

**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 institutions<sup>1</sup> 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.

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<sup>1</sup> 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.

General Campus Faculty  
% of Earnings that are offscale

Year	Headcount		% of Faculty Offscale	Base Earnings		% of Base Earnings Offscale
	OffScale	Total		Offscale	All Base Earnings	
1999	3,205	6,391	50.1%	\$33,433,346	\$575,125,267	5.8% *
2006	6,041	7,431	81.3%	\$95,460,944	\$795,890,498	12.0% **
2007	4,818	7,586	63.5%	\$80,949,083	\$855,471,958	9.5% **
2012	6,288	7,568	83.1%	\$ 149,161,620	\$ 969,406,940	15.4% **
2013	6,531	7,626	85.6%	\$ 168,114,293	\$ 1,011,746,913	16.6% **
2014	6,888	7,743	89.0%	\$ 195,207,119	\$ 1,071,974,201	18.2% **
2015	7,591	7,889	96.2%	\$ 229,648,451	\$ 1,135,030,522	20.2% **
2016	7,963	8,160	97.6%	\$ 266,470,820	\$ 1,210,821,959	22.0% **
2017	8,132	8,271	98.3%	\$ 298,436,032	\$ 1,268,607,906	23.5% **
2018	8,252	8,376	98.5%	\$ 322,232,618	\$ 1,338,179,617	24.1% **
2019	8,329	8,441	98.7%	\$ 339,647,853	\$ 1,413,566,853	24.0% **

\* For 1999, the future Step 9 was used as the "Above Scale Onscale Rate"

\*\* For all other years, the "Above Scale Onscale Rate" was calculated as Professor Step 9+11.3%  
The 11.3% factor is based on the average percentage increase per year at step x 4 years

# APPENDIX B

## Experimental Models of Market-Based Professorial Salary Scales Based on Average New Hire Salaries and Comp 8 Averages

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### Professorial Series Academic Year Salary Scale (Table 1) as of July 2018

Concept:

1. Develop a market-based scale for new faculty hires, to be adjusted annually (e.g., by California CPI-U or other appropriate factor)
2. The intent of a market-based scale would be to lessen or eliminate the need for off-scales

Process:

1. Proposed starting point for calculations: the average salary of a newly-hired Asst. Prof. Step III
2. 3% increment per year at step; alternate percentages are also presented
3. Alternate Scenario: 2.5% increment per year at step for 2-year steps; 2% per year at step for 3-year steps
4. 10% bump at promotion (Asst 4 to Assoc 1; Assoc 3 to Prof 1)
- 5 Comp 8 averages by rank (adjusted to compensate for Business, Econ. and Engineering salaries) shown for comparison

	Step	Years at Step	UC Scale, Effective 7/1/2018	Proposed Market Scale	UC avg salary Oct 2018	proposal % diff. from 2018 scale	proposal % diff. from avg	point of reference
Asst	1	2	62,700	84,200	106,500	34.3%	-20.9%	
	2	2	66,600	89,200	88,400	33.9%	0.9%	
	3	2	70,200	94,500	93,500	34.6%	1.1%	94,500
	4	2	74,200	100,200	96,900	35.0%	3.4%	
	5	2	78,000	106,200	100,700	36.2%	5.5%	
	6	2	82,100	112,600	105,100	37.1%	7.1%	
Assoc	1	2	78,100	110,200	112,100	41.1%	-1.7%	
	2	2	82,200	116,800	109,100	42.1%	7.1%	
	3	2	86,400	123,800	114,500	43.3%	8.1%	122,500
	4	3	91,600	131,200	115,700	43.2%	13.4%	
	5	3	98,700	143,000	122,700	44.9%	16.5%	
Prof	1	3	91,700	136,200	135,200	48.5%	0.7%	
	2	3	98,800	148,500	135,500	50.3%	9.6%	
	3	3	106,300	161,900	141,000	52.3%	14.8%	
	4	3	114,100	176,500	147,000	54.7%	20.1%	
	5	3	122,500	192,400	159,200	57.1%	20.9%	186,300
	6	3	132,100	209,700	172,600	58.7%	21.5%	190,400
	7	3	142,500	228,600	185,700	60.4%	23.1%	
	8	3	154,100	249,200	193,300	61.7%	28.9%	
	9	3	167,200	271,600	203,400	62.4%	33.5%	

