Dear Michael Drake,

At its January 2023 meeting, the Academic Council endorsed the attached letter on faculty salaries from the University Committee on Faculty Welfare (UCFW) and the University Committee on Planning and Budget (UCPB). The committees jointly generated the letter as follow-up to their September 2022 letter on the same topic and to your November 2022 letter of reply, both of which are attached.

The September 2022 letter emphasized the need to include a competitive faculty salary program in the University’s 2023-24 budget plan and request to the State of California. We appreciate your attention to improving faculty salary competitiveness through the 4.6% increase included in the proposed 2023-24 budget plan. As noted in their letter and supported by Council, we also have recommendations for how best to deploy the increase.

First, the 4.6% increase, while significant, is unlikely to close the faculty salary gap with UC’s Comparison 8 group of institutions, due to inflation and salary growth at the Comparison 8. More importantly, however, it represents a net increase for the fiscal year of only 3.5% if applied as proposed to the salary scales only beginning October 1. The Council agrees with UCPB and UCFW that the University should remain committed to improving the competitiveness and market relevance of the published UC faculty salary scales, which support the integrity of our merit-based peer review and compensation system. Given current inflationary conditions, we agreed to recommend a slightly different approach this year – applying the 4.6% increase to all salary components, including on-, off-, and above-scale.

Second, the Council reiterates our previous request to implement faculty salary increases on July 1 rather than October 1, which will align with salary increases planned for other policy-covered employees. A three-month delay will negatively affect the compensation of faculty who use research funds to pay summer salary and who participate in the Negotiated Salary Trial Program, as well as the retirement income of faculty who retire during or at the end of a given fiscal year.
A July 1 implementation will ensure that faculty are treated fairly and in a consistent manner to other UC employees.

We acknowledge your concern that it could be logistically difficult for UC to implement faculty salary increases on July 1, given the complexity of faculty compensation relative to staff compensation and UCOP’s determination that the June 15 passage of the final state budget might not afford sufficient time to process annual salary actions accurately by July 1. Nonetheless, we are confident that the University can count on the budget compact with the Governor holding, that UCOP can prepare revised salary scales well before June 15, and that UCPath programmers can implement the increases on July 1. Even if the latter is not feasible, we see no reason why faculty raises could not be made retroactive to July 1. If the University is unable to implement a salary plan for faculty and staff simultaneously on July 1, out of fairness it should provide a higher increase to faculty with nine-month appointments.

We look forward to working with you on this and other budget priorities. Please do not hesitate to contact me if you have additional questions.

Sincerely,

Susan Cochran, Chair
Academic Council

Cc: Academic Council
    Provost & Executive Vice President Newman
    Chief of Staff Kao
    Chief Policy Advisor McAuliffe
    UCPB
    UCFW
    Campus Senate Executive Directors
    Executive Director Lin
January 13, 2023

SUSAN COCHRAN, CHAIR, ACADEMIC COUNCIL

RE: FACULTY SALARIES

Dear Susan,

The University Committee on Planning and Budget (UCPB), together with the University Committee on Faculty Welfare (UCFW), are writing as a follow-up to our letter of September 16 and to President Drake’s November 4 letter in response thereto. We are of course very pleased to see a 4.6% faculty pay raise included in the UC 2023-24 budget as proposed by the Office of the President and passed by the Regents at their November meeting. This reaffirms the steadfast commitment of the University to competitive faculty salaries, specifically to shrink the gap between UC faculty salaries and those of our Comparison 8 universities. We are equally pleased by Governor Newsom’s January 10 budget proposal whose inclusion of a 5% base funding increase to the University affirms his commitment to the five-year funding compact made with the University and will provide the funds necessary for the budgeted salary increase.

This pay raise is well-earned. Following two years during which the faculty bore the brunt of the workload increase necessitated by the Covid pandemic, the faculty have once again been called upon to shoulder a major extra burden resulting from the striking research and graduate student groups. We recognize that these circumstances do not diminish the responsibility to provide a UC quality education, one that rests primarily with the faculty. Nor do the extraordinary demands that this has placed on faculty time affect their responsibility to address the research and public service missions of the university. Nevertheless, the faculty deserves recognition for their outstanding commitment to maintaining the quality and stature of the University through a series of crises that have played out over an extended period.

