

May 25, 2016

Voting Members of the UW Faculty

Dear Faculty Member:

A group of faculty members recently posted a letter opposing the proposed new faculty salary policy. Several faculty senators have requested that we (the charter faculty members of the Salary Policy Working Group, undersigned) respond to these arguments. We are happy to do so, and we welcome vigorous debate on this important issue.

We hope you will carefully weigh the arguments for and against the proposal, and vote for what you think will be best for the university. We believe the proposed policy will be much better for the university than the current policy or any alternative that has been advanced so far.

Before responding to the individual points made in the opponents' letter, we would like to share a few overarching comments.

First, it is important to understand that the concerns expressed in the opponents' letter have all been offered at one time or another on the floor of the faculty senate. Nevertheless, the senate voted twice by large majorities to approve sending this policy to you for a vote. Obviously the arguments against it did not persuade a majority of the Senators to vote no.

Second, the opponents' arguments taken together implicitly describe criteria that no salary policy could possibly meet, because a salary policy must perform a complicated balancing act. For example, a practical and effective policy needs to strongly encourage sufficient regular investment in continuing faculty to assure reasonable salary progression, but it absolutely cannot guarantee a raise in any given year, because of financial cycles and unforeseen crises, and thus must provide "off-ramps" for the administration to use in times of severe financial stress. This leaves any practical salary policy simultaneously open to criticisms that it does not promise enough to continuing faculty, and that it promises too much to be sure we can afford it in every year. Similarly, a practical salary policy for a university as large and diverse as ours clearly needs to be flexible. Indeed, President Young's letter appointing the Salary Policy Working Group explicitly asked us to explore "salary models that might be more sustainable and flexible". Yet the opponents argue that we "will no longer have one salary policy," because the units will use the flexibility inherent in the proposed plan. No policy can ever perfectly resolve these fundamental tensions.

Third, the University of California system provides the proof that the foundational elements in the proposed plan (annual across-the-board allocations based on cost of living, promotion raises, and performance-based tier advancement raises) can well serve a major university. The opponents' argument that we are somehow fundamentally different from UC is specious: To pay raises similar on a percentage basis to UC, one does not need to have UC's total budget. Rather, one needs to match the rate of growth of their budget, which UW has done consistently. For many decades, we have been behind in per-student funding and in faculty salaries, but keeping pace. Overall, the opponents' claim that the new policy somehow puts at risk the Bothell and

Tacoma campuses, the professional schools, and the medical school is simply implausible given the UC experience.

Below, we address the individual points (in blue) raised by the group of opponents.

**1. Preferability of opt-in mechanism compared to opt-out proposal.** We recognize and understand that our fellow faculty members in many of UW's academic units desire a salary policy that better addresses their short- and long-term needs. We would gladly support a policy that allows academic units to opt in. **However, the proposed FSP tosses out the existing salary policy and institutes a new system, allowing units to opt out of some, but not all, of the provisions.** Faculty in many units would be better protected within the current system rather than going through a time-consuming and resource-intensive process to negotiate individual unit salary frameworks with the deans and the provost. There are no specified criteria to for approval of alternate frameworks.

It is true that most of the deans (with the notable exception of Bob Stacey in Arts & Sciences) have expressed a preference not to operate a tier system. But in our conversations with faculty members in many units across the university, we have heard ample anecdotal evidence that many rank-and-file faculty members in all colleges, schools, and campuses see the tier system as a vast improvement over the current system. Framing the choice as "opt-in" would make it virtually impossible for the faculty of a college to opt into tiers if its dean were opposed. On the other hand, allowing "opt-out" gives the faculty the option to choose tiers or not, based on detailed information from their deans and faculty councils about the financial consequences of each decision. We trust that the faculty in each school, college, and campus can figure out what will work best for them.

**2. No increase in available funds for salaries.** This proposal does not increase the pool of available money for salaries. If anything, it appears that while some specific ranks may gain ground on their salaries -- it may come at the expense of others. Who will "win" and who will "lose?" We have no information that this salary policy has been modeled to show what happens to those less in power/stature/rank. This includes long-serving faculty (such as those in the lecturer track), who make important contributions to the University but are not always recognized for their work due to various circumstances.