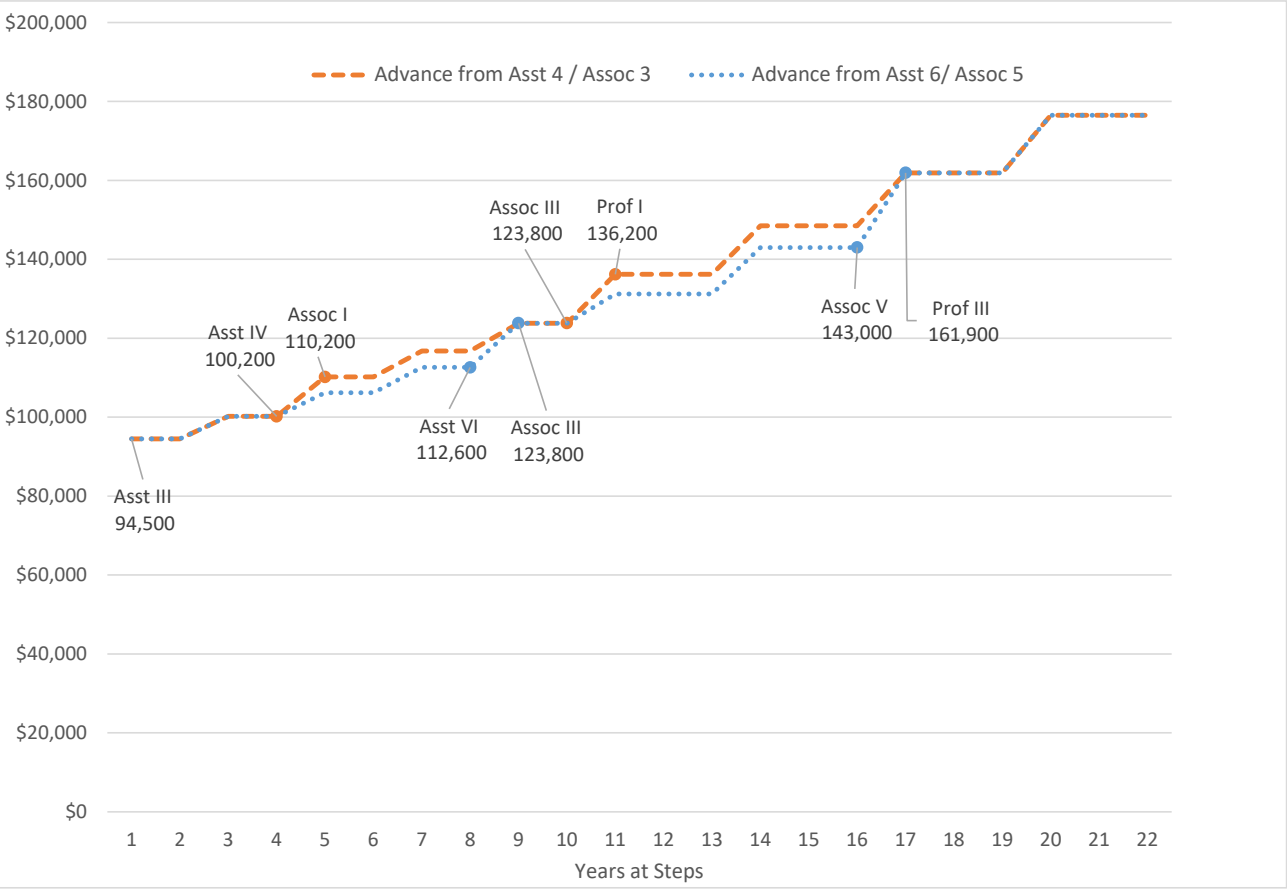
Note: Comp 8 averages have been adjusted downward by 8.5% to compensate for the inclusion of Business, Economics and Engineering disciplines in the original Comp 8 data.



