

IMPACT OF YEAR 1 OF THE FACULTY SALARY PLAN
COMPARISON OF SALARIES FROM 7/1/2007 TO 6/30/2008

Introduction

At their September 2007 meeting, the Regents approved a four-year Faculty Salary Plan to move faculty salaries to parity with the California Postsecondary Education Commission (CPEC) Comparison 8 institutions for the University of California. Year 1 of the Plan was immediately implemented, affecting salaries on October 1, 2007. The three primary goals of the plan were to (i) increase faculty salaries towards parity as just described (at the same time, move faculty salary scales closer to average salaries paid by comparison institutions), (ii) reduce the percentage of faculty who have salaries that are not tied to the faculty salary scale, and (iii) reduce the number of faculty retention cases where outside offers play a major role (thereby subsequently reducing faculty losses also). By accomplishing these goals, faculty salaries would once again be more effectively linked with the extensive peer review system that is the basis of appointment and merit advances for all faculty of the University of California. An important consequence would be the reduction of the number of ad hoc responses to faculty salary needs often instigated by offers from competing institutions. The data presented here, together with information from other data sources, indicate the extent to which the first two of these objectives were achieved after implementation of the first step of the Plan. It would be of considerable value if campuses maintained accurate historical data on the number of faculty retention cases from year to year, but these data are currently quite limited.

Executive Summary

As anticipated in the design of the Faculty Salary Plan, the percentage of off-scale salaries dropped from 77%, in September 2007, to 58% by February 2008, following implementation of Year 1 on October 1, 2007. Excluding Above-Scale faculty, the percentage of off-scale salaries fell from 86% to 64%. At the same time, the overall CPEC faculty salary lag fell from 9.6% in 2006-07 to 7.1% after October 1, 2007 salary increases.

Year 2 of the Faculty Salary Plan would go a substantial way to further reducing the percentage of off-scale salaries to more steady-state and reasonable levels, thereby once again pegging the determination of salaries more closely to the merit review process. An overall salary lag, would still remain however with this needing to be further closed by Years 3–4 of the Plan.

Terminology

Faculty Salary Data

The data presented here excludes faculty in the health sciences, particularly those covered by the Health Sciences Compensation Plan. The salaries discussed here include both academic and fiscal year compensation. Ninety-two percent of the appointees held academic year appointments.

Above-Scale

This term refers to the highest rank a Full Professor can achieve at the University of California. Advancement to the rank of Above-Scale requires a promotion with a full career review, including external evaluation, as described in the Academic Personnel Manual (APM) 220-18. This rank is reserved for the most distinguished faculty in the system. Throughout this document, this is the narrow definition of the term Above-Scale that is used, as distinct from the more general usage in the APM where it is used to refer to *any* faculty salary above the published Professor, Academic Year, Step IX Salary, currently set at \$142,000 for an academic year appointment.

Off-Scale Salaries

This term refers to a faculty member whose salary is higher than the published scale salary for their rank and step. The current general campus faculty salary scales are published online at www.ucop.edu/acadadv/acadpers/tab0708/tabcont.html.

According to APM 620-0c, no faculty member can be paid below the scale. Off-scale salaries are generally used to provide salaries closer to market than allowed by the current faculty salary scales, although occasionally small off-scale increments (less than a full step in salary) are awarded in response to exceptional academic achievements in research, teaching and service. On some campuses, a small fraction of faculty have off-scale salaries because they only received a partial step in salary increase at a previous merit decision; for example, due to deficiencies in the academic record, a Professor, Step II, (current salary of \$83,800) may only advance to Professor, Step II, off-scale, (e.g., midway to Step, III, with a salary of \$86,900), rather than to Professor, Step III, (current salary of \$89,900) at the time of their normal merit increase. There is no formal definition of an off-scale salary for faculty at the Above-Scale rank, as there are no published salary scales for faculty at the rank of Above-Scale.

Off-Scale Salary Increment

The off-scale salary increment is defined to be the actual salary of a faculty member minus the published scale salary for that individual's rank and step.

Decoupled Salaries

This term refers to the salary of a faculty member that is more than the published salary scale for one full step above the approved level. For example, a Professor, Step II, with a salary above the scale for Professor, Step III (current salary of \$89,900) is decoupled. Necessarily, therefore, all faculty members with decoupled salaries are also off-scale while the reverse may not always hold. An Assistant Professor at Step VI, or an Associate Professor at Step V, is considered to have a decoupled salary if the salary is at, or higher than, the salary at Step III of the next higher rank.

