

## FORMULA KEEPS UC SALARIES DOWN

Susan Gallick, PhD.

The comparison methodology that UC follows in setting faculty salaries does not factor in cost of living. When the faculty salaries at the top research institutions across the nation are adjusted for cost of living, the rankings change dramatically.

**Table 1**  
**Effect of Cost of Living on Full Prof. Sal Ranking**

Before Adjustment		After Adjustment	
1. Rockefeller U.	\$125.4	U. of Chicago	\$109.8
2. Harvard U.	\$122.1	Princeton U.	\$109.2
3. Stanford U.	\$117.0	Northwestern U.	\$104.5
4. Princeton U.	\$114.9	Vanderbilt U.	\$101.6
5. CA Inst. of Tech.	\$114.6	Carnegie Mellon	\$98.7
6. Yale U.	\$113.1	Washington U.	\$97.3
7. U. of Chicago	\$112.0	Emory U.	\$96.7
8. U. Colo. Hlth Sci.	\$111.5	U. of Virginia	\$94.7
9. New York U.	\$110.0	Cornell U.	\$93.8
10. Columbia U.	\$109.2	Yale U.	\$92.5
11. U. of Penn.	\$108.4	U. of Mich., AA	\$91.7
12. MIT		MIT	\$107.0
13. Northwestern U.	\$106.6	GA Inst. of Tech.	\$91.1
14. Duke U.	\$104.8	U. of Rochester	\$90.3
15. Rutgers UNwrk	\$103.7	Rutgers U. Nwrk	\$90.1
16. <b>UC Berkeley</b>	<b>\$103.6</b>	Johns Hopkins U.	\$89.6
17. <b>UCLA</b>	<b>\$101.4</b>	CA Inst. of Tech	\$89.2
18. Georgetown U.	\$100.3	U. of Penn.	\$88.9
19. New Eng/Law	\$100.3	Stanford U.	\$88.9
20. Sowest U./Law	\$100.2	Rockefeller U	\$88.4
		UNC, Chapel Hill	\$88.0

This year the UC ladder rank faculty received a 2% range adjustment and an additional 0.9% parity supplement. The total figure is the one arrived at by following the CPEC (California Postsecondary Education Commission) formula that takes into consideration the predicted salaries of 8 Comparison Institutions (4 Privates and 4 Publics), and the staffing patterns at those institutions and at UC. The formula produces an average all-ranks salary figure for UC at the midpoint between the 4 Privates and the 4 Publics. The percentage increase necessary to get to that midpoint is called "parity." Based on this formula, next year faculty can also expect a very small salary increase. In their fall budget, the Regents have asked for a 1% parity increase for a total increase of 3%, a figure based on preliminary salary data from the Comparison 8. By following a formula that ignores the widening gap in salaries between private and public universities and the cost of living in California, the University arrives at faculty salary figures that are no longer competitive with those commanded at other first-rank universities. Unless a more flexible approach is taken at the University level, faculty will look elsewhere for more attractive positions.

The gap is rapidly expanding between faculty salaries for full professors at public and private universities. According to *The Chronicle of Higher Education* (9/9/99), the dollar gap today is five times bigger than it was 20 years ago. By 1998, that gap grew to \$15,300 and may well be over \$30,000 by the year 2010. Relatively speaking, in 1979 a typical full professor at UC earned about 10% less per annum than one at a comparable private university. Today the difference is more than 15% or a 50% increase in the lag. This widening gap concerns UC faculty because we are increasingly less able to compete for new faculty or to retain those who are offered higher salaries at private institutions.

When comparing faculty salaries, teaching at a private institution or a public one is often less important than the location where one is teaching. Currently, the CPEC formula ignores the direct cost of living in the regions where the UC campuses are located in California and gathers data about salaries and salary increases offered in other areas of the country—the areas where the Comparison 8 universities are located. Ignoring cost of living in this state has resulted in a salary increase figure that is actually below the current cost of living. According to data which UC recently provided its annuitants, the average increase in the cost of living in the San Francisco and Los Angeles metropolitan areas from Feb. 98-Feb. 99 was 2.99%. At a minimum, the University should offer faculty a salary increase that exceeds the pertinent cost of inflation.

