



OFFICE OF THE PROVOST AND
EXECUTIVE VICE PRESIDENT FOR ACADEMIC AFFAIRS

OFFICE OF THE PRESIDENT
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December 2, 2020

ACADEMIC COUNCIL
EXECUTIVE VICE CHANCELLORS/PROVOSTS

Dear Colleagues:

UC's peer review, rank-and-step system is not only part of what ensures the academic quality of UC but also what has helped maintain and advance that quality throughout the UC system. However, an important instrument of that system – the faculty salary scales – have fallen under disrepair; What is the future of the faculty salary scales and what should be done about their state? We are pleased to send you a report drafted by the Faculty Salary Scales Task Force, a subcommittee of the [Academic Planning Council](#). We are seeking broad input on the Task Force's recommendations so we ask that you circulate this letter and the report to relevant leadership at your campus.

The Faculty Salary Scales Task Force was charged with examining the issues surrounding the salary scales, in particular excessive reliance on off-scale pay to achieve competitive compensation. The enclosed report offers recommendations to address the issues, including annual scale adjustments and transparency in compensation decisions. Your assessment of these recommendations would be very helpful in charting next steps regarding the faculty salary scales as a tool to advance the goals and utility of UC's rank-and-step system.

The recommendations are broad, and any discussion of their utility is necessarily in early stages. Please send us your thoughts on whether and how the recommendations should be further considered.

Input and comments should be sent to Todd Greenspan, UCOP Director of Academic Planning, by March 1, 2021, he can be reached by email at todd.greenspan@ucop.edu. Thank you for spending the time reviewing and commenting on the enclosed report. The University cannot offer the quality education of which it is so rightly proud without addressing these issues.

Sincerely,

A handwritten signature in blue ink that reads "Mary Gauvain".

Mary Gauvain, Ph.D.
Chair of the Academic Council

A handwritten signature in blue ink that reads "Michael T. Brown".

Michael T. Brown, Ph.D.
Provost and
Executive Vice President for Academic Affairs

Enclosure

December 2, 2020

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cc: Academic Planning Council
Faculty Salary Scales Task Force
Executive Director Baxter
Director Greenspan

Academic Planning Council

Task Force on Faculty Salary Scales
Report and Recommendations

October 7, 2020

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I. Introduction

The Task Force on Faculty Salary Scales is a subcommittee of the University of California [Academic Planning Council](#). The Task Force recommends that UC move to more transparent and equitable faculty compensation salary scales that reflect market rates, that are adjusted annually, and that eventually eliminate or substantially reduce the need for off-scale compensation.

UC faculty salaries significantly lag those of its comparator institutions. In October 2018, the last date for which data are available, general campus faculty salaries (on-scale and off-scale) lagged comparable salaries at the Comparison-8 institutions¹ by 7.5%. The last time UC salaries were on par with Comparison-8 institutions was in 2000; the largest gap between UC and Comparison-8 institutions was in 2010-11, at 12.8%. This disparity must be addressed if UC is to maintain its quality and stature.

¹ Harvard University; Massachusetts Institute of Technology; Stanford University; Yale University; State University of New York at Buffalo; University of Illinois at Urbana-Champaign; University of Michigan; University of Virginia.

The COVID-19 pandemic and its consequences have thrown the University of California into crisis, along with higher education systems across the country and around the world. Current circumstances make it more important than ever to examine the principles and operation of the UC faculty salary system. Despite unknown future impacts on funding for faculty salaries, the Task Force strongly recommends that UC take the long view of stabilizing the salary scales system. This will be crucial to UC's competitive position among its academic peers during and after recovery from the current crisis. This is not the first, and will not be the last, period of financial crisis that the University of California has lived through. We urge UC leadership to seize the opportunity this crisis presents to establish a long-term plan that will progressively implement salary scales that are transparent, competitive, and equitable at all levels, that are adjusted annually, and that progressively decrease off-scale increments. When this crisis recedes and state budgets recover, it will be essential to have a plan in place that will prevent UC from losing its preeminent position among academic research institutions.

II. Background and issues

The University of California is the world's premier public research university due to the excellence of its faculty, the research they conduct, the caliber of graduate students they attract, and the quality of instruction they offer. In order to attract and hire first-class faculty, UC must offer compensation at a level calibrated to a highly competitive market. This was noted in a 1997 white paper prepared by UC for the California Citizens' Commission on Higher Education, and still holds true today:

"A key priority for the University is maintaining faculty salaries that are competitive with comparable institutions. In addition, salary levels must be sufficient to provide flexibility to attract and retain the most gifted scholars and teachers. Resources dedicated to faculty support must be adequate to provide a productive working environment for faculty and students who are pursuing both research goals and excellence in teaching. Provision of adequate support includes the need for capital investment in laboratories and classrooms to support teaching and research. To the extent that programmatic resources are inadequate to meet all of the University's funding needs, maintenance of faculty salaries and support has to be a paramount concern. Other functions and programs can be restored when resources rebound. However, if the faculty base on which the University is built declines, it may never be rebuilt."