It's true that the proposal does not increase the pool of available money. If someone has an idea for a salary policy that will bring in more money for salaries without taking it away from anything else, we'd love to hear it!

The purpose of the new policy is to shift a portion of the currently available salary funds from the "dark channel" of pre-emptive retention raises, which are primarily under control of deans and chairs, to a more transparent system of tier advancements, under control of faculty. We hope that it will also create a culture that puts a higher priority on career salary growth and thus results in more money invested in the long term to raise average salaries, but the code does not require it.

This new policy may actually widen the gap between classes of faculty in the long run.

It's difficult to imagine how a policy that shifts more funds into regular raises for rank-and-file faculty members (including lecturers), instead of forcing them to seek outside offers, can *widen* the gap between classes of faculty.

Further, the deans retain discretion for “financial hardship” as a rationale not to award tier advancements in a given year. We believe this creates too much vulnerability and keeps the power to award raises with deans rather than with faculty as originally intended by the new policy.

It's simply not true that “the deans retain discretion for ‘financial hardship’ as a rationale not to award tier advancements in a given year.” A decision to *delay tier advancement raises* based on severe financial hardship can only be made by the president after an open consultation with the SCPB and the affected faculty (Section 24–72 C). The deans have the authority to limit the number of “early” tier advancements (those that occur sooner than four years since the last one) on financial grounds (24-62 J), as they must, to guard against a department putting all or most of its faculty members up for tier advancements every year. But this isn't the same as “not awarding tier advancements.”

**3. Harm to UWT, UWB, the professional schools, and others. We believe that faculty in many academic units, including UWT, UWB, the professional schools, and others will be hurt by the proposed FSP.** The policy may benefit some schools and campuses more than others. Discussions in the Faculty Senate have made it clear that the proposed FSP suits faculty members in some schools, but the UW has a diverse range of schools, colleges, and campuses.

Yes, the UW has a diverse range of schools, colleges and campuses, which is why the salary policy has a number of flexible options to address the widely varying needs of units across campus. And yet the writers of the opposition letter lament (see #5 below) that “the UW will no longer have one salary policy.” The fact that they're worried that it's not flexible enough and also that it's too flexible suggests that the policy might have struck just the right balance.

**Unpredictable effect on medical school clinical faculty:** It is unclear how the proposed FSP will affect the UW Physicians component of the salary for clinical faculty in the medical school, and we have not been able to obtain an answer. With funding for salaries, and overall oversight for raises and promotions managed by at least two entities (clinical and academic), the proposed FSP creates complexities and potentially barriers when negotiating with the hospitals. Critically, a unit's ability to reduce raises will diminish its leverage when negotiating with funders, such as hospitals.

The current salary policy has been a straitjacket for the medical school, because it limits merit raises (“regular merit” plus “additional merit”) in every department to the university-wide percentages declared by the provost (which have averaged 2.5% per year over the life of the policy). As a result, the medical school has had to “backfill” with widespread pre-emptive retention raises, with little or no faculty oversight, affecting up to a quarter of its faculty each year. The new policy, at the very least, will replace these rigid merit raise

percentages with much more flexible “variable adjustments,” which can be adjusted to fit the financial circumstances of the school of medicine without being tied down to a “lowest common denominator” of funds available to other colleges. And if the SOM retains the tier system, they will be able to replace pre-emptive retention raises with more transparent tier raises.

**4. Loss of regular merit increases.** The policy removes the 2% annual raise for regular merit. Faculty who don't receive tier advancements will be entitled only to a market-adjustment raise, capped at 4%. Since 2006, CPI has ranged from -.4 to 3.8.

This is an argument over pennies. Over many decades, the CPI has increased at an average annual rate close to 3%. Even during the decade since 2006 (which includes the worst financial crisis in our lifetimes), the average annual increase in CPI was almost 1.8%. The 0.2% lost from across-the-board raises would have been more than made up for by larger promotion raises and 8% tier raises. The only people who might have fared a little worse under the new policy are those whose performance was not good enough to get tier advancements.

The policy arguably supersedes any individual right to a legislative general salary increase that exceeds the market-adjustment raise.