If cost of living is adjusted by region, the true magnitude can be appreciated. ACCRA (American Chamber of Commerce Research Associates) produces an index each quarter that factors in the regional costs of housing, designated grocery items, utilities, transportation, health care and certain goods and services (see the website at [www.accra.org](http://www.accra.org)). The ACCRA Cost of Living Index measures relative price levels for consumer goods and services in participating areas. The average for all participating places equals 100, with each participant's index read as a

percentage of the average for all places. In a recent comparison of salaries, ([http://www.popecenter.org/clarion/1999/Jul\\_Aug/cover.html](http://www.popecenter.org/clarion/1999/Jul_Aug/cover.html)) researchers used the 1998 Fourth Quarter Data provided by ACCRA to compare faculty salaries before adjusting for inflation and after. Table 1 above appeared in *The Chronicle of Higher Ed.* (8/13/99) and shows the top 20 universities according to AAUP average salary data for 1998-99 and then the top 20 after being adjusted by the regional ACCRA multiplier. After the ACCRA adjustment, UCLA and UCB fall off the top 20 chart and land in positions 45 and 46, resp. Other UC campuses enter the adjusted rankings well above UCLA and UCB: UCSB at 31, UCSD comes in at 33, and UC Davis at 43. UC Irvine is the campus most affected by cost of living: it falls to position 68 after the adjustment.

When UC faculty salaries are viewed through this wider cost of living lens and put into the CPEC paradigm, they are no longer perched midway between a comparison group of Private and Public universities; the UC campuses tumble down near the bottom.

**Table 2**

**Average Salaries at All Prof. Ranks at the Comp. 8, UCB, and UCLA for 1998-99 (without staff weighting)**

**See Attachment**

Before the adjustment at the full professor level, we can see roughly how the UC campuses fit into the paradigm in the middle position between the Private 4 and the Public 4. After the ACCRA index adjustment, the UC campuses at all professor ranks are nearer the bottom than the middle. At the assistant professor rank, UCLA comes in at the very bottom, followed by Yale, then Berkeley. At the full professor rank, SUNY Buffalo takes the middle position. After the adjustment the only university in the original top 20 salary list lower than UCB and UCLA is MIT. Nothing demonstrates more clearly the effect of buying-power inflation on faculty who live and teach in large urban areas than MIT. Ranked 12 among the top 20 at the full professor rank, MIT plummets 51 steps to land in the 63<sup>rd</sup> position after the ACCRA adjustment, a drop in salary buying power of 31% (a multiplier of 131%). In contrast, faculty at SUNY are actually better off after the adjustment than before and gain 3% in buying power. After the ACCRA adjustment, the salaries at the Public 4, all located in relatively low cost areas, show substantial buying power stability at all ranks, while the salaries of the Private 4, although higher in dollars than the Publics before the adjustment, take a double-digit plunge in real buying power.

Even among a ranking of 60 Public Research I Institutions, the UC campuses come in at a relatively low level after the ACCRA adjustment, UCLA 28 and UCB 29, with other UC campuses coming in before and after these campuses: UCSB at 15, UCSD at 17, UCD at 26, with some even harder hit than UCB and UCLA--UCI at 44, and UCSF (non-clinical) at 54 (UCSC and UCR are not included in this data). The Public 4 rank much higher than the UCs, especially UCLA and UCB: U. VA 1, U. Mich. at AA 2, SUNY Buf. 7, and U. of Ill. 19. The ACCRA multiplier isn't perfect; it contains some distortions, omissions, and inconsistencies in evaluating cost factors at each location. Still, even as a crude measure, it shows the magnitude of the influence of regional cost of living factors on faculty salary buying power. A faculty salary methodology that gathers salary data from other regions without making an adjustment for the high cost of living in California will not produce a fair salary increase for faculty, especially for those who live and teach in large, urban areas.

