UNIVERSITY OF CALIFORNIA **ACADEMIC SENATE**

UNIVERSITY COMMITTEE ON ACADEMIC PERSONNEL
MINUTES OF MEETING
TUESDAY, MARCH 23, 2010

Attending: Alison Butler, Chair (UCSB), Ahmet Palazoglu, Vice Chair (UCD), John Lindow (UCB), Rob Feenstra (UCD), Steven White (UCI), Robert Lehrer (UCLA), Julia Bailey Serres (UCR), Maureen Callanan (UCSC), Katja Lindenberg (UCSD), Russell Pieper (UCSF), Patricia Cohen (UCSB) (telephone), Janet Lockwood (Associate Director, Academic Personnel), Patricia Price (Interim Director, Academic Advancement), Jim Litrownik (Coordinator, Data Management and Analysis, Academic Personnel), Brenda Abrams (Policy Analyst)

I. Announcements

Council has met twice since UCAP's January teleconference. At one meeting President Yudof reported to the Assembly that furloughs will end in August. A joint UCAP, UCFW and UCPB subcommittee has discussed faculty salary data which UCAP will also review today. A task force on faculty compensation was convened by Provost Pitts. The purpose of this group is to find alternate sources of funds to recruit and retain faculty and the Health Compensation Plan will be used as a model.

II. Consent Calendar

Action: The minutes were approved.

III. Consultation with the Office of the President/Faculty Salary Scale Data

- *Janet Lockwood, Associate Director, Academic Personnel*
- *Patricia Price, Interim Executive Director, Academic Advancement, Academic Personnel*
- *Jim Litrownik, Coordinator, Data Management and Analysis, Academic Personnel*

Associate Director Lockwood provided an overview of the faculty salary data prepared for UCAP and the joint subcommittee by Academic Personnel. The reports are based on base salary, use pre-furlough salaries, and includes faculty on leave with pay or on sabbatical. This is an update of the data used as the premise for the Four Year Faculty Salary Plan and the data used to look at the impact of Year One of the Salary Plan. Aspects of above-scale, on-scale and off-scale were examined using an October 2009 data set. The data on the comparison 8 institutions show that the private institutions continued to show increases, the lag grew from approximately 9.5% to 11.2% this year as anticipated by Academic Personnel. All schools of medicine/health services areas are excluded and appendix b and c list the disciplines and titles included. Law schools are excluded from the CPEC data.

Associate Director Lockwood described the highlights in each table. University-wide, off-scale was used at the highest rate at the assistant professor level. Faculty in business, economics and the professional schools are at the highest rates of off-scale while faculty in the humanities are generally at the lower rates. Although it varies by campus, off-scale was used at high rates for new hires between 2004-05 and 2008-09. It was noted that the data on faculty retirements or leave does not account for whether these faculty have taken a position at another institution. The data includes models requested by the faculty salary subcommittee that show the costs of COLAS at two and four percent only, and COLAS and market increases at four, eight and twelve percent. The relative cost of the COLA-only is more expensive than the two percent COLA and four or eight percent market. Market is an additional adjustment to the scale that does not apply across the board whereas the COLA applies to everyone's salary. Table 20 reflects that, in order to bring fifty percent of faculty back on scale, a two percent COLA and an approximately six percent market would be required. UCAP should consider making a statement to the UCAP/UCPB/UCFW subcommittee about the priorities UCAP identifies.

Discussion: Coordinator Litrownik indicated that there are technical issues related to examining the breakdown by rank compared to the comparison eight institutions. Members discussed how the salary terms are being used, indicating that a COLA is essentially an across the board market adjustment and the term market should be replaced with scale adjustment. Associate Director Lockwood will provide a glossary developed by academic personnel. A one percent market increase impacts on-scale faculty or those with a very small off-scale amount, which a committee member commented was controversial when previously implemented. A market increase will help reduce the large percentages of people off scale. The two percent COLA/four percent market model would depress the salaries of faculty at UCB and UCLA who are the highest off-scale, and the faculty within a campus who are most off-scale would also be at a disadvantage under the model. At one CAP there is a discussion about restoring salary based on the normal earned merit from off-scales instead of following the principles used for the last salary increase and will be proposing this strategy.

