Money Matters: Bargaining Salaries and Salary Structures

By Gary Rhoades and Christine Maitland

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Money matters. The "new unionism" rightly focuses on educational quality. But tightened state budgets promise to make pay a continuing central item of dispute between bargaining units and management. Negotiators must therefore continue to bargain hard for adequate salaries—the main "old unionism" bread and butter issue.

The public, via the press, focuses on the size of salary increases won by unions. But behind the scenes, bargaining units must also improve the process for distributing money. What proportion of the raises will be merit based? How much will be determined by changes in the cost of living? And how much will be devoted to redressing salary inequities between groups of faculty and between individual faculty members? What adjustments will colleges make for market considerations, such as differential supply and demand across fields, and for retaining faculty who are recruited by other institutions? Fighting for fair, equitable allocations among faculty is as significant as negotiating for the highest possible total of salary monies.

This chapter examines two recent fights for improved faculty salaries and salary structures. It then looks at contract clauses covering merit pay, market adjustments, and internal equity in bargaining agreements included in NEA's Higher Education Contract Analysis System (HECAS).

These fights and provisions point to one conclusion: money matters.

ON STRIKE AND ON MERIT

Two large NEA bargaining units recently struggled with their administrations over salaries. Faculty in the NEA's bargaining unit in Hawaii struck over money—especially for lower paid faculty—in Spring 2001. Faculty in NEA's California bargaining unit for four-year colleges pushed for higher pay while fighting merit pay proposals. The union opposed neither the principle of "merit" nor allocating part of faculty salaries according to "merit." Faculty, negotiators argued, already underwent merit reviews when they came up for promotion, submitted articles for publication, and applied for grants. The real point of contention: would faculty help determine the process for distributing merit money?

NEA's Hawaii and California units were well-known for negotiating creative "new unionism" contract provisions that guaranteed a faculty voice in defining higher education policy. But these units also stood their ground on two salary-related issues: the amount of increase and the mode of distribution. These units—also known for successful outreach—gained public support for faculty by linking the "new unionism" to their positions on salary raises and structures.

Hawaii: The University of Hawaii Professional Assembly (UHPA) is a unique, statewide bargaining unit comprised of faculty at the community colleges and at the university. Faculty in Hawaii had worked without a pay raise since 1998. Negotiations went nowhere for two years after the preceding contract expired in 1999. The union's key demands were money-related: across the board raises for the faculty, increases in the lecturer fee schedules, and teaching equivalencies for community college faculty to bring the workloads of two-year and university faculty in line. Better pay, the union argued, would enable the university to recruit new faculty—salaries lagged behind comparable institutions—and enable current faculty to keep up with the high cost of living. The legislature had appropriated settlement money, and the university administration made a concrete offer, but the governor blocked settlement of both the UHPA and the Hawaii State Teachers Association (HSTA) contracts.

In March 2001, UHPA members voted overwhelmingly to strike (80 percent turnout; 91 percent voted to strike). A few weeks later, the 3,500 members of UHPA and the 14,000 members of HSTA conducted the most "far-reaching walkout ever in American education"—a two-week statewide strike that shut down Hawaii's education system from kindergarten to graduate school.[1] A unified faculty picketed the university; fewer than ten percent crossed the lines. The university kept some classes in session by using teaching assistants and other instructors not part of the bargaining unit.

The University of Hawaii—a Research I institution—received millions of dollars in grant monies each year. But the strike halted grant applications and research projects. The only exceptions: faculty with animals and/or plants in their labs that needed care and essential employees, as defined by the labor board—medical doctors, for example.

UHPA had solid support from its members and from communal, political, and business leaders. Quality education in Hawaii, the union successfully argued, required better paid teachers and faculty. Every year Hawaii lost educators to mainland institutions in part because of the low salaries paid in a state with a high cost of living. Investing in education, the unions added, would also help to diversify Hawaii's economy.

About ten days into the strike, the academic senate, the faculty union, and UH administrators warned of the implications of not finishing the semester. Students would demand tuition refunds. The certification of teachers, counselors, doctors, and dentists would be delayed and the state would be unable to fill positions. Pressure from the public, Hawaii's U.S. senators and representatives, and the university administration finally persuaded the governor to settle the contact.

"The faculty union," noted one newspaper, "came away with a 12 percent settlement package that was nearly the amount it had requested and addresses the workload at community colleges and a pay raise for lecturers—the most emotional and contentious issues in negotiations." Throughout the strike, the newspaper added, "professors were most vocal about the financial and physical deterioration of the university and the lack of competitive salaries to be able to hire new faculty members."

