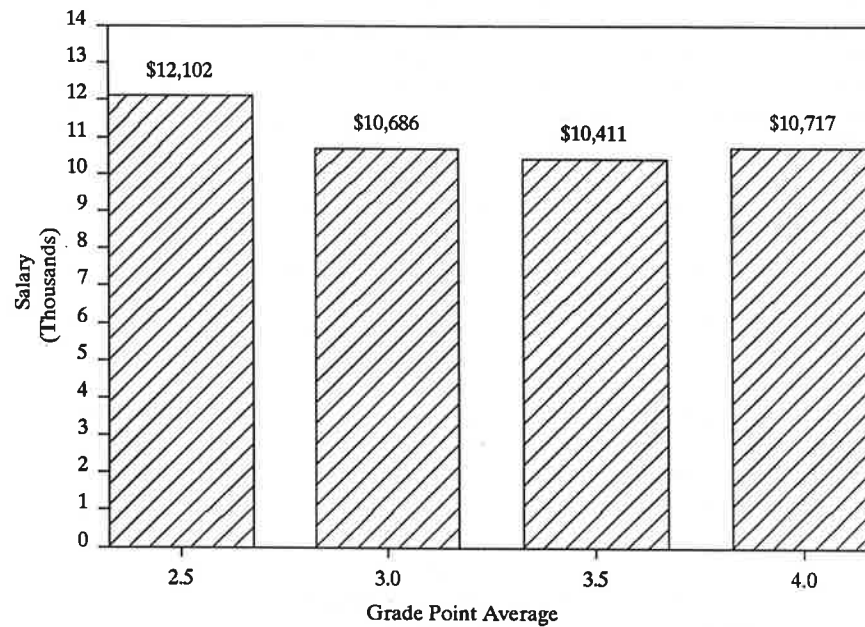
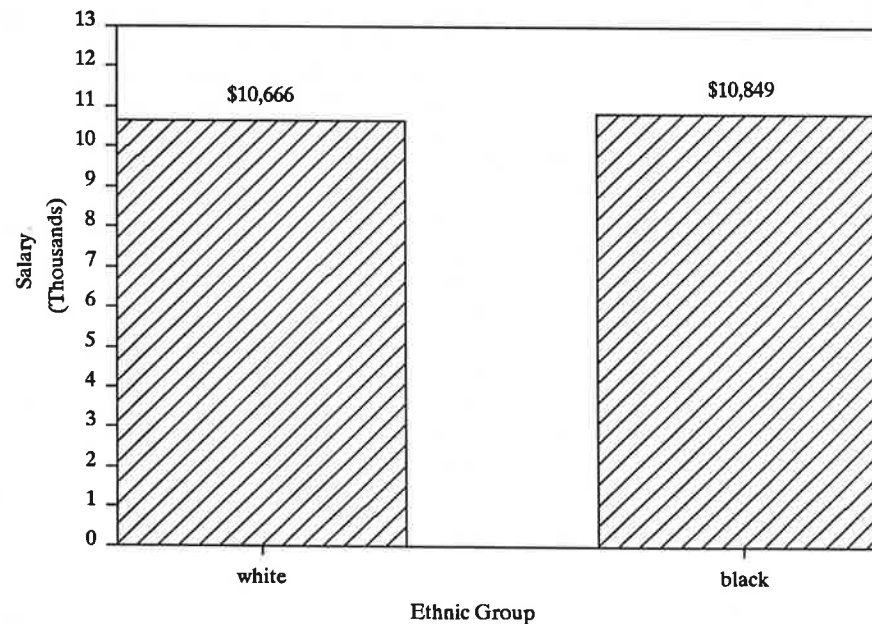


Figure 7: Arts & Letters Salaries (real) by Ethnic Group



Collegiate Employment Research Institute

Starting Salary Trends for Arts & Letters Graduates of 1978-1986

Salary Bulletin No. 4

August, 1987

INTRODUCTION

Many educators speak to the advantage of a liberal arts education. A major criticism, however, is the lack of a direct connection between a liberal arts degree and a job outcome. As a result, starting salaries are often perceived as low. In recent years the job market has been poor because of the lack of teaching positions, a traditional occupation for liberal arts graduates, and general economic conditions (a general recession). High inflation during the early 1980's also affected the salaries of new graduates. An often-asked question is how well have liberal arts graduates done in terms of starting salary over the past decade.

This bulletin presents salary information for the past eight years (1978-1986), taking into account the effect of inflation on starting salary levels. This bulletin is a summary of Salary Report No. 6, Starting Salary Trends And Analysis: College of Arts and Letters, 1978-85 (available from the

Collegiate Employment Research Institute), plus data from the 1985-86 graduating class.