The University of California: Approaching the 21st Century, October 20, 1997.

The current peer-review process and attendant salary scales are a cornerstone of UC's excellence: they bring uniform and transparent standards to faculty advancement and compensation. Salary increases are based on both systemwide adjustment to the applicable scale, and on individual factors such as merit, promotion, and off-scale compensation. "The knowledge that all faculty in the UC system are evaluated by their peers under a single equitable set of criteria has functioned as a cultural contract for faculty who have served long careers in the University." Dan Simmons, The Death of UC Faculty Salary Scales, April 2006.

Nevertheless, and despite uniform standards and processes, the salary scales system is suffering:

- While the review process is clear, salary scale levels have not been predictable in many years. Rather, every year the Academic Senate has to consult with UCOP Administration on salary levels, which must then compete with other University funding needs.
- The current model is not transparent. There is no clear policy for annual adjustments to the salary scales that reflect market rates and that can be relied on when discussing faculty compensation with the Regents and the State.
- The current model relies heavily on off-scale compensation to cover the gap between on-scale salary and market rates. Such additional compensation likewise lacks transparency because the off-scale amount is discretionary and typically determined by an administrator, such as a dean. In 1999, 50% of General Campus ladder-rank and equivalent (LRE) faculty were paid off-scale, and 6% of total faculty pay was off-scale. **In 2019, 99% of General Campus LRE faculty were paid off-scale, and 24% of total faculty pay was off-scale.** (Appendix A.)

Clearly the current compensation model is not working. This is an untenable situation for a public institution committed to transparency and fairness, and is in contravention of APM-620 which requires salaries to be “on-scale to the greatest extent feasible.” The subjective and discretionary nature of off-scale salary opens the door to biased allocation of state resources to faculty, and is inimical to a key precept of shared governance: that the best evaluation of faculty merit leading to overall salaries stems from peer review.

III. Findings

The Task Force reviewed numerous past workgroup and task force reports on the UC faculty salary scale system. Among the principal take-aways:

- A. Off-scale compensation is pernicious. Off-scale compensation creates multiple problems, including:
 - i. UC is not revealing the actual cost of faculty salaries and is therefore inadequately conveying its fiscal needs to the State;
 - ii. Off-scale compensation decisions are not subject to faculty review on some campuses and can be swayed by unconscious biases of the administrator making the decision, such as ageism, sexism, or racism; and
 - iii. Off-scale compensation is bad for morale -- it is dispiriting and demoralizing when faculty in the same discipline and department, with similar research responsibilities and teaching loads, receive widely disparate compensation.
- B. Retention actions break the system. When faculty threaten to leave, they are wooed with off-scale offers that undermine the entire system and embed even greater salary inequity. This results in a “loyalty penalty” for faculty who do not seek outside employment and therefore do not receive retention remuneration.
- C. Multi-year salary plan modifications are difficult to maintain. Repairing the faculty salary system requires a multi-year commitment. Past multi-year efforts were sustained for a couple of years at the most and then abandoned, usually due to external economic

forces. The Task Force urges that if a new faculty compensation plan is adopted, it include a planned mechanism to respond to unforeseen external pressures, and be subject to a systemwide commitment to its prioritization in the face of external pressures over the several years it will take to implement.

IV. Principles

The Task Force bases its recommendations on the following principles, which it takes to be fundamental to UC's mission, stature, and excellence:

- A. The University of California's rank and step system with peer review for advancement is foundational to the excellence of the University.
- B. The adherence of all ten UC campuses to a single set of salary scales is a cornerstone of UC quality.
- C. The University of California is committed to achieving equity in faculty hiring, advancement, and compensation.