While a single CPEC salary methodology seems to limit the amount of salary increase faculty may receive, several different methodologies are combined to determine salary increases for senior managers. For the last five years, the Regents have approved pay increases for UC senior administrators that are said to be based on essentially the same considerations that apply to the faculty; i.e., salaries of managers at comparable universities. This year the senior management salary range structure (including that for deans) will be adjusted upward by 10% effective Oct. 1, 1999. Incumbents will receive unspecified increases based on performance and other indicators, but we assume that they will all receive at least the 10% range adjustment along with more individualized salary increases in the form of equity adjustments, merits, promotions, or reclassifications. *The San Francisco Chronicle* (9/14/99) estimates these raises to range from 8.5% for vice chancellors to 18.5% for UC's two senior vice presidents. New recruits from out of state will receive a cash bonus of 25% of their annual salary to compensate for the high cost of living in CA.

The UC Faculty Associations are not suggesting that UC shouldn't offer competitive compensation packages to its top managers, but we are suggesting that superficially similar methodologies that yield a 10%+ increase for managers but that fail to keep pace with inflation for the faculty need to be reexamined.

The Faculty Associations urge the University to entertain a more flexible approach to the determination of faculty salaries, as was indeed the case before the reconstitution of the set of 8 Comparison institutions in the late 80s and early 90s. Instead of basing faculty salary increases solely on the CPEC methodology, additional factors such as the relative purchasing powers of the various salaries and the widening gap between faculty salaries at private and public universities should be taken into consideration. Harvard University, for example, which plunged from position 2 in the top 20 salaries to 27 after the adjustment, is taking action by pledging to make low-interest loans

totaling \$20-million to try to ease the shortage of affordable housing in Boston and Cambridge. There may also be advantages in discussing the way CPEC selects the public universities in the Comparison 8 model, both in terms of salary level and location. Other solutions might arise once the University begins investigating the current salary methodology.

Without competitive salaries that reflect the true cost of living in California, UC will not be able to attract or maintain the high quality faculty who have made this a great university system.

### WHAT HAVE THE FACULTY ASSOCIATIONS DONE FOR ME LATELY? III

Mary Ann Mason, Professor, UCB and President  
Council of UC Faculty Associations since 1997

Three of my colleagues approached me this Fall with not so friendly smiles. Clearly, something was on their minds. "Have you seen IT?" they asked accusingly? "IT," I knew well, was the full-page story carried that September day by our local newspaper, *The San Francisco Chronicle*. The reporter claimed that administrators were receiving an average 18% salary raise while the faculty increase was 2.9%.

I did not try to explain to my colleagues about the administrators' need to compete in the marketplace, or the fact that our own salaries were fixed by a formula based on a comparison eight group of similar institutions. They know and I know that in these good economic times we are fast losing our competitive edge in recruitment and retention. One does not have to be an economist to figure out that an assistant professor will never be able to own a home in most California cities, and probably can't afford to rent an apartment anywhere near the campus in Berkeley, San Francisco, UCLA, and now, thanks to the Silicon Valley sprawl, Santa Cruz. *The Chronicle of Higher Education* made that dismal point recently by quoting a faculty salary comparison study which demonstrated that when cost of living is included in the salary equation, UC Berkeley faculty salaries fall from 16th place to 46<sup>th</sup> and UCLA's from 17<sup>th</sup> to 45<sup>th</sup>.

I tried to cheer them up. I was able to tell my colleagues that we, the Council, were on top of it. We met recently with the top UC budget administrator to advocate a reconsideration of the current salary methodology, which clearly no longer makes us competitive. We also suggested, among other things, establishing regional COLAS for documentably high cost areas. I told them that besides the UC administration there are other key players in Sacramento who need to cooperate if our salary methodology is to be revisited. They include the Governor's office via both the Department of Finance and the Secretary for Education, the California Postsecondary Education Commission, and of course the Legislature. Our lobbyist (the only one who speaks solely for UC faculty) and our legislative team, which includes faculty members, will vigorously pursue this issue with each of them.