What does this mean? If the legislature grants a general salary increase that is more than what's needed to fund market adjustments, tier raises, and promotion raises, the Provost can simply declare the rest to be an across-the-board variable adjustment. Or variable adjustments tailored to the units with greatest need. Or whatever seems most appropriate at the time. This is another compelling reason why the flexibility built into the new policy will be much better for the university.

**5. Winners and losers.** The UW will no longer have one salary policy: some units will customize raise formulas or opt out of tiers. This hodgepodge will undermine faculty unity and the power of numbers to advocate for competitive compensation. We believe that the winners under the activity-based budgeting system (ABB) will go sailing on to a bright future while many other entities slowly sink. Prosperous units will not advocate for poor cousins. That may be what has to happen to preserve excellence in some units, but we would have preferred to approach the subject directly rather than through what we see as a backdoor of salary policy. Non-STEM fields might be most severely affected.

“One salary policy” has demonstrably failed us. And our “one policy” has led to widely different experiences: For example, A&S, with about 1000 faculty, awards 10 retention raises per year; the School of Medicine, with about 2000 faculty, sometimes awards 500. One policy with many outcomes is not better than a policy that allows for carefully considered customization.

**6. Risks to many academic units.** With activity-based budgeting (ABB), many units are at risk of not being able to support this policy financially – such as those with high growth mandates, those subject to variations in student enrollment/demand based on market/economic/competition, and those with very few retiring (supposedly “high earning”) faculty.

Assuming the future is anything like the past, any unit that cannot afford the raises mandated by this policy is doomed to failure, because average faculty salaries will fall every year relative to off-campus peers. (Although our salaries are behind those of peers by an amount that varies with time, they currently do not keep falling farther behind on average.) Of course, there will be short-term fluctuations in enrollments, retirements, etc., but the provost has repeatedly expressed a willingness to make temporary funds available to cover for these, because over the longer term the fluctuations even out.

However, a “high growth mandate” is not a steady-state situation, and requires a significant investment of new funds. If a college, school, or campus tries to rapidly build a faculty based on the same financial model used in the rest of the university to maintain an essentially steady state, it too is doomed to failure. A virtue of the new salary policy is that it is likely to shine a bright light on dysfunctional financial models that are being used to finance growth at the cost of creating even more severe compression for continuing faculty.

If inflation exceeds 2%, or many faculty accelerate tier advancements, some units will face hard choices. Without an ample supply of retirees, increasing tuition, or other funding, an academic unit can prevent salary compression only with cuts, including hiring and retentions. These units may not be able to honor the salary increases promised in the model as there is not an adequate pool of funds gained through salary recovery.

If inflation exceeds 2% and peers continue to raise salaries faster than inflation, and we DON'T respond by increasing raises accordingly, the whole university will be facing hard choices, because our salaries will be falling farther and farther behind peers. And if CPI is high and academic salaries nationally do not keep pace, the President can revise the executive order to assure our financial stability.

As for “many faculty accelerating tier advancements,” there’s a specific provision in the new code that allows a dean to limit the number of accelerated tier advancements on financial grounds (24-62 J).

Without customization, the policy ignores compression for faculty who exhaust tiers or whose salaries pass the 8% cap for tier raises (based on the average UW-base, 12-month-prorated, TT and WOT full-professors’ salaries – now about \$175,000).

This statement indicates a fundamental misunderstanding of the economics of compression. Those who exhaust the available tiers will be exactly the ones who are NOT compressed, and even so, the policy provides an avenue for additional tiers. In most highly paid fields, the practice here and elsewhere is to hire at high salaries and grow more slowly, and modeling has shown clearly that 8% tier raises without a cap would provide raises for the most highly paid faculty that would be out of scale with peers and far too large to be affordable, the opposite of compression.

**7. Differences with UC.** The FSP is modeled on the University of California system, but historically UC has had stronger state support than the UW, and UC faculty are employees of the UC system, which has discretion to set tuition. We are employees of the State of Washington, and the UW does not have tuition authority, leaving us even

more vulnerable to state funding decisions. Tier-advancement and market-adjustment raises will be no more guaranteed than regular and additional merit raises are now.

True. We never used the word “guaranteed.” But the raise amounts that are mandated in the tier system (indicated in the code with the word “shall”) are larger than were mandated under the old policy. The word “shall” in the code has the force of a contractual obligation, subject, as always, to the carefully circumscribed process for invoking emergency "off-ramps" in case of severe financial stress.