STARTING SALARY TRENDS

The 1978-79 average reported starting salary (current dollars that are unadjusted for inflation) was \$11,173. Starting salaries have increased since 1978 with a sharp 12% gain between 1978-79 and 1979-80 before falling off to more modest gains of 3% to 6% from 1980 through 1983. During the last four years, annual increases have been averaging a respectable 7.6%. In 1985-86, the average starting salary (current) had reached \$17,802.

After adjusting salary figures for inflation¹, real salary trends can be discerned. Between the years of 1978 and 1983, current salary increases failed to keep up with inflation. The salary position of graduates from 1979-80, 1980-81, 1981-82, and 1982-83 has certainly been eroded by inflation. Inflation hit salaries particularly hard between 1979-80 and 1981-82 when real salaries actually decreased by 6% and 3%. The failure of current

salary increases to keep pace with inflation may also reflect a weak labor market, a result of the state's economic problems during this period.

Beginning in 1983-84, the situation has improved as current salary increases have exceeded the rate of inflation. The average increase of 5%, in real terms, between 1983-84 and 1985-86 points to a stronger economy and a better labor market for Arts and Letters graduates. A 4% increase in 1986 was particularly encouraging as university-wide salaries showed no improvement over 1985.

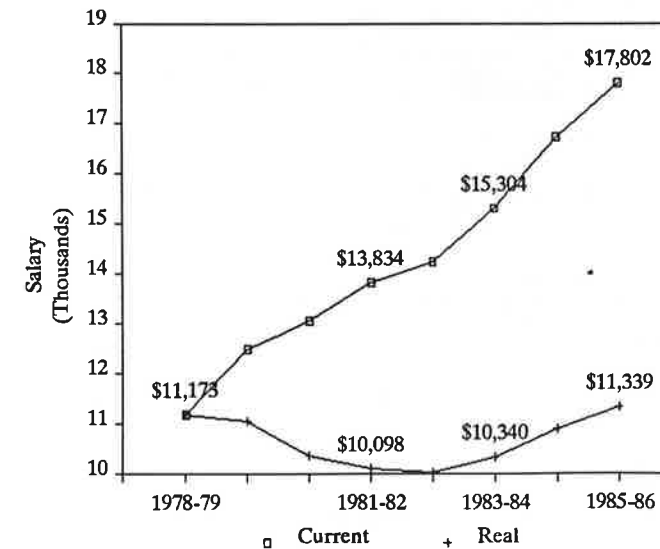
ACADEMIC MAJORS

Graduates from different departments within Arts and Letters have experienced slightly different labor markets that are often reflected in starting salary. English, music, and studio art were closely grouped within \$100 of each other, between approximately \$10,450 and \$10,550 (all figures real unless noted). The highest average salary was found for philosophy and history though a very small sample with high salaries in 1984-85 may have pushed the average slightly higher than the norm. No statistical differences were found among departments.

Individual departments did experience different salary trends over the study period. English graduates, after suffering through four periods of decline, appear to be rebounding with a 24% salary increase in 1985-86.

Humanities graduates have also experienced four periods of declining salaries. Their ups and downs have been large, for example -13% during one period to +24% the following and -12% for one period to +22%

Figure 1: Average Starting Salary All Arts & Letters Graduates (Current and Real)



¹The CPI index has been calculated for the annual period from July to June which closely approximates the academic year. For the academic year, 1980-81, the period covers July, 1980 to June, 1981. The 1978-79 year equalled 100 in the index.

the next. The labor market may not be clearly defined in that the jobs taken one year may be markedly different from the next year. The same can be said for philosophy and religion as graduates in these disciplines have experienced dramatic changes (+46% followed by -27%) in salary. The other majors have experienced regular cyclical patterns of increases and decreases.

EMPLOYER

Starting salaries offered by manufacturing firms were significantly higher than those for all other sectors.

Figure 2: Arts & Letters Salaries (real) by Academic Major
Bachelor's Degree, Overall Average