While acknowledging the commitment to faculty that the proposed 4.6% raise reflects, it is unlikely to go far in closing the gap with the Comparison 8 given the high inflation in consumer prices, and
wage and salary growth over the past year. It is also less than the increase all other academic employee groups will receive, annualized over the life of their new contracts. At the same time we recognize that all campuses are facing serious challenges to their operating budgets. In the face of these conflicting pressures it is imperative to deploy the salary increase most effectively. In consideration we offer two recommendations.

First, addressing the salary gap embedded in the scales was recommended as the highest priority by the October 7, 2020 report of the Academic Planning Council Task Force on Faculty Salary Scales. The Senate is also on record in support for returning the published scales to market reality and competitive relevance to preserve and support the integrity of the merit system. While the Senate has historically not been in favor of the near universal use of off-scale salary for this purpose, the effect of a salary increase is diluted significantly if applied only to on-scale salary. In the current high inflationary environment and average off-scale compensation across the University, the 4.6% increase will yield an overall increase of only about 3.5% if applied only to the scales, or roughly half the 2022 increase in the CPI. We recommend that the 4.6% increase be applied across the board, as has been done periodically in the past, most recently in 2013-14. If budgetary constraints prevent this, and consistent with the Senate’s recognition of the value of off-scale salary in a highly competitive academic marketplace, then we recommend that a portion of the increase be designated in a manner that would encourage the campuses to address non-scale salary components while offering campuses flexibility to address the specific needs of different faculty groups.

Second, we again recommend a July 1 effective date for the 2023-24 salary increase, instead of October 1 per current practice. We acknowledge the logistical concerns outlined by President Drake in his November 4 letter. However, the relative certainty of base funding increases embedded in the compact with the Governor provides relative assurance over the next three years that funds budgeted by the Regents in November will materialize in the final state general funds allocation in June. Together with the known and accelerating revenue increase from cohort tuition, this substantially mitigates the risk outlined in President Drake’s letter of an unexpected shortfall in Core funds and should allow new scales to be published before the June 15 state budget enactment. We emphasize again the significant effect on compensation for faculty who use research funds to pay summer salary or who participate in the Negotiated Salary Plan. For these faculty, the delay from July to October 1 results in a delay of a full year for the increase to be applied to these additional salary components, an issue that is unique to faculty among all academic employee groups. In addition, and as argued previously, the delay until October 1 also decreases the HAPC for faculty retiring either during or at the end of the current fiscal year, yielding a small but permanent decrease in retirement income.

We believe that the beneficial effect of these recommendations on faculty morale outweighs the marginal additional cost they represent. Accordingly, we hope that they will be considered seriously.

Sincerely,

Donald Senear, Chair
UCPB

Teresa Dalton, Chair
UCFW
November 4, 2022

ACADEMIC COUNCIL CHAIR SUSAN COCHRAN

Re: Faculty Salary Competitiveness

Dear Susan:

I write in response to your October 5, 2022, letter regarding Academic Senate’s concerns about faculty salary competitiveness. As you note, I am committed to a faculty salary program focused on achieving and maintaining competitive salaries, with equity. In recent years much attention has been devoted, recently through the Academic Planning Council Task Force on Faculty Salary Scales, to exploring options for revising the faculty salary scales with an emphasis on preserving the strengths of peer review and the rank and step system; promoting equitable and consistent compensation throughout the faculty ranks; and closing the salary gap with the Comp 8 group of comparator institutions. While the economic uncertainty generated by the COVID-19 pandemic required the University to pause some of those efforts, we expect to return to developing approaches to bring the faculty salary scales more in line with market conditions.

Your letter notes a particular point of concern with the October 1 effective date for policy-covered faculty. As you know, beginning with the 2019-20 academic salary program, the University returned to the normal cycle wherein range adjustments (salary scale adjustments) for policy-covered faculty are processed on October 1. Merit and Promotion actions generally are effective July 1 of each year.

