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Chair of the Assembly and the Academic Council
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University of California
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July 8, 2009

**PRESIDENT MARK YUDOF
UNIVERSITY OF CALIFORNIA**

Re: Academic Senate Comments on Furlough/Salary Reduction Plan Options

Dear Mark:

As you requested in your letter of June 16, I distributed the three proposed furlough/salary reduction plan options to the systemwide Academic Senate for review. The Academic Senate divisions and system-wide committees did an extraordinary job of eliciting and receiving input, and formalizing their responses. This morning, the Academic Council held a special teleconference to discuss the options and to finalize the Academic Senate's response. I would like to thank you for inviting the Senate's input and for waiting for the Senate's deliberations before making your recommendations to the Board of Regents.

The Academic Council cannot overstate the grave situation that confronts the University. The cumulative effects of decades of diminishing state support, combined with the current budget crisis, has brought us to a critical turning point in the evolution of the University of California. Steady deterioration of state support for the University is having a dramatic impact on the quality of the institution. Council members strongly emphasized that furloughs and salary cuts should not be considered by the Regents in isolation from other budget cutting measures and revenue enhancements such as halting capital projects; increased non-resident student enrollment; borrowing; property and asset sales; administrative efficiencies; streamlining administrative positions and salaries; and strategic program cuts. All should be discussed and addressed together as part of a comprehensive plan to maintain UC's quality while operating within a constrained State budget. At the same time, we must restore employees' total remuneration in the face of market lags, salary cuts, increasing health care costs, and the restart of employee contributions to UCRP. In recent years, the Senate has advocated for alternative approaches to budget planning. We refer you and the Regents to the Senate's "[Cuts](#)" and "[Futures](#)" reports, which unfortunately remain relevant, and even prescient, as we move forward in addressing our budget crises.

The Academic Senate recognizes the immediate need to cut the budget for the 2009-10 fiscal year. Furloughs or salary reductions are a short-term solution to a long-term problem and are palatable for

a defined, limited period with a fixed termination date **only** to buy time to allow for a more considered analysis and the development of a long-term strategic plan. Because the budget crisis is highly likely to continue for more than one year, we request that you require the Chancellors and EVCs to devise alternative ways to meet future budget shortfalls without resorting to an extension of furloughs or salary reductions. This process should begin no later than six months into the fiscal year to allow for adequate and constructive consultation. It should be acknowledged that any extension would be calamitous for faculty and staff morale, as well as for retention. Council members would like to see the administration clearly demonstrate that aggressive practices to reduce costs and enhance revenues have been implemented before extending furloughs or salary cuts in any form.

Finally, the Academic Council would like to register its objection to several aspects of the process for comment on these proposals. While input was sought and received from a broad cross-section of UC employees and through innovative means, the truncated timeline for comment was inadequate. More importantly, the information provided in the plan was incomplete and did not include justifications for the three options, any legal analysis of the options, a comparison of the impacts of the three options on education and research, or an analysis of unintended consequences. Many divisions and committees (UCB, UCM, UCR, UCAP, UCPB, UCFW, UCORP, UCPT) specifically stated that they could not meaningfully evaluate the options because of insufficient information. They requested data and comparative analysis of the plans' effects on: 1) the merit and promotion process; 2) retirement; 3) how funds saved by cuts to grants and professional services could be used; 4) alternative ways to cut budgets and increase revenues; and 5) instruction. Many details of implementation were omitted. For example, our Privilege and Tenure committee asked whether tenure, promotion and job performance criteria for faculty will be adjusted to ensure a common, system-wide standard, and by whom. The Council felt strongly that detailed information on implementation with regard to potential exemptions, structure, etc., needs to be provided to all employees. While the FAQ website assisted with this knowledge during the review process, it was too limited in scope and detail. Finally, an evaluation of the effectiveness and effects of the final program should be conducted; the Senate is willing to assist in this effort.

Moreover, the Academic Council was extremely disappointed by the limited and simplistic options presented for confronting the budget crisis, feeling strongly that furloughs and salary cuts should not be considered by the Regents in isolation from other budget cutting measures and revenue enhancements. Of particular concern is the fact that the Council and broader Senate will not have an opportunity to comment on the final plan to be presented to and voted upon by the Regents.

Following are our specific comments and concerns on the options presented, followed by a plea for improved strategic planning to begin immediately.

Furloughs (Option 2) Preferred. While the Senate finds this situation lamentable and believes that furloughs and salary cuts should be a last resort, we have opined on the options presented. All ten divisions and seven committees (UCAAD, UCAP, UCCC, UCFW, UCORP, UCPB and UCPT) submitted written comments. Of the 17 responses received, three respondents (UCSD, UCORP, UCPB) did not endorse any of the options, eleven respondents preferred Option 2 (furloughs only), and three respondents did not choose among the options. None preferred Options 1 or 3, although some segments at various campuses (particularly professional schools) prefer across-the-board salary cuts to furloughs.

Thus, there was significant support for furloughs in lieu of salary reductions. Several respondents maintained that salary cuts should not be preferred simply because they are easier to implement.

Rather, the University should justify the decision on the basis of clearly articulated fundamental values (e.g., progressivity, etc.). Whether furloughs or salary cuts are implemented, Council felt that they should only apply to the equivalent of covered compensation.

Many committees and divisions emphatically maintain that specified furlough days should not fall on designated holidays (UCB, UCD, UCI, UCLA, UCM, UCSB, UCSC, UCSF, UCAAD, UCFW) or should be on a mix of paid holidays and days that affect the delivery of campus services (UCR). Most Senate members felt that furloughs should have a visible impact and demonstrate that reductions in funding lead to reduced services. UCB and UCM suggest that furloughs should be used to reduce the length of the academic year (i.e., reduce the number of days of instruction) in order to dramatize the effects of budget cuts. On the other hand, UCSB notes that a faculty furlough program should ensure that instructional activity is not arbitrarily disrupted and should include guidelines on appropriate ways to reduce workload. Like closure days for the Department of Motor Vehicles, Senate members felt strongly that the University must visibly demonstrate the consequences of reduced funding.

Reasons for supporting furloughs include:

- 1) Furloughs are temporary and can easily be reversed, whereas salary cuts may never be restored;
- 2) Non-holiday furloughs are visible and dramatize the effect of budget cuts. Reductions in compensation should be accompanied by reductions in workload, while a salary cut would require delivery of the same services for less money;
- 3) Furloughs would affect everyone equally, while salary cuts would affect HAPC, and therefore would have a greater negative impact on those close to retirement;
- 4) It is unfair to ask staff to take a pay cut without a workload reduction, so faculty favor furloughs in deference to staff;
- 5) Non-holiday furlough time can be used by many categories of employees to supplement their incomes (through consulting, etc.) and could potentially save employees the cost of transportation and child care;
- 5) Furloughs could be structured to allow faculty and staff to increase effort to fulltime with funds derived from non-state sources;
- 6) Furloughs can be implemented incrementally in response to campus-specific progress on other budget reduction measures.

Protect Retirement Benefits. The Senate urges the President to ensure that service credit for retirement is protected, and to provide a full analysis of the plan's effect on retirement (UCB, UCD, UCI, UCLA, UCR, UCSB, UCSC, UCSD, UCAP, UCPB, UCFW, UCORP, UCPT). UCORP states, "Protecting retirement benefits should neither be negotiable nor left to Regental discretion." UCFW's analysis shows that Options 1 and 3 would result in dramatic inequities among employees unless UCRP benefits are protected. While furloughs result in a small reduction in service credit that applies equally to all employees, salary reductions would have a large, adverse effect on those who are close to retirement. For instance, UCFW projects that an 8% pay cut for three years for a Professor Step VI who retires at age 60 with 30 years of service credit would mean an annual reduction of retirement income of at least \$6,375. If the professor lives for 20 more years, her or his cumulative loss would be \$127,500. Options 1 and 3 also likely would result in changes in retirement behavior (UCD, UCFW). Similarly, other benefits, such as insurance benefits, leave accrual, etc., should not be affected by a salary reduction and should be calculated at the pre-reduction rate, as service credit has been calculated in the START program.

UCD also notes that currently, vested employees supported by extramural funds accrue retirement benefits (a liability for the University) without individual or funding agency contributions. The current budget crisis offers the opportunity to prepare the campuses and employees for restarting contributions to UCRS. If those with salaries funded from extramural resources are exempted from a pay reduction, perhaps an equivalent portion of their salary could be set aside for contribution to UCRP. At the very least, the Office of the President should require that all new extramural funding submissions include funds allocated to UCRP in order to prevent further liability and to ensure the long term viability of the retirement system.

Exemptions. By a voice vote during our teleconference, the Academic Council unanimously agreed that the plan should not apply to student employees, graduate students, post-doctoral fellows, or health science trainees due to the educational nature of these appointments and their very low salaries (see specific comments from UCD, UCLA, UCSF). Persuasive arguments supporting this position from UCD's Graduate Council and its Postdoctoral Scholars Association are enclosed as part of the Davis Division's comments. UCSF is particularly concerned about the negative impact on research and clinical care if these groups are not exempt from furloughs or salary cuts. In addition, failure to exempt post-doctoral fellows would create inequities between those who receive their funding directly from the funding agency (e.g., NIH training grants) and those who are paid through the University payroll system. Finally, essential personnel, including those who care for plants and animals used in laboratory research, should be exempted from furloughs (UCD, UCR, UCSF).

Cuts to Non-State Supported Salaries. While the general faculty is divided on whether salary reductions should be applied universally or only to those salaries supported by state funds, a majority of the Senate respondents believe that cuts should not be made to salaries supported by non-state money. Six divisions oppose a uniform plan, and two divisions favor a plan applied to all (two divisions did not take an explicit position). UCB, UCD, UCLA, UCSB, UCSD, UCSF and UCAAD contend that cuts to salaries on soft money would produce greater harm than benefits. Such a policy would: 1) make UC less competitive in research; 2) produce negative unintended financial consequences for UC; 3) impede retention of the best faculty; 4) hurt faculty morale; and, as noted above, 5) unnecessarily reduce contributions to UCRP. UCSB strongly argues, "The principle of equity seems weak compared to the potential harmful impact on the overhead revenues for the campuses." UCD concurs that cutting grant-funded salaries could damage the University's research reputation and competitiveness. The Davis Division argues, "Any short term benefit achieved by a uniform salary reduction is outweighed by UC's failure to meet the commitments made upon acceptance of contracts and grants and is likely to reduce UC's extramural funding." A letter from UCSF's Committee on Faculty Welfare states that UCSF will lose millions of dollars in indirect costs from salaries funded by external sources, as well as from clinical revenues due to reduced productivity, and could potentially lose contributions to UCRP. UCLA states that the University may lose funds in the following ways: 1) the federal government may not allow carry-forward of unexpended funds; 2) funds awarded under the American Recovery and Reinvestment Act must be returned to the government if not expended for their intended purpose in the year awarded; and 3) stipend levels of NIH postdoctoral trainees are mandated with no allowance for partial stipend payments and the entire stipend must be returned if NIH rules are not followed.

UCSF contends that faculty morale will suffer because the salary reductions of those who are supported by grant and contract funds will not enable the University to realize savings applicable to the general budget. They also note that several major public universities have implemented salary cuts excluding grant-funded employees. UCSD and UCSF add that by reducing salaries or

implementing furloughs, UC is in jeopardy of losing many talented faculty members to competing institutions that offer higher salaries. This ultimately could lead to diminishing the quality of UC.

Additionally, UCAAD states that Adjunct Professors, who often are supported primarily by non-state funds and whose ranks are composed disproportionately of women and racial and ethnic minorities, would be adversely affected. UCAAD also notes that a furlough plan that reduces the workload of employees who work 50% time, jeopardizes their medical benefits. Thus, benefits of all employees who drop below 50% time should be protected.