Comparison 8 Institutions

The traditional eight comparative institutions involved in the CPEC salary analysis are Harvard University, the University of Illinois, the University of Michigan, MIT, Stanford University, SUNY at Buffalo, the University of Virginia, and Yale University.

Year 1 of the Faculty Salary Plan

On October 1, 2007, all general campus faculty received an “across the board” 2.5% increase on their actual salaries. At the same time, the Faculty Salary Scales were increased by approximately 10% at the lower rank/steps, tapering down to about 6% at the highest ranks of the professoriate. Faculty whose new 10/1/07 salary, including the 2.5% increase, fell below the new scale for their rank and step were moved to the new scale value. Those whose new increased salaries remained above the new salary scale for their rank and step received no further adjustments in general. (Without central funding, Berkeley chose to maintain individuals with half-step off-scale salaries, and to move individuals with salaries \$100 below the next step to that higher step. We do not believe that any other campuses implemented similar actions.)

Tables and Figures

Numbered tables and figures can be found in attachments to this report. Letter tables can be found in the body of the text.

Data and Findings

CPEC Faculty Salary Comparisons

Using preliminary data (not shown here), the CPEC faculty salary study shows a lag in general campus faculty salaries (excluding Law and all Health Sciences) of 7.1% for 2007-08 (after Year 1 of the Faculty Salary Plan), as compared to 9.6% in 2006-07. By rank the 2007-08 salary lags are as shown in Table A, along with the 2006-07 figures:

Rank	2007-08 Salary Lag	2006-07 Salary Lag
Assistant	5%	8.3%
Associate	11.9%	14.3%
Full	9.0%	12.3%

Table A: Percentage Salary Lags for UC General campus Faculty Salaries as Compared to the CPEC Comparison 8 Institutions. (In computing the percentages, UC average salaries are used in the denominator.)

These data show the noticeable progress achieved by Year 1 of the Plan, while a significant salary gap remains, particularly at the mid-rank level. To put these lags in further perspective, we note the 2007-08 average academic year salaries for the CPEC comparison 8 institutions by rank are: Full Professor \$145,271; Associate Professor \$97,398; Assistant Professor \$81,558. (These averages equally weight the four public and 4 private institutions, respectively, to mitigate the disparity in size of the publics versus the privates). By comparison, the current general campus UC academic year scale salaries at the top step at each rank are: Professor, Step IX \$142,000; Associate Professor, Step V \$83,700; Assistant Professor, Step VI \$69,200. While the CPEC figures include Business and Engineering faculty, we note that that the *average* CPEC salaries are still systematically higher than the highest step UC scale salary, by rank, particularly so for Assistant and Associate Professors, after implementation of Year 1 of the Faculty Salary Plan. These comparisons reflect that there is still a substantial lag in the salary scales.

Data

To be included in the data set used to assess the impact of Year 1 of the Faculty Salary Plan, a faculty member had to be on the payroll, *at the same rank and step*, at both September 2007 and February 2008 time points. Thus, the data would necessarily exclude appointments and retirements effective January 1, 2008, for example, and any faculty who received a retroactive merit advancement that was not shown in September 2007 payroll data but had been implemented by February 2008.

Percentages of Faculty with Off-Scale Salaries (and by Campus and Rank)

Figure 1 displays the fractions of faculty whose salaries are on-scale, off-scale, and Above-Scale, as of September 2007 (just prior to implementation of Year 1 of the Faculty Salary Plan), and as of February 2008 (thereby including the October 1, 2008 salary adjustments). The raw data supporting the figures can be found in the University-wide figures at the top of Tables 1 and 2.

As can be seen from both Figure 1 and 2 (based on underlying data from Tables 1 and 2), 10% of general campus faculty have achieved Above-Scale rank. Necessarily, this percentage did not change from September 2007 to February

2008 since no merit advancements are permitted during the academic year. On the other hand, the percentage of off-scale salaries dropped from 77% in September 2007 to 58% by February 2008. Excluding Above-Scale faculty, the percentage of off-scale salaries fell from 86% to 64%. The data thus reflect the successful impact of Year 1 of the Plan anticipated in the materials presented to The Regents in September 2007, taking into account that a new year of recruitments, separations, retentions, and merit increases have occurred in the meantime.

