

March 24, 2021

Shane White, Chair
Academic Senate

Re: Proposed Modified “Off-Scale” Salary Components

Dear Chair White,

At its meetings on January 11, January 25, February 8, and March 8, 2021, the Council on Planning and Budget (CPB) had an opportunity to review and discuss the three versions of the Proposal for Modified “Off-Scale” Salary Components. The modifications across the three versions of the proposal have addressed some of the concerns expressed by our Council members, which we appreciate. We were also appreciative of Council member Jeff Lewis, who created a Salary System Simulator Dashboard (<https://jblewis.shinyapps.io/salary/>) that helped us more clearly compare the VCAP’s salary proposal to the older off-scale system (which maintained the off-scales at every action) and the more recent status quo policy (which only maintains the off-scale percentage at advancement).

Based on that simulation and our discussion, we would argue that:

- There is some value to making off-scale salaries naturally deflate over time, such that early decisions are not permanently enshrined in salaries—especially when they perpetuate inequities or fail to recognize differences in performance.
- There do not appear to be a clearly-articulated financial targets for savings. This makes it difficult to determine whether the VCAP’s proposal is necessary, or if a less-extreme change might prove sufficient.
- The VCAP’s proposal has produced strong backlash among faculty and seems almost certain to create additional costs in terms of retention, faculty dissatisfaction, and equity concerns.
- As Lewis’s simulator shows, the recent policy change (from consistently maintaining off-scales, to maintaining off-scale salaries only at advancement) has already produced major savings and has not produced similar backlash, equity concerns, or perceived pressure to seek outside offers.
- The question, therefore, seems to be whether the VCAP’s proposed marginal savings outweigh the potential costs and risks associated with that plan—especially over the next decade, where the difference in the savings the plans would generate is relatively small.

Members offered the following comments across our four meetings that addressed this topic:

1. Responding to the earliest draft of the policy, members noted that there seems to have been an overall lack of transparency and consultation with the initial development of the proposal. We have appreciated the added faculty consultation as the plan has evolved.
2. This proposal would represent a fundamental change on how salaries have been administered at UCLA; it will inevitably have a substantial effect on salaries if percentage increases are to only be applied to the off-scale portion of salaries (as is shown in the simulator prepared by Jeff Lewis).
3. If fully implemented, members expressed concern that different disciplines will be impacted in their ability to recruit because many specialties require off-scale salaries in order to be competitive. Members also pointed out that this proposal would cause great damage to professional schools where there is intense market pressure to be on par with other schools in the country (e.g. Business School, Law School, and Engineering). The proposal reduces general flexibility and would undoubtedly have an effect on productivity.
4. Because the plan would allow deans considerable discretion in exceptional cases, members questioned whether the VCAP's proposal would provide—or would actually undermine—equity, since studies have apparently shown that women and underrepresented faculty would be disproportionately harmed by this discretion. The proposal would also push more faculty to seek offers from other universities, which would foster inequality and potentially divert dramatically more time and resources to retention efforts. Some argued that the university's climate would suffer as the result of implementing a two-tiered system with limited potential for growth. Some members characterized this as being "shortsighted and irrational."
5. Many members did support some reform of the salary scales, and especially raising the base scale to a more realistic level. Members were also sympathetic to the concern that tightening budgets might mean that salaries could not continue to rise as they have in the past. As noted above, there was also concern that without reform, the current system would perpetuate prior inequities for those whose initial off-scale percentage was comparatively small (and indeed magnify the inequalities as those percentages were applied to larger base salaries at higher ranks). In a similar vein, another senior member noted that at one point, UCLA did have a policy that gradually reduced the off-scale percentages over time by default. Along those lines, some argued there should be a higher salary scale for advances so that inequalities could be decreased as rank increased.
6. Members noted there are reasons why the campus moved away from the salary-setting mechanisms employed by some other UCs and argued there should be other way to dampen amplitude of shocks from outside that do not require UCLA to slow the rate of salary growth by 30-50%.
7. Members asked for a more developed and nuanced report regarding how other UCs handle salaries (particularly UC Berkeley and UCSD). Some noted that salaries at other campuses anecdotally reflected the systematic use of things like summer ninths to address issues with their salary scales, and might not be directly comparable.

8. Members questioned the rationale for doing this now. Morale is obviously very low for various reasons, but mostly due to the pandemic. The campus is about to implement a new budget model. What is the incentive? Will this have a real budgetary impact? Is it really worth the disruption and further impact on morale to push this through at this time?
9. CPB met with Vice Chancellor for Academic Personnel Michael Levine on January 25. He explained that the main reason for this proposal is that UCLA will not have sufficient funds to cover faculty compensation. In that meeting, members requested additional justification for this change; the proposal does not provide data to support its claims. Members expressed concerns about maintaining UCLA's competitiveness under this plan and whether alternatives had been considered. They also requested comparison data on salaries across departments, UC campuses, and peer institutions. Fundamentally, faculty and students are the university—not the administration. Making this type of substantial change without a thorough and careful analysis is objectionable.
10. Some noted the second and third versions of the proposal only differed in how they phased in the same set of changes. Some members also reported that there had already been a little-noticed implementation of off-scale reductions between advancements (see Lewis' Simulator for a discussion of the status quo policy).
11. Fundamentally, members argued that the administration should consider finding alternative ways of compensating faculty if there is pressure on salaries, or preferably finding other cuts instead of faculty salaries.
12. How will deans respond to these changes under the new budget model? Members are curious about the inequities across schools as well as with the ability to generate more revenue.
13. Even with an improvement from the first to the third version, members wonder if there is a mechanism to discourage the inflow of requests for promotions, advancements, and retentions.
14. Senior members noted that the proposal is a return to what the campus had before 2000, known as "return to scale." Some felt the underlying salary scales would need to be adjusted before making any other considerations and proposals to adjust the off-scale percentages.
15. Finally, members stated that these are very important decisions that require adequate consulting the faculty properly and fully understanding the implications of the policy. Some recommended that a strong committee be assembled to guide future development of salary policy. Members note that UCLA salary policies have changed dramatically over time, so it is likely that whatever policy is implemented now will likely be revisited in several years, and that revision should involve maximal faculty input from the start.

If you have any questions for us, please do not hesitate to contact me at groeling@comm.ucla.edu or via the Council's analyst, Elizabeth Feller, at efeller@senate.ucla.edu.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Groeling', with a stylized flourish at the end.

Tim Groeling, Chair
Council on Planning and Budget

cc: Jody Kreiman, Vice Chair/Chair-Elect, Academic Senate
Michael Meranze, Immediate Past Chair, Academic Senate
April de Stefano, Executive Director, Academic Senate
Elizabeth Feller, Principal Policy Analyst, Council on Planning and Budget
Members of the Council on Planning and Budget