The settlement benefited faculty at the lower end of the salary schedule. Faculty received a flat dollar amount ($2,325) for the first year of the contract; the equivalent of a four percent raise for someone making $57,000. But colleagues earning less received a higher percentage increase. Faculty members will receive a six percent across-the-board raise in the second year of the contract. The governor, noted a newspaper, said the "state got a key reform that he has demanded from the start: merit pay."[2] The contract included one percent per year for merit, using the system already in place.

To address the most contentious issues, the university allocated $1 million per year to expand the teaching equivalencies in the community colleges. Lecturer pay and overload pay will increase by three percent each year.

The contract also included money to cover health benefits and to pay for overload work needed to save the semester. All striking faculty received about $1,040 for make-up work caused by the strike; faculty would schedule classes on week-ends and nights to finish the semester. New contractual language on patents provided a formula for sharing proceeds by the university and faculty members.

California. The California Faculty Association (CFA) and the administration of the California State University (CSU), with 22,000 faculty on 23 campuses, struggled bitterly over merit pay since the recognition of the union in the mid-1980s. Many faculty members, resenting the assorted merit programs incorporated into prior contracts, fought intensely to overturn the most recent iteration. At the heart of the disagreement: CSU salaries lagged behind comparable institutions, and the faculty had not received sufficient across the board salary increases in several years. This lag, coupled with the high cost of living in California's urban areas, made CFA even more unwilling to accept the current Faculty Merit Increase Program (FMIP). The chancellor's office imposed settlements on the union during the last two rounds of contract negotiations.

FMIP provides for a permanent increase in the base salary, or for a bonus that is not on the base salary, of up to 7.5 percent of the faculty member's annual salary. All faculty members must file annual activity reports with their department chairs and "shall be considered for a Faculty Merit Increase, unless they indicate on the activity report that they decline to participate in the Faculty Merit Increase Program." (Article 31) The contract provides for departmental and decanal merit recommendations after reviewing the activity reports. But the president has the sole authority to "concur or disagree" with the recommendations, may change the amount of the increase, and/or can award merit money to someone who was not recommended by the department or the dean. This broad presidential discretion elicited widespread union and faculty opposition.

There is sufficient evidence, concluded an NEA-funded study of FMIP, "to raise concerns about possible pay discrimination against women." CFA asked the state legislature to place a moratorium on the pay plan until it could be analyzed and warranted to be non-discriminatory.

CFA and CSU negotiated a reopened salary article during the 2000-2001 academic year. The parties went to factfinding when the CSU administration would not back down on FMIP. "[FMIP] appears to be ill conceived and poorly administered," wrote the factfinder. "As a result there is a level of discontent among the Faculty that overshadows other issues."[3] The factfinder recommended discontinuance of the plan for the 2000–2001 fiscal year.

Instead, the CSU Board of Trustees imposed the contract provisions on the faculty on January 24, 2001—the first California public employer to impose a contract twice on the same bargaining unit. CFA then campaigned for support among students, other unions, and community members. Union-sponsored teach-ins on CSU's 23 campuses during fall 2001 explained the importance of the faculty to the university. The entire contract is up for re-negotiation during the 2001-2002 academic year.

SALARY STRUCTURES IN BARGAINING AGREEMENTS: MERIT, MARKET, AND EQUITY

The accountability and privatization movements sweeping higher education during the 1990s promoted manager-controlled merit and market-based mechanisms for determining faculty salaries.[4] These mechanisms often replaced the "automatic" cost of living increase (COLA) at non-union colleges. Managerial use of these criteria took salary setting—the evaluation of a faculty member's value—beyond the judgment of faculty peers. The result: managerial control came at the expense of academic professionalism.

Managers gained less discretion over salary matters in unionized settings. The collective bargaining agreements in NEA's Higher Education Contract Analysis System (HECAS) show how faculty unions preserved COLAs, minimized use of merit systems, and ensured faculty control when used. Faculty unions also negotiated equity adjustments to redress inequities that developed from using managerially defined merit and market mechanisms.

Merit. Managers wish to eliminate COLAs and make all increases merit based. Faculty

unions do not oppose merit per se—despite the claims of academic managers—but they support a COLA base and faculty control of the merit mechanism. Some faculty unions have successfully *expanded* the COLA base.

