



UNIVERSITY COMMITTEE ON ACADEMIC PLANNING (UCAP)
UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)

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HENRY POWELL, CHAIR
ACADEMIC COUNCIL
ACADEMIC ASSEMBLY

Re: Faculty Salary Gap and Restoring UC Competitiveness

Preserving and enhancing the quality and excellence of UC as an institution is the Academic Senate's top priority, and the way to preserve the university's excellence is to recruit and retain an excellent faculty. To do so requires competitive salaries and benefits. Salaries for faculty hired in the more distant past must not be considered less of a priority than the starting salaries for new hires, or retention packages for faculty who currently hold outside offers. It would do a lot for retention and morale if UC could reduce the incentive to obtain repeated outside offers by closing the gap between the market and total remuneration at UC. Economic recovery may well occur faster elsewhere, and UC's quality is at danger, particularly with any further decline in the competitiveness of total remuneration. **Action must be taken to improve competitiveness of faculty salaries, while preserving benefits.**

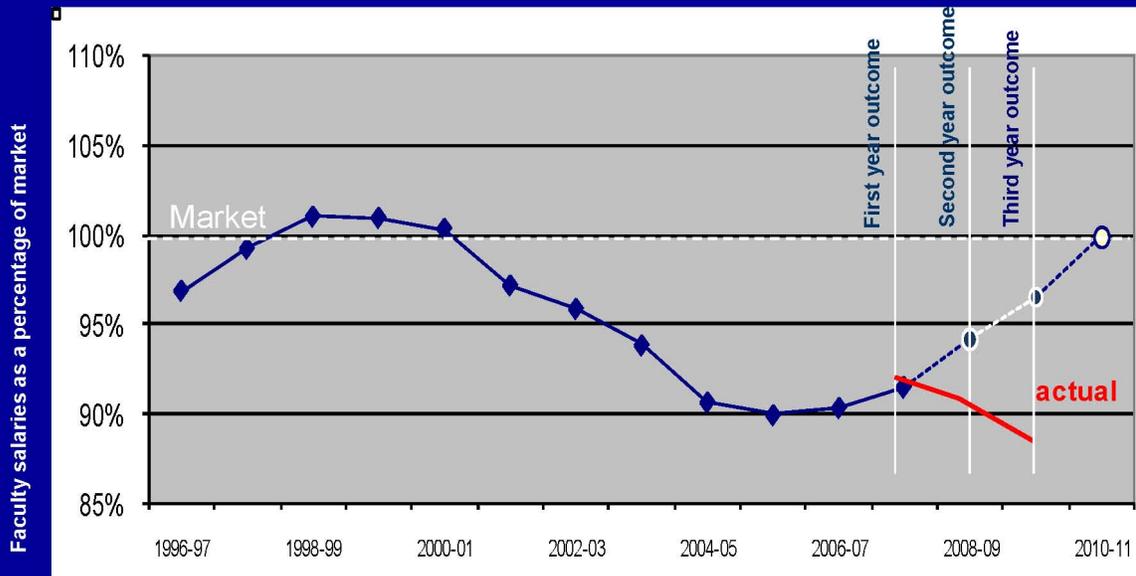
Our longstanding commitment to salaries that reflect merit, and to peer review for assessing meritorious contributions to teaching, research, and service, are undeniably fundamental for UC's excellence. The erosion of the salary scales is a problem for our merit review system. We believe that it is imperative that the integrity of the peer-review system be strengthened; this requires base salary scales that are competitive. **Restoring the salary scales is therefore of the same importance as achieving competitive salaries.**

The Academic Council established in September that the Senate's top budgetary priority should be the restoration of competitive benefits and salaries. Thus in December, the chairs of UCAP, UCFW, and UCPB recommended to the Academic Council that UC examine cost projections on different scenarios for returning salaries to competitiveness based on UC's "Comparison 8" institutions. A joint UCAP-UCFW-UCPB subcommittee met several times between December and May to review salary data provided by UCOP, as well as the costs associated with restoring competitive salaries. Those data highlight that the current faculty salary scales do not serve UC's merit- or market-based goals to compensate faculty appropriately. The salary scales provide the foundation for UC's system of peer-review, and are therefore a cornerstone of UC's excellence. By allowing the scales to become obsolete, UC has put at risk the very character of the University.

Actual UC faculty salaries lag considerably behind the Comparison 8 — for 2009-2010, the average lag is 13.3% for Full Professors, 15.2% for Associate Professors, and 9.2% for Assistant Professors. The degree to which UC faculty salaries lag the market varies also by discipline and campus, but uncompetitive salaries are a system-wide issue and require a system-wide solution. It would set up a false choice to frame the issue of total remuneration as one of benefits versus salaries. As the 2009 UC Total Remuneration Study reveals, UC's benefits do not close the gap. In fact, the faculty compensation lag has been increasing since the start and abandon of the four-year salary plan; recent additional contributing factors include the redirection to UCRP, as of April 2010, of the current employee contributions to the Defined Contribution Plan (DCP), and the resumption of employee contributions in spring of 2010.

Because of the substantial and growing role played by off-scale increments to salaries, comparisons based on average salaries may obscure the fact that UC faculty salary scales that determine base pay at each rank and step are even further out of line with market reality. For instance, while UC faculty salaries on average may lag 11%, ignoring furloughs, base salaries are far more out of alignment with the national market. The base salary for Professor, Step IX (a step even some long-term faculty members do not reach) is now far below the *average* salary for full professors at the Comparison 8. Put differently, the base salary for Professor, Step V, a step at the midpoint for full professors, is currently \$103,300 on a nine-month basis; compare this to the average Comp 8 salary for full professors of \$146,030 in 2007-08.

