

Office of the President

TO MEMBERS OF THE COMMITTEES ON FINANCE AND COMPENSATION

ACTION ITEM

For Meeting of September 19, 2007

APPROVAL OF PLAN TO ADJUST FACULTY SALARY SCALES

RECOMMENDATION

The President recommends that the Committees on Finance and Compensation recommend that The Regents approve the new faculty salary scales, effective October 1, 2007, as [attached](#).

BACKGROUND

Provost Hume and Executive Vice President Lapp will present for approval new faculty salary scales that will preserve the University of California's rigorous system of merit review and restore faculty salaries to market levels over the next four years. The new scales, effective October 1, 2007, are the first step in a four-year plan to restore the integrity of the rank and step system of faculty advancement, in which regular merit and promotion reviews are directly linked to faculty compensation.

In the first year (2007-08), the plan is estimated to cost about \$52.7 million in General Funds. This amount includes 2006-07 continuation costs, merit increase funding equivalent to 1.78 percent, the 2.5 percent cost-of-living adjustment (COLA) effective October 1, the additional market adjustments effective October 1, and additional payroll costs. Approximately \$45.2 million is covered by the Compact, leaving \$7.5 million to be reallocated from other sources. In the second and later years, the cost will rise as the faculty salary scales are adjusted upwards. As in the first year, it is anticipated that increases in State funding under the Compact will cover the majority of the cost of the plan. The remaining additional costs in years 2 to 4 will again require reallocation of both systemwide and campus resources.

([Attachments](#))