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ABSTRACT

The faculty structure and salary schedule of California State University were assessed. After tracing the history of the trustees' efforts to revise the faculty structure since 1961, the report compares the university's current salary schedule to those of comparison institutions. The way the comparison colleges allocated increased 1984-1985 salary funds is also described. Problems with the university's salary structure and ways that it differs from comparison institutions are: (1) it lacks salary overlap among its three ranks; (2) it has short salary ranges for each of these ranks; (3) it has only five salary steps within each of these ranges; (4) it is unable to recognize market differences among most disciplines; and (5) it offers only limited recognition of meritorious service. The following deleterious effects of the university's salary structure on faculty hiring and promotion are identified: excessive hiring of faculty at advanced ranks; virtually automatic salary increases; compaction of the faculty at the highest professorial step; and noncompetitive salaries in high-demand disciplines and high costs in other fields. Finally, changes that could improve the salary structure and salary administration of the university are identified. (SW)

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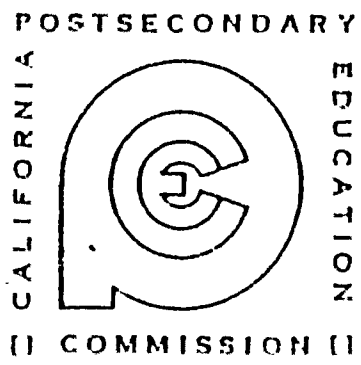
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EFFECTS OF FACULTY CLASSIFICATIONS AND SALARY SCHEDULES ON FACULTY HIRING AND PROMOTION AT THE CALIFORNIA STATE UNIVERSITY

HE 018 692



CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

The California Postsecondary Education Commission was created by the Legislature and the Governor in 1974 as the successor to the California Coordinating Council for Higher Education in order to coordinate and plan for education in California beyond high school. As a state agency, the Commission is responsible for assuring that the State's resources for postsecondary education are utilized effectively and efficiently, for promoting diversity, innovation, and responsiveness to the needs of students and society, and for advising the Legislature and the Governor on statewide educational policy and funding.

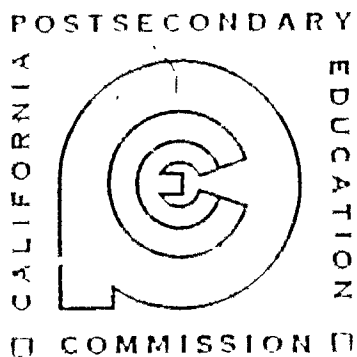
The Commission consists of 15 members. Nine represent the general public, with three each appointed by the Speaker of the Assembly, the Senate Rules Committee, and the Governor. The other six represent the major educational systems of the State.

The Commission holds regular public meetings throughout the year at which it takes action on staff studies and adopts positions on legislative proposals affecting postsecondary education. Further information about the Commission, its meetings, its staff, and its other publications may be obtained from the Commission offices at 1020 Twelfth Street, Sacramento, California 95814 telephone 916/445-7933.

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EFFECTS OF FACULTY CLASSIFICATIONS AND SALARY SCHEDULES
ON FACULTY HIRING AND PROMOTION AT THE
CALIFORNIA STATE UNIVERSITY

A Report to the Legislature in Response to Supplemental
Language in the 1984-85 Budget Act



CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
1020 Twelfth Street, Sacramento, California 95814

Commission Report 85-24

Adopted April 15, 1985

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INTRODUCTION

In Item 6420-001-001(5) of the 1984-85 Supplemental Budget Report, the Legislature directed the Commission to study how the California State University's faculty classifications and salary schedules for those classifications relate to hiring and promotion. It instructed the Commission to consult on the study with the State University and its faculty bargaining unit representative and to submit a report to the fiscal committees and the Joint Legislative Budget Committee by January 1, 1985.

The Commission reviewed a prospectus for the study on September 7, 1984, but because an impasse had been declared in collective bargaining between the State University and the California Faculty Association, it alerted the legislative committees that it might not be able to consult with officials of the State University and the Faculty Association and complete the study by the January due date. After eight months of bargaining, the State University and the Faculty Association ratified the 1984-85 contract on December 14, and thereafter Commission staff proceeded with the study in cooperation with the State University and the Association.

Officials of the State University provided staff with needed data on salaries, recruitment, retention, and promotion, and Commission staff surveyed the State University's comparison institutions about their use of overlapping salary schedules; the number of discrete salary steps they use in each range, if any; and the frequency of using increases in rank rather than in salary as incentives. Where necessary, it verified their salary data with that gathered by Maryse Eymonerie Associates of Fairfax, Virginia -- the processor of salary data for the annual faculty salary surveys of the American Association of University Professors.

Meanwhile, a Technical Advisory Committee comprised of representatives of the Commission, the Department of Finance, the Office of the Legislative Analyst, the State University, and the University of California had begun a review of the methodology for the Commission's annual faculty and administrative salary comparisons for the State University and the University -- and, in particular, the appropriateness of the current list of 20 comparison institutions for the State University. It has now agreed on changes in this list of comparison institutions (California Postsecondary Education Commission, 1985), and salary data were gathered from new institutions in the proposed group of 20 for use in this report along with comparable data from the current list.

While the Legislature's Supplemental Language directed the Commission to study the effects of the State University's faculty classifications as well as its salary schedules on hiring and promotion, the Commission has concluded from its review that the State University's four faculty classifications -- instructor, assistant professor, associate professor, and professor -- have far less impact on its hiring and promotion problems than does its salary schedules. As a result, most of this report focuses on issues of salary structure rather than of faculty classification.

This report is divided into four sections:

- Chapter One traces the history of the many attempts made by the Trustees of the State University to revise the faculty structure they inherited from the Department of Education when the California State College system was established in 1961.
- Chapter Two compares the State University's present salary schedule to its current and proposed comparison institutions and describes how those institutions allocated increased salary funds for 1984-85.
- Chapter Three describes the deleterious effects of the State University's salary structure on faculty hiring and promotion -- the major concern of the Legislature in its request for the study.
- And Chapter Four identifies the essential characteristics of a desirable faculty salary structure.

The Commission wishes to acknowledge the cooperation of the Office of Faculty and Staff Relations in the Office of the Chancellor of the California State University and that of the California Faculty Association, and, in particular, the assistance of Mr. Thierry Koenig of the State University, and of William Crist, president of the Association, in consultations on this report.

ONE

PAST EFFORTS OF THE CALIFORNIA STATE UNIVERSITY TO REVISE ITS SALARY STRUCTURE

In the 24 years since the creation of the California State University system, its Trustees have had little success in changing its civil-service type faculty classification and salary structure that they inherited from the State Board of Education and that dates back to the 1940s.

Over these years, the Trustees have made numerous efforts to implement a classification and salary structure that is more consistent with those of other institutions of higher education, involving overlapping salary ranges by rank, flexibility of salary steps, and relating salary adjustments to merit. But their four major efforts in this direction -- the first initiated by the Coordinating Council in 1970, and subsequent efforts by the Trustees in 1972, 1980, and 1981 -- failed because special funding for these changes was not provided by the State.

Only during the past two years were changes in the salary structure negotiated through collective bargaining that permitted increased salaries in certain hard-to-hire disciplines and that set aside funds for special merit awards. But no general changes in the salary structure that apply to all faculty have yet been implemented by the Trustees.

This chapter describes the salary structure that the Trustees inherited and their attempts over the past two decades to change it.

THE FACULTY CLASSIFICATION AND SALARY STRUCTURE INHERITED BY THE TRUSTEES IN 1961

When California's "State College System" was created on March 1, 1961, under provisions of the 1960 Master Plan for Higher Education, its Trustees inherited from the State Board of Education a faculty classification and salary structure that consisted of the commonly used four ranks of instructor, assistant professor, associate professor, and professor, with five salary steps in each rank. The salary ranges for instructors and assistant professors overlapped by three steps, and the top step for assistant professor was the same as the bottom step of the salary range for associate professor, but the salary ranges for the three professorial ranks did not overlap. The most unique feature of the salary structure was its two classes -- Class I for faculty who did not possess a doctoral degree, and Class II for those who did -- with a 5-percent differential at each step between the two classes.

Prior to the creation of the State College System, salaries at the State Colleges had not been seriously out of line with those paid by other comparable colleges elsewhere in the country -- for example, they averaged only \$51 less than those of a comparison group of nine institutions as of 1956-57. But by 1958; the State Personnel Board had authorized hiring above the first step in each rank in order to alleviate the growing faculty hiring problem, and it warned that "the need to continue to pay a starting salary above the minimum of the range suggests that the range is too low" (California State University, 1964, p. 5).

By the late 1950s, the State Colleges were having to hire 70 percent of their new assistant professors at or above the third or middle step of the five-step schedule for this rank, and by 1961-62, only 16 percent of all faculty were being hired as instructors, compared to 33 percent in 1954-55. The new Trustees of the State College System sensed that this upward shift in the use of ranks for recruitment was symptomatic of the need for an overall revision of the system's salary structure. Thus in December 1962, together with the presidents of the campuses and faculty representatives, they released a report that, among other things, sought funding for changes in the salary structure.

EFFORTS AT CHANGE FROM 1962 TO 1969

The December 1962 plan called for an interim salary structure revision to be implemented as of July 1, 1964, that would (1) reduce the five salary steps to four for the rank of instructor; (2) increase the steps from five to seven for assistant professor; and (3) increase to eight the steps for associate professor. The Trustees were advised that this structural change could not be funded. In December 1963, the Trustees thus passed a resolution approving only an additional sixth step for the ranks of assistant and associate professor. This sixth step was also not funded. Meanwhile, 1963-64 salaries at the State Colleges fell \$933 below the average of the institutions used by the Coordinating Council for Higher Education in its new series of annual salary reports. By 1964-65, the lag increased to \$1,078, or approximately 15 percent.

In 1965, the Trustees again agreed that additional steps at each rank would reduce the pressure to promote in rank for salary increase purposes. Again they limited their request to the addition of extra steps for the assistant and associate professor ranks; but once again this special request was turned down.

By 1966, the State found itself in the midst of a fiscal crisis, and the Legislature and Governor took a number of actions to reduce budgets:

- State agencies (including the State Colleges) were advised about proposed reductions in their requested 1967-68 support levels -- despite the need for a 13.5 percent increase in average State College salaries in order to remain competitive with comparable institutions.

- Authorizations for new faculty were placed under a moratorium pending action by the new State administration -- despite the fact that the State Colleges had 1,600 vacant faculty positions.
- Restrictions were placed on promotions so that no more than 60 percent of the colleges' faculty could be in the upper-two ranks.
- Because more than 66 percent of the assistant professor appointments in 1966 were made at the third step or above, this limit on the percentage of faculty in the upper-two ranks resulted in "compaction" with 1,330 of the 2,957 assistant professors being at the top salary step for their rank. The Trustees thus sought salary schedule increases of 18.5 percent that would make first- and second-step recruitment feasible -- but received only a 6.6 percent increase. Not coincidentally, although the Master Plan had projected faculty turnover at the State Colleges to remain about 6 percent, by 1966-67 it had climbed to 10.6 percent.

EFFORTS FROM 1969 TO 1980

By 1969, all four faculty membership organizations at the State Colleges -- the American Federation of Teachers, the California State Employees Association, the Association of California State College Professors, and the California College and University Faculty Association -- were pressing demands for collective bargaining and seeking larger salary increases than the Trustees. The latter two placed their members on "sanctions alert" and sought salary increases of 20 percent and a 50 percent increase in benefits.

A major thrust to restructure the salary schedule of the State Colleges took place in 1969-70. In May 1969, the Coordinating Council directed its staff to commence work with the State Colleges on revising the schedule, and staff discussions during July and August 1969 used as a model the salary structure of the University of California, which included two- and three-year waiting periods between steps within ranks and salary overlap among ranks for movement to higher steps. It was also proposed to move away from the existing five-step salary range for each rank, which had been used on a "lock-step" basis to grant step increases virtually automatically until faculty members either reached the fifth (top) step or were promoted to a higher rank.