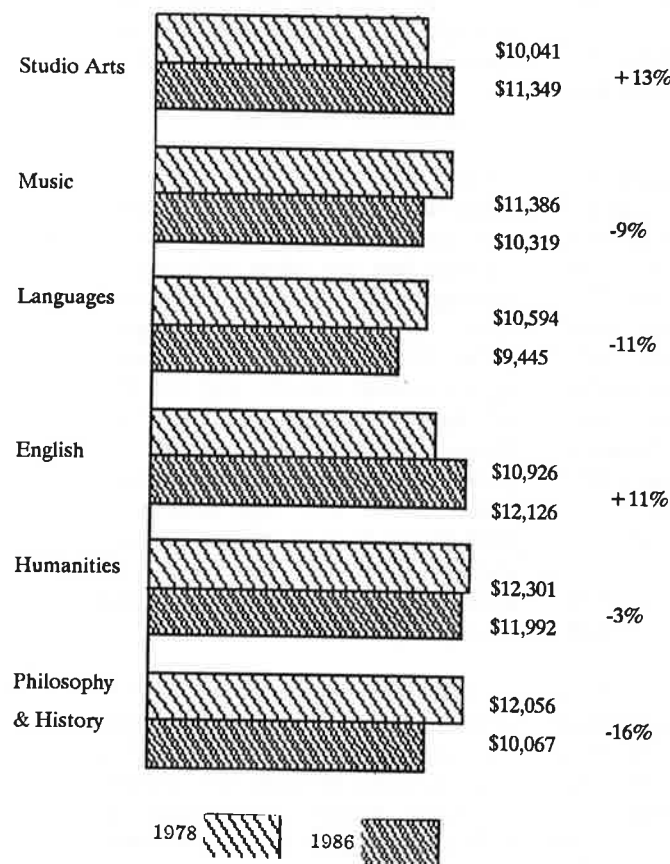
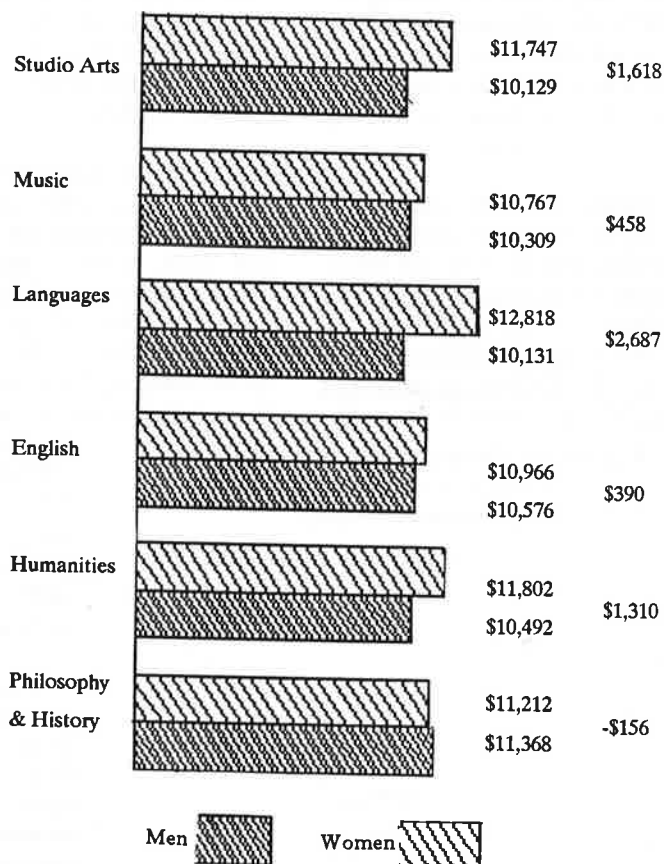


Figure 3: Average Salary (real) by Gender for Arts & Letters Majors
(Difference = Men - Women)



tors. For service, government, education, and "other," the overall salary averages (real) were fairly close to each other, within a range of \$1,028. The manufacturing salary average was \$1,768 higher at \$13,059 (real).

The trend in salaries for all graduates (Bulletin No. 1) showed a decline between 1978 and 1982, after accounting for inflation, and then a gradual increase through 1986 for the different sectors. With regards to the employment sectors for Arts and Letters, the trends have not been so clearcut. The pattern was, in some

cases, cyclical (e.g. government with 32% increases during one period and -21% the following), while in others, such as education, the initial decreases are observed, followed by increases, an unexpected decrease, and then another increase. Except for service and education, two sectors with large samples, comparison between years is not helpful, because the mix of jobs being reported is not the same each year; graduates may face a different set of opportunities including salary offers.

JOB LOCATION

The decision to accept a position in Michigan versus one outside the state may be related to salary implications. The difference in starting salary between those working in and out of the state was \$205, in favor of out-of-state positions. This difference was not statistically significant. The salary trends according to job location found Michigan positions experiencing a five-year decline in starting salary levels before enjoying a strong improvement in 1984-85 and then leveling in 1985-86. Out-of-state positions, on the other hand, had more of a cyclical pattern of increases and decreases. After salaries decreased 3% in 1984-85, they rebounded strongly in 1985-86, increasing 12%.

The average salary for those who remained in Michigan, \$10,594, ranked fourth behind southwest (\$11,715), south central (\$11,299) and northeast (\$11,068). After Michigan came southeast (\$10,422), northwest (\$10,185) and north central (\$10,051).

GENDER

The average starting salary for men was \$11,356 as compared to the \$10,386 average for women, a difference of \$970. This difference was statistically significant.