The proponents argue the UC system’s step raises have been inviolable. They ignore another explanation – California’s historical big investment in its universities.

That investment was important in getting the UC system to where it is today. But as mentioned above, we have on average matched the rate of growth in UC’s faculty salaries. And in 2009, UC took an overall 10% budget cut, much worse than anything UW faced. And still they continued to give step raises.

(Even so, UC has recently experienced drastic budget cuts, salary freezes, and/or unpaid furloughs.)

Step raises at UC have NOT been frozen, even during the Great Recession. It is true that cost-of-living increases were temporarily suspended during the recession, but even so, the net change in their step salaries over the past 20 years has almost exactly tracked the CPI.

Our core problem has been, and remains, funding.

That’s one of our problems. This policy is designed to address a different one (the *distribution problem*).

The proposal permits tier-raise deferments for “severe financial stress” in an academic unit (not just the whole UW). When the stress ends, the raise is not retroactive. So, a faculty member could work four years for a tier-advancement and then wait several more years for an 8% non- retroactive raise.

There’s no question that deferral of tier raises would be a BIG DEAL, and recovering from that deferral will require careful planning to avoid inequities. This is exactly the reason we think such a deferral will not happen in any but the direst financial crisis.

**8. Divisiveness.** You are asked to vote now without knowing what policy your unit may adopt. That depends on what a majority of your faculty, your dean or chair, and the provost, approve. You may spend several years negotiating your unit’s custom policy. The policy that has not even been voted into the code, but many units are already writing their "opt out" proposals. The "opt out" options are unclear, have unknown potential for "gaming" within and across units, and frankly, has the potential to create tensions across units. This may further divide the University rather than help build a strong University for our future.

Yes, the policy gives options to the faculty. Would you rather stay with our current dysfunctional salary policy, or adopt the new one and work toward enacting the option that you think would be best for your unit?

The “opt-out” provision is actually very clear: If a majority of the voting faculty of a school, college, or campus vote to opt out of the tier system, then their faculty are not assigned to an initial tier and are not eligible for tier advancement raises. All other provisions of the new policy would remain in place: CPI-based market adjustments, promotion raises, and variable adjustments as authorized by the dean and provost and distributed based on collegial reviews.

**9. Increased costs with little benefit.** The proposal imposes costs for minimal benefit. Estimated central costs are \$2 million initially and \$.5 million ongoing.

These cost estimates are not supported by any evidence. In any case, a \$.5 million ongoing cost would represent about \$100/year for each faculty member in the university, an amount far outweighed by the potential advantages to most faculty.

The mandatory raises (market adjustments plus tier advancements) approximate the current 4% annual raise only if inflation reaches 2%.

The benefit is far from minimal. The mandated raises (market adjustments, promotion raises, and tier advancement raises) add up to CPI + 2%, on average, which is likely to far exceed the amount that the current system has provided in merit raises and promotion over time (less than 1% above CPI, on average). After 25 years, we estimate that the salary of the average faculty member who does not get retention raises or unit adjustments would be about 30% larger under the new system than under the current one.

There are other potential salary mechanisms that can be put in place that are much more simple in design – with less work to execute. We must be allowed to consider these.

In the three years that this policy has been discussed by the faculty, the only “simpler” alternative that has been advanced was a vague outline of a plan that would have been noticeably less effective at addressing compression, would have empowered deans at the expense of the faculty, and was quickly rejected by the faculty senate. It is worth noting that when the tier system was first proposed in the working group, it was marvelously simple -- “What if we had step advancements with fairly large raises, faster or slower depending on merit, supplemented by annual cost-of-living raises?” It's only after we started trying to address all the details of how it could be implemented, how to forestall people gaming the system, how to address various unintended consequences, how to ensure that everyone's rights are protected, and how to be responsive to the vastly different economic situations in different parts of the university, that it became complicated. Simpler alternatives might be tempting, but ultimately they'll have to deal with all the same complications we did.