Tables 1 and 2 also provide these figures by campus and rank. For convenience, the reductions in off-scale salary percentages by campus are shown in Table B, with the first comparison including all faculty members while the second comparison excludes Above Scale faculty:

Campus	Percentages of Off-scale Faculty from September 2007 to February 2008	Percentages of Off-scale Faculty from September 2007 to February 2008 (Excluding Above Scale faculty)
Berkeley	70% to 67%	84% to 80%
Davis	87% to 44%	93% to 47%
Irvine	88% to 65%	94% to 69%
Los Angeles	79% to 72%	91% to 84%
Merced	90% to 76%	90% to 76%
Riverside	66% to 44%	70% to 47%
Santa Barbara	74% to 51%	83% to 58%
Santa Cruz	80% to 39%	84% to 41%
San Diego	69% to 60%	78% to 68%

Table B: Changes in Percentages of Faculty with Off-scale Salaries from September 2007 to February 2008, by Campus, Including and Excluding Above Scale Faculty.

Many of these changes were large, displaying the significant impact of the program on reducing the number of faculty with off-scale salaries. The results were particularly dramatic at Davis, Santa Barbara and Santa Cruz, reflecting that many of their original off-scale salaries were not large. The percentage of faculty with off-scale salaries at Berkeley and Los Angeles are somewhat deceptive as these two campuses have a significantly higher fraction of Above-Scale faculty (16% and 14%, respectively) than other campuses. If Above-Scale faculty members are excluded, then the percentage of off-scale faculty at Berkeley and Los Angeles were reduced from 84% to 80%, and from 91% to 84%, respectively, after implementation of the Plan.

The lack of a change at Berkeley is due, in large part, to their own systematic self-funded program to keep half-step salaries intact. Part of the explanation for the smaller decline observed at Los Angeles may be the size of off-scale salary increments that are substantially larger, in general, than at other campuses as discussed below, and the fact that this campus has a practice not to use the highest steps at the Assistant and Associate Professor ranks.

By rank, the percentages of off-scale salaries system-wide changed as a result of Year 1 of the Plan as shown in Table C:

Rank	Percentages of Off-scale Faculty from September 2007 to February 2008
Assistant	92% to 73%
Associate	90% to 60%
Full	68% to 51%

Table C: Changes in Percentages of Faculty with Off-scale Salaries from September 2007 to February 2008, by Rank, Including Above Scale Faculty.

The percentages for Full Professors are again distorted since only this rank includes Above-Scale faculty. Excluding the latter category, the percentage of off-scale salaries at Full Professor dropped from 82% to 61%, now more similar to faculty at the Assistant and Associate ranks. The remaining difference presumably reflects the fact that the lower ranks have salaries closer to market due to their more recent time of hire on the average.

Figure 2 conveys the same information for decoupled salaries where necessarily the comparable percentages are smaller by definition. The percentage of decoupled salaries dropped from 50% in September 2007 to 35% by February 2008. Excluding Above-Scale faculty, the percentage of off-scale salaries fell from 56% to 39%. These numbers reflect that, after Year 1 of the Faculty Salary Plan, a little more than a third of the faculty has decoupled salaries, a 30% reduction from the prior year. A modification of the definition of an off-scale salary to match exactly what we refer to here as a decoupled salary would have the benefit of yielding these smaller percentages of faculty that have substantially off-scale salaries. This could be achieved by defining “on-scale” to include those faculty with an off-scale increment that is less than one full step.

Percentages of New Hires with Off-Scale Salaries

Data on new hires show that for faculty with new appointments on July 1, 2007 (2007-08 hires), 14.5% received on-scale salaries (after the October 1, 2007 salary and scale changes associated with Year 1 of the Faculty Salary Plan were implemented). In comparison, the figure is 7.3% for 2005-06 appointments. Note that while this change is interesting, we would not expect major changes in the frequency of use of off-scale salaries for new appointments at this early stage of the Faculty Salary Plan since generally scales still remain below market whereas, by definition, the salaries of new hires are much closer to market. The same issue pertains to retention cases; in fact, even if we believed scales were at the right market level, it is likely that retention cases – necessarily at the high end of salary distributions – would continue to require the use of off-scale salaries. The number of retention cases experienced by campuses perhaps better demonstrates

the impact of effective salary scales in this direction, although it is important to note that salary is not the only factor underlying faculty mobility. This point reflects the importance of collecting useful retention information at the campus level *over time*, data that is not consistently available at this point in time.