V. Recommendations

- A. **Transparency, equity, and objectivity** – Faculty salary scales should be based on transparent and objective mechanisms that lead to equitable outcomes. An example of such a mechanism is attached in Appendix B, *Experimental Models of Market-Based Professorial Salary Scales*; background on the model is in Appendix C. The model was designed by UCOP Academic Personnel and Programs (APP) in December 2019, and offers a rational and transparent methodology for calculating market-based salary scales.
- B. **Annual adjustment** - Faculty salary scales should be adjusted annually according to a transparent mechanism that uses readily available measures of market levels.
- C. **Disciplinary differences** – Salary scales should be sensitive to disciplinary differences. The Task Force offers two possible mechanisms for addressing disciplinary differences; it does not recommend one over the other. The models are further discussed below.
 - 1. **Comparison-based disciplinary model** – Scales are based on compensation rates in similar disciplinary groupings at Comparison-8 institutions.
 - 2. **Factor-based disciplinary model** – Similar to the Health Sciences Compensation Plan (HSCP), scales have a base minimum (Scale 0) and factor-based scales determined by a multiplier (Scale 1 at 1.10 of Scale 0; Scale 2 at 1.20 of Scale 0 and so on up to 2.25 of Scale 0) (see HSCP scales on [Table 5](#) of current academic salary scales). Disciplinary groupings would be placed on the scale closest to their market-based comparators; annual adjustments would be made to track salaries at the Comparison-8 institutions.
- D. **Off-scale compensation should be the rare exception** – A new salary scale system should be structured so as to substantially reduce the need for off-scale compensation.
Phase in over time – The new compensation system should be phased in over time (probably beginning with new hires) to soften its budgetary impacts and insure its equitable application.

VI. Discussion

A. Comparison-based disciplinary model

Appendix B, a comparison-based compensation model, applies to new hires, and includes a percentage increase at each step advancement (which factors in years at step) and a salary bump for promotions. The percentage increases make salaries at the middle step of each rank comparable to peer institutions; the scales are adjusted annually based on accepted consumer indices. The advantages of this approach are scales that reflect actual faculty salaries and that restore the importance of peer-review as the primary determination of faculty salary. It also reduces the “loyalty penalty” for long-serving UC faculty, and transfers a significant share of faculty salaries from off-scale to on-scale. It prioritizes equity and transparency, and reduces the need for major retention actions. Although this approach would be costly, off-scale pay for current faculty would be subsumed into on-scale compensation, thereby lowering costs.

B. Factor-based disciplinary model

If UC wants to expand the number of disciplinary-based scales, the factor-based disciplinary model would allow flexibility for both large and small groupings of disciplines, and would move away from scales with explicit disciplinary names. However, the factor-based mechanism would be less transparent and arguably less market-based, and would be a departure from the current set of scales (and disciplinary groups) to which faculty and administration are accustomed.

C. Housing costs

The Task Force’s recommendations should be implemented uniformly across all UC campuses. The campuses vary widely however on issues of cost of living, particularly housing. Campuses are straining to address housing costs through various loan and support programs, and levels of housing support are based on numerous factors. The recommendations in this report do not directly address these issues; however, the Task Force urges UC leadership to develop and augment systemwide resources to assist faculty with living and housing costs, and to ensure equity in the design and application of housing support programs.

VII. Conclusion

The Faculty Salary Scales Task Force offers the above recommendations to Provost Brown and the Academic Planning Council for their consideration. The Task Force urges UCOP and Academic Senate leadership to take the necessary steps to make the faculty salary scales system more transparent and equitable, to institute annual adjustments, and to move faculty compensation away from off-scale pay as much as possible.

VIII. Task Force Membership

- John Gilbert, *Task Force Chair and UCAP Chair 2019-20, UC Santa Barbara*
- Susan Carlson, *Task Force Vice Chair and Vice Provost for Academic Personnel & Programs, UCOP*
- Kum-Kum Bhavnani, *Academic Council Chair 2019-20, UC Santa Barbara*
- Mary Gauvain, *Academic Council Vice Chair 2019-20, UC Riverside*
- Sean Malloy, *UCPB Chair 2019-20, UC Merced*
- Jean-Daniel Saphores, *UCFW Chair 2019-20, UC Irvine*
- Rosemarie Rae, *Vice Chancellor for Planning and Budget, UC Berkeley*
- Becky Petitt, *Vice Chancellor for Equity, Diversity, and Inclusion, UC San Diego*
- Philip Kass, *Vice Provost for Academic Affairs, UC Davis*
- Keith Ellis, *Graduate Student, UC Davis*

IX. Sources

1. The Death of Faculty Salary Scales, *Dan Simmons, April 2006*
2. UCAP - Present Status of the UC Merit and Promotion System and Articulation of Some Principles of UC Faculty Compensation, *June 2006*
3. The Cuts Report, UC Academic Council, *March 2008*
4. Senate-Administration Task Force - Recommendations on Faculty Salaries, *June 2011*
5. Task Force on Faculty Salaries, *February 2012*
6. Joint Senate-Administration Working Group on Faculty Compensation, *March 2015*
7. Faculty Retention & Exit Survey Quantitative Report, Harvard University Collaborative on Academic Careers in Higher Education (COACHE), *October 2019*

X. Appendices

- A. General campus faculty percent earnings that are off-scale, July 2020
- B. Experimental models of market-based professorial salary scales, Dec. 2019
- C. Market based salary scales background, July 2020

Special thanks to Gregory Sykes, Director of Academic Data and Compensation in APP, for his work on the appendices.