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Education

Merit Pay is Critical to CSU Public Accountability

By Dr. Charles B. Reed

Whenever I talk with legislators or other citizens of California about the importance of adequately funding higher education, invariably I am asked how the California State University spends their investment. I tell them about the improvements we've made in productivity, how our campuses are working together and partnering with other organizations to better use resources, and how we're developing an effective merit pay program for employees. They usually like what they hear.

Unfortunately, after 14 months of negotiations, the faculty union has not agreed on a process for expanding the extent to which annual salary increases are awarded according to merit. The CSU's position is to double the merit pay pool to 40 percent of the salary pool, and the CFA would like to eliminate it and see all faculty rewarded equally regardless of performance differences. However, there has been a public call for accountability in higher education nationwide and in this state. The Trustees and I are committed to answering that call with several initiatives, and merit pay has to be among them. We agree with the CFA that CSU faculty are hard working and high quality.

We agree that our faculty deserve higher salaries, which are currently lower than their counterparts in other universities.

In this age of greater accountability in the use of state resources, however, we also know that in seeking the funding needed for these higher salaries, our case will be strengthened if made on the basis of actual performance. So we must find a way to link additional state dollars for faculty to performance.

While we have made several compromises throughout the negotiations to develop a merit pay system that both sides will



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agree upon, none of our proposals was acceptable to the CFA. In fact, the tentative agreement that was voted down by CFA membership included an expanded merit pay appeals process and requirement that all merit pay recipients be recommended by faculty.

The CFA's main argument against merit pay is that it can lead to favoritism, but the facts prove that is not true. A merit pay system at the 20 percent level has been in place since 1995. Last year, for example, 97 percent of faculty who receive increases were recommended by their peers. That means only three faculty out of every 100 were chosen by the administration alone. That demonstrates just how strongly the administration values faculty input. However, we believe we need to do more. In fact, one issue on which the CSU and CFA agree is that under the old system not enough faculty could receive increases. By doubling the size of the merit pool, the new system will more than double the number of faculty who receive it.

It's important to note that we are not doing anything radical here. There's a group of 20 institutions nationwide comparable to the CSU that the California Postsecondary Education Commission uses to compare CSU salaries. Both the CSU and CFA have accepted it as a fair comparison group. All of those institutions have a merit pay system, and more than half use the entire salary pool for merit pay.

While CFA activists continue to denounce merit pay, we have received a great deal of support in our effort to ensure accountability through merit pay. My office also has received many letters from faculty who welcome an effective merit pay system. In addition, editorials in *The Sacramento Bee*, *The San Diego Union-Tribune*, and the *Long Beach Press-Telegram*, as well as letters to the editor from faculty and a letter from the California Taxpayers' Association have supported the CSU and encouraged faculty to accept merit instead of business as usual. As *The Sacramento Bee* put it: "Merit pay's time has more than come; it is past due."