The legitimate uses of salary savings from non-State sources must be clarified, as well as whether faculty may use grant funds to replace salary lost via furloughs. UCSB and UCLA argue that faculty should be allowed to recover salary by paying themselves with grant, contract, or gift funds, or augmenting their income through summer salaries not subjected to the cuts. UCORP explicitly opposes cost-shifting and notes that UCOP must perform oversight to ensure that this does not occur. UCORP also noted the lack of analysis of the differential effects on grant-reliant campuses of redirecting soft money. UCR's Planning and Budget committee states that it is vital that the accounting process be described transparently, including how much money was generated, how it was used to meet the savings goals of the campuses, and how the 8% cut was derived.

UCI, UCR, and UCORP supported the notion that all employee classes should share the burden for reasons of morale. UCI argues, "The budget crisis is affecting the whole university and all groups who profit from being part of this great university should bear part of the burden of overcoming the crisis." Following that logic, UCI's Senate Cabinet supports returning all salary savings to the central administration, rather than to the units, to reduce the funding gap. UCR adds that it is unjust to privilege some cohorts of faculty by exempting them from cuts, and that all Academic Senate members should be subject to the same cuts. UCSC cautions that exempting non-state funded employees from salary reductions may accelerate the privatization of the UC system, and "implicitly introduces an overt tiering of the UC system between private- or federally-funded parts, and the employees who teach students and hence rely on state funding."

In summary, there are legitimate, impassioned arguments on both sides of the question as to whether it is more equitable to cut or exempt non-State funded salaries. We found ourselves debating the issue and definition of equity, finally determining that "equity is in the eyes of the beholder," so much so that, in the end, the concept of "equity" is of little utility for justifying a decision.

Progressivity. Many respondents called for greater progressivity in any plan (UCB, UCD, UCLA, UCM, UCSB, UCSC, UCAAD, UCORP, UCPB). The allocation of furloughs or salary reductions should be implemented by salary level, with several intermediate levels and greater protection for the lowest paid cohorts of faculty and staff. In order to recruit and retain the best faculty, every effort must be made to alleviate the financial burden on lower-paid Assistant Professors. UCD suggests that salary reductions be tiered so that greater percentages of salary cuts are applied to higher salary brackets (e.g., a 4% cut on the first \$46,000, an 8% cut on the next \$50,000, etc.). Some suggested that administrators set an example by taking a larger pay cut than faculty or staff (UCPT). However, a minority of respondents is concerned that graduated cuts will make the most marketable faculty susceptible to external offers (UCLA, UCSC).

Some committees and divisions suggested ways to mitigate the effects of reductions in an effort to retain faculty, such as inflating teaching credits, issuing IOUs, reimbursing fees for dependents of employees (UCR, UCSB), and assisting those with University-sponsored MOP loans who no longer

will be able to afford their mortgage payments due to the reduction of their salaries (UCLA, UCM). We look forward to exploring these and other options for mitigating the effects of this program on faculty retention.

Campus Flexibility. Five respondents strongly argued that campuses must be given flexibility in implementing cuts in a manner that best meets the needs of the individual campuses (UCB, UCLA, UCSD, UCSF, UCORP). They noted that it is impossible to apply an across-the-board solution when campuses vary so much in terms of structure, needs, and state support (e.g., at UCSF only 7% of salaries are state-funded, while 57% of salaries are state-funded at UCM). UCSF is concerned that furloughs or salary reductions could negatively impact clinical care. UCB would prefer the latitude to use a variety of resources to achieve a centrally prescribed level of savings. The UCB letter states, “Each UC campus is unique in its operational demands, resource pools, sources of savings, and possibilities for revenue generation. Campuses may be able or may choose to realize different levels of immediate savings through administrative centralization, programmatic restructuring, reliance on reserves, or reductions in non-core programs.” UCSD suggests allowing each campus to develop its own furlough/salary reduction plan for state-derived funds in consultation with vice chancellors and the divisional Senate. In addition, UCORP suggests that UC develop a set of principles that apply to all campuses, as well as a set of guidelines for creating and implementing division-specific strategies for recovering the desired savings that abide by the systemwide principles. UCM cautions that allowing campuses to shift savings from auxiliaries and other resources to offset campus shortfalls will reinforce existing inequities in the UC system. Merced also notes that their campus is particularly vulnerable to budgetary cuts (e.g., the loss of a single faculty member can derail a major and the inability to hire is creating serious workload issues). While UC is one system with ten campuses, given their diversity, one size does not fit all. As we have heard you say many times, each campus is best fit to make its own decisions, with oversight.

Strategic Plan. While the above comments are specific to the proposed options, the Senate review placed considerable emphasis on developing a strategic plan. Council urges you to develop a long-term strategic plan to ensure the University’s viability in an era of shrinking state support (UCB, UCI, UCM, UCSB, UCSC, UCSD, UCPB, UCORP). UCPB recommends that the long-range planning model presented to the Regents by the Blue Sky Consulting Group in September 2008 be used to analyze the impact of furloughs and/or salary cuts compared to other options, as well as to develop a strategic plan. An examination of the effects of these cuts on institutional quality and the University’s teaching and research missions should be conducted and submitted to the Senate (UCSC, UCSD, UCPB, UCPT).

Given that our budget problems are likely to be ongoing, several divisions and committees also urged the administration to develop budget reduction strategies earlier in the year in order to allow more time for consultation and careful consideration next year (UCSB, UCPB). UCPB specifically requests that at their November 2009 meeting, the Regents consider the impact of any temporary measures adopted in July and begin planning for the next fiscal year at that time. Many cited a preference for the Chancellors to present targeted, strategic budget reductions rather than across-the-board approaches. Respondents also emphasized the temporary and emergency nature of reductions and the need to develop a plan to restore compensation (UCB, UCD, UCM, UCR, UCAP). Some respondents also asked that serious consideration be given to additional fee increases (UCD, UCI, UCSB) or increases in non-resident student enrollment in order to raise revenue. Finally, several divisions and committees remarked that the effect of the cuts on total remuneration, as well as anticipated increases in health care costs and employees’ contributions to the retirement fund, should be enumerated.

In conclusion, we urge you to communicate to the legislature and to the public that the University of California is the engine that drives the state's economy and that an investment in the institution is an investment in the state's recovery. We heartily concur with the July 6 letter to Governor Schwarzenegger from over 300 UC members of the National Academy of Sciences, the National Academy of Engineering, and the Institute of Medicine that details the ways in which UC has driven the state's economic and technological growth. We also would like to take this opportunity to encourage the Office of the President and The Board of Regents to produce a comprehensive, strategic plan for UC's future that will sustain the outstanding faculty, staff, and students that collectively constitute the finest institution of public higher education in the world.

Please do not hesitate to contact me if you have any questions regarding Council's comments or concerns. Thank you again for being receptive and responsive to receiving input from such a broad array of University voices, and for taking our concerns into thoughtful consideration.

Sincerely,



Mary Croughan
Chair, Academic Council

Copy: Academic Council

John Sandbrook, Interim Chief of Staff
Katherine Lapp, Executive Vice President
Jeffrey Blair, Deputy General Counsel
Lawrence Pitts, Interim Provost and Executive Vice President
Martha Winnacker, Academic Senate Executive Director

Encl (17)



REVISED

July 6, 2009

MARY CROUGHAN
Chair, Academic Council

Subject: Furlough/Salary Reduction Plan Options

Dear Mary,

The call for expedited review of President Yudof's Furlough/Salary Reduction Plan Options was received after our Divisional Council's final meeting of the academic year. Hence, the comments we submit have been informed by consultation with several divisional standing committees, numerous faculty groups, as well as individual faculty members from all segments of our campus. The principles presented were distilled from the many opinions received by our Budget Strategies Working Group, convened this spring by the Berkeley Division, and consisting of our divisional leadership, plus representatives from the most relevant Senate committees.

President Yudof's plan presents three ways of implementing one basic policy decision: cutting the state-funded payroll so as to realize a net savings to the system of approximately \$200 million. We accept that the University system has little choice but to implement, as an immediate short-term strategy, some form of pay reductions. The plan offered, however, does not present any other options such as, larger systemwide reductions, temporary increases in tuition, or smaller reductions in payroll.

The document lacks sufficient information for critical analysis of the proposed options. As a result, we focus our comments on principles that we believe should undergird the implementation of any furlough or salary reduction plan. These principles include:

- **Individual campus flexibility**
- **Tangible work reductions corresponding to pay reductions**
- **Application only to salaries supported by 1990 sources**
- **Greater protection for the lowest paid faculty and staff**
- **One-year horizon for salary reductions**
- **Protection of retirement benefits**

These principles frame Berkeley's (and UC's) commitment to excellence in teaching and research. The massive cuts in state support will unavoidably damage our enterprise across a number of fronts. These principles represent ways to reduce the damage to staff and faculty commitment to UC, which is ultimately at the heart of our excellence. Strategies such as protecting junior faculty and post-doctoral researchers, optimizing non-19900 funds, and protecting retirement credit, are proposed as means of mitigating the harm.

I. Each campus must be afforded the autonomy to tailor a flexible furlough/salary reduction plan to its local circumstances and budget exigencies.

Each UC campus is unique in its operational demands, resource pools, sources of savings, and possibilities for revenue generation. Campuses may be able to or may choose to realize different levels of immediate savings through administrative centralization, programmatic restructuring, reliance on reserves, or reductions in non-core programs. A Procrustean policy of steep, uniform wage cuts removes the incentive for campuses to innovate in their budget policies. We strongly believe that each campus must have the flexibility to optimize its resources; imposition of a single model would make this unlikely, if not impossible.

II. Furloughs are strongly preferred.

Faculty at Berkeley are remarkably united in preferring some form of work reduction in relation to pay reduction, and adamantly opposed to cannibalization of paid holidays. For staff, it is unreasonable to expect them to do the same work when the state is cutting their pay. Furloughs provide a major advantage, as they can be implemented incrementally, in response to campus-specific progress in other budget reduction measures.

We strongly believe that the deleterious effects of the state budget cuts must be made visible to the legislature and the voters: they must clearly see that we cannot perform the same educational services with 20% fewer resources. We therefore believe that furloughs for faculty should not come entirely out of non-teaching days. Instead, it would be appropriate in response to these drastic cuts to shorten the teaching calendar, for example by beginning the terms later, or extending the Thanksgiving and spring breaks. A reduction in the teaching calendar would help to offset the harm to faculty morale from these cuts. Such a reduction is appropriate and demanded by equity.

III. Flat reduction in all salaries, regardless of source is counterproductive.

The proposal speaks about the value of equity, a value we share. Equity, however, does not demand cutting a large number of salaries from which no savings will be realized by the University, which runs counter to the national effort at economic stimulus and the state need for income from taxation. Cutting non-19900-funded wages will impair research efforts; it will entail inefficiencies in research spending, potential reductions in overhead revenues to the campuses,

and inequities to faculty and staff who have raised their own salaries through extramural funds.

We therefore believe that reductions should apply only to 19900 and other centrally-allocated state funds in order to avoid a net reduction in resources available to the University. While the Berkeley faculty is not unanimous on this point, many recognize that across the board cuts may cause external sponsors to cancel projects, or request the return of unexpended funds. In addition, this serves to protect the salaries of the majority of post-doctoral researchers, who comprise a critical University resource.

IV. Greater protection for the lowest paid faculty and staff.

We believe that equity demands more protection for the most vulnerable University employees. While we commend the protection offered to the least-paid staff, we believe that it would be better to adopt a policy minimizing the impact on the lowest paid cohorts of both staff and faculty. This is one way to protect the junior faculty, and by extension, the future of the University.

V. Plan proposed must be viewed as an emergency, one-year response to the problem.

There is substantial risk that state funding levels may not be restored; the University now faces significantly greater structural deficits in its operation. A multi-year steep reduction to salaries that already substantially lag the market, however, will be devastating to faculty morale, particularly those in early or mid-career. Accordingly, we believe that the proposal must make clear that extension of any wage reduction must meet a much higher standard of persuasion, involving a demonstration that cuts remain necessary, even after aggressive policies to reduce costs and enhance revenues have been implemented.