**Experimental Models of Market-Based Professorial Salary Scales**  
**Based on Average New Hire Salaries and Comp 8 Averages**

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Effect of 10% bump at promotion  
Assistant IV to Associate I and Associate III to Professor I  
Compared to: Assistant IV to Associate III and Associate V to Professor III



Experimental Models of Market-Based Professorial Salary Scales  
Based on Average New Hire Salaries and Comp 8 Averages

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Professorial Series Academic Year Salary Scale (Table 1)  
as of July 2018

2.50% Increment per year at step - 2 year steps

2.00% Increment per year at step - 3 year steps

10.00% 10% bump at promotion (Asst 4 to Assoc 1; Assoc 3 to Prof 1)

	Step	Years at Step	UC Scale, Effective 7/1/2018	Proposed Market Scale	UC avg salary Oct 2018	proposal % diff. from 2018 scale	proposal % diff. from avg	point of reference
Asst	1	2	62,700	85,700	\$106,500	36.7%	-19.5%	
	2	2	66,600	90,000	\$88,400	35.1%	1.8%	
	3	2	70,200	94,500	\$93,500	34.6%	1.1%	94,500
	4	2	74,200	99,200	\$96,900	33.7%	2.4%	
	5	2	78,000	104,200	\$100,700	33.6%	3.5%	
	6	2	82,100	109,400	\$105,100	33.3%	4.1%	
Assoc	1	2	78,100	109,100	\$112,100	39.7%	-2.7%	
	2	2	82,200	114,600	\$109,100	39.4%	5.0%	
	3	2	86,400	120,300	\$114,500	39.2%	5.1%	122,500
	4	3	91,600	126,300	\$115,700	37.9%	9.2%	
	5	3	98,700	133,900	\$122,700	35.7%	9.1%	
Prof	1	3	91,700	132,300	\$135,200	44.3%	-2.1%	
	2	3	98,800	140,200	\$135,500	41.9%	3.5%	
	3	3	106,300	148,600	\$141,000	39.8%	5.4%	
	4	3	114,100	157,500	\$147,000	38.0%	7.1%	
	5	3	122,500	167,000	\$159,200	36.3%	4.9%	186,300
	6	3	132,100	177,000	\$172,600	34.0%	2.5%	190,400
	7	3	142,500	187,600	\$185,700	31.6%	1.0%	
	8	3	154,100	198,900	\$193,300	29.1%	2.9%	
	9	3	167,200	210,800	\$203,400	26.1%	3.6%	

Note: Comp 8 average has been adjusted downward by 8.5% to compensate for the inclusion of Business, Economics and Engineering disciplines in the original Comp 8 data.

## University of California

### Proposal to Develop Market-Based Faculty Salary Scales

#### Background

This document provides background on recent efforts to reconsider the UC faculty salary scales using a market-based approach. The impetus for this project came from discussions in 2018 between Susan Carlson, Vice Provost of Academic Personnel and Programs (APP) and Professor Dan Hare in his role as Faculty Advisor to the President, with Gregory Sykes, Director of Academic Data and Compensation, providing analytical support and developing the model scales.

The discussions in 2018 emphasized preservation of UC's rank and step-based scale system, which is rooted in the practice of regular peer review for assessing faculty merit and rewarding faculty productivity. However, they also acknowledged that the faculty salary scales in their current form do not reflect market realities due to many years of underfunding of the scales, which has led to the extensive use of off-scales to recruit and retain faculty. This in turn has created a lack of transparency about how faculty salaries are set. Publishing salary scales that do not reflect real compensation conditions can also affect public perception of the University: for example, legislators taking the scales at face value might misunderstand what it costs to recruit and retain UC-quality faculty, potentially contributing to State underfunding. The current effort attempts to re-envision the faculty salary scales in a way that preserves and strengthens peer review and reflects market conditions, resulting in a set of scales that accurately demonstrates the value of UC faculty.