> Each bargaining unit member employed by CMU as a bargaining unit member...shall receive a minimum salary increase of 3.00% of base salary...In addition to the minimum salary increase, a pool of funds, consisting of one-half percent of the total base salaries of the bargaining unit membership, will be available for merit increases...(Central Michigan University)

> The parties hereby agree that the 2.4% performance increase due...will instead be paid across the board as an equal per capita adjustment to base salaries. (University of Alaska)

Academics should not have to demonstrate "merit" to receive COLAs. Without COLAs, many faculty receive effective pay cuts, since most merit systems assume that only a portion of the faculty are "meritorious." Moreover, merit adjustments do not always equal the inflation rate.

Pay raises for some faculty mean pay cuts for most. That's the key issue. But also at stake is professional control of decision making. Some contracts put managers, not faculty, in control of merit mechanisms. For example:

> The sum of twenty-five thousand dollars will be made available for Merit Bonuses for each of the...years. The University retains the right to determine the individuals who may receive one-time merit pay bonuses. (Saginaw Valley State University, Michigan)

Management controls merit pay, but at Saginaw Valley the union protected the COLA and confined merit pay to a bonus, not an increase to the base.

Some contracts permit merit adjustments only if and when adequate sums are first appropriated for across-the-board salary increases.

> In the event that the Legislature appropriates funds for employee salary increases in excess of 3.0%, such funds shall be distributed for the increases described in Sections 23.4(a)—Professional Excellence Program, and 23.4(c) Market Equity. (University of Florida System)

This contract also specifies the allocation process when additional monies do not provide in full for merit and market equity adjustments.

Some contracts provide for faculty control of merit pay by defining eligibility for merit or promotion based increases—a specific proportion of faculty, for example.

> For any academic year, each college/group shall have one promotion/merit for every fourteen bargaining unit members. (Ferris State University, Michigan)

Other agreements specify the criteria used to make decisions about merit. The Salem Community College (New Jersey) contract, for example, specifies credit hour generation—actually a conflation of "productivity" and "merit."

At Lincoln University, in Pennsylvania, the faculty democratically determines the balance between merit and COLAs, and votes on the administration's proposed criteria and evaluation plan.

> This 4.5% increase will be comprised of two components: an across the board increase and a merit increase....The Unit members shall vote upon the proposed criteria and evaluation plan for merit increases and LUCAAUP shall conduct the balloting for such voting. The administration shall propose the percentage of the 5% salary increase in...that shall constitute the merit component. LUCAAUP members will vote upon this proposed percentage and LUCAAUP shall conduct the balloting....If the parties hereto are unable to agree upon the criteria and evaluation plan for merit increases or the percentage of such an increase, Faculty Members will receive an across the board increase of 4.5%...

Faculty unions should negotiate for ongoing access to information about the structure of salaries.

> The University will provide the Association an annual report of (a) the amounts of money, by major source, used for salary adjustments; and (b) the amounts of across-the-board, merit, and promotional increases; corrections of salary anomalies; individual increases; and other by type. (Portland State University, Oregon)

This information permits the union to enter negotiations with a more sophisticated understanding of the salary structure.

Merit language often specifies criteria for promotion decisions and for movement up the salary schedule. For example:

> Promotion from rank to rank (instructor to assistant professor, assistant professor to associate professor, associate professor to professor) is not automatic, but is based on meritorious performance of teaching and other job duties. (Monroe Community College, New York).

Many contracts, including MCC's, also specify the criteria used in making these decisions. Typically, faculty members must apply for merit-based promotions and increases.

Faculty control of the merit pay process is a must, since most contracts view merit pay determinations as substantive, non-grievable academic decisions. An elected committee makes merit pay and promotion recommendations at Niagara County Community College (New York):

> An elected committee of the faculty may make recommendations to the President of the College to assist the President in making such recommendations [about promotion, merit increases, and continuing appointments] to the Board of Trustees. The committee shall provide a copy of its final report to the President of the Faculty Association. The structure of the committee will be determined by the President of the College with input provided by the President of the Union and shall reflect the College's academic organizational structure.

Faculty unions are successfully fighting managerial efforts to replace across the board increases with merit pay structures—a practice resembling setting and allocating piece work rates by managers. One measure of union success: within HECAS contracts, "merit" is usually linked to *grievances*—making decisions on the *merits* of the issue—not to pay.

Market. Universities and colleges face increased pressure to emphasize market considerations in setting faculty salaries. On the individual level, market pressures result in salary adjustments for professors who receive employment offers from other institutions. On the collective level, these pressures result in adjusting salary schedules to external market demands, or raising salaries of all faculty to bring institutional pay in line with competitors. Managers like flexibility to make these adjustments, but faculty unions have controlled their discretion in key cases.