VI. Retirement benefits must be protected.

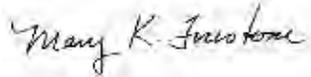
Retirement benefits should be based on current salaries; if furloughs are implemented, service credit toward retirement should be based on full time effort. Many faculty near retirement will feel betrayed if their future retirement expectations are depressed by these policies. Others have made clear that the retirement program is one of the chief reasons for remaining at Berkeley, despite the lag in salaries relative to the market. We believe a policy resulting in a net reduction in retirement benefits would be shortsighted and would constitute a profound blow to morale and commitment.

President Yudof has spoken of his confidence in the resilience of the University, even under these harrowing circumstances. However, we are also mindful of the fragility and singularity of California's achievement in creating a public institution so rich in talent and so fecund in its returns to the state -- economically, socially, and culturally. This achievement was won through the resources that California invested in the University, and through the

commitment of the University to its employees, both staff and faculty. While Berkeley will endure in some form, we fear that failure to implement a policy consistent with the principles we have enunciated will seriously reduce the University's future social and economic contributions to the state of California.

We urge President Yudof to make clear to the people of California that a 20% cut in state support will damage, perhaps irrevocably, the University's mission of teaching, research, and building the state's economy. We are deeply concerned that the Administration offers no concrete plan for revenue enhancement in concert with the proposed reductions. We call upon the University to develop a strategic approach that ensures the institution's long-term viability in an era of shrinking state support.

Sincerely,



Mary K. Firestone
Chair, Berkeley Division of the Academic Senate
Professor, Environmental Science, Policy and Management



Christopher Kutz
Vice Chair, Berkeley Division of the Academic Senate
Professor of Law

Cc: 2008-09 Divisional Council
Budget Strategies Working Group
Yale Braunstein, Chair, Committee on Faculty Welfare
Fiona Doyle, 2009-10 Vice Chair, Berkeley Division of the Academic Senate



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July 6, 2009

MARY CROUGHAN, CHAIR

University of California
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Re: UC Proposal: Furlough/Salary Reduction Plan Options

The Davis Division of the Academic Senate distributed the President's June 17, 2009, letter to all standing committees and to the college/school Faculty Executive Committees (FECs) as well as posted a web forum to solicit feedback from our members at large. Enclosed please find a compilation of committee responses received including a link to our web forum. The Davis Division Executive Council met on Thursday, July 2, 2009, to discuss all of the responses. On behalf of the Executive Council, I submit comments, from that meeting, below for consideration. It should be clear at the outset that there is a strong preference for furloughs, while at the same time understanding that the way these would be handled may influence this preference. It should also be absolutely clear that UC Davis views a salary reduction as being a temporary measure that must have a definite ending date. The Davis Division also strongly believes that serious planning efforts involving a close collaboration between the Senate and the Administration must be in place at both the system-wide and campus levels. Further, any salary reduction program must be a system-wide program. Although the Executive Council focused most of its attention on differences between the options and the equity issues, it is the unanimous view that any version of an 8% reduction in salaries represents a severe blow to the very limited progress to date in restoring the competitiveness of total remuneration for UC's faculty and staff. We fully recognize the severe budget problems we face as a university and that steps must be taken to resolve these problems. However, it should be emphasized that the proposed budget cuts and proposed salary reductions will have a damaging effect on our teaching and research as well as the access to the University that the citizens of California currently have.

Salaries Funded from Extramural (non-State) Sources: We believe that faculty and staff whose salaries are fully or partially funded from extramural (non-State) sources should not have their extramurally supported salaries be subject to furloughs and/or salary cuts. Indeed, the FECs of the Colleges of Engineering and Agricultural and Environmental Sciences voted on this point and were unanimous in this recommendation. It is important to note that the Executive Council discussion principally centered on faculty who receive all or part of their salaries from grants and not on faculty who are paid through the Health Sciences Compensation Plan. The discussion focused on the need to save funds derived from state funding allocations, student fees and tuition. Reductions in salaries, or the imposition of furloughs for faculty and staff supported by extramural funds (e.g., NIH, DOD, DOE, and NSF) would not directly contribute to meeting the cost savings that UC must achieve in its base budget. They could slow the pace of research and damage the research reputation and competitiveness of UC. We recognize that such a two-tiered approach to the salary reductions might be seen as rewarding faculty whose salaries are partly or fully funded from extramural sources. However, any short term benefit achieved by a uniform salary reduction, is outweighed by UC's failure to meet the commitments made upon acceptance of contracts and grants and is likely to reduce UC's extramural funding

competitiveness for the long term. I emphasize that while most of the discussion during the Executive Council meeting centered on faculty salary, it is Council's belief that the principle should apply to both staff and faculty.

The Executive Council is concerned that there is a strong desire among some administrators for more ladder rank faculty to provide for their academic year salaries from extramural funding. Executive Council does not want the current state funding crisis to be used to establish policies or strategies that could have long-term implications for how ladder rank faculty salaries are funded. Such a transformation of the funding model for ladder-rank faculty must only be undertaken with utmost caution, thorough deliberation and extensive consultation with the Academic Senate. Under no circumstances should such changes in policy be enacted solely for accounting or budgetary reasons.

Salary Reduction Scale: The current proposal discusses two scales: 4% for those paid \$46,000 or below and 8% for those paid 46,001 and above. This system is undesirable because it has too few scales. We believe it is more equitable to create 3-4 scales. Further, we believe that any reduction plan applied in this way can only be equitable if carried out according to the following example. Suppose we have a three tier system with the first tier stopping at \$46,000, the second at \$250,000 with percentages of 4%, 8% and 10% applying to each tier. The first \$46,000 in salary would be reduced by 4% for everyone. For those making over \$46,000, the salary they receive between \$46,001 and \$250,000 would be reduced by 8%. Those making \$250,000 and above would have that portion above \$250,000 reduced by 10%. This eliminates the issue of someone making just over \$46,000 taking a significantly larger cut and ultimately making less than someone making a bit less than \$46,000. Note these cut-off points and percentages are strictly used as examples.

Workload Reduction: The maximum savings at the campus level would most likely be achieved by closing as much of the entire enterprise as possible on mandated furlough days. Furthermore, it is unfair to require staff to take a pay cut and keep working. The same budget savings can be obtained, for the vast majority of staff, by furloughs that effectively redefine their workload as 92% of its current amount, allowing them to receive the 8% reduction in pay as time away from work. This would require us to temporarily cease operation for prescribed periods, at least for a substantial portion of any furlough days. The timing of these days is most critical to faculty and is summed up by the question, "Should a furlough impact on ladder rank faculty teaching?" There is no agreement on this point. It is clear that just as staff furloughs would reduce their days in the office, so too should there be some lessening of their workload demands. Similarly, we must reduce demands on faculty, accounting for the balance between our research, teaching and service missions. Without question, a significant reduction in core funding will impact our ability to educate our students and to provide the same level of service to the community and State. The only way to ensure that students are not impacted would be to provide full State funding, and we, of course, are fully cognizant that doing so is impossible. Still there is a strong sentiment among many faculty at UC Davis that the State is no longer operating under the Master Plan (at least, it is no longer able to do so) and thus UC's ability to achieve its mission and maintain its excellence is seriously jeopardized.

Revisit Fee Increase: At the May Regents' Meeting, UC received approval for a 9.3% fee increase. This occurred before the May 19 Special Election. Its aftermath and the continuing recession in California have resulted in much larger budget cuts for UC than anticipated. In view of this fact, the Executive Council believes that serious consideration must be given to additional fee increases. All of us recognize that fees have increased substantially over the last two decades as State-support for UC has decreased. The reduction in State funding support is forcing UC to become increasingly more self-sufficient. We also feel that any future fee increases must be accompanied by equitable increases in student aid that will enable our most needy students to attend UC.

Graduate Students and Post Doctoral Fellows: The Executive Council unanimously believes that graduate students and post-doctoral fellows should not be harmed by the proposed reductions. It also recognizes that the terms of whatever final plan is put in place may depend upon existing collective bargaining agreements or be greatly influenced by other on-going negotiations.

Retirement System Impact: All current and imminent retirees must not be negatively impacted by furloughs or other pay reduction actions. At the same time, the Executive Council sees a coupling between the issue of pay reductions to salaries funded from extramural sources and the impact on the retirement system. Long term employees supported by extramural funds accrue retirement benefits without individual or funding agency contributions. The ultimate liability for the retirement system rests with UC. The Executive Council strongly believes that this crisis offers the opportunity to prepare the campuses for restarting contributions to UCRS as quickly as possible. In fact, there is some sentiment that thought should be given to requiring those with salaries funded from extramural resources to contribute 8% or some portion of their salary to the retirement system in lieu of a furlough or pay reduction. At the very least, the Office of the President and the Academic Senate leadership must immediately begin educating the UC community concerning this real liability and prepare the framework that will stipulate retirement contributions on all new extramural funding submittals in order to prevent further liability to the retirement system. It is incumbent on UC to institute policies that result in equitable retirement system contributions from those paid from extramural funding sources (matched by the funding agencies) to ensure the long term viability of UCRS.

Essential Personnel: We recognize there are many types of essential personnel for which furlough days create significant schedule/workload challenges. Safety personnel such as Fire, Police and Hospital personnel have already been named. In addition, there are other essential personnel on campuses such as those individuals responsible for the health of animals and the maintenance of plants associated with the research enterprise. The impact of furloughs for these employees must be considered. It would cause greater expense and workload to the institution should we be forced, for example, to furlough an animal care specialist only to hire another individual to care for the animals in order to assure care during a mandatory furlough day.

In closing, the Davis Division of the Academic Senate finds that there is a strong preference toward furloughs as the means for managing this fiscal emergency. However, there are some who believe pay cuts or a combination of furlough/pay cut is the best means. We all agree that the option selected should only impact salary paid from State funds.

Sincerely,



Robert L. Powell III, Chair
Davis Division of the Academic Senate and
Professor and Chair, Department of
Chemical Engineering and Materials Science

Enclosure: 1-Compilation of Standing Committee Responses
2- Open Forum on Furlough/Salary Reduction:
http://academicsenate.ucdavis.edu/forums/index.cfm?forum_id=1

Davis Division of the Academic Senate
Compilation of Responses
President Yudof's Furlough/Salary Reduction Proposals

Committees asked to respond: Planning & Budget, Graduate Council, Undergraduate Council, Academic Personnel-Oversight

Graduate Council

Graduate Council has considered the proposed furlough/pay cut general plan and options and has many concerns. These comments begin with a focus on issues that appear to apply to all options and we then focus on the reasons why we believe Option II (furloughs) is to be preferred.

First, we make the following assumptions based on the preamble material:

1. "Student employees" includes graduate student employees, whether supported by TAs, grants, contracts, etc. Thus, we assume that no furloughs or pay cuts are envisioned for graduate students no matter how employed. This should be precisely stated in any final document.
2. The proposed policy is to subject all postdocs (whether supported by University money, grant money or via direct federal money, e.g. NSF fellowships) to furloughs and/or pay cuts.
3. The proposed policy would be to subject faculty summer salaries funded by non-University funds (e.g. federal grants) to furloughs and/or pay cuts.