Previous efforts at market-based scales – and some campus-based local faculty salary scales – have tended to start from a premise of basing faculty salary scale rates on the current average or median faculty salary rates per rank and step, either across the UC system or at an individual campus. While this method of assessing market costs for recruiting and retaining faculty makes a certain intuitive sense, the extensive use of off-scale salaries has meant that in some cases the average salary rate for a specific salary step approaches or exceeds the average salary rates of faculty at higher steps (compression). There may also be great variation in the dollar increment between the average salary rates at adjoining steps on the scale.

A too strict adherence to basing a scale on the average salary rates of current incumbents can codify existing inequities like salary compression and the “loyalty penalty” suffered by long-term faculty who have not obtained retention off-scales as a result of seeking outside offers. In addition, faculty are not evenly distributed among the steps of the scale; averaging the salaries at steps with very few incumbents can skew results considerably.

To preserve the core concepts of the UC ladder system and bring the scales into line with market realities, Professor Hare proposed a set of principles based on a combination of a single measure of market tendency and regular incremental progression up the scale. APP developed a model for the Professorial series Academic Year salary scale. Models were also developed for Fiscal Year, Business/ Economics/Engineering and Law School titles. As a secondary market comparison, the average salary rates of the Comparison 8 institutions were compared to the resulting scales, and modifications were made to the model accordingly.

The University Committee on Faculty Welfare has consulted with APP staff on sequential draft versions of the market-based scales proposal on several occasions from October 2019 through June 2020. The materials have also been reviewed by the Academic Planning Council.

### Basic Principles

1. A market-based scale should eliminate, or at least significantly lessen, the need for off-scales to bring salaries in line with market rates.
2. To function properly as a career ladder, a scale should grant clear and standardized merit increases as a faculty member progresses up the steps, and should appropriately mark the significant milestones of promotion in rank
3. Once established, a market-based scale should be adjusted annually by an appropriate factor (for example by the California CPI-U as calculated by the US Department of Labor) and compared periodically against external market benchmarks (for example, the Comp 8 average) to allow for appropriate adjustments to maintain its market value
4. To support equity and maintain the purpose of the peer-review system, if a market-based model is adopted it should be coupled with a plan to absorb faculty off-scale components (i.e., to reduce/eliminate the off-scale component once the scale rate for the faculty member's rank and step matches or exceeds their previous on-scale + off-scale rate)

### Average Salary of a New Hire as a Market Measure

The salary that campuses have to pay to recruit new junior faculty was deemed a clear and defensible starting point to measure the current market. As an added benefit, newly hired faculty are a sizeable population, which tends to smooth out variations when calculating an average salary rate.

### Process for Developing the Model Scales

- The starting point for the model (the first salary rate included in the scale) was the average salary of a newly-hired Asst. Prof. Step 3 on the Academic Year Professorial scale
- Initially, a 3% increment was applied per year at step.
- However, the resulting salary rates at higher steps of the Professor Series were so much higher than current averages that an alternate scenario was modeled
  - 2.5% increment per year at step for 2-year steps (5% increment between steps for normative time at step)
  - 2% per year at step for 3-year steps (6% increment between steps for normative time at step)
- The scales reflect a 10% bump at promotion (advancement from Assistant 4 to Associate 1 and Associate 3 to Professor 1)
- Comp 8 averages by rank (adjusted to compensate for Business, Economics and Engineering faculty being on a separate UC scale) were compared to the midpoint of each rank and were found to be close enough to the model scales for the scales to meet a "market-based" criterion
- The Academic Year Business/Econ/Engineering scale was modeled using the average rate for a new faculty member hired on that scale
- Fiscal Year scales were modeled by adding 16% to the Academic Year scale models
- A Professor-Law School series scale was modeled on the basis of the average rate of a newly hired Acting Professor in the Law Schools. There was no external comparator for Law School salaries, which are not included in the Comp 8 data collection.