Percentages of Faculty with Off-Scale Salaries by Discipline

Tables 3–4 provide data on the percentage of off-scale salary by discipline.

In February 2008, the percentage of off-scale faculty across disciplines declined substantially from the September 2007 figures. Table D shows the data for selected fields together with the September 2007 figures:

Field	Percentages of Off-scale Faculty	
	February 2008	September 2007
Agriculture & Natural Resources	45%	74%
Engineering (excluding Computer Sciences)	50%	77%
Letters	52%	74%
Foreign Languages	56%	80%
Physical Sciences	56%	69%
Social Sciences	63%	81%
Biological Sciences	63%	81%
Computer and Information Sciences	71%	90%
Business and Management	90%	92%

Table D: Percentages of Faculty with Off-scale Salaries in September 2007 and February 2008, by Selected Fields, Including Above Scale Faculty

These figures show that there are only small differences in the use of off-scale salaries across disciplines with, for example, faculty in the Humanities as likely to have an off scale salary as those in the Physical Sciences. The notable exception is in Business and Management where the percentage of off-scale salaries is substantially greater than in other fields.

All disciplines benefited from a significant decline in the use of off-scale salaries following Year 1 of the Plan. Only Business and Management did not experience this effect, presumably being due to the much larger amounts of off-scale salaries used here, an issue confirmed by data in Tables 5–6 and discussed further below.

We note in passing here that there is a surprising amount of variation in the percentage of Above-Scale faculty in different disciplines, ranging from the lower figures of 6-9% in Letters, Foreign Languages and the Social Sciences, to 11% for the Biological Sciences and Engineering, to the higher percentages of 20% in both

Mathematics and the Physical Sciences. We do not understand the rationale for this variation and suggest that this issue be considered by the University Committee on Academic Personnel (UCAP) and Divisional Senate Committees on Academic Personnel (CAP).

Mean Off-Scale Salary Increments by Discipline

Tables 5–6 provide data on the mean (average size) of off-scale salary by rank and discipline, before and after implementation of Year 1 of the Faculty Salary Plan. These tables necessarily do not include faculty at the rank of Above Scale. These average off-scale increments do not distinguish between salaries paid on an academic and fiscal year basis.

Interpreting the change in the average size of the component of off-scale salary used in different disciplines is complex since the populations covered in the two time periods differ considerably as we have just discussed. That is, a considerable fraction of individuals with small off-scale components in September 2007 are no longer included in the off-scale salary increment averages for February 2008 since the Plan moved these faculty members back onto scale. This systematic removal of smaller values would tend to actually increase the mean in February 2008 as compared to September 2007; this is counterbalanced by the general decrease in off-scale increments caused by the increases in the new published scales. These two countervailing phenomena result in means that do not differ dramatically over the time period analyzed. It is interesting, however, to compare the mean off-scale increments across disciplines and campuses, as shown in Tables 5 and 6.

As of February 2008, the mean off-scale increment of a faculty with an off-scale salary is \$15,295 system-wide, declining slightly from the mean of \$16,160 in September 2007. Somewhat surprisingly, the off-scale salary increment means do not vary substantially by discipline with most sitting in the \$10,000–15,000 range. Table E reports the average off-scale increments for selected fields:

Field	Mean Off-scale Salary Increment (February 2008)
Agriculture & Natural Resource	\$9,185
Engineering (excluding Computer Sciences)	\$9,634
Letters	\$12,268
Foreign Languages	\$8,839
Physical Sciences	\$12,505
Social Sciences	\$19,336
Biological Sciences	\$11,326

Computer and Information Sciences	\$9,741
Business and Management	\$62,923

Table E: Mean Off-scale Salary Increments, by Selected Fields, in February 2008.

The one slight outlier here is the Social Sciences presumably because of the influence of Economics. The mean for Law sits at \$15,274, only slightly higher than the above disciplines, albeit based on a higher scale (as is Engineering and Computer Sciences). The mean of \$23,379 for Social Work is surprising but is based on a small sample of only 38 faculty members. The huge outlier (as it was for the percentage off-scale) is Business and Management where the mean off-scale salary increment is \$62,923, about five times higher than most other disciplines. These data again belie any sense that the market for faculty is substantially different in the humanities and social sciences than it is in the hard sciences and most of the professional schools (excluding Business and Management).