The data showing the cost of bringing fifty percent of faculty on scale is based on the idea that Year 2 of the Faculty Salary Plan should be resumed. The data analysis is intended to give the joint subcommittee costs under different scenarios to enable them to develop a recommendation for how the salary scales should be fixed initially, even if the money is not currently available. The subcommittee may be divided with respect to whether the focus should be on bringing everyone onto scale or on simply increasing faculty salaries. UCAP members agreed that the goal should be to bring faculty salaries to match the market by increasing salaries across the board and not to focus on fixing the scales at this time. Fixing the scales first will result in the same outcome from the last salary increase which was a disappointment for some faculty members. The integrity of the scales should be maintained as the foundation of UC's merit-based system, but it does not make sense to fix them now. UCAP could recommend to the subcommittee that the issue of getting people on scale is not as important as getting salaries closer to market so that UC can recruit and retain faculty. A draft memo drafted by UCPB's chair following discussion with the subcommittee made recommendations along the lines of UCAP's discussion.

Looking at salaries given to recent new hires will provide a sense of the market which can be used to determine where the scales should start. The suggestion is to look at the median off scale amount paid to a certain rank across all disciplines and campuses, excluding special scales. This information will be used to develop a rationale for increasing the scale. Variation by discipline and in the way each campus will handle it may need to be taken into consideration. Members agreed that it would be useful to have an analysis of how much the scale would have to increase to put a quarter, half or three quarters of new appointments on scale. This would provide a target. Any new plan to raise salaries will likely be implemented over four to five years and may not be a uniform plan over the years or across the campuses.

Some members support the idea of an across the board percentage increase, while others feel that faculty who have received a retention offer recently or who are new hires should not be included in this increase. The campus academic personnel office would be able to identify the faculty who would be excluded. After further discussion, UCAP did not think this would be the best approach to fix the salary scales. An eleven percent increase would cost $110 million in year one and $90 million in year two. One idea is for each rank to get a fixed increment raise based on the whole salary (not differentiating between base salary and off scale salary) which will pull each rank up to the salaries at the comparison eight institutions. In this scenario, everyone's base salary goes up and those off scale retain the same off scale amount. The exact percentage of the increase needs to be determined but may fall somewhere between ten and thirteen percent. This would be different from what was done in the past where the COLA applied to the base salary and off scale amount and the off scale would be reduced somewhat. It would be cheaper to adjust the scales than to give an across the board percentage increase. The average salary of new recruits at each rank would provide another benchmark in addition to the comparison eight. Coordinator Litrownik can analyze the cost of this strategy. The committee discussed the purpose of increasing faculty salaries and whether the goal is to retain faculty or improve morale. The committee's ideas should be discussed with the local CAPs, and members will forward any feedback to the UCAP members of the subcommittee on faculty salaries. The committee approved the motion to write a letter to the subcommittee indicating that the most important factor is to raise the salaries and not fix the scales. The UCSB representative will draft this letter to the subcommittee. The UCSC representative will draft the two approaches suggested today.