General Comments for all options

1. We strongly support the policy that all graduate students should be exempt. Graduate students are some of the most vulnerable students in that they typically are entirely self-supporting and the effects of reduced pay can be extreme since their salaries are so low to begin with. Also, a cut in pay will inevitably lead to an increase in time to degree, something that would decrease the national ranking of many programs and greatly decrease the attractiveness of UC for graduate study. As an example, students working at European laboratory facilities as part of their grant-funded research are already hard pressed to make ends meet. A pay cut could very possibly force them to return to the US before completing their research, something that would be both disastrous for the progress of the grant's research program and for the graduate student as an individual.
2. Council strongly believes that it is both inappropriate and inadvisable to apply cuts to postdocs. Postdocs are a unique class of employees, who are traditionally paid at a level between graduate students and faculty due to the fact that they are in many ways continuing their training. Yet, they are incredibly important to the University's research profile due to their dedication to research. We attach a letter from the Postdoctoral Scholars Association with which Council is in strong agreement. The points made there and strongly supported by Council are the following:
 - a. Postdocs are not staff and have none of their benefits. So to apply cuts to postdocs as well as staff is not a matter of equity. Postdocs form a unique class of employees with special responsibilities in research.
 - b. Postdocs are in significant measure trainees. They are closer to graduate students in the large educational and mentoring aspects of their position.
 - c. Postdoc salaries are low compared to non-University positions associated with a similar level of educational accomplishment. This differential should not be increased.
 - d. Since most postdocs are supported by federal money of one type or another, cutting their salary will not save the University any money. Indeed, it will cost the University money through loss of overhead on their salaries.
 - e. Applying pay cuts or furloughs to postdocs will surely drive postdocs away from UC. The quality of research performed at UC will significantly decrease, grants will be reduced in size (maybe even lost), and reputation and ranking will be lost.

In short, Council believes that imposing pay cuts and/or furloughs on postdocs has potentially catastrophic consequences for the future of research at UC. Many Council members have also heard from their colleagues and there appears to be near universal condemnation of this policy.

3. More broadly, Council strongly believes that it is inappropriate to apply cuts to any salaries based on federal grant support and other non-state support. We make the following points:
 - a. There is no monetary saving to the University.
 - b. Significant harm to the University's reputation and ranking will occur unnecessarily.
 - c. Overhead will be lost.
 - d. Money and resources will be lost in order to accomplish the rebudgeting / money shuffling that will be necessary within grants.
 - e. Base budgets for contracts will be cut with potentially disastrous long-term effects. Indeed, many researchers have fought for decades for the slow increase achieved in their base budgets. Giving the funding agencies reason to reduce them is a truly disastrous idea as it will take decades to get back any reductions.
 - f. Faculty on 9-month salary are already treated inequitably. The University has never made retirement contributions and service credit available for summer month compensation from federal or other external sources. It is thus irresponsible and unfair to reduce such pay. Applying pay cuts and/or furloughs to externally funded summer salaries will greatly increase the already substantial inequity between 9-month and 11-month faculty.
 - g. A related "equity" issue is that anyone supported by non-University money already takes on the substantial risk of reduced salary or even job elimination if external funding is reduced or grant applications fail. University funded positions are much more shielded. Some reward (i.e. not being subject to pointless short term pay cuts or furloughs that do not save the University any money and possibly the reverse) should come with this increased long-term risk.

We next turn to the issue of how pay cuts and/or furloughs will affect retirement service credit and HAPC.¹ Overall, whatever option is adopted, Council believes that in the interest of fairness to all age groups it is imperative that retirement credit and HAPC not be impacted. Age discrimination suits could easily emerge otherwise. We believe this is particularly important for faculty and staff that have just obtained a merit increase and for whom that merit increase would imply an increased HAPC as it gets averaged in over the next 3 years. Should the faculty or staff member want to or need to retire, this would be very inequitable in comparison to younger faculty/staff who will obviously wait until the furloughs/pay cuts have passed and then get full benefit of any merit increase that occurred during the furlough/pay cut period.

It is also quite probable that senior faculty who have already "maxed-out" on the number of years of service credit (accumulating service credit beyond about 40 years does not increase your retirement salary and lessens the lump sum cash-out amount) will take retirement immediately if they foresee that the furloughs and/or pay cuts will go on for more than 1 year. This has the potential of leaving a huge hole in the system that could not be repaired until the University budget has recovered to the point that we are competitive on the faculty recruitment front. In any case, such repair would require many years. In the mean time, research effort and contract money would decline (often it is the senior level investigators who maintain the largest grants) with all the attendant consequences (loss of ranking, loss of our most experienced graduate student mentors, loss of overhead, ...). Also, individuals who see little hope of improving their retirement income by remaining at UC may also retire simply because they have other job options, the income from which would be in addition to their UC retirement income.

¹ HAPC is a retirement system member's average monthly salary (full-time equivalent compensation — 100 percent of covered compensation that would be paid for a normal, regular full-time position) calculated over the highest 36 continuous months preceding retirement.

Another general concern for all options is whether the single \$46K salary cut-off is sufficiently progressive. This single-step policy places mid-salary (\$50-80K) folks at a disadvantage and will probably create a lot of hard feelings. There is also potential for abuse since employing individuals below the \$46K number will be more cost effective, not to mention providing incentive to keep employees below this salary.

Reasons why Council prefers Option II

We now turn to the reasons for Council's preference for the furlough option. First, however, we wish to state our assumptions regarding this option. These should be made much clearer as part of any final policy. We assume the following:

1. That the 14 (9-month faculty) and 19 (11-month faculty) numbers correspond to unpaid holidays. We then infer that the proposal is that 9-month faculty who are supported by contracts/grants will have furloughs applied as unpaid holidays during the summer month period to bring their total up to 19. We do not know how these unpaid holidays will be distributed among the summer months. In any case, we infer that this would leave only 2 actual work days that would be under furlough. As a result, furloughs would have essentially no public impact, whereas Council believes that there should be significant public impact.
2. We assume that all affected faculty and other researchers would still be allowed to come to work on furlough days, just as they are allowed to come to work on holidays. This should be made explicit.
3. We assume that all the "saved" salary money within NIH, NSF, DOE etc. grants will stay in the grant. This should be specified. Presuming that it stays in the grant, will grants be allowed to reallocate such funds to other purposes? We presume so.

Now our reasons for preferring option II.

1. The furlough option indicates a high probability that pay scales will eventually be restored to the pre-emergency levels. Actually placing a pay cut on the books is dangerous in that the legislature and public might then react negatively to the later "increase" in pay once the fiscal emergency is resolved. For the same reason, grants are less likely to be cut under the furlough option (see below).
2. It would appear that the furlough option would imply that students would be at least slightly impacted in that a few class days would not take place. In fact, under the assumptions stated above, it seems that there would be no more than 2 impact days. Council believes it is important that more impact be felt by the students, and, therefore, by the public at large. Otherwise, the public is likely to infer they can cut UC salaries without any consequence. If we do not demonstrate the impact on the state of these cuts on higher education, we will only accelerate the decline of the UC system to mediocrity or worse. In general, the rationale that went into the number of non-paid holidays vs. real work day furlough days is not at all clear. Having more impact days will not decrease the amount of research that faculty (whether on grants or not) will perform; in fact, fewer teaching days would almost certainly allow them to get more research done. Faculty would significantly benefit by having fewer holidays as part of the furloughs. Simple pay-cuts could not have such a possible benefit.
3. Reading between the lines, we believe that, under the furlough option, the retirement HAPC would remain at the full salary level. This should be made completely clear in the final plan. As stated earlier, Council believes that retirement service credit and especially HAPC should not be affected under any of the options.
4. It seems possible that federal funding agencies would allow contract renewals at full salary (i.e. without taking into account the furloughs) whereas this would almost certainly not be the case with an actual pay cut on the books. This would avoid reduction in the contract amounts and the ensuing overhead retained by the university. If the salary component of federal contracts were reduced by an average of 5%, and the University (Davis campus) has roughly \$500 million in outside contracts, most of which is salary, then we stand to lose of order \$10 million in overhead money if pay cuts are imposed instead of furloughs. In addition, the net reduction in funding will

reduce the University's national rankings and so forth. Cutting research salaries is a very dangerous path.

Summary

We wish to close with our two most important points:

- A. Although it may at the superficial level appear to be equitable to include all employees in cuts, we strongly urge the University to not cut salaries that are externally funded by NSF, NIH and the like. For employees whose salaries come from a combination of state funds and external funding agencies, we recommend that only the portion of the salary funded by the state should be subject to any pay reductions. Such salaries have never been set or treated in an equitable fashion in any case and any perceived inequity from not cutting such salaries is far outweighed by the fact that such cuts would greatly harm the University's reputation by sending the message that the university is willing to harm its research impact with no fiscal benefit. Excluding postdoctoral and grant-supported researchers from cuts shows that the University is serious about maintaining excellence as far as possible in the face of difficult economic times.
- B. Regardless of what plan is adopted, retirement service credit and, very crucially, HAPC should not be impacted. The latter is especially vital in order to avoid inequitable and discriminatory treatment of faculty near retirement.

ATTACHMENT: POSTDOCTORAL SCHOLARS ASSOCIATION RESPONSE

Chair, Graduate Council
University of California, Davis

June 23, 2009

Dear Professor Jack Gunion,

On behalf of the Postdoctoral Scholars Association (PSA), we write in response to UC staff and faculty salary reduction/furlough proposals that are currently under consideration. Our position, which we hope that Graduate Council will support, is that Postdoctoral Scholar title codes (herein referred to as 'Postdocs') should be exempt from salary reductions, including wage decreases and/or furloughs, intended for staff and faculty. Below, we detail a number of reasons to support our position.

1. **Postdocs are not 'staff'**: Postdocs are excluded from the category 'staff' for purposes of employment benefits (e.g., Social Security contributions, regular step/salary increases, eligibility for UC retirement plan, terminal vacation pay and vacation leave rollover, etc.). It would be inconsistent to now consider Postdocs 'staff' solely for the purposes of wage reduction.
2. **Postdocs are trainees**: Although UC is now engaged in union negotiations, a contract redefining Postdocs as non-trainees is currently lacking. The NSF and NIH agreed upon the following definition of a postdoctoral scholar: 'An individual who has received a doctoral degree (or equivalent) and is engaged in a temporary and defined period of **mentored advanced training** to enhance the professional skills and research independence needed to pursue his or her chosen career path.'¹ Postdocs are currently considered to be trainees, similar to graduate students, who are undergoing training, education, and mentoring. The Association of American Universities further describes the Postdoctoral period as 'postdoctoral education'².
3. **Postdocs are mentored**: As part of their 'traineeship' postdocs are expected to be mentored by their advisors. The NSF now requires mentoring and training of Postdocs to be included in all grant proposals³. Furthermore, Postdocs may only apply for federal mentored 'training' and 'fellowship' grants to fund their work and are prohibited from applying for other forms of federal funding as Principle Investigators. This further establishes that Postdocs are currently considered

to be trainees and categorically different from faculty and other researchers who are able to serve as Principle Investigators on grant applications. .

4. **Postdocs are already extremely underpaid:** A traditional aspect of the trainee, non-staff Postdoc position is the low pay compared to other degree-holders of the same age. The Sigma Xi Postdoc Survey found the median Postdoc salary in 2004 was \$38,000/year compared to \$45,000/year for those with a bachelor's degree, \$56,000/year for those with a master's degree, and \$71,000/year for non-Postdoc PhD-holders⁴. Of note, the minimum salary for a UC Postdoc only recently increased to \$35,500, well below the survey median⁵. As non-staff trainees, additional salary decreases through reductions and/or furloughs are extraordinarily punitive.
5. **Reducing postdoc salaries will do little to save UC money:** Although not unique to the Postdoc position, it is worth noting that since the majority of postdocs are paid not by the University but through granting agencies, reducing Postdoc salaries will generally not save the University funds. Instead, the reductions will simply be returned to the advisor's grant.
6. **Reducing Postdoc salaries may drive Postdocs away from UC:** If salaries are reduced, potential and current Postdocs may choose to continue their training at institutions other than those in the UC system. This may be particularly true for scholars who have secured their own training or fellowship grants which would further serve to draw funding away from UC, including loss of indirect costs. In addition, the majority of UC's Postdocs are foreign and reductions in salary may have adverse effects on filing certain visas in the future as some must meet federal and local wage standards for approval.

In conclusion, it is our position that treating Postdocs as staff for the purposes of budget management is inconsistent, contrary to current conventions, unfair given their current status as trainees with reduced benefits and inequitable compensation, and potentially catastrophic for the future of Postdoctoral education at the University of California.