Mean Off-Scale Salary Increments by Rank

The comparison of mean off-scale salary increment by rank is also informative, exhibiting little variation. The means in February 2008 are shown in Table F:

Rank	Mean Off-scale Salary
Assistant	\$13,336
Associate	\$14,182
Full	\$16,654

Table F: Mean Off-scale Salary Increments, by Rank, in February 2008.

The figure for Full Professors is somewhat misleading since it necessarily excludes faculty at Above-Scale where there is no formal sense of off-scale: these faculty are justifiably, by and large, the highest paid members of the faculty.

Mean Off-Scale Salary Increments by Campus

Table 7 provides data on the mean off-scale salary increment by campus (by rank), also illustrated in Figure 3. In February 2008, the mean off-scale salary increment is relatively consistent across many of the campuses. However, Los Angeles is considerably on the high end with a mean off-scale salary increment of \$24,858 (the next highest is Berkeley with a mean of \$16,294), with Santa Cruz at the low end with a mean of \$5,326 (the next lowest is Merced with a mean of \$8,610). Some variation is of course to be expected as competitive pressures and several market conditions differ from location to location. In addition, Santa Cruz, for example, does not have either a Business and Management or Law School, the former specifically driving up the mean considerably as we noted

above. Faculty salaries are determined somewhat differently at Los Angeles, than compared to Berkeley, for example, as the Senate CAP is not involved in salary decisions; this may contribute, in part, to the higher mean at Los Angeles.

Exploratory data (not reported here) suggest that the rate of progression of faculty is similar across campuses so that the situation at Santa Cruz may reflect lower steps at faculty appointment in comparison to practices at other campuses. For example, excluding Engineering and Economics, the average number of years since Ph.D. for faculty at Professor, Step V, is approximately 30 years at Santa Cruz (the highest such figure at the 9 campuses analyzed) as compared to 25 years at Berkeley. This five year “lag” is roughly consistent across all rank/steps, reflecting roughly two merit cycles in time; the dollar value of this gap may “explain” differences in average salaries for Santa Cruz, but it does not have any apparent connection to differences in mean off-scale increment. (Note that, in October 2006, average faculty salaries ranged from lows of \$ 83,000 and \$91,000 at Merced and Santa Cruz, respectively, to highs of \$113,000 and \$117,000 at Berkeley and Los Angeles, respectively.) We recommend that the Santa Cruz Division CAP examine closely the determination of rank/step and salary practices at appointment.

Mean Percentage Salary Increases by Campus, Rank, Off-scale Status and Discipline
Finally, data in Table 8 describes the average percentage salary increase experienced by faculty members due to implementation of Year 1 of the Faculty Salary Plan, by rank and campus, and by off-scale status. Note that these average percentages reflect faculty salary increases due entirely to implementation of Year 1 of the Faculty Salary Plan, and therefore do not include additional merit increases that were effective July 1, 2007. The average percentage increase from the Oct 1, 2007 salary program was 4.2%, varying, as expected, by off-scale status. The average percentage increases by discipline and rank are given in Table 9.

A greater level of detail regarding the distribution of percentage increases is provided in Table 10. Two thirds of the faculty received salary increases in the range of 2–4%; at the other end of the spectrum, 7% of faculty received greater than 10% increases. We do not know why 1% of the faculty received salary increases of less than 2%. Campus differences are attributable, in part, to variations in practice and implementation of the Plan as previously discussed.

Conclusion

Implementation of Year 1 of the Faculty Salary Plan made significant inroads into both the overall salary lag suffered by UC faculty members, and reducing the

percentage of faculty who require off-scale salary increments. At the time of its conception, Year 2 of the Faculty Salary Plan was designed to be essentially the same as the first year, including both an “across the board” increase for all salaries, and a similar substantial market change to the salary scales. Years 3 and 4 only included “across the board” changes to the salaries and scales. It is clear from the above analysis that Year 2 would go a substantial way to further reducing the percentage of off-scale salaries to more steady-state and reasonable levels, thereby once again pegging the determination of salaries more closely to the merit review process. An overall salary lag, would still remain however with this being closed by Years 3 – 4 of the Plan.

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