My colleagues received my news skeptically and said, "We'll wait and see." Fair enough, I responded. But in the meanwhile, I asked them to buttonhole every faculty member they know and urge him or her to join the Faculty Association so that they too can have their voices heard. We are entirely faculty run, I pointed out, and only as strong as our members. We are also dependent on faculty dues to pay the costs for our lobbyist, an Exec. Dir., and a Lobbying Coordinator. No one can afford to wait and see and expect other faculty members to do it for them.

Before I let them escape I took the opportunity to talk about some of our successes this past year, and there are a large number of them. Mainly through our efforts we successfully lobbied to terminate a highly unfair compensation system for medical school faculty and to introduce, within Universitywide guidelines, a campus or local option in determining outside professional compensation policies for health sciences faculty at UC medical schools.

And, I continued, we actively opposed portions of the UC Tanner Report on faculty intellectual property and copyright that would separate the contents of a lecture from its performance and allow some transfers of copyright without written agreement. This debate is ongoing, and we are continuing to fight for faculty rights.

Without taking a breath I launched into our extensive activities in Sacramento. In the legislature the FA lobbying team joined with others to support a multiyear UC Funding Compact and provide targeted funding for UC libraries. And our FA lobbyist joined with the UC lobbyist to successfully protect the privacy of personnel files.

And, I went on, the FAs during this past year registered opposition to the proposed new APM 075 policy on dismissing incompetent faculty on the basis of lack of clear definitions of incompetence as distinguished from disability, willful misconduct, and non-meritorious performance. We also objected to the diminished role of P&T to protect faculty rights in early termination cases. And we helped fight for improvements in health care in the year

2000. In particular, we urged that the options available always include a Point of Service Plan, that UC adopt some form of risk adjustment in pricing plan premiums and incorporate better pharmacy and out-of-area coverage.

By this point, I had lost two out of three of my audience, and my remaining colleague was looking longingly down the hall. I let him go and returned to my office feeling somewhat dispirited about fighting the good fight. But later that afternoon a new faculty member knocked on my door." Professor X (one of my colleagues from the morning session) told me to talk to you about joining the Faculty Association. He said it might help me to buy a house."

The fight goes on.

## **1999 LEGISLATIVE SESSION FINAL FA REPORT --HIGHLIGHTS**

**See the full report on the FA website at <http://home.pacbell.net/ucfa/legrept99.html>**

On June 29, 1999 Governor Davis signed the 1999-2000 state budget which provided a state General Fund appropriation for the University of California of \$2.7 billion--an increase of 7.5% over 1998-99. Items of particular interest to the faculty and which reflected the FA lobbying team's priorities include funding for a system-wide enrollment increase of 5,500 students (a 3.7% increase over 1998-99), and a general salary increase for Academic Senate faculty of 2.9%, made up of a 2% COLA for all employees plus a 0.9% so-called "market adjustment." Market-based salary increases for cooperative extension specialists and information technology specialists were also funded.

The 1998-99 budget included one-time appropriations totaling \$70 M for instructional technology, deferred maintenance, instructional equipment replacement, and library collections enhancement. This year the Legislature, prompted at least in part by the advocacy of our FA lobbyist, appropriated \$25 M for similar purposes (distributed 7.1 for instructional equipment, 7.1 for educational technology, 7.1 for deferred maintenance and 3.7 for library collections) and proposed that UC's base budget be increased by this amount. The Governor agreed to the proposed augmentations for 1999-2000, but in doing so he also wrote that: "Future funding for these purposes will be agreed upon with the University of California as part of the partnership agreement currently being negotiated. I expect the partnership agreement to encompass funding stability, negotiated goals, measurable performance objectives, and accountability."