IV. UCFW/TFIR Recommendation on Assuring Adequate funding for UCRP

- *Ken Feer, Analyst, UCFW Analyst, Academic Senate*
- *Martha Winnacker, Executive Director, Academic Senate*

Analyst Feer provided an overview of the UC Retirement Plan (UCRP). UCRP is an annuity with a lifetime guarantee based on the employee's highest average salary over thirty-six months, multiplied by years of service and age factor which results in the monthly annuity. A twenty year contribution holiday because of investment performance and overfunding of the trust is ending and the Senate has been calling for the restart of contributions for almost a decade. The Regents adopted an official policy in September 2009. A slow ramp up is being planned, starting in April 2010 with two percent being redirected of employee income from the defined contribution to the retirement plan. Net total compensation will diminish. The contribution is dependent on the state contribution. The Committee on Faculty Welfare's Task Force on Investment and Retirement (TFIR) proposes jump starting contributions in the shape of a pension obligation bond issued by the Regents. The bond will be put into the trust to act as a de facto cash payment which will trigger matching contributions from external sources. Interest on the bond would be paid by the returns.

Discussion: If nothing changes, UC would have to liquidate physical plants to meet the retirement accrued. The five percent employee contribution is standard among universities. The expectation is that the employee contribution will increase by one percent each year for the next five years. The bonds will be used to address the unfunded liability for benefits accrued to date. If the TFIR proposal is not adopted and the bond is not issued, and because the state is not contributing the employer portion, in ten years the tax on employee paychecks to pay for the unfunded obligation will be over fifty percent. There may be changes to the defined benefits plan, the retirement plan and retiree health insurance and these are being discussed by the employee benefits task force. UCAP will be asked to comment on the recommendations from the post employment benefits task force and the materials reviewed for this meeting provide important background information. With the five percent contribution the benefit package becomes less competitive with respect to the comparison eight institutions.

UCAP should focus on the retirement plan as it relates to recruitment and retention. The defined contribution plan will stay in place and the balance will stop growing. Retiree health benefits can be changed. There will be forums on retiree benefits at the campuses which UCAP members are encouraged to attend.

V. APM 620

Associate Director Lockwood compiled background information including data on the numbers of PSOE and LSOE. There are 151 faculty members with these titles. APM 620 is ambiguous in that it does not list PSOE and LSOE as eligible but titles covered by collective bargaining are not eligible for off-scale. Off-scales would be a matter for bargaining for represented employees. According to Academic Personnel there is flexibility to make exceptions.

Discussion: This came up at a campus when a dean wanted to offer an LSOE a pre-emptive, market off-scale retention of a few thousand dollars. Because LSOE is not explicitly listed in APM 620, it is unclear if this can be done. CAP agreed that the lecturer is valuable but left it to the administration to determine if there is a policy which will allow for the market off-scale increase. All CAPs see the SOE cases. Academic Personnel will research the history of APM 620 and determine what is defensible prior to recommending that the language referring to SOEs is made more explicit.

VI. Differential Fees and Increasing Reliance on Non-Resident Tuition

UCAP has the opportunity to opine on the UCPB letter regarding differential fees and increasing reliance on non-resident tuition.

Discussion: UCAP members do not support differential fees in principle, seeing potential implications on academic personnel. Several members agreed that out of state student tuition should remain on the campus, although the argument was made that a portion of the revenue could go to UCOP. The committee agrees to submit a letter indicating the lack of support for diff fees and indicating that the committee has no comment on the rest of the UCPB letter.

Action: The analyst will draft a memo reflecting the committee's position.

VII. New Business

Commission on the Future Recommendations

The first set of recommendations from the workgroups of the UC Commission on the Future was released today which UCAP will have the opportunity to formally review. The workgroup on funding strategies recommends a longer term review of alternative approaches to faculty compensation.

Discussion: Associate Director Lockwood noted that the Funding Strategies workgroup did not take advantage of Academic Personnel's offer to provide data on faculty salary data and possible compensation plans.

VIII. Campus reports/member items

Davis: Significant discussions with the new chancellor have occurred and the campus will start providing merit based off scales next academic year. There is a proposal to streamline in order to reduce Faculty Personnel Committee (the UCD divisional CAP) workload. A streamlined process will be used for every other routine case.

Berkeley: The department chair and dean are being asked to assess the value of the faculty member to the campus in retention cases. Cases will be finished the first of July and there may over one thousand cases waiting for CAP review. There will be at least fifty searches next year.

Riverside: There is a question about whether other CAPs recognize the mentoring of undergraduates in the merit review process, specifically with respect to publishing with the students. This may come up for one campus but it is not clear how it would be weighted in comparison to other teaching. Mentoring may also be related to diversity activities. A strategic planning process is underway and there was a recommendation that stated that the ability to get grants is key to the merit reprocess. In some disciplines significant grant support is not needed to conduct research. How grants are considered by CAPs varies across the campuses.

San Francisco: The CAP has not seen an increase in retention cases. The CAP stopped reviewing retroactive actions in an effort to streamline the CAP process. There have been more disagreements with the deans' recommendations in terms of appropriate actions. Stewardship reviews for chair people is very time consuming and other CAPs are not involved with this. Distribution of the professor rank along the steps will be discussed in light of the data reviewed today.

Irvine: The CAP has had a low workload this year. More restrictions are in place with respect to reviewing cases again when new information is put forward. The school of biology has a Faculty Personnel Committee starting this year.

Merced: The work is straightforward and the CAP is establishing processes. Cases are sent back for additional information.

Santa Cruz: The CAP is seeing a significant increase in retention cases. There will be discussions about the need to match the salary offers from other institutions.

Santa Barbara: Strict deadlines for review of files are effective. Members of the CAP provide feedback to the chair and vice chair early in the academic year which improves the committee's functioning.

San Diego: The CAP sees about 650 cases a year. Deans overturn decisions only a few times and generally based on programmatic reasons. There is a special arts committee to review work from faculty in the arts department. Faculty are completing the paperwork to participate on senate committees but are not hearing from the Committee on Committees. There are discussions about introducing a new series, the distinguished practitioner title, which no state money would be used to fund. There is an effort to put the entire file online.

IX. Consultation with the UCOP Budget Office

- *Debora Obley, Associate Vice President, Budget Operations*
- *Michael Clune, Director, Operating Budget*

Director Clune provided an overview on how funds are distributed from UCOP to the campuses with a focus on the largest funding sources. Budget Operations is working on creating a more transparent way to show how this process works. The presentation illustrated how state general funds, educational fee revenues, and federal indirect cost recovery revenues are distributed. UCOP's budget process with the Regents and the state deals primarily with core funds consisting of student fees, and UC and state general funds and campuses manage funding from other sources. State funds for marginal cost of instruction have not been provided for a number of years to cover enrollment growth. Campuses get equal proportional increases or cuts in their general fund allocation. When a campus grows its proportion of the general fund increases. Student educational fees have been treated the same as general funds. There is a 1979 memorandum of understanding with the state stipulating how UC handles federal indirect cost recovery funds. Twenty percent of the indirect cost recovery funds is set aside for contract grant administration, and 55% of the remainder goes into the general fund to offset state support and 45% goes to the UC Opportunity Fund. Any growth in the total since 2000 goes back to the campus. The UCOP Common fund is used for administration. Campuses with medical centers generate significantly more government contracts and grants. Core funds are only a quarter of the funds available to the campuses. A methodology was agreed upon with CPEC, the CSUs and community colleges to analyze the core funds budget per student. UCM's allocation is high due to additional funding from the state, but this will decrease over time. A committee working on the budget process is headed toward a model where campuses would keep all of the funds and UCOP would send a bill indicating the cost of administration and systemwide programs. Campuses would figure out how they will pay it. OP would want the same proportion of general funds that supports the campuses, about 18%. Which fund sources are included in the base is being explored and a model that includes all funds may be proposed. Changes may be phased in over a course of years. There are no longer line items from the state to OP. The consequences to the campuses will depend on what happens in the future with respect to state funding, the educational fee and what happens with the other sources of funding.

Meeting adjourned at: 4 p.m.
Minutes prepared by: Brenda Abrams
Attest: Alison Butler