Currently, the Postdoc position is more similar to student positions and so we urge the Regents to exclude Postdocs in salary reduction plans. If this isn't achieved, the PSA asks Graduate Council to write an open letter to UC Davis faculty expressing opposition to the salary decrease for Postdocs and suggesting that faculty make compensatory increases so that Postdoc salaries remain unaffected.

Sincerely,

Joanna Friesner, Section of Molecular and Cellular Biology
Chair, 2008-2009 Postdoctoral Scholars Association

Mark Belmonte, Section of Plant Biology
Vice-Chair, 2008-2009 Postdoctoral Scholars Association

Heather Watts, Section of Neurobiology, Physiology and Behavior
Secretary/Treasurer, 2008-2009 Postdoctoral Scholars Association

Eliza Bliss-Moreau, Department of Psychiatry and Behavioral Sciences
Incoming Chair, 2009-2010 Postdoctoral Scholars Association

Footnotes:

1. http://grants.nih.gov/training/Reed_Letter.pdf
2. Postdoctoral Education Report: <http://www.aau.edu/policy/postdoctoral.aspx?id=6882>
3. <http://www.nationalpostdoc.org/publications/mentoring-plans/mentoring-plan/223-nsf-mentoring-requirement>
4. Doctors Without Orders: <http://postdoc.sigmaxi.org/results/>
5. <http://www.ucop.edu/acadadv/acadpers/tab0809/table24.pdf>

cc: Graduate Council members

Undergraduate Council

This request for comment, having come after the end of the formal academic year, is based on opinions collected from e-mail messages of Council members over a ten-day period. Unfortunately, the Undergraduate Council did not have the benefit of meeting to discuss and share our insights. Nevertheless, I hope to capture the opinions of council members and accurately present their sentiments about this very important issue.

Were it put to a simple vote, Option I (8% Salary Reduction Plan) received overwhelming support from the Council (12 votes for Option I, 0 votes for Options II & III, of the 15 Senate and Federation members of the Council). The comments included in this poll of opinion included terms such as "the most straightforward, practical, and, for the faculty at least, honest". Other members included terms expressing "fairness" and ease of implementation. Nearly all replies made mention of retirement benefits and a need for the Regents to also keep this component of compensation viable and equitable. Several council members also mentioned the impact of any furlough/salary reduction plan on staff, including an understanding that though the Council's Senate members seem to point to Option I, staff are likely to expect a release from time at work along with their reduction in salary (i.e., Option II, 21 Unpaid Days Plan). Though not an option given us by President Yudof, a member of the Council thought a "two-track plan" (i.e., Option I for faculty, Option II for Staff) might be more acceptable.

That our vote supported Option I should not come as a surprise, given this Council's earlier memorandum outlining our commitment to "hold the students harmless" and our hope to persuade our colleagues to continue teaching in the face of furloughs. Now that a formal request for our opinion has arrived, I trust you and other members of the Executive Council understand our response to this request. Depending upon the Regents decision (especially if they select Option II) this issue will continue to confront the Senate in the coming weeks. The hope of the Council is that we can minimize the impact this decision has on the quality and delivery of our undergraduate programs. On behalf of the Undergraduate Council, I thank you for this opportunity to add our voice to the campus response to this unprecedented request.

Faculty Welfare

At the request of two members, the committee held an emergency meeting on June 26, 2009, to discuss the proposals for furloughs and salary cuts.

After some discussion, the committee endorsed consideration of the following points:

1. Whatever option is chosen, retirement benefits should be held harmless.
2. There should be cuts in non-salary compensation equal to the cuts in standard compensation. This means that housing allowances, car allowances, moving allowances, parking allowances etc. should be cut by no less a percentage than the 8% cut proposed by furlough/salary cuts.
3. There should be a clearly set date for expiration of furloughs and pay cuts. Pay cuts should be referred to as "temporary pay cuts" or some such term, to emphasize that they have a sunset period.
4. The committee believed that a progressive change in furlough/salary cuts would be more appropriate than an arbitrary \$46,000 cut point. This could be constructed so that that low wage earners would have little to no reduction while very high earners would have reductions at a greater level.

5. The committee felt strongly that the administrative side of the university needs careful examination to search for cost savings. Detailed budgets that allow comparison of the efficiency of various units need to be produced. All administrative units need to be reevaluated for necessity. Units that have expanded greatly in size, staff and administrators over the last decade should be examined for reduction or elimination. The core functions of research and teaching should be higher priorities than secondary and supportive functions.
6. The committee urges the president, chancellors and senior administrators to consider taking cuts at a significantly greater level than that imposed on faculty and staff. Such an action would result in positive publicity, respect from the university community and appreciation from the general public.

Academic Freedom & Responsibility

The Academic Freedom Committee does not feel this is an academic freedom issue and has no response as a committee.

College of Engineering: Faculty Executive Committee

Our college executive committee is unanimous in opposing salary cuts or furloughs for grant-funded staff. The reasons for this include:

1. The argument regarding equity is not at all compelling. Federal grant funds have been very competitive for several years and many staff have faced layoffs or had to change jobs as a result. Statefunded staff did not share in these shortfalls. To now indicate that everyone should share equally in shortfalls that are unrelated to their source of pay is not reasonable. To quote one of our faculty members "the equity argument doesn't ring true; if one person's house burns down, must those of the neighbors?"
2. It does not help the situation-- instead it worsens the financial situation. If UCD NIH-funded faculty do not spend the furlough funds or shift the 8% savings in salaries to equipment funds (which by grant policy we should have the right to do if it does not change the scope of work), we estimate that the UC will lose about 4.4M in indirect cost return from UCD alone. Further, it weakens our competitiveness for future funding. The final cost of this policy could be enormous.

College of Agricultural and Environmental Sciences

On June 29, 2009, the Executive Committee of the CA&ES met in special session to discuss the three options President Yudof presented in his letter of June 16, 2009. Even as the Executive Committee acknowledges the dismal financial circumstances that prompted the creation of these options, we feel that the three options can be significantly improved and still accomplish their intended purpose. We are especially concerned about the unintended consequences associated with each option.

We do not agree with the premise that "to ensure equity, all faculty and staff, including those funded by contracts and grants" should face the same percentage cut, whether in salary or in days furloughed. Anyone funded by "soft money" has always endured the risk that a key grant would not be renewed and the position ended. Previously, those with positions supported with 19900 funds did not share such risks. Now that 19900 funds are to be cut, the forced sharing by those with extramural positions is the opposite of equity if measured otherwise than at this one moment. In short, those positions funded by extramural sources (including parts of positions) should not be subject to the cuts.

As a practical matter, any reduction of salaries funded by grants and contracts will return to the funding source, and not the state. The UC itself will save no money. On the contrary, because any reduction in salaries causes a proportional reduction in indirect costs (which can be as high as 55% of the expenditures depending upon the funding source), the UC will lose money. If the granting agency magnanimously allows the salary savings to remain with the grant, clever Principal Investigators will

find a way to spend the money as intended – because most faculty in the UC will likely honor their commitments to grant employees. Some post-doc, who was promised \$50,000 but whose pay was reduced by 8%, will be paid in full through some convoluted procedure (e.g. hiring her back as a consultant 8% time), and all this will involve additional administrative expense in faculty and staff time.

Faculty should also be allowed the ability to offset a salary reduction (or furlough days) from extramural sources. Allowing that flexibility provides additional incentive to seek extramural funds and generates additional revenues (e.g. indirect cost income) for the UC.

None of the three options acknowledges recent programs to reduce staffing costs. Some staff members have chosen to participate in the START program, reducing their hours per week. Some other staff members have simply had their hours cut as part of last year's budget tightening. Additional cuts should not fall on these staff, if for no other reason than future START-like programs will not be credible. A similar point can be made that any of the three options will alter retirement behavior, in complex ways that the options do not consider. We request that any option presented to the Regents specifically include the measures necessary to cause no effects on service credits, benefit levels, and accrual of leave.

As regards furloughs under Option II or Option III, there seems to be an implicit assumption that university employees can rearrange their activities should offices be closed. While there seems a general awareness of the fact that this is not true of hospitals, the CA&ES also has animals that must be fed, milked, and examined daily, and likewise plants that must be watered on furlough days, weekends, and official holidays. The staff who regularly feed these animals and plants or who conduct time-sensitive experiments, if furloughed, will need to be hired back, no doubt at overtime pay. The UC will lose money in these cases. A simple solution would be to classify such jobs as essential services. Decisions about which such jobs should be exempt from furloughs should not be imposed from the administration above, but left to Departments to make, because the affected faculty are better positioned to know which tasks are essential.

The specific dates of furlough days should be clearly specified in the Option presented to the Regents. If the furlough days are to be taken on official holidays or perhaps weekends, then furloughs are simply a pay cut and should be named as such. The Regents and the UC should not be so disingenuous as to call a pay cut a furlough when there is no commensurate reduction in workload or increase in "free" time available to pursue other sources of income. By implication, furlough days should be on days of normal university business, including instruction and research. These days should come out of regular business days and reduce teaching loads for faculty and work loads for staff. The complications these furlough days will cause to scheduling – alternate Fridays will affect only M-W-F classes and not T-Th classes – and to course content – lab sequences will need to be redesigned – need to be acknowledged and incorporated into the option presented to the Regents. The Executive Committee also wants to know if anyone has checked the possibility that a reduction of 8% across all class meetings will jeopardize the UC's accreditation.

True furloughs would be highly disruptive to teaching and research. On the other hand, they would more clearly reflect the real costs to the public of these proposed cuts in University funding. Many on the Executive Committee feel that furloughs are more clearly associated with an emergency situation and are much easier to reverse when the economic situation improves. Furloughs perceived as a temporary emergency situation might cause less harm to recruitment and retention.

According to President Yudof, the three options of reducing payroll expenses are in response to the defeat of the ballot measures in May 2009. Student fees were raised in the spring prior to the defeat of the ballot measures. In light of the defeat of these ballot measures, further increases in student fees must also be considered as the University addresses its budget shortfall.



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July 6, 2009

Mary Croughan, Chair, Academic Council
1111 Franklin Street, 12th Floor
Oakland, CA 94607-5200

RE: Senate Review of the Proposed Furlough/Salary Reduction Plan

At an emergency meeting of June 25, 2009, the Irvine Division Academic Senate Cabinet considered the Proposed Furlough/Salary Plan that was submitted for systemwide review.

During our Senate Cabinet meeting, we discussed the proposal and responses by the Council on Planning and Budget and the Council on Faculty Welfare. Moreover, the Senate had invited all UCI faculty to submit by email their responses to President Yudof's proposed plan for salary actions. The 91 responses received from faculty before the Senate Cabinet met were examined and counted in terms of their support for either of the three options as well as with regard to key issues mentioned by several faculty. Chair Heckhausen reported to the Cabinet an analysis of faculty email responses: 42% (38) of the responses favored Option II, 14 % (13) Option I, and only 3% (3) Option III (not all responses expressed a preference for one of the options.) Several faculty supported a progressive scale in the salary action with higher salaries taking larger cuts than lower salaries. Several faculty also suggested that high-level administrators should take a larger cut than what they already have. Moreover, some faculty were concerned about how the various versions and particularly the salary cuts would affect retirement benefits and the future of junior faculty. A strong minority (15 responses) spoke in favor of sparing grant-funded salaries from cuts and to only have the salary action affect salaries that are paid from state funds. In addition, the faculty at the Donald Bren School of Information and Computer Sciences conducted their own survey, which resulted in a strong preference for Option II (84%) and a clear rejection (89%) of Option I. Moreover, many faculty expressed a concern about the implications for retirement benefits, a preference for progressive salary reductions for higher incomes, and support for allowing compensatory strategies (e.g., using furlough days and summer to generate other income not affected by salary reductions).