### **Year Round Operation (YRO):**

In another area of great interest to the faculty, the Governor deleted a \$5.3 M legislative augmentation aimed at backfilling a reduction in summer term fees, which reduction he described as "...an interim step in moving to year-round operations." He also wrote: "I will be directing the Department of Finance to conduct a study on the feasibility and costs of year-round operations at the University of California and the California State University. This study will include an analysis of the costs and benefits of fully utilizing existing facilities on a year-round basis." In the "Supplemental Report of the 1999-2000 Budget Act" the Legislature also asked UC and CSU to conduct feasibility studies "...to examine the advantages and disadvantages of implementing year-round academic programs as one means of helping to accommodate... enrollment growth...and improve students' progress to degree." The cited passage then detailed a number of items that the feasibility studies should address. The Legislature asked the two systems to submit their studies on or before April 1, 2000, to the Governor, the Department of Finance, the Joint Legislative Budget Committee, the appropriate committees and subcommittees of each house with higher education jurisdiction, the Legislative Analyst and the California Postsecondary Education Commission.

At a very early stage in the 1999-2000 budget discussions the Council of UC Faculty Associations prepared a white paper on year-round education which was distributed to key legislators and staffers, and to the appropriate personnel in the offices of the Legislative Analyst and the Governor's Secretary of Education. In that document we identified several concerns that we suggested would need to be addressed as the state contemplated moving to year-round operation. We were delighted to find that in one form or another every one of them appears on the Legislature's issues list. And for the moment the legislative bills mandating YRO have stalled in the Legislature.

### **Key Legislative Bills:**

UCSF/Stanford Merger: AB 1070, legislation to leverage state funds for medical student education to gain federal funding for UC hospitals, was stalled in the Legislature due to concerns from Bay Area legislators regarding the financial plight of the new UCSF/Stanford merger and the nature of their proposed recovery plan. Ultimately, the medical education funding was secured for one year through a budget trailer bill. Assemblymember Migden introduced a bill (AB 50) to require legislative oversight of the merged entity; it was held in committee, but the legislators pushed for a state audit and formed a legislative oversight committee to discuss the audit results. Warren Gold, Chair of the FA at UCSF, and his colleagues became actively involved in the debate over whether to dissolve the merger and his comments regarding the merger were quoted in several newspaper articles. (For

more information about their actions, see the UCSF Web page accessible from the CUCFA web page at <<http://home.pacbell.net/ucfa>. Our role was to keep the UCSF FA unit informed about legislative activity surrounding this complex issue.

**Personnel Files:**

At the very end of the 1999 legislative session the Council was asked by UC's Lobbyist, Steve Arditti, to assist his staff with their efforts to deal with a quote "personnel files" bill by Senator Escutia (SB 172) sponsored by the public employees' labor union AFSCME. As both we and the Administration interpreted it, SB 172 would seriously impact faculty personnel reviews at UC and other research universities in California. The Escutia bill passed the Legislature and is now on the Governor's desk. Thanks to everyone's intensive efforts, on the last day of the session a bill by Assemblymember Knox (AB 344) was passed which, if signed by the Governor, would exempt academic employees of institutions of higher education from the provisions of SB 172 should that bill become operative on or before January 1, 2000. Mr. Knox represents one of the two districts that house UCLA, and the UCLA FA urged his support in efforts to blunt SB 172. A letter from Steve Arditti to the Governor asking him to sign AB 344 if he signs SB 172 specifically notes the support of: "the UC Faculty Association, Stanford University, the University of Southern California, and the Association of Independent California Colleges and Universities." UPDATE: Oct. 15, 1999: The Governor vetoed SB 172 and signed AB 344.

**HEERA Hearing:**

On August 18, 1999, the Council of UC Faculty Associations was a significant participant in a hearing on HEERA that was held by the Senate Education Committee. We arranged for the "keynote" appearance of Professor Emeritus David Feller (Law, UCB), one of the acknowledged "fathers" of the Act and the first Council Chair. Professor Robert Meister (Politics, UCSC) from the Santa Cruz FA testified to the inadequacy of the current law when bargainable dealings with the University are at an impasse--which at the moment is true of some parking matters at UCSC--and Professor Mary Ann Mason (Social Welfare, UCB), the current Council Chair, spoke briefly about the role of the FA's on other UC campuses.

**See the FA website for more on the 1999-2000 UC Budget History, Compact Negotiations, Outreach Funding, Fair Share Fees, and Master Plan Review**