Many salary provisions permit managerial adjustments to salaries based on market conditions. Often that right applies to initial placement on the salary schedule; sometimes the contract limits the extent of the market adjustment.

> For positions where the current base does not attract qualified employees due to existing market value, the College may award up to an additional two years service credit on the salary schedule at the College discretion. (Jefferson Technical College, Ohio)

> The College reserves the right to make exceptions above this minimum initial placement at the College President's discretion for unusual situations, such as high market rates for a specific instructional discipline. Any placement above Step 9 would require consultation and agreement with the RCCEA. (Rogue Community College, Oregon)

Elsewhere, managerial discretion extends beyond initial placement.

> Specific salary actions shall be made at the sole discretion of the university in response to bona fide outside employment offers, to respond to market conditions in critical academic areas, and to recognize extraordinary achievement, and equity salary adjustments. The maximum number of faculty subject to special salary actions shall not exceed the percentage shown in 1989–90 Salary Regulations for those faculty below the "Salary Cap"…and above "Range and Step." (New Jersey Institute of Technology)

But contracts can establish faculty control over market adjustments. At Pierce Community College, Washington, a screening committee of faculty recommends the initial placement of applicants on the salary schedule, based on education, training, and experience. The executive dean may offer assignments two steps higher than the recommended scale "in response to market forces."

Other contracts provide for faculty involvement in committees that decide on special adjustments for currently employed unit members.

> The Market Committee shall consist of two faculty members appointed by the President

> of the Faculty Association, two administrators appointed by the Vice-President for Academic Affairs, and the Vice-President for Academic Affairs or his/her designee who shall chair the committee with vote. The Market Committee shall be responsible for determining the distribution to faculty members of base salary adjustments to the extent that funds are assigned in order to appropriately recognize marketability in faculty salaries. Recommendations of the Market Committee will be determined by a majority vote. Decisions to grant or not to grant an adjustment in the base salary of a faculty member as well as the amount of the adjustment are final and binding and are not grievable. (Saginaw Valley State University)

The union's ability to contain the dispersion of salaries may include a limit to the number of adjustments. The Connecticut State University contract provides for a market evaluation committee:

> Not more than one market pay adjustment per one hundred full-time members, or fraction thereof, may be recommended in any contract year. A member's salary may not be increased beyond the maximum for the rank.

Some contracts provide for faculty involvement in deciding on market adjustments on the level of the employing unit. The Montana Vocational/Technical Educators contract, for example, states that, for initial hires, "The search committee will be consulted prior to offering a recruitment adjustment [based on market pressures] to an applicant." Stronger contracts afford departmental faculty veto rights over counteroffers.

> When the department faculty, Chairperson, and Dean wish to retain a faculty member who has a bona fide offer (in writing) from another institution, Temple (with the approval of the departmental faculty and the Chairperson) may offer a competitive salary adjustment to attempt to retain the individual without the prior approval of the TAUP. (Temple University, Pennsylvania)

The contract of the University of Montana indicates that, in the case of retention, "Before presenting a case for an adjustment, the chair will seek the endorsement of a majority of the tenured and tenure-track faculty of the petitioners' academic unit." The contract also establishes the need for across-the-board, "permanent market adjustments" to bring salaries in line with comparable universities. This faculty-driven definition of "market" leads to salary increases for faculty collectively, not to increased salary dispersion, as in non-unionized settings.

Equity. The growing emphasis on market mechanisms and adjustments has increased salary dispersion. Some contracts, in response, give individuals a redress mechanism for equity adjustments, or create structures to study inequities and provide redress based on gender and market conditions. Again, managers prefer discretion; but faculty unions have often controlled the decisions.

Faculty have a larger say in deciding on equity than on market adjustments. Some contacts accord managers considerable discretion in identifying and acting on cases, subject to faculty approval.

> The University may, with the consent of the Association, make salary or fringe benefit adjustments which are more favorable than those called for in the Agreement to an individual member of the bargaining unit for the purpose of remedying inequities based on gender or salary compression. (Delaware State University)

Most clauses concentrate on market-based inequities such as compression or inversion; but the Delaware State contract focuses on inequities based on gender, while the University of Connecticut contract calls for a gender equity study of salaries.

Market inequities are arguably *not* gender neutral, depending on what fields are seen as marketable. Contractual connections between market and inequity are therefore common. The Eastern Michigan University contract accords management "sole discretion" in making market-based adjustments, but the agreement also provides for a faculty role in redressing salary inequities.