After Chair Heckhausen's report about the campus-wide email survey, the Cabinet discussed in depth the issues involved in the severe budget crisis for the University of California and in the various strategies of absorbing the budget shortfall. The extensive Cabinet discussion yielded the following position of the assembled Senate Officers. First of all, the Cabinet is gravely concerned that the massive cuts in state support continue to erode the agreements of the Master Plan of the State of California. The University of California needs to develop a long-range plan to protect the quality of the teaching and research mission of the UC, including but not limited to restoring faculty salaries to competitive levels. Such a plan needs to reconsider the basic funding model of the UC, and should explore additional sources for generating revenue and budgetary savings. The UC should consider incremental student fee increases, an increase in the enrollment of out-of-state students, and aggressively pursue administrative efficiencies.

While the Cabinet considered all three of the proposed options to be lamentable, given the current extent to which UC faculty salaries are already below the comparison universities, we opined on their relative merits. Of the three options presented, the large majority of the Cabinet members and those responding to the campus-wide survey favored furloughs (Option II) over pay cuts. The major reasons for preferring Option II over the others are twofold: First, furloughs are more reversible, so that the regular salary could be reinstated more promptly; second, furloughs are not affecting the base salary and therefore do not negatively affect retirement benefits. In addition, furloughs are more bearable for the staff, because they offer some work-free days in exchange for the reduction in pay. The Cabinet believes that furloughs should be visibly taken on current workdays, with a corresponding reduction in work, and thus a publicly perceivable reduction in services offered. This way, the UC and its campuses can convey to the public that the budget cuts now implemented have serious consequences for the instructional services.

For any of the proposed options the effect on retirement benefits must be analyzed carefully. Faculty and staff who are close to retirement are most vulnerable to negative impact of the planned salary reduction on their pension. The Senate requests a full analysis that compares effects of all three options on retirement. The University must communicate clearly and openly the cumulative total impact of all proposed cuts to faculty and staff compensation, including benefits.

In addition, the Cabinet discussed the question whether salaries from all funding sources should be affected by the salary reduction. The common view was that the budget crisis is affecting the whole university and that all groups who profit from being part of this great university should bear part of the burden of overcoming the crisis, even if their sacrifice does not directly offset cuts in general funds (e.g., in the case of grant-funded salaries). The Cabinet voted unanimously in favor of including all non-state funded salaries in the plan.

Another topic of discussion was whether the salary savings achieved by the salary reductions should remain in the respective unit (e.g., school, hospital) or swept to the center of campus to reduce the funding gap centrally. The latter strategy would allow the central administration to distribute the burden of cuts to the academic units more

equitably. The Cabinet voted with strong majority in favor of salary saving to be returned to the central budget office of the campus.

Finally, the Cabinet discussed the issue of progressive salary cuts. The options proposed by President Yudof included some differential scheme in that salaries under \$46,000 were to be cut by 4%, and salaries over \$46,000 by 8%. In the email survey, several faculty had expressed a preference for salary reductions to be further graded, so as to protect the lower salaries more and impose greater cuts on the higher salaries. However, the Cabinet voted against expanding the progressive scheme of salary reductions beyond the 4%/8% gradation.

The Irvine Division appreciates the opportunity to comment.

A handwritten signature in cursive script, reading "Jutta Heckhausen".

Jutta Heckhausen, Senate Chair

C: Martha Kendall Winnacker, Executive Director, Academic Senate



ACADEMIC SENATE EXECUTIVE OFFICE
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July 6, 2009

Mary Croughan
Chair of the Academic Council
University of California

In Re: Proposed 8% Reductions in Pay

Dear Mary,

Thank you for your efforts to coordinate the systemwide Academic Senate response to the proposals by President Yudof. Upon receipt of the proposals, I invited all Academic Senate committees to opine, while specifically requesting responses from the Council on Academic Personnel, the Council on Planning and Budget, all Faculty Executive Committees, and the Executive Board, which speaks for the Division on the matter. I also conducted an all-faculty town hall meeting where the proposals were discussed (at which over 110 faculty were in attendance) and solicited faculty input through email (receiving email from 191 faculty members). I am appending the formal responses from Senate Committees and FECs below, for your information. Below is the perspective of the UCLA Academic Senate.

- **Preference for Furloughs.** Of the three options proposed by the President, the UCLA faculty has a strong preference for the furlough over salary cuts or a blended salary cut/furlough approach. More than 80% of the faculty who responded and almost all of the FECs took this position. (The School of Dentistry FEC dissented, favoring salary cuts as being less disruptive to patient care). Although numerous reasons were advanced in favor of the furlough plan, the most common were: 1. A furlough sends the message that the University cannot continue to do the same amount of work for less money; the quantity and quality of work will suffer without appropriate funding. 2. A furlough establishes a clear means of ending the salary reduction. Once funding permits the 100% employment of faculty, workloads and salaries will be restored concurrently. 3. Many faculty members expressed a strong desire to stand in solidarity with the vast majority of staff at UCLA who has expressed a preference for a furlough over a simple salary reduction. Furloughs could also be structured to allow faculty and staff to increase effort back to full time provided the funds for the increase are derived from non-State General Fund sources.

- **Preservation of Benefits.** There was unanimity that, regardless of the mechanism that is selected by the Regents, steps should be taken, similar to the provisions of the START program, to protect benefits. Insurance benefits, UCRP calculations, etcetera, should all be preserved at pre-reductions rates.
- **Preference to Spare Grant-Supported Faculty and Staff from Cuts.** The majority of faculty who expressed opinions on this issue indicated a strong preference to spare those whose salaries are drawn from research grants. This view is based on the fact that as these individuals do not draw salaries from State funds, cutting them would do nothing to ameliorate the budget shortfall. Extending the burden of salary reductions to them seems pointless. In addition, salary reductions to grant supported faculty will prove counterproductive to the University and the State. The Federal government may not allow carry-forward of unexpended funds on existing grant awards and insist that these funds be returned, causing a net reduction in grant support to the University. It is certain that funds awarded under the American Recovery and Reinvestment Act (ARRA) must be returned to the government if not expended for their intended purpose in the year awarded. In addition to the loss of awarded grant funds, the University will suffer a loss of indirect cost recovery for funds returned to the government. Finally, the State will suffer reduced income tax revenue because of these reduced salaries, with no demonstrable gain to the University.

If, for some reason grant-supported faculty and staff must be included in salary reductions, the faculty believes that these reductions should be accomplished through furloughs rather than pay cuts. As noted above, all furloughed faculty and staff should have the opportunity to increase their compensation through fund sources unrelated to the State General Fund (i.e., grants or gifts). This would help maintain salaries at no net cost to the General Fund, reduce an unnecessary hardship for our employees, and help stem faculty and staff defections for outside positions.

- **Graduated Cuts.** Individual faculty members who opined at UCLA were strongly (over 90%) in support of a graduated system of cuts, regardless of whether furloughs or a percentage cut was employed. The response from the FECs was more divided with some professional schools strongly supporting fixed rate cuts. Those in favor of a graduated plan stressed the vulnerability of younger faculty and staff, especially given the very high cost of living in Los Angeles. Those supporting fixed rate cuts emphasized the ability of some highly paid faculty members to leave UC for other positions, which could have a disproportionately negative impact upon the University's status.

Regardless of their position on the wisdom of a graduated cut, most everyone agreed that the current plan to simply reduce the earnings of those making \$46,000 and above by 8% and those below by 4% is in need of modification. After the cuts are implemented, an employee making \$46,000 prior to the cuts would be making less than an employee making \$45,900 prior to the cuts. One way to equitably administer graded cuts would be to structure the cuts similar to income tax brackets.

- **Postdocs.** Although postdocs are now represented and it may therefore be out of the purview of the Regents to grant an exception to them, the faculty felt strongly that, due to the educational nature of postdoctoral programs, postdocs should be exempt from cuts irrespective of their funding source or mechanisms. It also is important to note that the

stipend levels of postdocs in NIH-funded training (T32) programs are mandated by the Federal government. The Federal government does not allow use of only a portion of a fellowship stipend; if only a portion of a stipend is encumbered, the stipend in its entirety must be returned to the funding agency. It therefore is likely that NIH training programs would essentially be shut down by either a pay cut or furlough option.

- **MOP Loans.** A systemic approach toward ameliorating the burdens of all those who were approved for MOP loans on the assumption of a specific salary should be taken. Without such an adjustment the University will be behaving like the unscrupulous lenders who created the sub-prime mortgage crisis.
- **Campus Autonomy.** The responses of many individual faculty members, Senate committees and FECs noted the fact that the ten UC campuses do not all face the same circumstances and constraints. These bodies all urged that UCOP be more proactive in delegating a greater degree of autonomy to the campuses in responding to the cuts.

Finally, I must note that most of the comments received from individual faculty members as well as from Senate committees and FECs placed their responses within a broader context: the overall impact of these cuts on the future of the University of California. The combination of an 8% reduction in compensation, the expected increase in the cost of health care benefits, and the expected rapid escalation in contributions to the retirement system will simply be too much for many of our faculty and staff to bear. The fact is that the University must quickly find a way to cushion these blows. If not, the quality of the entire University, no less its basic ability to function is at dire risk.

Thank you again for the opportunity to opine. I look forward to discussing this matter with you and the Academic Council at our meeting on July 8th.

Sincerely,



Michael S. Goldstein
UCLA Academic Senate Chair

cc: Gene Block, UCLA Chancellor
Scott Waugh, UCLA Executive Vice Chancellor and Provost
Robin Garrell, Vice Chair and Chair-Elect, UCLA Academic Senate
Elizabeth Bjork, Past Chair, UCLA Academic Senate
Antoinette Mongelli, UCLA Assistant Chancellor
Maryann Jacobi Gray, UCLA Assistant Provost
Martha Kendall Winnacker, UC Senate Executive Director
Jaime R. Balboa, UCLA Academic Senate CAO

June 30, 2009

To: Michael Goldstein, Chair
Academic Senate

From: Council on Academic Personnel

Re: Proposals for Furlough/Salary Cuts

We preface our remarks with the objection that we have not been provided adequate time to fully evaluate the impact of the proposed furloughs and/or pay cuts on the academic personnel process, nor have we been given sufficient information about the implementation of these measures, information that is vital to evaluating their potential impact. We firmly believe that the details of the plans being considered should have been made available prior to soliciting opinions.

That having been said, we are of the opinion that whereas the pay cut option carries less disruption to the academic personnel process, furloughs best preserve faculty welfare. With regard to furloughs, we are concerned with the possibility that they will disrupt the ability of some faculty to conduct their work. For example, the absence of laboratory personnel may hamper research activities, and the absence of administrative staff is likely to hinder the administration and submission of grants. Because furloughs mean that faculty, in theory, are working less, it is conceivable that expectations for promotions would need to be revised downward in the future, including the possibility that time would need to be added to the tenure clock. Administratively, furloughs may mean that cases would be submitted later and progress more slowly through the system due to decreased staff support. This type of delay is inconsistent with the administration's policy on timely actions. These issues are less troublesome with pay cuts since faculty and staff would still be expected to work full time.

In contrast, it appears, and here more information is vital, that furloughs would have less of an impact on retirement by preserving salary levels. Also, furloughs are likely to be more easily rescinded when the current economic crisis is past. Finally, furloughs are more equitable in that they provide time off in compensation for lower salaries.

On balance, despite the seemingly greater administrative ease provided by pay cuts, the Council favors furloughs.

Irrespective of the option implemented, we also are concerned that reductions in funding for "soft money" teaching personnel will inevitably result in increased teaching loads for regular faculty, something that will detract from scholarly activities. Reduced scholarly activity, in turn, will result in personnel cases in which this aspect of the record is not as

strong as historically been the case. As a result, the standards used to evaluate cases may be subject to change.

All of these options are likely to widen the gap in salary between new hires and continuing appointments. The salaries of new hires are market driven, whereas the influence of market forces on the salaries of current faculty usually is manifest at the time of an outside offer. Therefore, vigorous efforts are needed to ensure that a “brain drain” does not occur. UCLA is especially vulnerable to this threat because its outstanding faculty is attractive as targets for raids by other universities. More generally, efforts need to be made to prevent the creation of a two-tier system of salaries that separate newly recruited persons and existing faculty.