After consultation with the Academic Senate and the Council of State College Presidents, Chancellor Dumke recommended and the Trustees adopted the following resolution, which contained four fundamental principles developed by the Coordinating Council and State College staff (The California State University, 1970, p.5):

RESOLVED, By the Board of Trustees of the California State Colleges, that any new salary schedule shall embody the following four principles: (1) elimination of Class I; (2) overlapping of salary ranges by rank; (3) flexibility of use of salary steps; and (4) evaluation for merit increases, details to be determined upon completion of the Board's study on the retention and procurement of a quality faculty; and be it further

RESOLVED, That the Coordinating Council for Higher Education and the Governor be urged to recommend, and the Legislature be urged to provide, funds equal to at least a 2.7% salary budget increase for 1970-71, solely to convert to a new salary structure effective September 1, 1970, and thereby improve the competitive position of the California State Colleges; and be it further

RESOLVED, That in accordance with Board policy, the implementation of structural changes will include adjustments which recognize the interrelationship between the salaries of teaching faculty (the key class) and other schedules in the academic salary group, including appropriate differentials for academic-administrative positions

In addition, the Trustees, supported by the Academic Senate, requested an additional 10.2 percent salary increase to achieve parity. Despite the cooperation of Trustees, administrators, and faculty, however, their efforts were unproductive: The faculty of neither the California State Colleges nor the University of California received salary increases, although all other State employees, including support staff at the State Colleges and the University, were granted a 5 percent cost-of-living increase.

Then an ad hoc committee comprised of members of the Academic Senate, the Council of Presidents, and Chancellor's Office staff continued to develop details of the new revised salary structure and faculty evaluation procedures that would be necessary to relate salary adjustments to merit. Their plan, endorsed by the Presidents and the Academic Senate, and affirmed by a referendum of the general faculty during June 1970 and approved by the Trustees in November, elaborated on the four principles of the resolution as follows:

1. Elimination of Class I: Class I and Class II designations of faculty would be eliminated and all faculty members would be moved to a single class. Distinctions for those professors who did not hold the doctorate may still be made, as warranted, by step placement and rank designation.
2. Overlapping of Salary Ranges by Rank: Three additional steps of approximately 5 percent were to be added to the assistant professor, associate professor, and professor ranks to provide a three-step overlap between the salary schedules of these three ranks and extend the professor range by three steps. This feature would allow salary advancement without change of rank, thus providing a means for greater flexibility in personnel decisions.
3. Flexibility of Use of Salary Steps: Flexibility would be increased by providing that in any year in which a merit evaluation was required, the increment increase could be denied or granted, and more than one increment could be awarded, based on individual performance.
4. Evaluation for Merit Increases: The most important new feature of the proposed salary structure, according to the Trustees, was its introduction of the requirement of performance reviews and merit evaluation before movement to certain designated steps. These reviews were to follow the processes then followed for faculty retention, promotion, and tenure

evaluations. For the rank of instructor, review was to be required before advancement to Steps 2, 3, 4, and 5; for assistant professor, before Steps 3, 5, 6, 7, and 8; for associate professor, before Steps 4, 6, 7, and 8; and for professor, before Steps 4, 6, 7, and 8. The schedule introduced a stated normal occupancy period of two years in Steps 6 and 7 of the associate professor rank and three years for Steps 5, 6, and 7 of the professor rank.

The Trustees again requested additional funds to implement the new salary schedule in the 1971-72 budget, but the denial of any salary increases by the Legislature and the Governor precluded its adoption.

In November 1971, the Trustees reaffirmed the need for the new salary structure and proposed the schedule shown in Table 1 below to remove what was commonly known as the "squiggle" -- an uneven interval of 4 percent between Step 5 assistant professors and Step 1 associate professors, rather than the preferred 5 percent -- which had resulted from fiscal constraints in 1966 that had necessitated a mid-year reduction of approximately 1 percent in the salaries of associate professors and professors.

The Trustees requested \$1.9 million from 1972-73 academic salary inequity funds to permit initial implementation of the proposed schedule, and they

TABLE 1 Existing and Proposed Salary Schedules for California State University Faculty by Rank, 1972-73

INSTRUCTOR		ASSISTANT PROFESSOR				ASSOCIATE PROFESSOR				PROFESSOR					
Existing ¹		Proposed		Existing ¹		Proposed		Existing ¹		Proposed		Existing ¹		Proposed	
Class I	Class II			Class I	Class II	w/Squiggle	w/oSquiggle	Class I	Class II	w/Squiggle	w/oSquiggle	Class I	Class II	w/Squiggle	w/oSquiggle
\$ 9,096		9,096(T)													
9,584	9,584	9,574													
10,020	10,020	*10,020		10,020		10,020(T)									
10,536	10,536	*10,536		10,536	10,536	10,536	10,536								
11,052	11,052	*11,052		11,052	11,052	11,052	11,052								
	11,616	*11,616		11,616	11,616	*11,616	*11,616								
				12,192	12,192	12,192	12,192								
					12,792	*12,792	*12,792	12,600		12,600(T)	12,792(T)				
						*13,208	*13,440	13,308	13,308	13,308	13,440				
						*13,980	*14,180	13,980	13,980	13,980	14,100				
						*14,664	*14,838	14,664	14,664	14,664	14,800				
								15,408	15,408	*15,360	*15,840				
									16,164	16,164	16,220	16,164		16,200(T)	16,200(T)
										*16,920	*17,136	16,920	16,920	17,112	17,112
										*17,856	*17,988	17,856	17,856	17,988	17,988
										18,732	18,732	18,732	18,732	18,888	18,888
										19,656	19,656	19,656	19,656	*19,824	*19,824
											20,664	20,664	20,664	20,820	20,820
												21,720	21,720	*21,924	*21,924
												22,824	22,824	*23,064	*23,064
												23,964	23,964	*24,216	*24,216

¹As of 10/1/72.
²Other salary schedules for the State University System are available from the Office of the State Controller, Department of Finance, Sacramento, California.
³Salary review for 1972-73 is in progress.
⁴By mid-June 1972.
⁵See annual report, 1972-73.

Source: The California State University, 1973, p. 38.

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asked that \$1.4 million in the second year and \$1 million in the third year be authorized to complete its implementation. No funds were provided to accomplish the changes, and the 1972-73 Budget Act prohibited use of salary increase funds "for the purpose of funding or partially funding a revised salary structure."

The Trustees repeated their request for 1973-74 but again were denied. Thereafter, they discontinued until 1980 their request of funds for the purpose of overall salary-structure revision and concentrated instead on four specific changes: (1) elimination of the Class I-Class II salary schedule distinction, (2) removal of the 60/40 upper lower-rank ratio limitation, (3) increases in fringe benefits, which had fallen behind the average of comparison institutions by 44.7 percent (approximately 5.3 percent of salary), and (4) reinstatement of a 5-percent salary differential for department chairpersons and 12-month administrative faculty that had been paid during 1972-73 from salary inequity funds in the 1972-73 Budget Act but that had been deleted by the Legislature from the Governor's Budget for 1973-74.

Several actions by the Legislature and the Governor in 1974-75 accomplished the first three of the Trustees' objectives:

- Effective August 30, 1974, the Trustees were permitted to set aside \$1.4 million to delete the Class I range from the faculty salary schedule.
- The Legislature adopted ACR 70 (Meade), expressing its intent that promotions within the State University and Colleges be made on the basis of merit and ability. Subsequently, Chancellor Dumke instructed campus presidents that promotion actions for 1974-75 should be taken within budgeted funds based solely on the basis of merit and ability without regard to the 60/40 limit.
- And by passing SB 1764 (Berryhill), which granted substantial improvements in fringe benefits for all State employees, the Legislature provided approximately \$7.8 million for improvements in health insurance, life insurance, disability leave, and retirement benefits for State University academic employees -- an amount equivalent to 3 percent of their average salary.

EFFORTS DURING THE 1980s

The years of 1979 through 1981 proved a period of transition for faculty personnel practices at the State University. The Higher Education Employer-Employee Relations Act went into effect on July 1, 1979, and it presented many challenges to the State University's personnel system.

In September 1980, Chancellor Dumke proposed a revised faculty salary schedule to the Trustees, citing the increasing difficulty which the State University faced in rewarding merit and recruiting new faculty into high-demand disciplines, particularly in business administration, computer science, engineering, and nursing. The schedule, reproduced in Table 2 on the next page, would have made four changes in the existing salary structure:

TABLE 2 Existing California State University Faculty Salary Structure for 1980-81 and September 1980 Proposal for the 1981-82 Salary Structure

1980-81 Salary Structure		Provide additional steps for "distinguished" professors	
		Distinguished Professor	42,672
			41,664
			40,692
			39,732
			38,808
			37,896
			37,006
			36,144
			35,304
	34,476		34,476
	32,892		33,672
	31,380		32,892
Professors	31,380	31,380	32,124
	29,940	30,648	31,380
	29,940	29,940	30,648
	29,244	29,244	29,940
	28,560	28,560	29,244
		27,900	28,560
		27,252	27,900
	27,252		27,252
	25,004		26,628
Associate Professors	24,823		26,004
		24,828	25,404
		24,252	24,828
	23,700	23,700	24,252
		23,148	23,700
	22,620	22,620	23,148
		22,104	22,620
		21,600	22,104
	21,600		21,600
Assistant Professors	20,616		21,096
	19,692	19,692	20,616
		19,248	20,148
	18,804	18,804	19,692
		18,384	19,248
Instructors	17,964	17,964	18,804
		17,556	18,384
	17,160	17,160	17,964
		16,776	17,556
	16,392	16,392	17,160

Source: The California State University, 1980.

- Inserted an additional step between each existing step, thus creating merit steps of 2.5 percent rather than 5 percent;
- Increased the upward range of each rank;

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- Restricted movement above the top steps of the existing schedule by subjecting the first five steps of these new levels to merit review, approval of the campus president, and availability of funds; and
- Included three additional steps above professor to be reserved for distinguished professors.

During Fall 1980, Chancellor Dumke conferred with the Academic Senate, employee groups, faculty members, and presidents about the plan and, because of a lack of agreement on it, presented the three alternative salary structures to the Trustees in January 1981 that are displayed in Table 3.

TABLE 3 Existing California State University Faculty Salary Structure for 1980-81 and January 1981 Proposals for the 1981-82 Salary Structure

1980-81 Salary Structure	OPTION I			OPTION II			OPTION III		
	MEETING COMPETITION IN THE MARKETPLACE			REWARDING FACULTY FOR MERITORIOUS PERFORMANCE			MEETING THE COMPETITION OF THE MARKETPLACE AND REWARDING MERIT		
	Add steps to major ranks to increase range of salaries available			Add half-steps to increase the range of rewards possible to 2%, 5, or 7 1/2%			Add new half-steps to major ranks to increase range of rewards possible		
		39,732			39,732			39,732	
		37,896			38,808			38,304	
		<u>36,144</u>			37,896			37,496	
		34,476			37,008			37,008	
					36,144			36,144	
					<u>35,304</u>			<u>35,304</u>	
					34,476			34,476	
					33,672				
					32,892				
					32,124				
Professors-	31,380	31,380	31,380	31,380	31,380	31,380	31,380	31,380	31,380
					30,648			30,648	
					29,940			29,940	
					29,244			29,244	
					<u>28,560</u>			<u>28,560</u>	
					27,900			27,900	
					27,252			27,252	
					26,628			26,628	
					26,004			26,004	
					25,404			25,404	
Associate Professors-	24,828	24,828	24,828	24,828	24,828	24,828	24,828	24,828	24,828
					24,252			24,252	
					23,700			23,700	
					23,148			23,148	
					<u>22,620</u>			<u>22,620</u>	
					22,104			22,104	
					21,600			21,600	
Assistant Professors-	20,916	20,916	20,916	20,916	20,916	20,916	20,916	20,916	20,916
					20,148				
					19,692			19,692	
					19,248			19,248	
					18,804			18,804	
					<u>18,384</u>			<u>18,384</u>	
Instructors-	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964	17,964
					17,556				
					17,160			17,160	
					16,776				
					<u>16,392</u>			<u>16,392</u>	

Source: Adapted from The California State University, 1981, pp. 5-7.



- Option I was designed to meet the competition of the marketplace by adding several 5-percent steps to the existing schedule -- five for assistant professor, and three for associate and full professor.
- Option II, like Chancellor Dumke's September proposal, sought to reward faculty for meritorious performance by extending the schedule upward in the three professorial ranks and increasing the number of steps by using increments of 2.5 percent. Annual merit reviews conducted in accordance with Trustee criteria for retention, tenure, and promotion could result in increases of one, two, or three salary steps and thus of 2.5, 5, or 7.5 percent. Unlike the September proposal, however, neither Option II nor the other options proposed creation of "distinguished professor" steps.
- Option III claimed to offer both the opportunity to meet the competition of the marketplace and to reward merit. It combined the existing 5 percent increments with extended ranges having 2.5 percent increments. Movement up the lower steps would continue to be automatic, but merit reviews or marketplace pressures would be necessary for movement to the extended ranges.

The Trustees adopted Option III and requested an augmentation of \$1.6 million to the 1981-82 budget for its implementation. Its request was denied.

In March 1982, the Trustees adopted two "annotations" of the existing salary schedule -- one directed toward improved recruitment, whereby new faculty hired at the level of assistant professor in certain disciplines could be placed, if necessary, at associate professor levels for salary purposes only; and the second directed toward improved retention, whereby top-step assistant professors could be advanced to the first salary step of Associate Professor while retaining their rank of assistant professor.

The Trustees sought funds to implement these two annotations from April 1, 1982, until June 30, 1983 either from the "Investment in People" program or through special legislative action, but neither of these sources materialized. The Legislature added Supplemental Language to the 1982-83 Budget Act precluding the use of Investment in People funds to augment faculty salaries except when additional work was provided and prohibiting top-step assistant professors from being advanced to the first salary step for associate professor without a change in rank. The Legislature further stated, "CSUC shall not add additional steps or step advancement procedures to the 1981-82 faculty salary schedule because specific funds for such purpose have not been provided by the Legislature," and "It is further the intent of the Legislature that proposed alternatives to the current faculty pay schedule be determined through the appropriate collective bargaining process" (Supplementary Report, Item 6610-001-001, Number 6).

In 1983, the Trustees and the California Faculty Association came to an agreement on their first collective bargaining contract, which (1) added two 5-percent steps above Step 5 for the ranks of assistant professor and associate professor and four steps above Step 5 for the rank of professor, subject to specific legislative appropriation for this purpose; (2) established merit service awards of \$1,500 that could be given for documentable meritorious

service to no more than 10 percent of the full-time faculty at each campus; and (3) created "market-condition salary supplements" that could be paid to faculty to ameliorate critical recruitment and retention problems of departments or teaching specializations, so long as these supplements did not exceed 10 percent of the salary savings obligation in 1983-84 and future obligations contingent on categorical funds to be provided by the Legislature. The Legislature, however, appropriated a lump sum for salary increases, which the Trustees and the Association considered as a denial of those elements for which they had sought special funding. Nonetheless, in accordance with the contract, the Trustees granted 110 market-competition salary supplements and 547 merit service awards in 1983-84.

For 1984-85, the Legislature and Governor approved (1) sufficient funds for a 10-percent general compensation increase for all employees of the State University, effective July 1, 1984; (2) \$1.9 million for faculty compensation increases for market condition salary supplements in hard-to-hire disciplines, effective July 1, 1984; and (3) \$2.92 million for a special 1-percent faculty salary increase effective January 1, 1985.

After eight months of intensive bargaining, the Trustees and the Faculty Association reached an agreement that (1) provided a 9-percent faculty salary raise retroactive to July 1, with additional 0.5-percent raises on January 1 and June 30, 1985; (2) set aside \$1.5 million for 600 one-time awards of \$2,500 each for meritorious performance in 1984-85; and (3) specified that \$1.9 million would be used for additional salary increases for faculty in the three high-demand fields of business administration, computer science, and engineering. This special salary schedule represents a salary differential of 22 percent for assistant professors, 11 percent for associate professors, and 8 percent for professors. Because the \$1.9 million is insufficient to include all faculty in these three hard-to-hire disciplines, the contract calls for an additional \$3.175 million for full implementation of the special schedule in 1985-86 and the same amount for 1,270 additional one-time merit awards for that year.

CONCLUSION

Thus, 24 years after the creation of the State College system, the State University still operates under the general salary structure that it inherited from the State Board of Education in 1961. Apart from the recent changes to permit higher salaries for faculty in hard-to-hire-disciplines than for other faculty, and to offer one-time merit awards, the Trustees have succeeded in making only two major changes in the salary structure: They won approval to abandon the two-class salary schedule for doctorates and non-doctorates that had dated back to the 1940s, and they overcame the 60 percent limit on upper faculty ranks that the Legislature had adopted in 1967.

The problem cannot be attributed merely to legislative or gubernatorial intransigence. The Trustees have, by and large, had the flexibility to use increased salary funds however they deemed best -- whether for across-the-board

increases or for revisions in the salary schedule, but because of rampant inflation over the past decade the Trustees were moved to grant these increases across the board. The Legislature and Governor have seldom specified how these increases had to be used, but because the Trustees consistently requested special funds to implement changes in the salary structure, rather than using increased salary funds for this purpose, no action was taken to change the salary structure; and in at least two instances, the Legislature stated specifically that increases in the salary budget could not be used to implement a revised salary schedule. As a result, while the State University's average faculty salaries have generally been competitive with those of comparable institutions, its salary structure has never been competitive with them.

TWO

INADEQUACIES OF THE STATE UNIVERSITY'S SALARY STRUCTURE

The State University's salary structure differs in five major ways from those of its comparison institutions that pose problems for it in faculty recruitment and promotion: (1) it lacks salary overlap among its three professorial ranks; (2) it has short salary ranges for each of these ranks; (3) it has only five salary steps within each of these ranges; (4) it is unable to recognize market differences among disciplines beyond the three hard-to-hire fields of business administration, computer science, and engineering; and (5) it offers only limited recognition of meritorious service. This chapter compares the State University's salary structure on these five characteristics with those of its comparison institutions.*

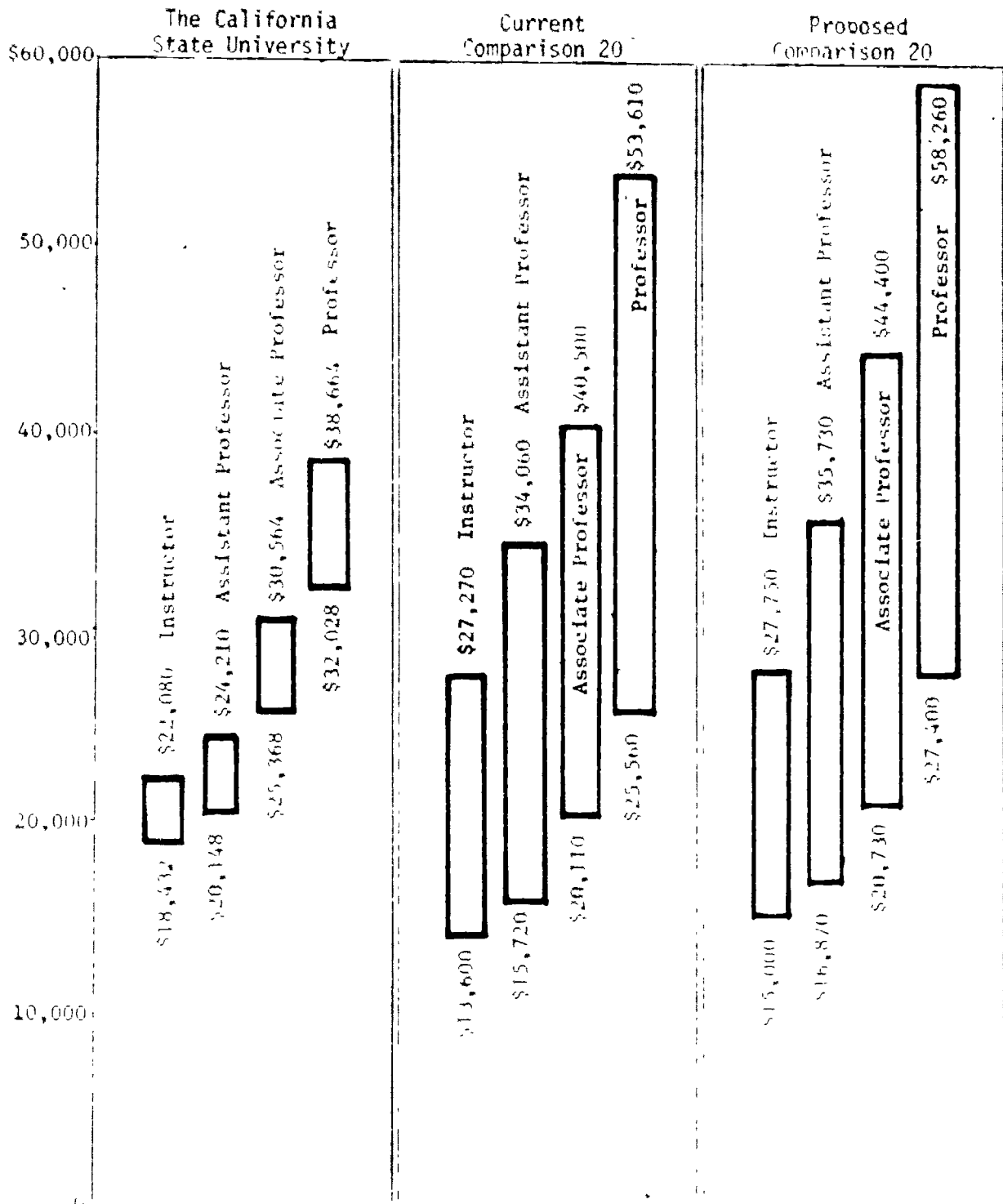
LACK OF SALARY OVERLAP

Although the State University's salaries overlap at the instructor and assistant professor ranks by three steps, no overlap exists among the ranks of assistant professor, associate professor, and professor. Figure 1 on page 16 shows that as of 1983-84 -- the latest year for which comparable national data have been available -- salaries for instructor began at \$18,432 and rose to \$22,080, while those of assistant professor ranged from \$20,148 to \$24,216; associate professor went from \$25,368 to \$30,564; and professor covered from \$32,028 to \$38,664 -- resulting in a \$3,648 overlap between instructor and assistant professor, but gaps of \$1,158 and \$1,464 respectively between the professorial ranks.

*The current comparison group consists of Bowling Green State University; Illinois State University; Indiana State University; Iowa State University; Miami University (Ohio); Northern Illinois University; Portland State University; Southern Illinois University; the State University of New York at Albany; the State University of New York College at Buffalo; Syracuse University; the Universities of Colorado (Boulder), Hawaii, Nevada (Reno), Oregon, Southern California, and Wisconsin (Milwaukee); Virginia Polytechnic Institute and State University; Wayne State University; and Western Michigan University.

The proposed list consists of Arizona State University; DePaul University; Georgia State University; Lewis and Clark College; Mankato State University; North Carolina State University; Rutgers-The State University of New Jersey (Newark); the State University of New York at Albany; the Universities of Bridgeport, Colorado (Denver), Miami (Florida), Nevada (Reno), Southern California, Texas (Arlington), and Wisconsin (Milwaukee); Virginia Polytechnic Institute and State University; and Wayne State University.

FIGURE 1 Salary Ranges for Instructional Ranks of the California State University and Average Salary Ranges of Its Current and Proposed Comparison Institutions, 1983-84



Note: California State University salary ranges are shown in solid lines, while the others are average for the academic year.

Source: California State Board of Education, Commission on Higher Education, 1983-84.

In contrast, all of the State University's current and proposed comparison institutions use overlapping salary ranges for their professorial faculty. In these institutions there exists sufficient flexibility for some assistant professors and associate professors to earn salaries that are higher than those of some professors. The extent of these overlaps is evident from Figure 1, which shows the average low and high salaries among these institutions for each of their four ranks -- not, it should be emphasized, merely the low salary of the lowest-paying institution and the high of the highest-paying. (The range of the comparison group salaries for professors actually extends higher than Figure 1 indicates, for the reason that the categories on the survey forms by which these data were collected extend only to \$60,000; but six of the existing 20 comparison institutions pay some professors more than \$60,000, as do 10 of the proposed comparison group.)

As can be seen from Figure 1, the State University's current comparison institutions have average overlaps of \$11,550, \$13,950, and \$19,940 among their four ranks. Particularly significant, their average maximum for instructor (\$27,270) and for assistant professor (\$34,060) exceed their average minimum salary for professor (\$25,560) by \$1,710 and \$8,500, respectively.

Similarly, the proposed group of 20 comparison institutions has overlaps of \$10,880, \$15,000, and \$17,000 among their four ranks, and the average high salary for instructor exceeds the average low salary for professor by \$350, while their average high for assistant professor exceeds this low for professor by \$8,330.

This means that the State University's comparison institutions can recruit and reward their faculty members with salaries that are not linked to specific professorial ranks -- and thus do not need to offer unjustified increases in rank as the only way to keep their salaries competitive.

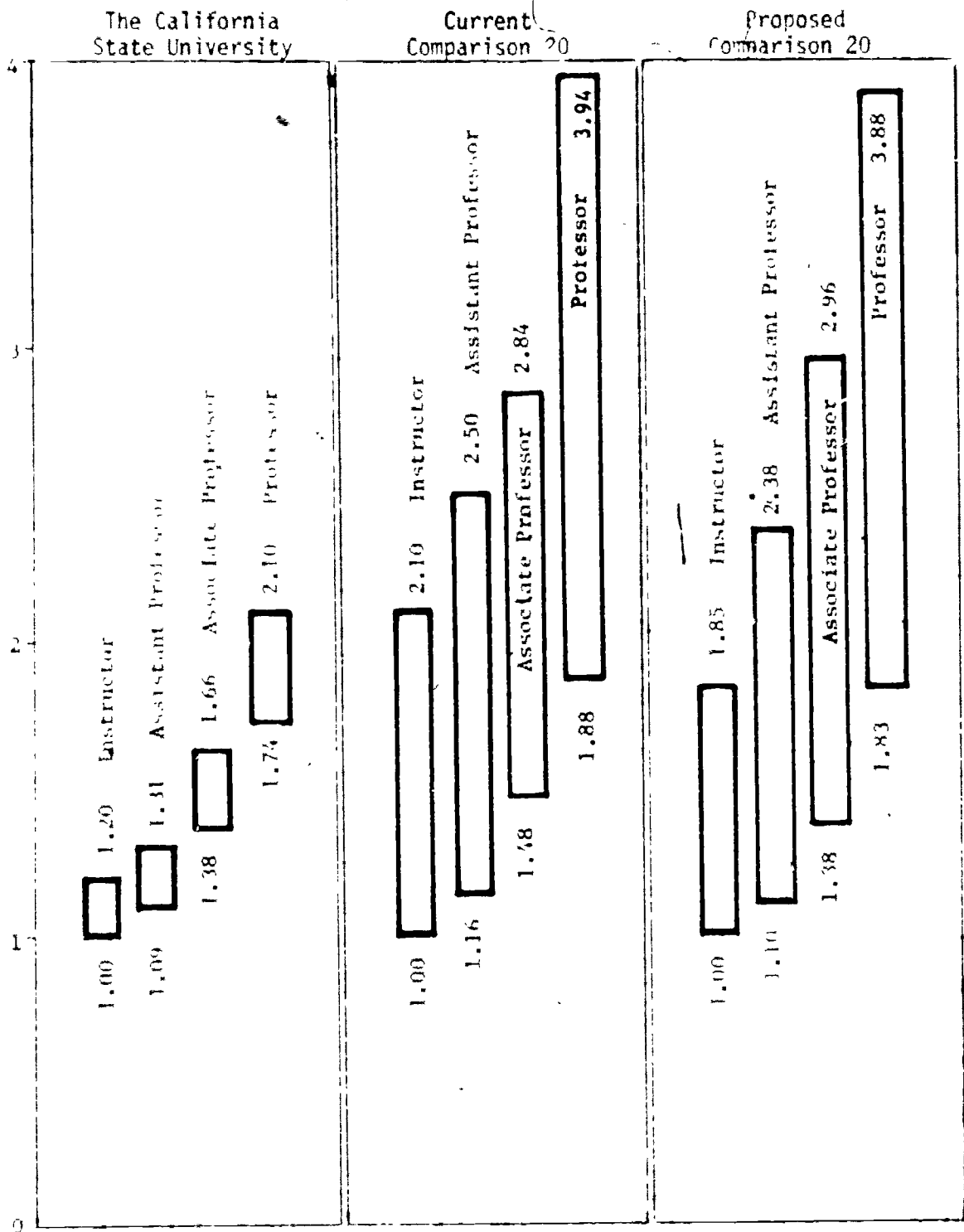
SHORT SALARY RANGES

A second characteristic of the State University's salary structure -- one that is related to its lack of salary overlap among professorial ranks is the severely limited range of salaries that can be offered for any rank. That is, the State University's salary ranges are high compressed, compared to those of competing institutions. For example, the span of its salary range for the rank of professor is only \$6,594, compared to \$28,050 and \$30,860, respectively, in its existing and proposed comparison groups.

Figure 2 on page 18 illustrates this compression by assigning the minimum salary for instructor a base value of "1" and then relating all other salary levels to this base, both for the State University and its two comparison groups. As Figure 2 shows:

- The top salary for the instructor rank at the State University is only 1.20, or 20 percent higher than the lowest salary -- compared to 2.10 or 110 percent higher for the current comparison group and to 1.85 or 85 percent higher for the proposed comparison group.

FIGURE 2 Salary Ranges of the California State University and Its Current and Proposed Comparison Institutions, 1983-84, Normalized to the Minimum Instructor Salary



Note: California State University salary ranges are a range of 10 percent, while the others are average for the academic year.
 Source: California Postsecondary Education Commission Staff Survey, 1983-84.



- For assistant professors, the State University's salaries range from 1.09 to 1.31 above the base salary for instructors -- a spread of only 22 points. But at the two groups of comparison institutions, they range between 1.16 and 2.50 and between 1.12 and 2.38 -- with spreads of 134 and 126 points each.
- For associate professors, State University salaries range from 1.38 to 1.66 above the base -- a spread of only 28 points. In contrast, at the comparison groups of institutions, they range from 1.48 to 2.84 and from 1.38 to 2.96 -- with spreads of 136 and 158 points.
- And for professors, State University salaries range from 1.74 to 2.10 above the base, with a spread of only 6 points, compared to ranges of from 1.88 to 3.94 and from 1.83 to 3.88 at the comparison groups of institutions -- or spreads of 206 and 205 points, respectively.

In the State University, the top salary for professors is only 2.1 times the lowest pay level for instructors, compared to 3.94 in the current comparison group and to 3.88 in the proposed group. As a result, the State University's comparison institutions can continue to increase their faculty members' salaries at each rank over a wider amount and, if necessary, over a longer time than can the State University, which runs out of monetary incentives earlier in the careers of its most capable professors.

FEW SALARY STEPS WITHIN EACH RANGE

The State University's regular salary structure (as well as its new separate salary scale for the three hard-to-hire disciplines) is limited to five steps for each rank and an overall total of 17 -- since three of the steps overlap at the instructor and assistant professor levels. Only half of the 20 existing comparison institutions use discrete steps. The other ten operate without specific steps. They specify the minimum salary for each rank, but they have a wide range of possibilities for salaries within the range of each rank.

Table A on page 20 illustrates the difference in this regard between the California State University and one of its current comparison institutions. It shows the number of faculty members in both the State University and the comparison institution who earned 1983-84 salaries in each of 45 \$1,000 salary intervals, from \$14,000 up to \$59,000. As can be seen, the State University steps occupied 17 of these 45 intervals. In contrast, the comparison state university used 42 intervals -- or all but three of them. As may be obvious, the greater an institution's number of salary steps or possible increments, the greater its flexibility in using salary funds and in attracting and rewarding faculty.

TABLE 4 *Distribution of Nine-Month 1983-84 Faculty Salaries at the California State University and a Comparison Institution, by Thousand-Dollar Intervals, 1983-84*

Salary Intervals	The California State University		Sample Comparison Institution								
	Rank	All Ranks	Rank		All Ranks						
58,000 to 58,999					1	1					
57,000 to 57,999					1	1					
56,000 to 56,999											
55,000 to 55,999											
54,000 to 54,999					2	2					
53,000 to 53,999					1	1					
52,000 to 52,999											
51,000 to 51,999					1	1					
50,000 to 50,999					2	2					
49,000 to 49,999					4	4					
48,000 to 48,999					4	4					
47,000 to 47,999					4	4					
46,000 to 46,999					5	5					
45,000 to 45,999					6	6					
44,000 to 44,999					10	10					
43,000 to 43,999					7	7					
42,000 to 42,999					6	6					
41,000 to 41,999					12	12					
40,000 to 40,999					12	12					
39,000 to 39,999					2	14	16				
38,000 to 38,999		4,780	4,780		3	17	20				
37,000 to 37,999					1	19	20				
36,000 to 36,999		454	454		2	22	24				
35,000 to 35,999		459	459		5	21	26				
34,000 to 34,999					3	11	11	25			
33,000 to 33,999		429	429		2	19	14	35			
32,000 to 32,999		408	408			21	9	30			
31,000 to 31,999					2	7	21	9	39		
30,000 to 30,999		1,180	1,180		5	2	19	4	30		
29,000 to 29,999		386	386		3	5	20	7	35		
28,000 to 28,999					2	2	5	27	2	38	
27,000 to 27,999		386	386		1	5	10	29		45	
26,000 to 26,999		311	311			4	14	22		40	
25,000 to 25,999		287	287		3	9	15	23		50	
24,000 to 24,999		978	978		1	5	13	14		33	
23,000 to 23,999		257	257			3	15	13		31	
22,000 to 22,999	70	200	270			7	22	4		33	
21,000 to 21,999	34	61	95		1	6	26			33	
20,000 to 20,999	35	24	59			7	24			31	
19,000 to 19,999	24		24			11	26			37	
18,000 to 18,999	13		13		1	11	9			21	
17,000 to 17,999						21	1			22	
16,000 to 16,999						8				8	
15,000 to 15,999						4				4	
14,000 to 14,999						1				1	
TOTAL	176	1,520	2,532	6,530	10,758	9	114	199	256	227	805

Note. The California State University's salaries are those after January 1, 1984.

Source. Office of the Chancellor, the California State University, and California Postsecondary Education Commission staff survey.

LITTLE FLEXIBILITY TO ADJUST TO DISCIPLINARY DIFFERENCES

Except for the three hard-to-hire disciplines of business, computer science, and engineering, the State University has no flexibility other than its four ranks and 17 salary steps to adjust to market differences among disciplines. That market differences exist even within the three high-demand fields is well known: The demand for electrical engineering and petroleum engineering faculty is considerably higher than for agricultural or civil engineering faculty, just as the market for accounting faculty is far more competitive than for business education faculty. Even though some would argue that all professors in all disciplines should receive the same compensation for similar competence, even the American Association of University Professors recognizes the reality of salary differences among disciplines. It notes in its annual survey of faculty salaries that "differences in average faculty salaries by disciplines provide few surprises to anyone who is familiar with faculty salary structures" (1982, p. 9).

The AAUP has illustrated these differences with data from the 1981-82 faculty salary survey of institutions belonging to the National Association of State Universities and Land-Grant Colleges, which show the average salaries of full professors and new assistant professors in 22 different fields as shown in Table 5 on the next page.

As can be seen, average salaries in 1981-82 for full professors cover a wide range, from \$46,310 in law down to \$30,980 for fine arts -- a difference of 49.5 percent. Average salaries of newly hired assistant professors in 1981-82 range from \$28,790 in law to \$17,290 in foreign languages -- a 66.5 percent difference.

The State University and the California Faculty Association have begun responding to this problem in 1984-85 by establishing the separate salary scale for business, computer science, and engineering. But unlike the State University, none of its comparison institutions use such separate scales for disciplines other than the two of law and medicine. Instead, they adapt to the fact of differences in scarcity and supply of faculty among disciplines through salary adjustments. This is true even at those institutions where faculty engage in collective bargaining over salaries.

At eight of the 20 existing comparison institutions and seven of the proposed comparison group, faculty members are represented by a union, but there appears to be no relationship between union representation and the nature of the institution's salary schedule.

An administrator at one of the comparison institutions states that "as is true of many institutions, this university attempts to strike a balance between the market value of various disciplines and the notion of equal pay for equal qualifications regardless of discipline." So far, however, apart from the three fields specified in the recent agreements between the State University and the California Faculty Association, the State University cannot strike such a balance.

TABLE 5 Average Salaries of Full Professors and New Assistant Professors in Institutions Belonging to the National Association of State Universities and Land-Grant Colleges, 1981-82, Listed in Descending Order of Average Salary Levels

Full Professors		New Assistant Professors	
Discipline	Average Salary	Discipline	Average Salary
Law	\$46,310	Law	\$28,790
Computer Science	38,610	Business	25,590
Business	38,480	Computer Science	25,400
Engineering	37,380	Engineering	25,200
Physical Sciences	36,210	Agriculture	21,100
Mathematics	35,770	Technical and Occupational	21,020
Interdisciplinary Studies	35,320	Public Affairs	21,010
Social Sciences	35,140	Architecture	20,950
Psychology	34,940	Library	20,680
Public Affairs	34,830	Home Economics	20,220
Biology	34,330	Physical Sciences	20,130
Technical and Occupational	34,300	Mathematics	19,870
Foreign Languages	33,730	Area Studies	19,790
Letters	33,620	Communications	19,670
Home Economics	33,360	Biology	19,640
Architecture	33,090	Education	19,240
Communications	32,840	Psychology	18,830
Area Studies	32,790	Social Sciences	18,730
Agriculture	32,680	Interdisciplinary Studies	17,950
Education	32,510	Fine Arts	17,710
Library	32,480	Letters	17,590
Fine Arts	30,980	Foreign Languages	17,290
All Combined	35,230	All Combined	21,070

Note: Salaries have been rounded to nearest \$10. Data are from the 1981-82 Faculty Salary Survey by Discipline of Institutions Belonging to the National Association of State Universities and Land-Grant Colleges, conducted by the Office of Institutional Research, Oklahoma State University.

Source: American Association of University Professors, 1982, p. 9.

LITTLE PROVISION FOR RECOGNIZING MERIT

Until recently, most faculty members at the State University were subject to peer review for financial reward at only two times -- once when promoted from assistant to associate professor and again when promoted from associate

professor to professor. Beginning in 1983-84, the State University and the Faculty Association agreed on awards of \$2,500 to faculty members for meritorious performance, but these "one-time" awards do not become part of their recipients' base salary.

In contrast, the State University's comparison institutions evaluate faculty for merit recognition every year, and they are not limited to "one-time" awards: They can grant merit increases that become a permanent part of meritorious faculty members' salaries.

During this current academic year, in fact, six of the present comparison group and five of the proposed comparison group are distributing their salary increases entirely on the basis of merit. An additional 12 of the current comparison group and all remaining 13 of the proposed group are granting merit increases to faculty along with other types of increases -- including adjustments to market differences among disciplines and across-the-board increases. As Table 6 on the next two pages shows, only two of all the 34 comparison institutions (Nos. 3 and 5 in the current group) are distributing their salary increase funds totally by across-the-board raises, as has been the custom until this year at the State University.

CONCLUSION

Though the recent addition to the State University's salary structure of a special salary scale for business, computer science, and engineering, and of one-time merit awards, has conferred some urgently needed flexibility of salaries for these three disciplines, the State University continues to lack the essential characteristics of salary structures that afford its comparison institutions flexibility in recruiting and rewarding outstanding faculty across all disciplines.

TABLE 6 *Distribution of Faculty Salary Increases at the State University's Current and Proposed Comparison Institutions, 1984-85*

Current Comparison Institutions

Institution	Action on Faculty Salary Increase
1	5 percent awarded across the board.
2	Funds for a 6 percent increase were appropriated. 4.0 percent was used for across-the-board cost-of-living increases, 2.0 percent was awarded on a merit basis.
3	Appropriations were increased 6.75 percent. Funds were used as follows: <ul style="list-style-type: none"> a. 3.0 percent across the board on July 1, 1984. b. 3.0 percent across the board on January 1, 1985. (A plus b total to an effective 4.5 percent for the fiscal year). c. "Step" increases amounting to 1.75 percent. d. 0.5 percent for merit.
4	Funds increased by approximately 9 percent. 8 percent was awarded across the board, 1 percent was used to recognize merit, limited funds were used for "disparity" (market).
5	Seven percent used as follows: <ul style="list-style-type: none"> (a) 2 percent general increase, (b) 3 percent for merit, (c) 1 percent for market adjustments, (d) 1 percent for internal equity adjustments.
6	5 percent, all used for recognition of merit.
7	Still negotiating. 5-5.5 percent expected. Prior contract included 3 percent across-the-board, "step" increases, and 0.7 percent of salary base for recognition of individual merit.
8	Appropriations increased 5.5 percent. 1 percent used for general increases, 4.8 percent for most continuing faculty. Limited funds available for market factor adjustments and merit.
9	Funding increase of 5.0 percent used entirely on individual merit basis. Increases ranged from 2.0 to 9.0 percent.
10	Increase of 3.84 percent distributed entirely on individual merit basis.
11	Appropriation increased by 6.0 percent. 1 percent was allocated for market adjustments, remainder granted on individual merit basis.
12	The 4.5 percent increase in funds was used to provide a 2.5 percent across-the-board salary increase, 2.0 percent used to recognize individual merit.
13	Funding increase of 10 percent. 7.0 percent was applied across the board, 3.0 percent for merit
14	9.5 percent used entirely for merit.
15	Total increase in funds of 7.92 percent, 3 percent applied across the board, 4.1 percent for merit, 0.75 for market adjustments, balance for internal inequities.
16	4.5 percent used on a merit basis.
17	6.0 percent allocated. 2 percent used across the board, 2 percent for merit, 2 percent for market adjustments.
18	Small increase of 1.5 percent applied across the board
19	Funds increased approximately 6.4 percent. 4 percent used for general increases, balance based on individual merit.
20	Total increase of 2.3 percent used entirely for merit, some departments allocated greater increases than others.

TABLE 6 (Continued)

Proposed Comparison Institutions	
Institution	Action on Faculty Salary Increases
1	1984-85 salaries are still in negotiations. No salary increases were provided during the preceding year -- the final year of the existing contract. For the prior year, salary increases were granted as follows: (1) 3 percent across-the-board increase, (2) "step" increase for those below salary maxima, and (3) 0.7 percent of salary base used for recognition of individual merit.
2	New contract has not been ratified. For 1983-84, increases of 9.25 percent were granted across the board and 0.4 of salary base was used to recognize individual merit.
3	No increase granted for 1984-85. The 1983-84 increase in funds was distributed entirely across the board.
4	No increase granted for 1984-85. All increased salary funds in 1983-84 were distributed on a merit basis.
5	All increased funds, approximately 1.5 percent, were distributed across the board.
6	3.84 percent increase was distributed entirely on a merit basis.
7	A 4.5 percent increase in salary funds was distributed entirely on an individual merit basis.
8	Five percent increase contained two components; (1) 3 percent became available on April 1, 1984 and was distributed across the board, (2) 2 percent will become available January 1, 1985 and will be distributed across the board. Campus has flexibility to adjust salaries on a merit basis up to 25 percent above regular schedule for faculty in "high demand" areas.
9	Salary budget for 1984-85 included a 5.5 percent increase. Five percent was allocated to departmental for individual merit, 0.5 percent was retained for merit recognition at the University level.
10	5.5 percent increase was distributed entirely for merit.
11	1984-85 salary budget increased 6 percent. 0.5 percent allocated to various schools for market adjustments, the balance granted on merit basis.
12	1984-85 salary budget increased 6 percent. 0.5 percent used for faculty promotions and market adjustments. Remaining 5.5 percent was divided 25-75 with the 25 used for a \$37 per month across-the-board adjustment, and the 75 used for individual merit.
13	Salary budget increased by 7 percent. 4.2 percent was used for an across-the-board cost-of-living adjustment, and 2.7 percent for recognition of merit.
14	1984-85 salary budget increased by 7.5 percent. One percent was allocated to various schools for market adjustments. The balance, 6.5 percent, was allocated to departments who decide internally what amounts to use for merit and/or general increases.
15	Of the 8 percent increase in salary funds, 3 percent was used for across-the-board cost-of-living adjustments, the balance, 5 percent, was used to recognize merit.
16	The 8.5 percent increase was distributed entirely on the basis of merit.
17	Salary fund increase of 9 percent of which 8 percent was used to grant across-the-board increases, and 1 percent was used for both merit and market conditions.
18	Salary fund increase of 9 percent. 8 percent was used across the board, 1 percent used for merit and "disparity" (market).
19	Salary fund increase of 9.5 percent devoted entirely to merit.
20	State appropriation was for a 9 percent increase. University used its own funds to permit an 11 percent increase throughout most of the departments and 13 percent increase in hard-to-hire disciplines.

Source: California Postsecondary Education Commission staff survey and analysis.

THREE

EFFECTS OF THE STATE UNIVERSITY'S SALARY STRUCTURE ON RECRUITMENT, RETENTION, AND PROMOTION

The characteristics of the State University's salary structure and salary administration policies that are described in the previous chapter have at least four detrimental effects on faculty recruitment, retention, and promotion: (1) excessive hiring of faculty at advanced ranks; (2) virtually automatic salary increases; (3) compaction of the faculty at the highest professorial step; and (4) noncompetitive salaries in high-demand disciplines and high costs in other fields.

EXCESSIVE HIRING OF FACULTY AT ADVANCED RANKS

In American higher education, beginning faculty appointments are commonly made at the assistant professor level rather than at the associate professor or full professor levels. But according to the State University's most recent study of faculty recruitment -- that of 1981 -- the State University has had to ignore this tradition and thereby in some cases sacrifice the meaning and order of professorial ranks in order to offer sufficiently high salaries to attract candidates. According to the Office of the Chancellor, "campuses have had to make more and more appointments into upper academic ranks in order to compete with other colleges and universities, even though the applicant may not have yet demonstrated all of the qualifications normally required by that level of appointment" (The California State University, 1982, p. 2).

This practice has not been confined to the three disciplines of business administration, computer science, and engineering for which the special salary schedule has now been created. As Table 7 on the next page shows, over one-half of all new faculty appointments during 1979, 1980, and 1981 in agriculture, architecture, and public affairs were made at a rank above assistant professor, as were those in business administration, computer science, and engineering.

In contrast, none of the State University's comparison institutions in either the existing or proposed group admit to appointing individuals at advanced ranks in lieu of, or to be able to offer, adequate salary. Thus, even though administrators at five of the institutions reported that their overall faculty salary levels had deteriorated in recent years to the point where the quality of faculty was becoming a major campus concern, the salary schedules of the comparison group institutions provide sufficient flexibility to allow them to make reasonable offers to qualified candidates without sacrificing the meaning of rank.

TABLE 7 *Level of Appointment of New Tenure-Track Faculty at the California State University Between Fall 1979 and Fall 1981 by Major Disciplinary Group*

Discipline	Percent of Appointments by Discipline		
	Assistant Professor	Associate Professor	Professor
Computer Science	22%	47%	31%
Engineering	25	50	25
Architecture	25	50	25
Business Administration	29	43	28
Agriculture	40	40	20
Public Affairs	46	27	27
Psychology	50	16	31
Biological Sciences	53	21	26
Home Economics	53	32	16
Health Related	58	30	13
Education	58	28	14
Mathematics	59	33	8
Communications	59	32	9
Physical Sciences	65	22	13
Fine Arts	68	20	9
Letters	71	16	13
Foreign Languages	71	14	7
Social Sciences	72	18	10
All Disciplines	47%	32%	20%

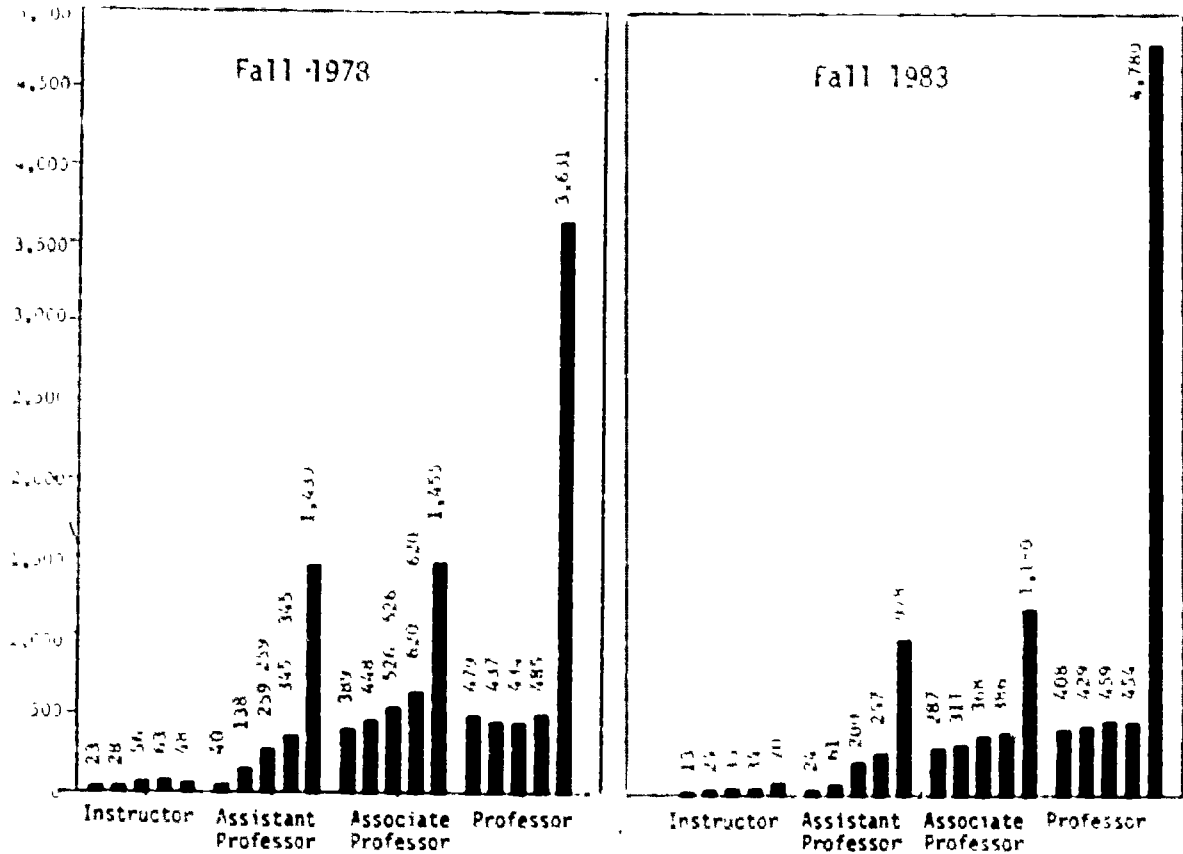
Source: The California State University, 1982, Item 2, Attachment E.

AUTOMATIC STEP INCREASES

As mentioned earlier, the Trustees and the California Faculty Association agreed in their 1983-84 contract to establish merit performance awards; but automatic step increases continue to be provided to all faculty who have not reached the fifth salary step for their rank. Because of this "lock-step" approach to granting salary increases, salaries have become highly compacted at the top salary step for each rank.

Figure 3 on the next page shows this fact graphically by illustrating the distribution of faculty among the five salary steps at each rank in Fall 1978 and Fall 1983. As can be seen, the largest numbers of faculty in the three professorial ranks occur at the fifth step. In 1978, 64.8 percent of the assistant professors had reached the fifth step, as had 42.3 percent of the associate professors and 65.8 percent of the professors. As of 1983, 64.3 percent of the assistant professors were at the fifth step -- virtually the same percentage as in 1978; but the percentage of fifth-step associate professors had risen to 46.6 percent, and fifth-step professors made up 73.2

FIGURE 3 Distribution of Full-Time Faculty Among Salary Steps at Each Rank, The California State University, Fall 1978 and Fall 1983



Source: Office of the Chancellor, The California State University.

percent of their rank -- a 7.4 percentage-point increase. Overall, this compaction had grown worse over the half-decade: in 1978, 57.7 percent of the faculty were at the fifth step of their rank, but by 1983, 65.1 percent had reached this level.

This compaction does not occur at institutions with wider salary ranges for each rank, as illustrated by the example in Table 4 on page 20 above. In each rank at that institution, far more faculty members earn salaries in the lower half of each range than in the upper level.

PROFESSORIAL COMPACTION

Advanced rank appointments, coupled with virtually automatic step increases, and promotions to upper ranks, have distorted the distribution of State

University faculty across the professorial ranks, increasing the percentage of faculty in the rank of professor while reducing the percentage at the other ranks. Table 8 illustrates this top-heavy distribution in the rank of professor at the State University, compared to that in its existing and proposed groups of comparison institutions. Its number of full professors now exceeds 60 percent of its total faculty, compared to only 37.7 percent at its existing comparison institutions and 34.8 percent at its proposed comparison group.

TABLE 8 *Number and Percent of Faculty at Each Rank in the California State University, and its Current and Proposed Comparison Institutions, 1983-84*

Rank		The California State University (1984-85)	Current Comparison Group (1983-84)	Proposed Comparison Group (1984-85)
Professor	Number	6,530	6,024	4,385
	Percent	60.7%	37.7%	34.8%
Associate Professor	Number	2,532	4,842	4,334
	Percent	23.5%	30.3%	34.4%
Assistant Professor	Number	1,520	4,122	3,387
	Percent	14.1%	25.8%	26.9%
Instructor	Number	176	983	512
	Percent	1.7%	6.2%	4.1%
Total	Number	10,758	15,971	12,618
		100.0%	100.0%	100.0%

Source: California Postsecondary Education Commission staff analysis.

Part of this top-heaviness stems from the increasing age of the faculty: as of 1978-79, only 51.0 percent of the State University's faculty were full professors. But aging is not the major cause, since even among all the member institutions of the National Association of State Universities and Land-Grant Colleges, professors make up only 40.0 of their total faculty

Table 9 on the next page shows how various fields of study at the State University compare in their percentage of full professors with those of the land-grant colleges and state-universities. At the State University, the biological sciences, physical sciences, and psychology all employ over 70 percent of their faculty at the rank of professor, and in every one of the 17 disciplinary areas, the percentage of professors at the State University exceeds that in the other institutions -- and sometimes by a ratio of 2:1.

Compaction at the professorial level in the State University can also be illustrated in terms of promotions. Between Fall 1981 and Fall 1983, 70.5 percent of its faculty promotions were to the rank of professor, compared to only 29.0 to associate professor and 0.5 percent to assistant professor or instructor. (California Postsecondary Education Commission, 1985a, p. 51).

TABLE 9 *Percentage of Faculty at the Rank of Professor in the California State University and in Member Institutions of the National Association of State Universities and Land-Grant Colleges, by Disciplinary Category, 1983-84*

<u>Disciplinary Area</u>	<u>State University</u>	<u>Land-Grant Colleges</u>
Biological Sciences	75%	48%
Physical Sciences	71	59
Psychology	70	48
Social Sciences	69	42
Foreign Languages	69	33
Letters	67	33
Architecture	65	34
Education	62	35
Fine and Applied Arts	61	35
Engineering	59	48
Mathematics	55	45
Agriculture	53	46
Business	51	35
Communications	50	28
Public Affairs	49	29
Home Economics	40	19
Health	34	27
All Disciplines	61	40

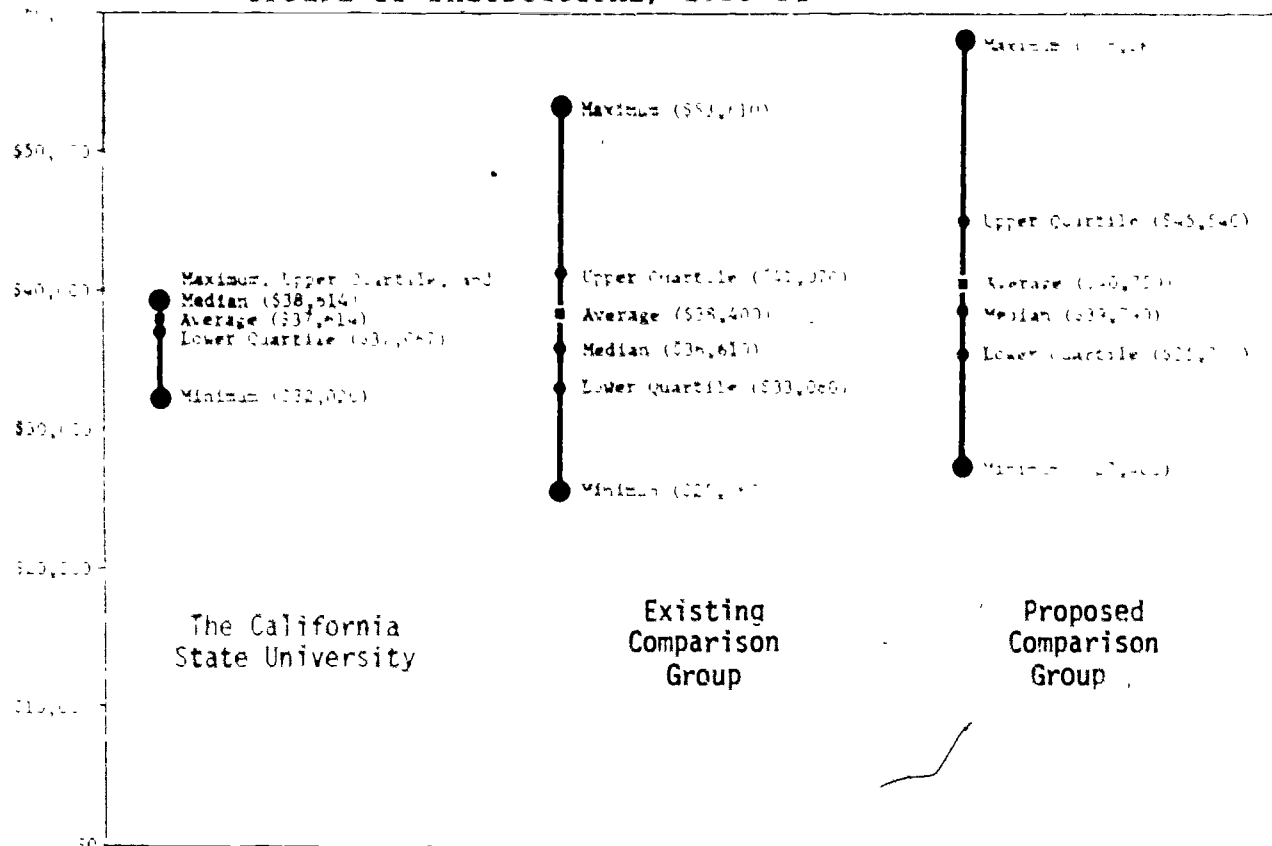
Source: California Postsecondary Education Commission staff analysis.

Promotions to full professor exceeded those to associate professor by a ratio of nearly 2.4 to one.

Even more significant has been the compaction of the faculty at the top step of the full professor rank. Between 1978-79 and 1983-84, the percentage of all State University faculty in this highest salary step increased from 31.9 to 44.4 percent. Few, if any, colleges and universities -- and other organizations as well -- employ such a high proportion of their professional personnel at the highest step of their salary scales. Among the State University's full professors, 73.2 percent currently are at this step. Numerically, while the total size of the State University's faculty decreased by 635 individuals during the past half-decade, 1,149 faculty advanced to this top step.

This excessive compaction at the top step of the State University's entire salary structure influences the distribution of its salaries, as Figure 4 on the next page shows. It illustrates the distribution of minimum, maximum, mean, average and upper and lower quartile salaries for full professors at the State University and its current and proposed comparison groups. Not only do both the median salary and the upper quartile salary at the State University both occur at the maximum (\$38,614), in contrast to the two

FIGURE 4 Salary Ranges for Professors at the California State University and Its Existing and Proposed Comparison Groups of Institutions, 1983-84



Source: California Postsecondary Education Commission staff analysis.

comparison groups, but also the State University's median salary for professors is higher than its average -- again, unlike that of its comparison groups.

The fact that a high proportion of the State University's faculty hold the rank of professor affects the calculations that the Commission uses in its annual salary reports, which adjust the comparison institution salaries by rank to the State University's staffing pattern. Among other consequences, it results in requests for average faculty salaries at the State University that are currently nearly \$4,000 higher than the average of the existing comparison group.

COMBINATION OF NONCOMPETITIVE AND UNNECESSARILY COMPETITIVE SALARIES

Despite the introduction of the State University's separate salary scale for business, computer science, and engineering, the short range of its regular

salary scales and its limited number of steps within those scales means that in other high-demand fields it remains noncompetitive in salaries, while in low-demand fields it cannot adjust its salaries down toward those of its comparison institutions and the academic marketplace in general.

Table 10 below lists the fields in which the State University sought to fill at least five tenure-track positions in Fall 1981 and indicates the percentage of unsuccessful recruitment efforts. Its new special salary schedule will help resolve the problems evident in Table 9 regarding the three "hard-to-hire" fields, but it will not help other high-demand fields such as special education, allied health, nursing, and communications.

Table 10 Areas at the California State University with Five or More Unfilled Tenure-Track Positions in Fall 1981 for Which Recruitment was Attempted

	<u>Number of Unsuccessful Efforts</u>	<u>Fall 1980 Full-Time Faculty</u>	<u>Unsuccessful Efforts as % of Fall 1980 Faculty</u>
Accounting/Business Information	78	309	25.2%
Computer Science	19	100	19.0
Finance	19	150	12.7
Electrical Engineering	14	140	10.0
Mechanical Engineering	11	116	9.5
Management/Marketing	41	437	9.4
Business Administration	16	192	8.3
General Engineering	12	152	7.9
Special Education	6	105	5.7
Allied Health	9	162	5.6
Nursing	11	235	4.7
Communications	10	235	4.3
Industrial Education	6	146	4.1
Civil Engineering	6	169	3.6
Public Administration	6	202	3.0
Economics	7	245	2.9
Mathematics	8	485	1.6
Music	5	317	1.6
English	6	553	1.0
Sub-Total	290	4,450	6.5
All Other Fields Combined	38	6,335	0.6

Source: The California State University 1982, Item 2, Attachment B.

Table 11 and 12 show one reason for these recruitment problems. For all faculty (Table 11) and for only full professors (Table 12), they list the average salaries paid in 1983-84 by the State University and the institutions belonging to the National Association of State Universities and Land-Grant Colleges in each of 17 major disciplinary areas or fields of study, along with a "salary factor" that indicates the ratio of these salaries to the total average salary. For example, the salary factor of 0.99 in Table 11 for engineering faculty at the State University means that this salary was 99 percent of the State University's average salary for all faculty. In

TABLE 11 *Nine-Month Average Salaries and Salary Factors for All Faculty Ranks, The California State University and Member Institutions of the National Association of State Universities and Land-Grant Colleges, by Major Disciplinary Area, 1983-84*

<u>Disciplinary Area</u>	<u>The California State University</u>		<u>State Universities and Land-Grant Colleges</u>		<u>Amount of State Univ. Lead or Lag</u>
	<u>Average Salary</u>	<u>Salary Factor</u>	<u>Average Salary</u>	<u>Salary Factor</u>	
Engineering	\$32,470	0.99	\$36,597	1.15	\$ -4,127
Business	31,454	0.96	35,614	1.12	-4,160
Physical Sciences	33,951	1.04	34,975	1.10	-1,024
Health Professions	28,869	0.88	32,877	1.03	-4,008
Biological Sciences	34,567	0.92	32,780	1.03	+1,787
Psychology	34,161	1.05	31,902	1.00	+2,259
Mathematics	31,803	0.97	31,599	0.99	+ 204
Social Sciences	33,805	1.04	31,454	0.99	+2,351
Architecture	33,204	1.02	30,660	0.96	+2,544
Public Affairs	31,316	0.96	30,584	0.96	+ 732
Agriculture	31,351	0.96	30,550	0.96	+ 801
Education	32,722	1.00	28,979	0.91	+3,743
Foreign Languages	33,881	1.04	28,242	0.89	+5,639
Communications	31,279	0.95	27,993	0.88	+3,286
Letters	33,209	1.02	27,924	0.88	+5,285
Fine and Applied Arts	32,491	1.00	27,243	0.86	+5,248
Home Economics	30,399	0.93	26,392	0.83	+4,007
All Disciplines Combined	32,652	1.00	31,860	1.00	+ 792

Note: Included in "health professions" at the land-grant colleges and state universities but not at the California State University are medicine, dentistry, optometry, osteopathic medicine, pharmacy, and veterinary medicine.

Source: California Postsecondary Education Commission staff analysis.

TABLE 12 *Nine-Month Average Salaries and Salary Factors for Professors, The California State University and Member Institutions of the National Association of State Universities and Land-Grant Colleges, by Major Disciplinary Area, 1983-84*

<u>Disciplinary Area</u>	<u>The California State University</u>		<u>State Universities and Land-Grant Colleges</u>		<u>Amount of State Univ. Lead or Lag</u>
	<u>Average Salary</u>	<u>Salary Factor</u>	<u>Average Salary</u>	<u>Salary Factor</u>	
Health Professions	\$36,265	.98	\$44,082	1.11	\$ -7,817
Business and Management	36,555	.99	43,872	1.11	-7,317
Engineering	36,688	1.00	42,875	1.08	-6,187
Physical Sciences	37,216	1.01	40,563	1.02	-3,347
Psychology	37,166	1.01	39,270	0.99	-2,104
Social Sciences	36,882	1.00	39,173	0.99	-2,291
Biological Sciences	37,210	1.01	39,008	0.99	-1,798
Public Affairs	36,748	1.00	38,955	0.98	-2,207
Architecture	36,147	0.98	37,798	0.95	-1,651
Letters	36,922	1.00	37,120	0.94	- 198
Foreign Languages	36,951	1.00	37,079	0.94	- 128
Communication	36,800	1.00	36,563	0.92	+ 237
Agriculture	36,448	0.99	36,025	0.91	+ 423
Education	36,959	1.00	35,819	0.91	+1,140
Home Economics	36,389	0.93	35,607	0.90	+ 782
Fine and Applied Arts	36,723	1.00	34,202	0.86	+2,521
All Disciplines Combined	36,858	1.00	39,601	1.00	-2,743

Note. "Health professions" in the state universities and land-grant colleges but not in the California State University includes medicine, dentistry, optometry, osteopathic medicine, pharmacy, and veterinary medicine.

Source: California Postsecondary Education Commission staff analysis.

contrast, among all of the land-grant colleges and state universities, the salary factor of 1.15 for engineering faculty means that their average salary was 115 percent of (or 15 percent above) that of the average of all their faculty.

Tables 11 and 12 list the 17 fields of study in order of amount of average salaries among the land-grant colleges and state universities -- for example, from engineering with its salary factor of 1.15 down to home economics, with a salary factor of .83. Two facts stand out in these tables:

- First, the State University's salaries cluster close to its average, as indicated by the small range of its salary factors around 1.00. In

- contrast, among the total group of state universities and land-grant colleges, average salaries vary widely among disciplines. Among professors, for example, the difference between high and low salaries at the State University is only \$1,069, compared to \$8,475 at the other institutions. Expressed as percentages, these State University salaries vary only 3 percent from the highest- to lowest-paying disciplines, compared to 25 percent among the land-grant colleges and state universities.
- Second, the lags of the State University's salaries behind those of state universities and land-grant colleges in general are fewer and smaller than those of its leads. In other words, its lags in "hard-to-hire" disciplines have been fewer in number and smaller in amount than its leads in other fields. Among six of the 17 fields, average salaries at the State University exceed those at the land-grant institutions and state universities by \$3,000 or more.

In short, apart from the three disciplines of business, computer science, and engineering, the salary schedules and salary administration practices of the State University effectively preclude salary differentiation among disciplines. These schedules and practices encourage the best faculty in all but the lower-demand disciplines to consider other options for employment. The evidence suggests that the State University would be more successful in its recruitment and retention efforts if it adopted at least some differentials among fields beyond business, computer science, and engineering.

THE ISSUE OF TURNOVER

Between Fall 1981 and Fall 1983, the State University hired 3,143 new full-time faculty and had 2,902 separations from retirements, death, voluntary resignations, or non-rehiring. Its separation rate has been running somewhat above that in the 1960s -- 12.5 percent annually, compared to 10 percent earlier. Some of this high separation stems from its Early Retirement Incentive program, which has had substantial impact on turnover at the associate and full professor ranks, and the Commission has no evidence that the rate of turnover at the State University stems from the characteristics of its salary structure. Yet officials at both the State University and the California Faculty Association have indicated that the system loses some of its best faculty to other institutions because of factors related to its salary structure -- in particular, to the lack of increased monetary reward throughout their career, compared to that possible at other institutions.

In this connection, it is significant that at least six of the State University's current comparison group of 20 institutions and ten of its proposed comparison group can designate some faculty as "distinguished professors" and pay them above the maximum for professors.

CONCLUSION

In response to the Legislature's concern about the impact of the State University's faculty classification and salary schedules on faculty recruitment and retention, the Commission can report that faculty classifications at the State University do not seem to pose major problems for recruitment and retention and are in general comparable to those of its comparison institutions. The addition of a classification of "distinguished professor," as advocated in the past by the Trustees and faculty, might help improve its recruitment and retention efforts somewhat, especially among exceptional faculty. Overall, however, changes in its classifications would have only minimal benefit on recruitment and retention compared to changes in its salary structure. Yet the differences in its salary structure and salary administration policies from those of its comparison institutions clearly create problems for recruitment, retention, and promotion.

FOUR

CHARACTERISTICS OF AN EFFECTIVE SALARY STRUCTURE

Faculty members, administrators, and trustees do not appear to differ greatly on their views of a desirable salary structure for attracting and retaining the best possible faculty. Over the years, all parties at the California State University have agreed on the problems of its salary structure and salary administration and have at several times offered joint proposals for reform. In this chapter, the Commission offers a synthesis of ideas about desirable changes to improve the salary structure and salary administration in the State University.

SALARY OVERLAP AMONG RANKS

An effective salary structure allows for the possibility that some assistant professors earn higher salaries than some professors. Academic institutions in general hold to the position that extensive ranges at each rank are needed in order to pay salaries that are competitive in the marketplace without sacrificing the meaning of rank and to reward exceptional faculty who, because of other circumstances, do not meet an institution's standards for promotion to higher rank. All of the State University's comparison institutions provide for such overlap among professorial ranks. Only for the three "hard-to-hire" disciplines of business, computer science, and engineering do the State University's salaries for the three professorial ranks overlap with its general salary schedule.

EXPANDED SALARY RANGES

At the State University, the salary range from the lowest instructor's salary to the highest professor's is only 210 percent -- from \$18,432 to \$38,664. The State University's existing group of comparison institutions has an average range of 394 percent -- from \$13,600 to \$53,610, while its proposed comparison group has a similar range (388 percent) but from \$15,000 to \$58,260. To allow for continued increases in salary over the career of faculty members as well as to remain competitive with other institutions, an adequate salary structure should have a range of somewhere around 350 percent across all four ranks.

Because more and more institutions have abandoned the rank of instructor for that of assistant professor as the basic entry level faculty rank, ranges may in the future be better calculated on only the three professorial ranks rather than across the instructor rank as well. At the State University, this range from the lowest assistant professor's salary to the highest professor's salary is 192 percent, compared to 341 and 345 percent for its existing and proposed comparison institutions. Using this range across the

three professorial ranks, an effective salary structure would have a range of somewhere around 325 percent.

NUMEROUS SALARY STEPS WITHIN RANGES

The State University currently has only 17 steps in its general salary schedule, apart from its separate schedule for business, computer science, and engineering. The result is that if new highly qualified faculty members are recruited at what has become the nominal beginning point on the salary schedule -- Step 3 for the assistant professor rank, they can move to the top step of the full professor rank in only 12 years, if they continue to perform exceptionally. After these dozen years, their salary will have increased by only 75 percent, excluding cost-of-living adjustments. Salary administrators tend to agree that the minimum time to advance through a salary structure should span a normal career of 35 to 40 years. Thus an effective salary structure should have between 30 and 40 steps, if it involves any discrete steps at all.

In addition, effective faculty salary schedules are not capped at the level of school or college deans or other administrators. This way, exceptional faculty members may receive salaries above those of their administrative colleagues and thereby reduces pressure to promote a good teacher to an administrative position in order to pay a higher salary.

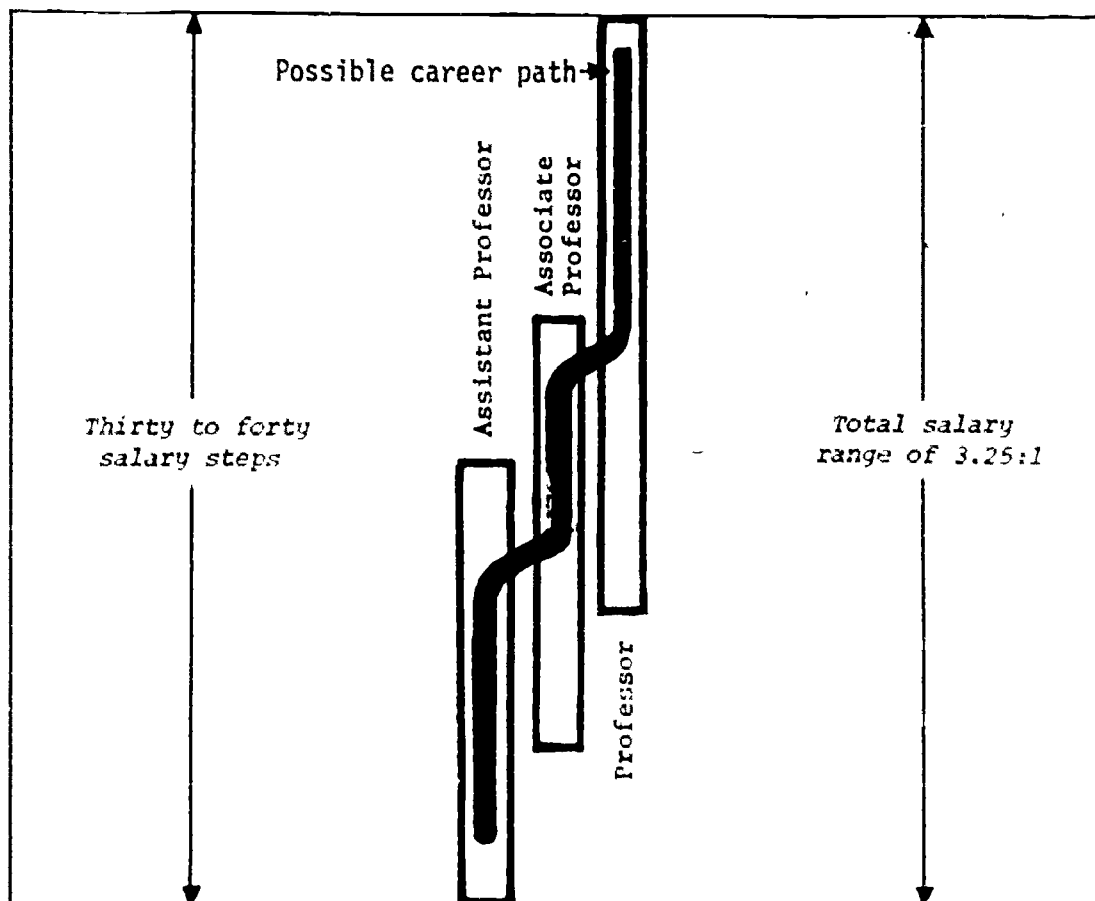
Figure 4 on page 41 shows a typical career path of a faculty member through a salary structure that embodies these characteristics. As can be seen, the three tenurable ranks of assistant professor, associate professor, and professor encompass some 30 to 40 salary steps, and the salary range between the beginning assistant professor salary and the highest professor salary is some 325 percent.

MARKET CONDITION ADJUSTMENTS

Recognition of differences in the availability of quality faculty within disciplines and sub-disciplines should be an element of salary policy. A wide-ranging salary structure with overlap among ranks and some 30 to 40 incremental salary steps can provide an institution with the opportunity to respond to these differences in market conditions among all fields, rather than only among certain specified "hard-to-hire" areas.

Institutional practice regarding salary differentials among fields can be guided by such annual surveys as those of the National Association of State Universities and Land-Grant Colleges or the College and University Personnel Association, which examine faculty salaries by rank and by discipline in a large number of colleges and universities. (The annual state university and land-grant college survey covers some 68,000 faculty at 94 institutions and reports data for four separate regions of the country and for over 200 disciplines, including ten separate foreign languages -- Chinese, French,

FIGURE 4 Possible Career Path in an Effective Salary Structure



Source: California Postsecondary Education Commission staff analysis.

German, Hebrew, Japanese, Latin, Russian, Russian and Slavic languages, Slavic languages, and Spanish.) Such comprehensive information is useful to colleges and university administrators for long-range budget planning and for knowing how much to pay without committing more funds than necessary to salaries in each field. Alternatively, faculty members can know what salaries are being paid to their peers at other institutions.

Some institutions establish salaries across disciplines on an ad hoc basis, but a more systematic approach is to base these differences on annual "market condition adjustments" using comparative data. For example, if a particular specialty or sub-discipline requires salaries that are 10 percent higher than average, faculty in that field receive a 10 percent increment that remains discretionary and subject to gradual adjustment as market conditions evolve over the years, rather than accruing permanently to base salaries.

RECOGNITION OF MERIT

Institutional expectations of faculty performance can be communicated to faculty through the salary structure. Excellence in teaching, scholarship, and service should be subject to periodic review and to reward. While a large number of faculty should be expected to meet an institution's published policies and procedures for merit consideration, it is inappropriate for the salary schedule or salary administration plan to guarantee automatic annual salary increases. Furthermore, added flexibility can be obtained if each campus can acknowledge exceptional merit by awarding multiple step increases, recognizing unsatisfactory performance by withholding incremental increases, and even, in rare cases, reducing a step level in strict accordance with written policies and procedures.

According to research, the awarding of automatic step increase through continual across-the-board salary increases -- an approach to faculty compensation that is easily administered -- has substantial long-run costs in terms of professional performance and job satisfaction (Keaveny and Allen, 1983, pp. 11-24). These costs result in mediocre performance and widespread feelings of undercompensation, which lead to reduced effort and performance and to increased effort at finding alternative employment (p. 23).

As an example of one method of recognizing merit, Bowling Green University in Ohio, one of the State University's comparison institutions, distributes 20 percent of all salary increases according to merit, with each department permitted to devise its own evaluation process based on the University's general criteria of scholarly productivity, service, and teaching (Partin, 1984, p. 31).

COST-OF-LIVING ADJUSTMENTS

Salary adjustments in response to inflation are frequently called "across-the-board" increases and generally take the form of a percentage increase applied to the entire salary structure proportionally, independent of all other salary considerations such as market conditions or merit. Such adjustments fluctuate with economic conditions, although they do not necessarily have to be related directly to changes in the Consumer Price Index or other measures. These adjustments are made for the purpose of retaining purchasing power of faculty and should best be labeled the "salary maintenance" component of a salary administration plan rather than as a "salary increase" element.

LEVELS OF SALARY ADMINISTRATION

Salary decisions in terms of these several salary factors are most effectively made at different organizational levels ranging from the governing board to

the department. For example, once the amount of funds available for salary increases is known, the governing board typically designates a portion for "across-the-board" cost-of-living adjustments for inflation. The balance of the funds are then used for recognition of merit, market conditions, and promotions.

Campus decisions on salaries for new faculty and for merit awards are frequently made by department chairs and approved by the appropriate dean when the salary under consideration lies in the lower quartile for the rank. In contrast, salary offers or merit adjustments that would bring the salary between the lower quartile and the median may need prior approval of the vice president, based on written evidence. A salary offer or increase that would bring the individual between the median and the upper quartile of the range for the rank must generally have prior approval of the president and be justified by written evidence of superior performance or experience and credentials relevant to the position. And in some systems, appointment or advancement to a salary above the upper quartile must have prior approval from the systemwide office and, occasionally, the governing board, and it must be justified with appropriate evidence of outstanding qualifications.

In addition, adjustments for differences in market conditions among disciplines are frequently determined by the president or systemwide office.

THE IMPORTANCE OF CLARITY

The final essential characteristics of an effective salary system are clear policies and procedures. For example, if faculty and staff expect an overall 10.5 percent compensation increase to result in across-the-board increases of 10.5 percent for everyone, this misimpression will raise hopes unnecessarily and damage the credibility of salary administration as well as any bilateral agreements between the faculty and the governing board.

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Note: The history of efforts by the Trustees of the California State University to change the State University's salary schedule, described in Chapter One, is drawn from two principal sources of information: (1) the Annual Reports to the Governor and the Legislature on Personnel Matters in the California State University, 1964 through 1981, and (2) the Agendas of the California State University Trustees, 1961-1985. Other documents used in this report are cited below.

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CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

1020 Twelfth Street, Sacramento, California 95811 Telephone (916) 415-7933

A state agency created in 1974 to insure the effective utilization of public postsecondary education resources, thereby eliminating waste and unnecessary duplication, and to promote diversity, innovation, and responsiveness to student and societal needs through statewide planning and coordination.

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