Four-year Salary Plan To Return Salaries To Market - General Campus



* The lag in 2009-10 is 11.2%

← 4-yr plan →

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The July 2007 Regents meeting set a four-year time frame to close the salary gap, by dint of a combination of across-the-board COLA increases (“range adjustments”) and “market adjustments” to the salary scales (2.5% and up to 8% in year 1). In August 2008, the chair of the Working Group on Salary Scales, Vice Provost Nick Jewell, issued a report confirming that Year 1 of the Four Year Plan for Faculty Salaries partially met its goals of reducing the proportion of off-scale salaries and partially closing the gap between the average salaries for UC faculty and those of its comparator institutions. However, the four-year Faculty Salary Plan was then abandoned.

It had been proposed that Year 2 of the FSP replicate Year 1, first by increasing base salaries following another round of market adjustments, and second, by applying a range adjustment of another 2.5%. With more faculty on scale, a second year of market adjustments would have benefited more faculty. The proposed changes for Years 3 and 4 involved larger range adjustments. The onset of budget problems caused even the plan for Year 2 to be abandoned before it came to fruition.

We studied both the experience from Year 1 of the FSP, and the evolution of salaries since those adjustments were made in 2007. We concur with the authors of the report on Year 1 of the FSP, available on the UCOP web site. That report concludes that progress was made, but far too little, and that when the FSP was suspended, the need for action to close the gap in UC competitiveness nonetheless remained critical. The need for salary adjustments has only become more critical with the passage of time.

Our Work Group finds that the need for continued progress has only increased since 2007. We cannot over-emphasize the critical need that exists; UC simply must restore the competitiveness of total remuneration, and it must fix the salary scales. Both are equal, top budgetary priorities, and it is not as simple as raising the scales, nor as simple as an across-the board range adjustment. In particular, we do not think it is appropriate, nor feasible, to simply resume the four-year plan. The pattern and motivation for off-scale salaries differs by campus, and it likely differs considerably from three years ago. Attrition, hiring, recent merit reviews, and additional instances of retention offers have presumably affected enough of the faculty that we could not rely on the snapshot that followed Year 1 of the FSP, nor will the Academic Senate necessarily favor the approach in the original FSP.

What is very clear is that a comparable effort, undertaken by a comparable task force working with Academic Personnel at UCOP, is urgently needed. We are convinced that mere application of Year 2 of the former 4-year plan is not tenable at this point, and that applying a new salary plan is not a simple matter. The Work Group recognizes that all sorts of inequities still exist – how competitive a faculty member's salary is can depend more on the date they were hired or retained than on their productivity. We therefore agree on the following recommendations to fix of the widening faculty compensation gap.

Recommendations to the Academic Council and Assembly:

1. To prevent further decline in UC's excellence, it is absolutely critical that UC budget proposals include specific provisions not only for faculty merit increases, which should be explicitly funded, but also provision for resumption of a Faculty Salaries Plan that restores competitive total remuneration over a defined period, beginning in 2010-11.
2. In recognition of the resumption of contributions to UCRP, in April 2010, we recommend a range adjustment of no less than 2%, effective for the 2010-11 academic year.
3. As soon as possible, we urge a range adjustment of 5%, applied to both base salaries and off-scale increments. Even salaries negotiated a year or two ago have fallen at least that far behind the market. Beyond a 5% target, we recommend that choices between range and market adjustments await updated information, concerning the scales and average salary lags, from a new task force with members from UC Academic Personnel and the Academic Senate.

We recommend that Council and Assembly endorse these recommendations and forward them to the President.

Work Group Roster

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Maureen Callanan, (UCAP)
James Chalfant (UCPB)
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Consultants

James Litrownik (Academic Personnel)
Janet Lockwood (Academic Personnel)
Patricia Price (Academic Personnel)

Relevant Resources:

March 2010 UCPB “Choices” Report

<http://www.universityofcalifornia.edu/senate/ucpb.choices.pdf>

November 2009 UC Total Remuneration Study

http://www.universityofcalifornia.edu/news/compensation/total_rem_report_nov2009.pdf

August 2009 Principles to Guide Fiscal Decision-Making and Planning for the Future of the University of California

http://www.universityofcalifornia.edu/senate/reports/MC2Pitts_Budget%20Principles_082709.pdf

May 2009 Academic Council Recommendation to Ensure Adequate Funding for UCRP

<http://www.universityofcalifornia.edu/senate/reports/mctoyudof.ucrpfunding.june09.pdf>

Impact of Year 1 of the Faculty Salary Plan – August 2008, UCOP

<http://www.ucop.edu/acadadv/documents/facultysalpln.pdf>

July 2008 Academic Council memo: Salary Scale Funding Priorities for Year 2

http://www.universityofcalifornia.edu/senate/reports/mtb2Yudof_Year%20%20Salary%20Scale%20Funding%20Priorities_Final_070908.pdf

June 2008 UCAP Report on 'Non-Progressing' UC Faculty Members

<http://www.universityofcalifornia.edu/senate/reports/ac.non-progressing.faculty.0608.pdf>

April 2008 Council Statement on the Faculty Salary Plan

<http://www.universityofcalifornia.edu/senate/reports/ac.salary%20plan%20statement.04.08.pdf>

August 2007 Systemwide Senate Review of Proposed Amendments to APM 620 - Policy on Off- Scale Salaries

<http://www.universityofcalifornia.edu/senate/committees/council/ac.apm620.0807.pdf>

June 2006 UCAP report: Synopsis of the Present Status of the UC Merit and Promotion System and Principles of and Policy Recommendations for UC Faculty Compensation

<http://ucalstaging.ucop.edu/senate/committees/ucap/UCAP.meritdocument.6.12.06.pdf>