In conclusion, we believe that the situations facing each campus are in many ways unique to the campus and therefore conclude that decisions about the implementation of budget cuts should rest with the local administration and faculty.

Respectfully submitted,
UCLA Council on Academic Personnel

July 2, 2009

To: Michael Goldstein
Academic Senate, Chair

From: Mitchell Wong, MD PhD
Faculty Welfare Committee, Chair

Re: Senate Item for Expedited Review: Furlough and Salary Reduction Options

Over the last two weeks, the Faculty Welfare Committee has had extensive discussions with UCLA faculty about President Yudof's budget plan and the proposed furloughs and salary reductions. Based on these discussions, I write to you now to summarize those discussions and our Committee's opinions on the proposed plan. I would note that this letter does not include every comment that our Committee has received, but includes the points that faculty seem generally agreed upon.

We understand the gravity of the current budget shortfall, which will require substantial cut backs from every aspect of the University. We also understand that staff and faculty salaries represent a significant portion of the operating budget and that the budget shortfall cannot be met without some form of furlough and/or salary reduction. The comments that we have received pertain to two main issues-- equity and maintaining excellence in teaching and research at UC. Our specific comments are as follows:

- 1) Our committee strongly favors a more progressive scale for reductions. Those who earn more can better adapt to salary reductions and thus should bear a greater burden of the cuts. The proposal for two-tier reductions of 4% and 8% is inadequate and is particularly inequitable to those who make just over the proposed cutoff of \$46,000. Such inequitable cuts will threaten the livelihood of those, especially faculty who have extraordinary financial commitments – buying at the housing peak, caring for aging parents, etc. – with the full expectation of rising salaries. We hope the University will fashion ways to be sensitive to these circumstances.
- 2) Retirement benefits should be protected. We unanimously favor the protection of existing retirement benefits and feel this is critical to future of UC. In addition, the information provided about the proposed cuts is insufficient for assessing the implications of three options proposed by President Yudof. In particular, we request clarification of how each option would affect retirement benefits. Furthermore, there is concern that the proposed cuts might unfairly affect those who are very close to retirement. We believe that salary reductions should not result in some faculty bearing an inequitable share of the cuts.
- 3) We oppose across the board cuts to faculty and staff. While we understand that across the board cuts may appear equitable on the surface, across the board cuts are anything but equitable and undermine the University in the long-term. Faculty without an FTE

are already at a disadvantage at baseline and have a greater obstacles to supporting their salary because they must obtain 100% of the funding from extramural sources.

Furthermore, the University does not benefit from cutting the salaries or furloughing faculty and staff who are 100% supported on contracts, grants or other external sources of funds. It may be assumed that unused contract and grant money under the proposed cuts/furlough plan will not have to be returned to the funder, but we do not believe that this assumption is true. Principal investigators may not be able to re-budget or carry forward money for contracts/grants that are a) already in a carry-forward year, b) in their last year of funding, and c) supported by federal ARRA funds. In addition, UC faculty who are co-investigators on grants may not be in a position to negotiate carry forwards for their portion of the grant. This also applies to grant subcontracts, when the primary grant is based at another institution. Furthermore, the proposed cuts/furloughs are likely to extend for at least 2 years if not more. Re-budgeting or carrying forward grant funds might be possible for 1 year, but will be increasingly difficult, if not impossible in some instances, beyond 1 year.

In both the short- and long-term, UC will have to adjust to less California state financial support. In response, UC should make strategic decisions about reductions in salary and services that overall help UC to maintain its excellence in teaching and research in the long-term. We believe this means cutting back in areas that rely more heavily on state-supported funds, but should not include cutting areas that are or have the potential to be supported by external funds. Doing otherwise simply erodes the ability of UC to make up for budget shortfalls in the future with non-state sources of funds. In short, faculty and staff supported completely by extramural sources should not receive any cuts. At the very least, it would be more equitable to apply a percent cut to faculty, staff and programs proportional to their amount of state funding.

Cc: Jaime Balboa, Chief Administrative Officer, Academic Senate
Dorothy Ayer, Assistant to the Chair, Academic Senate
Brandie Henderson, Policy Analyst, Academic Senate

UCLA MEMORANDUM

College Faculty Executive Committee
UCLA College
A265 Murphy Hall

July 2, 2009

Michael Goldstein
Chair of the Academic Senate
3125 Murphy Hall
MC 140801

Dear Michael,

Members of the College Faculty Executive Committee (FEC) reviewed President Yudof's Furlough/Salary Reduction Plan Options proposal and nine members engaged in an impassioned, thoughtful dialogue through email. Although a range of viewpoints was expressed, committee members were unanimous in their distress about the severity of the proposed cuts and their impact on the academic community. The faculty understands and appreciates the grave financial situation facing the State and University. However, we urge that actions are adopted that minimize the long-term damage to our University.

Accordingly, the members were unanimous in endorsing furloughs (Option II) rather than direct salary cuts (Options I and III), since the pension consequences for all employees are much less serious. We acknowledge that the Yudof Plan makes mention of possible Regental action regarding pension implications; that needs to be addressed quickly. Members agreed that direct salary cuts should not be adopted simply because they would be more easily implemented by the administration. We understand that the furlough option may be more difficult to schedule on medical campuses; this may indicate a "one-size-fits-all" strategy is not in the University's best interests.

A point of sharp disagreement arose concerning the extent to which cuts, if necessary, should be progressive. The pros and cons of graduated cuts were discussed with members providing anecdotal evidence of severe hardship among colleagues at all levels – from entry-level junior faculty to retirement-age senior faculty members. Among frequent concerns voiced by the faculty was the negative impact on the merit system. A majority favored requiring UCOP and the Regents to base any future calculations on pre-cut salary figures and/or set out a clear plan for restoring cuts to faculty and staff over the long-term.

Some members strongly feel that salary actions should not apply to employees not receiving state funds. Salary reductions for grant-supported researchers will not save the University money and will have a major impact on our competitiveness and standing as a major research university. For faculty with extramural funding, it is not clear how grant-derived summer salary would be affected under any of the three options. This is an issue of immediate importance as the target date falls during the current summer term.

I include here quotes from two members that may well summarize the collective sentiments of the committee:

"UCOP has a long way to go in presenting options that really show a protective concern and priority for valuing UC's faculty and staff over and above other possible financial options for handling the overall budget reduction."

“Whatever fiscal steps are necessary [must] be taken not for the convenience of implementation but with the aim of minimizing the inequities and the burdens of those who will bear the brunt of the cutbacks.”

The College FEC is grateful for the opportunity to provide feedback on this unprecedented, dire situation facing the university.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Fovell". The signature is written in a cursive style with a large initial "R".

Robert Fovell
Chair, College Faculty Executive Committee

Ayer, Dorothy

From: Balboa, Jaime
Sent: Thursday, July 02, 2009 2:58 PM
To: Ayer, Dorothy
Subject: FW: EXPEDITED REVIEW: Proposals for Furloughs and Salary Cuts

From: Freymiller, Earl
Sent: Friday, June 19, 2009 8:04 PM
To: Balboa, Jaime
Subject: RE: EXPEDITED REVIEW: Proposals for Furloughs and Salary Cuts

Hi Jaime.

The FEC of the School of Dentistry met earlier today to discuss the options of furlough and salary reduction.

Obviously, at a personal level the individual FEC members do not like any of the options. However, the FEC of the School of Dentistry recognizes the severity of the problem that is faced by the University, and feels that if drastic measures must be taken, the best plan of action is the one that can be implemented in the shortest amount of time to achieve the required result.

In light of the severity of the fiscal challenges and the need to be able to have rapid implementation, the School of Dentistry's FEC voted 5 to 2 to recommend instituting Option I, the eight percent salary reduction plan. Any option that includes furloughs, although enticing, seems to present the possibility of prolonged negotiations and legal challenges with respect to the Fair Labor Standard Act.

Furthermore, the School of Dentistry's FEC would like to recommend in the strongest possible manner that provisions similar to the START program be instituted to minimize the effect on the retirement plan.

Finally, the School of Dentistry's FEC questions the legality of applying proposed University reductions to allocated federal funds in the form of grant support.

Earl Freymiller
FEC Chair
UCLA School of Dentistry



SCHOOL OF PUBLIC HEALTH, CHS 26-081
BOX 951772
LOS ANGELES, CALIFORNIA 90095-1772

June 30, 2009

Michael Goldstein PhD.
Chair, UCLA Academic Senate

Dear Mike,

This letter is written on behalf of the Faculty Executive Committee of the School of Public Health (SPH) in response to the three options for faculty and staff salary reductions proposed by President Yudoff's June 17th, 2009 memorandum. Our comments on these options reiterate points that this committee expressed in a letter sent to you on May 20th of this year, and also reflect an outpouring of commentary from School of Public Health faculty.

1) Furloughs vs. salary cuts. SPH faculty support furloughs based on unpaid days, over salary cuts based on a percentage reduction in pay, as furloughs are thought to be better for maintaining current salary scales intact, have the "lightest" impact on the long term finances of those at the high end of the salary scale who are closest to retirement benefits, and probably would not impact levels of compensation for summer salary.

In the SPH most faculty generate direct and indirect funding through extramural grant and contract support. Indirect support generated is essential for the well being and continued functioning of our school. As cuts in faculty pay seem to be imminent, one way to assure continued productivity and revenue generation among faculty who get external grant support is to increase the number of days of summary salary support currently allowed. According to current UCLA policy for 2009 – 2010 http://www.apo.ucla.edu/summer_policy.asp, "An individual may not receive compensation for more than 57 working days for research, teaching and/or administrative service."

Thus if 14 days are furloughed for those on an academic 9 month appoint, summer salary support compensation should be increased to 71 days (57 & 14 days). Similar adjustments could be made if there are direct salary cuts. While this could benefit faculty, it would not directly benefit staff which brings us to the next set of comments on how the implementation of salary cuts can be more equitable.

2) Tiered salary reductions. SPH faculty support a progressive or graded salary cut option, as current plans for a two tiered 8%/4% salary reduction as this is seen to be highly inequitable, especially for lower paid staff who do not have summer ninth or other salary support options.

As listed on the **Sacramento Bee** website <http://www.sacbee.com/statepay/> 5,393 people at UCLA earn less than \$30,000, 4,641 earn between \$30,000 and \$40,000, and 2,891 earn between \$40,000 and \$46,000. Thus, a total of 12,925 persons or 43.8% of those on the UCLA payroll earned less than \$46,000 in 2008.

A two tier reduction is close to a “flat tax” that assumes that those at the bottom of the income distribution have a similar proportion of discretionary income as those at the top. Clearly, a single mother earning \$30,000 has little or no discretionary income, unlike the two-income professional family where the UC employee alone earns over \$200,000.

Moreover the current plan as proposed (4% reduction for those with salaries below \$46K, 8% for those \$46K+) will create irrational results by excessively penalizing those just above the 46K boundary and thus re-ordering salary rankings. For example, someone at \$45K will now be at $.96(45,000) = 43,200$ while someone at \$46K will now be at $.92(46,000) = 42,320$. In other words, the second person will now be earning less than those who earned less before. This makes no sense and is manifestly unfair.

Given these exigencies, the problem is easily avoided by making the cuts on a graduated scale, like the income tax. SPH faculty propose a 4 – 6 tiered progressive plan using the following schema. For everyone make the cuts 0% of the first \$20K salary, 4% of the next 20, 6% of the next 20, 8% of the next 20, and 10% of that above 80K. The payroll programming involved to do this is negligible.

Moreover as staff have less flexibility than faculty to earn additional income and many have not received substantial raises or “merits” over the past decade, SPH proposes that the furlough rate for staff who make less than \$100,000 should be 1% less than that for faculty with more than \$100,000 in salary, whatever the graded or progressive system that is adopted. Thus if a faculty person earning between \$80,000 and \$100,000 gets an 8% reduction a staff person in the same income bracket should get only a 7% reduction.