**10. Vague, contradictory language.** The 51-page FSP proposal is dense, complex, and the language is often imprecise or contradictory. There is concern that adjudications would increase and be difficult to support or defend, which may lead to disputes that will burn up time, money and morale. Criteria for tier advancements are vague and

inconsistent. (See, for example, sections 24-35H and 24-61D). They hover between requiring “continuing high achievement” versus performance “typical” of a faculty member at that career stage in that field – whatever that means! Tier advancements can be sped up, delayed, or denied, raising questions about how a review committee will assess whether a faculty member is ahead, somewhat behind, or far behind some amorphous and variable standard. The ambiguous language obfuscates the key issue of whether tier advancements reward only high performance, especially post-tenure, or whether they are a quasi-entitlement for everyone performing satisfactorily. This ambiguity invites manipulation, unequal treatment, disputes, and financial uncertainty

All faculty code language is dense and complex – have you read the faculty code lately? The 12 pages of new or substantially revised permanent code in this legislation have been repeatedly reviewed, modified, and approved by the working group, the Faculty Council on Faculty Affairs, the Senate Executive Committee, and attorneys, including the President’s. If opportunities for improvement are discovered in the future, they can be made by the normal process of “housekeeping amendment.”

The language describing tier advancements is deliberately designed to allow detailed criteria to be developed by individual units. Would we really want the faculty code to micromanage these criteria? There’s no conflict between “continuing high achievement” and “typical” performance for UW faculty members, because continuing high achievement *is* typical of UW faculty members, is it not?

**11. More time needed to consider the proposal.** We believe that faculty members supporting the FSP have good intentions, yet we disagree on the best means to the end. We feel that the most recent version of the proposal has been rushed: just 45 minutes in the Faculty Senate to consider a 51-page document. Because of the short-circuited process, there are likely unintended consequences that have not been considered. We must be afforded the necessary time to get this policy right. We are concerned, especially given so many last minute changes, about not giving the faculty enough time to learn the details and allow them to determine the repercussions of this policy at their unit. Something of this scope and magnitude takes time. In most other democratic voting arenas people are given the details, allowed to look at a bill in its final form for a reasonable amount of time, and evaluate it carefully prior to voting. The general faculty are being rushed to vote – at the end of the quarter, no less – and to vote on something they may have not time to have carefully read and considered. **Proponents have been advocating for versions of this proposal for years, but the counter-arguments have not been aired until this month’s Senate meeting.**

Yes, we have been publicizing, advocating, and inviting feedback on the proposal for years, and we and the Faculty Council on Faculty Affairs have responded to that feedback and improved the proposal in multiple ways. Is this group of faculty asking you to delay the process for several more years because they didn’t manage to articulate their counter-arguments until this month? A four-year period of deliberation and consultation does not represent a rushed process.

**12. Considerable opposition and controversy.** Although you wouldn’t know it from the comments of the FSP supporters, the most recent vote in the Senate Executive Committee (SEC) was close (initially 7-6-1, not an affirmative majority), and the vote



had to be called a second time in the SEC for it to gain a narrow majority. The Faculty Senate vote (47 Yes, 29 No, 4 Abstentions – out of 139 voting members) clearly indicates that there are still major concerns over the FSP proposal. After three years of debates, revisions, and re-votes, many informed individuals stand against the proposal. A number of SEC members and other Senate members indicated that they oppose the proposed FSP policy but support sending it to the faculty for a vote. If this salary policy was truly designed for the future benefit of ALL faculty, why are so many opposed?

Both times the faculty senate voted on the policy, it passed it by a large majority. Still, in order to be passed by the faculty, it needs 2/3 of those who cast votes (or an absolute majority of eligible voters), a high bar. Please vote on the basis of what YOU think will be best for the university, not because you think other people are opposed to it. If it does not have strong support among the faculty, it will not pass, and this is as it should be.

This is a big decision for the university, which we should make as a whole faculty. Please vote.

Sincerely,

Susan Astley, Professor of Epidemiology, Former Senate Chair  
James Gregory, Professor of History, Former Senate Chair  
Paul Hopkins, Professor of Chemistry, Chair Emeritus of Chemistry  
Jack Lee, Professor of Mathematics, Former Senate Chair  
Gail Stygall, Professor of English, Former Senate Chair  
Míceál Vaughan, Professor Emeritus, Former Senate Chair