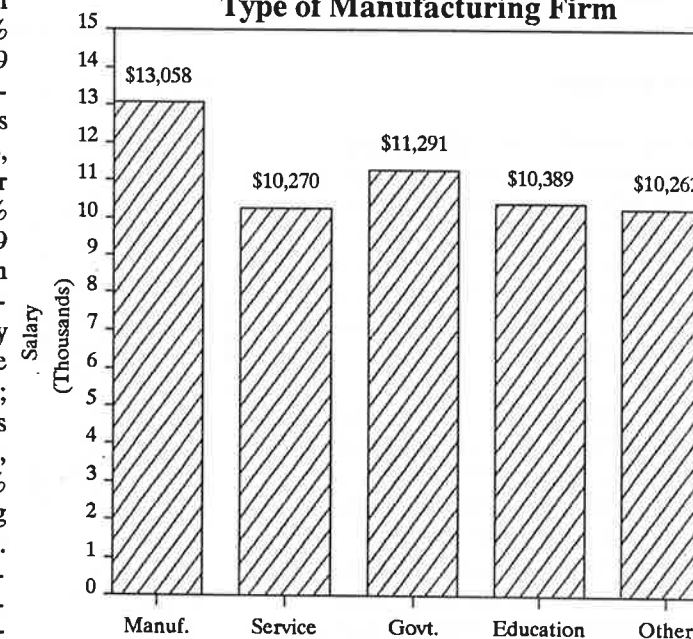
Women's salaries dropped a net 11% between 1978 and 1982, when adjusted for inflation, while men had a comparable drop of approximately 10%. Men's salaries had experienced three years of steady in-

creases, leaving their salary level in 1984-85 about 4% below the 1978-79 level; but, in 1985-86, men's salaries dropped 4%, which left their salary level 8% below the 1978-79 level. Women have only experienced salary increases for the last three years; these increases have totaled 17%, leaving them 6% ahead of starting salaries in 1978-79. Women have apparently been better able to recover what had been lost to inflation.

Before 1985-86, the gap between men and women had fluctuated from extremely large (\$2,125) to large amounts (\$706). Starting in 1980-81, which claimed the largest difference, the trend has been toward closing this gap. For the first time, women's salaries exceeded men's in 1986, by \$565 (real).

Across departments, the overall salary averages of men are considerably higher, except for philosophy and history. In these departments where men dominate in terms of enrollment, women hold the salary advantage, albeit a small one. The differential for languages was particularly large, \$2,688; available evidence does not provide a ready

Figure 5: Arts & Letters Salaries (real) by Type of Manufacturing Firm



explanation for the magnitude of this difference. The gender gap was also large for studio art (\$1,618) and humanities (\$1,310). Music and English graduates had the smallest differences of \$458 and \$390, respectively.

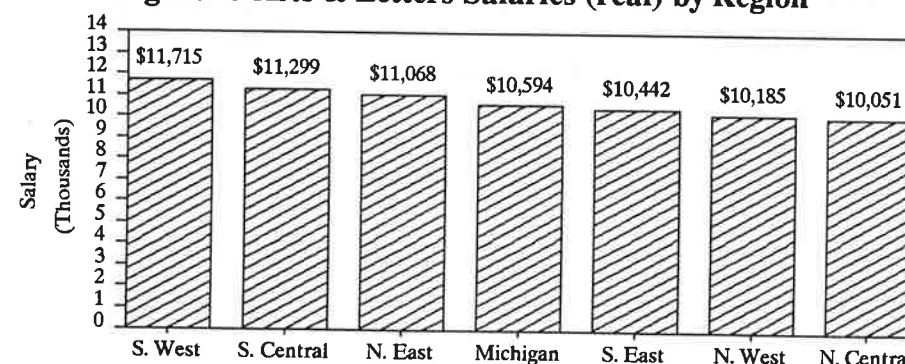
GRADE POINT AVERAGE

Grade point average introduced some interesting comparisons. Graduates with high grade point averages did not necessarily receive the highest salary. In fact, the group with a GPA below 2.5 received the highest salary with an average of \$12,102. According to comparisons with the other group means, the 2.5 group was statistically different from all the others. Those graduates with GPA's of 3.5-4.0 and 2.5-3.0 had similar salaries of approximately \$10,600. The lowest salary (\$10,411) was reported by graduates with GPA's of 3.0-3.5.

ETHNIC GROUP

The number of minorities reporting salaries was so small that statistical tests could not be performed. The average starting salary (real) for

Figure 4: Arts & Letters Salaries (real) by Region



The Salary Bulletin is published by the:
Collegiate Employment Research Institute
Placement Services
Michigan State University
East Lansing, MI 48824

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