3) Cuts for non state funded faculty and staff. SPH faculty question why faculty and staff who are funded on soft money sources should face the same salary cuts or furloughs as those supported by state funds. According to President Yudoff’s June 17th 2009 memorandum, “Participation is not based on the source of salary funds. Each of the options would apply to UC employees whose salaries are funded by contracts and grants, clinical income and other auxiliary activity, and general funds.”

There is no clear system wide saving by cutting salaries of “soft money” UCLA employees whether faculty or staff, and possibly great damage because of demoralization and people seeking to leave. While arguments can be made about solidarity and equity, we consider the current system of remuneration highly inequitable based on current compensation levels reported <http://www.sacbee.com/statepay/>. Moreover being a soft money faculty or staff is in itself inherently inequitable as job security is minimal.

4) Questions. President Yudoff’s memo of June 17th 2009 generated a number of questions from SPH faculty. We include them here as they will perhaps lead to more clarification of the consequences of implementing these salary reduction initiatives at individual, unit, campus, and system-wide levels.

1. Although the June 19 e-mail specifies all sources of funds, it does not clarify whether rates would be assessed against total compensation or base salaries. This is a major problem for those of us who generate different amounts of summer salary each year.
2. It is unclear how it would affect grant-funded off-scales in the SPH.
3. It is unclear how these plans affect persons who voluntarily went on to START, or the “senior leaders” who already took a 5% cut.
4. The impact on UC retirement plan and other benefits remains unknown.
5. How will salaries from extramural funds that are unspent because of furloughs be “saved” for future use?

5) Final comments: A final comment from one of our faculty sums up faculty concerns about what the salary reductions mean particularly for a unit where a high proportion of the faculty generate extramural funds to support their research.

“I think some ways of cutting would make grant-funded activities harder to do and/or make those who are bringing in the funds want to leave for other institutions.... Furloughs are progressive because they do not cut salary rates; on the other hand, shutting down work for the proposed number of days each year reduces productivity (but not workload), and lengthens the timeline of projects..... Temporary salary reductions, alternatively, avoid cutting productivity, but may be more demoralizing for staff, which could reduce productivity and/or encourage people to leave IF they have other options. So...some (strategies suggested) may be more damaging than others to the institution and much of its work.”

Sincerely,

The School of Public Health FEC:

Deborah Glik, Community Health Sciences, FEC Chair

Rob Weiss, Biostatistics

Linda Bourque, Community Health Sciences

Scott Layne, Epidemiology

Alex Ortega, Health Services

Curt Eckhert, Environmental Health Sciences



FACULTY EXECUTIVE COMMITTEE
David Geffen School of Medicine at UCLA

June 30, 2009

Michael Goldstein
President
UCLA Academic Senate

RE: SOM Response to President Yudof's budget plan and proposed salary reductions

Dear Michael,

The School of Medicine (SOM) Faculty Executive Committee has had considerable discussion and email exchanges over the past 2 weeks with colleagues in the SOM as well as among ourselves regarding the impact of President Yudof's budget plan published on June 17, 2009. There is a clear understanding among the faculty that the proposed reductions in the State's funding for 2009-2010 to UC will result in a severe and unprecedented reduction in UCLA's operating budget.

We would like to comment on how this plan will impact on the SOM and its teaching, research and patient care missions.

1. We have significant concerns about the plan to reduce all salaries on the premise of ***fairness or equity; this action is anything but equitable.***

The assumption of equity is that all SOM faculty are the same, yet SOM faculty differ significantly with distinct roles in fulfilling the mission of the SOM in providing first class medical education, biomedical research, training and patient care. SOM faculty also differ significantly in how they are compensated for their activities. These activities are supported by a myriad of funding sources, of which State funds are a small component.

A blanket salary cut for all SOM faculty, including those paid by non-state funds, is simply unfair and it ignores the complexity of the activities in the SOM and the various salary plans. Only a minority of SOM faculty receive full salary from state funds. Most faculty receive a portion of their salary from non-state funded sources, including University endowments, extramural grants and fellowships and clinical income. A significant number of our research and clinical faculty do not receive any state funds for their salary.

Examples of the diversity of SOM faculty salary sources are illustrated below:

- Faculty salaries that are supported in part or entirely by federal funding sources, including grants from the National Institutes of Health, National Science Foundation and the Department of Defense.
- Faculty salaries that are supported in part or entirely by private foundations including, for example the American Heart Association and Research to Prevent Blindness Research.

- Faculty salaries that are supported by University and SOM endowments, including named chairs in both the basic science and clinical departments.
- Faculty in the clinical series derive their entire salary or significant portions of their salary from their clinical activities at the Medical Center and the Ronald Reagan Hospital.
- Some faculty are members of The Howard Hughes Medical Institute, which provides salary support.
- Some faculty have long-term salary support for their clinical and research activities from the Veterans Administration or Los Angeles County.

A key point is that SOM faculty in all of these groups make significant contributions to the mission of the SOM irrespective of their salary source. Our faculty are involved in teaching medical and graduate students, residents and fellows in basic medical sciences, biomedical research and patient care. Our faculty also participate widely in multiple University activities, including teaching on the undergraduate campus, participation in the Academic Senate on key committees and administration. Furthermore, our clinical faculty are invaluable to the teaching and patient care mission of SOM, as well as delivering top tier medical care at our medical center and hospital.

2. A reduction of the non-state salary component is demoralizing and lacks a clear rationale.

Reduction of the non-state salary component will only demoralize SOM faculty, since it is clear that this action will not have an impact on the University's operating budget. Reduction of the non-state salary, whether as a direct salary reduction or as a furlough could rapidly become a strong dis-incentive for efforts to increase extramural research or clinical funds. Furthermore, a demoralized faculty are less likely to participate in critically important SOM activities, such as teaching, training and administration.

3. The consequences of an across-the-board salary reduction will have *multiple negative effects on the SOM* over both the short and long-term.

The SOM runs a real risk of losing research faculty and their programs. High profile, self-supporting research faculty, who generate their own salaries and the salaries of researchers, fellows and technicians in their groups through extramural funds might leave and bring their talent and resources to other Institutions. These groups bring prestige to the SOM for their research activities and they also serve as outstanding resources for training and education. Losing these faculty will result in a tremendous loss for UCLA's teaching and research missions, as well as a loss in resources and competitiveness.

The SOM runs a real risk of losing self-supporting clinical faculty, who generate their entire salary through clinical income and whose salaries are below the salaries of community physicians. Clinical faculty might leave and practice in the community thus taking their special skills away from the University. These faculty serve as outstanding resources for patient care, training and education and their loss would have catastrophic consequences on the Medical Center and Hospital, as well as on patient care and the training of future physicians.

There is also a concern about our ability to recruit and retain top tier faculty in the future, with salary reductions, and the loss of leading and internationally recognized faculty. The excellence of our faculty and their research programs are dependent on a healthy and robust academic environment, and often this is the key to recruiting the very best clinicians and academicians.

4. Our recommendation is to *exempt the self-sufficient SOM faculty from across the board salary reductions* and reduce state supported salaries only. We see no reasonable alternative or any justification for reducing non-state derived salaries. Specifically, we endorse reduction of state supported X and X' derived salary components only. This action is the only fair and equitable solution to reducing state funds provided to the SOM. Importantly, it is the only action that will directly address the budget crisis and the need to reduce State funding levels.

5. Our second recommendation is **for UCOP to provide the SOM maximum flexibility to decide on how to institute salary reductions, furloughs or some combination of the two.** This recommendation is based on the recognition that faculty have real differences in opinion on what is the best option for salary reductions, based on their academic and clinical activities and responsibilities. Furthermore, the SOM, UC Medical Center and the Hospital are large and complex organizations, and a single policy will unnecessarily encumber their daily operations. Instituting local control and responsibility would be considerably more efficient, rational and sensitive to local needs and conditions.

Respectfully,

A handwritten signature in black ink that reads "Nicholas Brecha" followed by a horizontal line.

Nicholas Brecha, Ph.D.
Chair
SOM Faculty Executive Committee

Cc: Gene Block, Chancellor
Scott L. Waugh, Executive Vice Chancellor and Provost
Gerald Levey, Vice Chancellor, Medical Sciences & Dean, David Geffen School of Medicine at
UCLA

At the suggestion of Vice Chancellor Tom Rice, Academic Senate Chair Michael Goldstein, and FEC Chair Michael McLain, Department Chair Barbara Boyle sent an email soliciting input from TFT faculty and staff regarding the three options for salary reductions outlined in Chancellor Block's email of 6/18/09. We have compiled all of the responses to this email, and will attempt to summarize the feedback below.

Summary

The responses were virtually unanimous in expressing a strong, unambiguous preference for Option #2, the addition of unpaid days. Option #1 – salary reduction – was the least favored option. Option #3, the “hybrid” of Options #1 and 2, was rarely mentioned. As the overwhelming consensus was for unpaid holidays over salary cuts, we can conclude that Option #3 would be viewed more favorably than Option #1, and less favorably than Option #2.

Reasons for Supporting Option #2

There were numerous reasons why Option #2 was considered the preferred option:

1. *Morale:* In general, the idea of additional unpaid holidays is far more palatable to faculty and staff than a salary cut. As one staff member stated, “Psychologically, Option 2 sounds better...I'd rather say I took a few days off without pay than say I took an 8% pay cut.”
We feel that reducing the number of working days for all employees creates more of a sense of active participation in a solution to the economic crisis, whereas simply cutting salaries leads employees to feel that they are helpless to do anything other than to passively suffer consequences.
2. *Retirement:* Many employees are concerned that Option #1 would negatively impact their retirement benefits. Since retirement benefits are based on an employee's salary for the last three years of work, any employee retiring within three years of a reduced-salary year would receive less retirement benefits. It is thought that Option #2 would not affect retirement benefits in this way, as the base salary would be unchanged. However, it has been suggested that Option #2 could still have a negative impact on retirement due to its potential effect on service credit.
In response to a TFT employee's query, Associate Vice Chancellor Lubbe Levin stated: “It is my understanding from the Office of the President that the Regents would need to approve a provision that would allow the non-reduced rate of pay to be used for retirement benefit calculations.” Regardless of whether Option 1, 2, or 3 was enacted, we would strongly urge the Regents to enact a provision that would protect retirement benefits.

3. Post-Recession Readjustment: Some employees feel that Option #2 would provide for easier readjustment if the economic crisis were to end. Should the University return to financial solvency, Option #2 would allow for employees to return to 100% time. Option #1 would require keeping track of all employees' pre-cut salaries and then calculating readjustments post-crisis, which could potentially be more complicated.
4. Moral Responsibility: There are a number of ways in which Option #2's addition of unpaid holidays would put the University in a more ethically responsible position with regards to treatment of its employees. Staff and faculty are aware that the cuts are being proposed in response to extremely severe economic conditions; it is to the University's benefit if these employees feel invested enough in the well-being of the University to accept these measures as part of the solution to the crisis. They are more likely to feel invested in this way if the Regents are able to demonstrate a corollary investment in the financial well-being of their employees. Enacting Option #2 rather than Option #1 would go some way towards demonstrating such an investment, insofar as the added furlough days would potentially offer employees some ways to lessen the impact of the reduction in income. For example, the furlough days could benefit employees by reducing the overall costs of commuting and childcare, by allowing for extra time to seek additional training for career advancement, and by allowing time to pursue other sources of income.
5. Productivity: We feel that Option #1 is the most harmful to employees' productivity. Despite the fact that Option #2's furloughs will reduce the overall hours employees work, Option #1 will be more damaging to employee morale, and possibly engender resentment at the University for not offering time off as compensation for reduced pay. Employees who feel that they are being treated unfairly are likely to be less productive overall than employees who work less hours but feel they are being treated fairly.

Specific Concerns

1. Several employees have suggested that additional steps be added beyond the 4% and 8% cuts. For example, the Regents might consider cutting 4% for employees making under \$45,000, 6% for employees making between \$45 – 90,000, 8% for employees making between \$90 – 135,000, and 10% for employees making \$135,000 or more.
2. