

the ABCs of salary negotiations

<or, what you need to know to understand the salary proposals >

COMPENSATION POOL: This is the total amount of funding dedicated to compensation increases. For example, a 5% compensation pool might be divided into a 3% GSI and 2% equity pool.

THE COMPACT: In 2004, amidst tight budgetary conditions and sharp budget cuts to the CSU, Chancellor Reed agreed with Governor Schwarzenegger, behind closed doors, to a “higher education compact” that would increase funding for the CSU starting in 2005-06. In exchange, the CSU agreed to accept almost a quarter-billion dollars in cuts in 2004-05. The terms of the Compact are not binding, and include student fees hikes each year through the end of the decade. The Compact locked the CSU into its worst budget in over ten years, all but guaranteeing that CSU funding would not recover to 2002-03 levels until 2007-08.

CPEC GAP: Each year, CPEC (the CA Postsecondary Education Commission) conducts a study on faculty salaries in California's public universities. The study compares CSU system salaries with salaries at 20 comparable institutions and tracks the difference over time. The so-called “CPEC GAP” is the projected percentage by which CSU average salaries would need to increase in the coming year in order to equal the average of the comparison institutions. CPEC breaks down the gap by rank and computes an overall figure. The overall CPEC gap projected for 2006-07 is 18%, up from 16.8% last year. Find the reports at www.cpec.ca.gov and CFA's summary of their data at www.calfac.org/research.html.

DISCRETIONARY PAY: Our experience with the CSU's so-called “merit” programs (the PSSI program (1995-1998 in the contract) and the FMI program (in the 1998-2001 contract) leads us to more accurately describe their programs as “discretionary pay programs.” That is how the CSU administration tends to administer them. For example, after hundreds of grievances and years of litigation over the awarding and administering of FMIs, it is clear that any component of “merit” in the FMI program was pure chance.

EQUITY POOL: CFA has proposed establishing an improved Equity program to help address structural salary inequities suffered by whole groups of the faculty. Decisions on equity increase awards would be grievable. CFA has proposed a pool of about \$5 million each year for these awards. Since the administration has been unreceptive to revisions of the current, *broken*, salary structure, equity increases are an important mechanism to help address what we call the “experience penalty” (also known as “salary inversion”).

EXPERIENCE PENALTY: In some departments, new faculty are hired at a higher salary than that paid to faculty with several years of service. CFA calls this an “experience penalty,” but this phenomenon is technically called “salary inversion.” While this phenomenon is typically driven by the market, both in the CSU and elsewhere, it is exacerbated within the CSU because of some of the peculiarities of the current broken salary structure. For instance, faculty members have not received any SSIs for several years and the only GSI since 2003 was the 3.5% awarded last July. This means that a few cohorts of recently-hired junior faculty are disproportionately affected since they have been denied the mechanism to increase their pay as they provide service each year.

FMI: The FMI, or Faculty Merit Increase, program is the most recent of the administration's attempts to run a “merit pay” program (in the 1998-2001 contract). The hundreds of grievances and prolonged litigation over the awarding of FMIs and the management of the FMI program—the large majority of

which have resulted in costly losses for the CSU—suggest why FMIs were NOT re-negotiated into the current contract and why CFA contends that CSU “merit” programs are more correctly described as “discretionary pay” programs. Even many of the faculty members who received pay increases through the FMI program are strongly committed to fighting off new attempts to include so-called merit pay again. The Statewide Academic Senate has also passed a resolution against new experiments with “merit pay.” ??? IS THIS RIGHT???

GSI: General Salary Increase. GSI's are across-the-board raises for ALL faculty. It is our version of a cost-of-living increase.

LEGISLATIVE CONTINGENCY: In years 2 and 3 of their salary plan for the faculty contract, the administration has proposed making 1% of the GSI awarded to all faculty contingent on receiving an additional 1% compensation increase from the California State Legislature above what the governor has proposed. This means the Chancellor's Office would have to ask for more than it agreed to when it signed the “Compact”. In addition, CFA would have to agree to support the entire CSU budget. CFA argues that this 1% isn't money we can count on and, given recent history, is skeptical about advocating jointly with the administration for increased funding. Indeed, the administration's actions to support the additional \$76 million in the last CSU budget as it went to the Conference Committee this past spring does not give us confidence in this proposal. Furthermore, agreement to support blindly budget requests that have not even been developed—and that will likely include 10% student fee increases each year—is too much to trade for an uncertain 1% raise.

MERIT PAY: CFA believes strongly in true merit pay programs and we believe we already have a good one in place. We call it the Retention, Tenure, & Promotion process—a rigorous process that is widely believed to be based on merit. While “merit pay” sounds like a good way to reward performance, our experience with the administration's attempts to institute merit programs has taught us how difficult it is to find a just way to determine who is meritorious. Most “merit” plans and indeed, the plans we've had in the past, are really discretionary, not truly based on merit, since the determination of the awards is subjectively made by managers. Maybe you weren't around for the more recent experiments with merit, and only hear about FMIs in reference to litigation and grievances? Go to FMI or PSSI for a very brief history.

POST-PROMOTION INCREASE: A post-promotion compensation pool would enable senior faculty at or above the SSI maximum to move up the salary scale. Every three years, these faculty would be eligible for a raise based on a post-tenure review showing satisfactory performance in teaching and service. Decisions would be grievable. This PPI program would become a permanent mechanism and improve the current salary structure.

PSSI: PSSIs is an abbreviation for the discretionary pay program also known as “Performance Salary Step Increases” in the 1995-1998 contract. PSSIs were pushed by the Board of Trustees, including Trustee Hauck and by the administration, which was headed by Chancellor Barry Munitz at the time. The PSSI program is the immediate precursor to the infamous FMI program

RANGE MAX: For each rank or equivalent (e.g., Associate Prof, Lecturer C) there is an accompanying salary range within which individuals' salaries must fall. The top of the range is a “hard” maximum, above which an individual's salary cannot go until s/he is promoted or elevated to a subsequent classification. Sometimes this maximum salary is called the Range Max. For instance, the range for assistant professors (and equivalent ranks including as Lecturer B, assistant librarian, etc.) is \$45,156 to \$84,912 (academic year) and the top of this range is the range max. It should not be confused with the “SSI Max,” which is substantially lower.

SALARY COMPRESSION: When there is a narrow or unusually small difference between the salary paid to people with less and more experience, salaries are said to be compressed. In other words, salary compression occurs when salaries of junior faculty are very close to those paid to their more senior colleagues. In the more extreme cases of compression, salary inversion also occurs. Salary compression in the CSU is encouraged by our broken salary structure which caps the salaries of full professors and offers almost no mechanism for upward movement (on the salary scale) for full profs after

promotion. In addition, the SSI Maximum salary caps prevent many professors from receiving SSI-raises even when they have not exhausted their allocation of SSIs and even though they have provided another year of service.

SALARY INVERSION: When new, junior faculty are hired at a higher salary than that paid to more senior faculty with several years of service, salary inversion occurs. When salaries are averaged and viewed graphically, it is clear why CFA calls this phenomenon the “experience penalty”. While inversion is typically driven by the market, both in the CSU and elsewhere, it is exacerbated in the CSU because of some of the peculiarities of the current broken salary structure. For instance, faculty have not received any SSIs for several years and the only GSI since 2003 was the 3.5% awarded last July.

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SSI: Service Salary Increase. SSI's are awarded on your employment anniversary date for your service during the prior year (or equivalent teaching service for part-time faculty). An SSI will increase your salary by 2.65%. All faculty start out with a maximum number of SSI, as specified in the contract (Article 31.12) SSI's but SSI eligibility is also restricted by a component of the salary structure known as the SSI Max (see below). The administration likes to charge a sum they claim is required to pay for an SSI against the total compensation pool they offer in each contract. In effect, this reduces the size of everyone's GSI by 1% and forces the faculty to choose between a larger GSI for everyone and no SSI, or a smaller GSI for everyone and an SSI for those who are eligible.

CFA contends, as does the Department of Finance in the case of other state agencies, that SSI's don't actually have any net additional cost. CFA does not propose to lower the GSI in order to “buy” an SSI for eligible faculty. The costing of SSIs is a long-standing dispute between the administration and CFA.

SSI ELIGIBILITY: Regular SSIs are received by all faculty who are eligible. Eligibility is determined by the contract, which also establishes a certain number of SSIs for each rank and sets an “SSI Maximum” salary cap that restricts eligibility. When the joint committee (comprised of CSU administrators and CFA reps) got together last year to discuss how to fix the broken faculty salary structure, among the key areas that it identified as needing repair were SSI eligibility restrictions and artificial SSI maximum salary cap. Unfortunately, the CSU has developed amnesia about this six-month long dialogue.

SSI MAX: According to our current salary structure, SSI eligibility is restricted for anyone who is paid above a specified amount, known as the SSI Max (or SSI Maximum). There is an SSI Max for each rank/lecturer range and the SSI Max is substantially lower than the salary range max. For instance, for the Associate Professor rank (and equivalents, including Lecturer C), the salary range max (academic year) is \$93,300 but the SSI max is only \$56,928 (academic year). This means, under the current contract, that if an associate prof is paid more than \$56,928, s/he will not be eligible to receive an SSI if one is negotiated. The SSI maxima contribute to the problems of inversion and compression in the CSU. Removing or “lifting” the SSI maxima was identified as a top priority by the joint CSU/CFA salary structure committee that met last year, but during negotiations thus far, the administration has been unwilling to consider making this important change in the salary structure. CFA's proposals for years 2 and 3 reflect the need to address this issue.