The effective date of range adjustments for policy-covered faculty sometimes has varied, with significant historical precedent for the October 1 date. In the 18-year period beginning with the 1995-96 academic year, range adjustments for policy-covered faculty, when they occurred, were processed on October 1. It was only in the 2013-14 academic year that the effective date for range adjustments shifted to July 1, to avoid disadvantaging faculty when UCRP employee contributions to UCRP restarted on July 1, 2013, after a decades-long contribution holiday. When the effective date of range adjustments returned to October 1 in 2019, salary scales were increased by 5.33 percent so that the equivalent of a 4 percent annual increase (representing a 3 percent general range adjustment + a 1 percent special faculty salary plan) would be paid to faculty over the course of nine months instead of 12, to facilitate the shift from a July-June cycle to an October-September cycle.

Given the complexity of faculty compensation, including off-scale components and above scale salary rates, along with negotiated components of pay for Health Sciences Compensation Plan and Negotiations Salary Trial Program participants, as well as calculations of 1/9th rates for summer salaries, a July 1 date does not afford sufficient
time to process annual salary actions accurately and with a minimum of retroactive transactions. Please note that annual salary pay actions are also scheduled for July 1 that include faculty merit and promotion actions; Health Sciences Compensation Plan negotiations to set the amount of “Y” pay for the coming year; and Negotiated Salary Trial Program negotiated component negotiations. Even with the advent of UCPath which has introduced automation in many aspects of the range adjustment process, faculty range adjustments still require significant amounts of manual processing and validation of UCPath calculations.

Please note further that systemwide announcements of the academic salary plan generally cannot be made until the month of May, after the Governor’s revised budget is announced and the University has more certainty about the amount of State funds that will be available in the upcoming fiscal year. This sets a very short timeframe for processing complex academic salary increases in time for July payroll. Differentiating the effective dates of merit and promotion increases and negotiated salary component determinations in July and range adjustments in October greatly facilitates the accurate processing of both types of increases and spreads salary implementation over a more manageable time frame. A July processing date for range adjustments complicates the calculation of summer salary 9-month salary rates and can sometimes require re-calculation of many or all faculty summer salary rates on a short timetable.

In the end, what we all want are competitive salaries, with appropriate considerations of equity, implemented as effectively as we can do so. I look forward to continuing to work with the Senate to advance these goals.

Sincerely,

Michael V. Drake, MD
President

cc: Academic Council Vice Chair Steintrager
    Provost and Executive Vice President Brown
    Vice Provost Haynes
    Executive Director Lin
MICHAEL DRAKE, PRESIDENT
UNIVERSITY OF CALIFORNIA

Re: Faculty Salary Competitiveness

Dear President Drake:

At its September 2022 meeting, the Academic Council endorsed the attached letter from the University Committee on Faculty Welfare (UCFW) and the University Committee on Planning and Budget (UCPB). The letter emphasizes the need to include a competitive faculty salary program in the University’s 2023-24 budget plan and request to the State Legislature.

Council very much appreciates your commitment to a faculty salary program focused on rebuilding competitive and equitable salaries. Such a program ideally will be one that aims to eliminate the salary gap for ladder-rank faculty relative to UC’s Comparison 8 group of institutions and that reinforces the University’s merit-based review system. The Council remains steadfast in referring to the UC salary scales as the backbone of our compensation system. The 2023-24 salary plan should strengthen salary equity and transparency, support the integrity of UC’s merit-based peer review system, and continue to focus on improving the market relevance of the published salary scales to help reduce the University’s reliance on off-scale supplements for competitive compensation.

One significant point of concern relates to the timing of faculty salary increases recently and going forward. The 2022-23 plan provides a 4% increase to faculty salaries beginning October 1, 2022, while other policy-covered UC employee groups received salary increases beginning July 1. The three-month delay for faculty effectively provides those on 9-month appointments with a 3% raise. It also penalizes faculty on the Negotiated Salary Trial Program (NSTP) and those who receive summer salary via grant funding or administrative stipends. For those using grant funding where the awards include indirect costs, it also serves to penalize the institution. We understand this practice of distinguishing implementation dates for employee groups began only a few years ago, yet a continuing pattern of shortchanging faculty is something we should avoid. The Council would like to hear more about why the timing of increases for faculty and staff employee groups cannot be aligned. If the University is unable to implement a salary plan for faculty and staff simultaneously beginning July 1, 2023, it should provide an offsetting higher increase to faculty with 9-month appointments.
We look forward to working with you on this and other budget priorities that are critical to maintaining UC’s excellence. Please do not hesitate to contact me if you have additional questions.

Sincerely,

Susan Cochran, Chair
Academic Council

Cc: Academic Council
   Vice Chair Steintrager
   Provost Brown
   Chief of Staff Kao
   Chief Policy Advisor McAuliffe
   Executive Director Lin
SUSAN COCHRAN, CHAIR
ACADEMIC COUNCIL

RE: Faculty Salary Competitiveness

Dear Susan,

The University Committee on Faculty Welfare (UCFW), together with the University Committee on Planning and Budget (UCPB), renews its plea for competitive faculty salaries at the University of California. We will be pleased to receive the 4% increase to the scales on October 1 (with an additional 1.5% authorized for equity adjustments if needed). But we note that faculty scales continue to lag the market as they have for the past two decades. In 2014, then President Napolitano instituted a policy of annual scale increases to address this shortfall. Regular, albeit relatively modest, 3% increases over several years did make progress in addressing the gap. The larger 5.4% increase effective Oct 1, 2019 had a significant impact. However, the effect of subsequent, somewhat smaller, increases and that have been muted by the delay of the effective date to October 1, is that progress towards closing the remaining gap has stalled.

Additionally, throughout COVID, faculty have performed double teaching duties with little increase in compensation. Compounding factors over this period such as decreasing staff support, the attendant increasing administrative burdens, and perennially rising costs like child-care and housing clearly illustrate the need for rapid increase to faculty compensation. With increasing difficulty to recruit promising junior faculty, especially those from underrepresented backgrounds, and poaching of senior faculty increasingly common, the need for competitive faculty salaries becomes even clearer. Since the turn of the century, the burden to address these concerns has fallen largely to the application of off-scale salary components. As recognized by the October 7, 2020 report of the Academic Planning Council Task Force on Faculty Salary Scales, the use of off-scale compensation, whose decisions are not subject to academic review by the faculty, has led to additional problems, such as a loyalty penalty, compression and even inversion of compensation at different ranks, uneven and inequitable application, and increasing need to offer retention packages. The recommendation of the task force was to mitigate these problems by applying annual scale adjustments to reduce the need for off-scale compensation.
Given the substantial enrollment growth over the next decade that UC leaders have promised, maintaining the quality of a UC education will require substantial growth of the faculty ranks, a problem that is exacerbated by the failure of the UC to grow the ranks of tenured and tenure track faculty commensurate with the enrollment increase over the past decade. It is clear that this will not be possible if faculty are not competitively compensated. Further, to maintain the institutional academic strength of the University, senior faculty who are off- or above-scale must still be fairly compensated.

Finally, we wish to highlight that while most other UC employees received a salary increase July 1, the net effect of an October 1 implementation for faculty means effectively only a 3% increase for the current fiscal year. This has a significant effect on compensation for faculty who use research funds to pay summer salary or who participate in the Negotiated Salary Plan. For these faculty, the delay from July to October 1 results in a delay of a full year for the increase to be applied to these additional salary components. In addition, and while the size of the affected group is smaller, the delay until October 1 also decreases the HAPC for faculty retiring either during or at the end of the current fiscal year. Singling faculty out among the university’s several employee groups for this treatment is an unwise policy that has an unnecessary effect on faculty morale and goodwill.

In sum, receiving this year’s promised scale increases is necessary but not sufficient. Further increases to the faculty scales, rapidly and of import, are required to maintain the integrity of the institution and to maintain UC’s status as the pre-eminent public university in the world. This critical issue cannot be ignored or deferred any longer.

Sincerely,

Jill Hollenbach, outgoing UCFW Chair  
Terry Dalton, incoming UCFW Chair  
Kathleen McGarry, outgoing UCPB Chair  
Donald Senear, incoming UCPB Chair

Copy: UCFW  
Monica Lin, Executive Director, Academic Senate  
James Steintrager, Academic Council Vice Chair