> EMU-AAUP and the University recognize and are concerned that on occasion salary differentials may be created among faculty in departments owing to external market conditions. In order to address these concerns, an amount equal to one percent of faculty base salaries, calculated as of February 1, 1997, February 1, 1998, and February 1, 1999, shall be set aside and shall be distributed by November 15 in each of

> the 1997–98, 1998–99, and 1999–2000 academic years, respectively, in accordance with the system mutually agreed to by the Association and the University…

As with merit and market mechanisms, some contracts provide for faculty involvement in and control of equity adjustment processes and outcomes. Some contracts permit individual faculty to file for adjustments.

> The individual faculty member must initiate the process by timely requesting a review in a letter to the Dean with copies to the Provost and the Executive Committee of the Faculty Association. This request must state the basis for the request and must include sufficient evidence to support the request. (Rhode Island School of Design)

The Saginaw Valley State University contract provides for an equity committee—parallel to its market committee—that includes association-appointed faculty members. The University of Montana contract folds adjustments into the regular faculty evaluation process, thereby maintaining substantial faculty involvement: "The procedure for making application for an inversion adjustment is the procedure for faculty evaluation."

Some contracts address equity on the collective level. The Temple University contract establishes a specific annual amount for salary compression adjustments, and lists criteria for distributing the compression fund. The contract for the Council of Higher Education in South Dakota establishes "an equity pool, funded by a flat sum equal to $15,000 per 100 FTE faculty positions" and restricts the use of the pool to discrimination claims and serious compression problems. By establishing this equity pool, the contract protects the base salary allocations, separating special adjustments from a continued commitment to across the board increases.

The Kent State University (Ohio) contract also protects the base, while establishing faculty control over the allocation of the equity pool.

> A salary pool of up to a maximum of one percent of the AY 1998–99 salary pool of continuing faculty for AY 1999–2000 shall be established to address salary compression in accordance with a formula that has been developed by the Association and has been accepted by the University.

Here, the union successfully initiated a policy and procedures that the university accepted.

One contract provides assistance and salary compression redress to the least powerful members of the unit.

> In each of the three years of this Agreement, the College agrees to adjust the salaries of certain bargaining unit members in order to alleviate salary compression at the lower faculty pay scale ranges.…Prior to the start of each year of this agreement the UFF shall be responsible for preparing a schedule of salary adjustments to achieve the purposes of this provision and shall provide that schedule to the College. Absent good reason, the College agrees to implement the salary adjustments according to the UFF schedule and UFF agrees the adjustments may be made without bargaining. In the event the College disagrees with UFF's schedule of adjustments the parties agree to submit the issue to reopen the contract. (Palm Beach Community College, Florida)

Unions can negotiate provisions ensuring an equitable allocation of salaries. But faculty members must also assure their participation in implementing these provisions.

CONCLUSION: RAISES *AND* SALARY STRUCTURES

Faculty and public attention normally focus on salary demands during contract negotiations. That focus makes sense. The purchasing power of faculty members barely grew over the past 30 years, and increased only slightly more than the inflation rate in the late 1990s, despite a strong economy. Even today, faculty members receive far smaller salaries and increases than comparably educated professionals. The recent economic downturn mandates even harder bargaining for salary increases.

But salary structures are at least as important as salary increases. Unfair salary structures, usually accorded little public attention, threaten the unity of faculty and the future of the profession. Faculty negotiators should note three trends affecting salary structure. First, management seeks to replace annual COLAs with a merit pay system that often provides smaller increases. Second, management emphasis on the market in setting salaries results in greater salary dispersion

among disciplines and ranks. Third, management is restructuring the academic workforce by replacing retiring faculty with lower paid faculty members at lower ranks or with non-tenure track faculty members. These trends increase already inequitable faculty salary structures.

The Hawaii and California negotiations, and the bargaining agreements included in HECAS, suggest that faculty unions successfully protected COLAs, while salaries in non-unionized settings became merit based. Unions can also negotiate language ensuring faculty involvement in—even control of—merit, market, and equity adjustments. Some contracts provide more money for the growing numbers of faculty in lower ranks and offer remedies for internal inequities.

Money matters. Faculty unions and their leaders must continue to fight for pay raises. The key to success: public and rank and file faculty support for professional control of the structure of faculty salaries.

NOTES

[1] LATimes.com, April 6, 2001.

[2] *Honolulu Advisor,* April 19, 2001.

[3] January 2, 2001 non-binding decision by Factfinder Richard B. Danehy, p. 5.

[4] Rhoades, 1998.

REFERENCE

Rhoades, Gary. 1998. *Managed Professionals: Unionized Faculty and Restructuring Academic Labor.* Albany: SUNY Press, 1998.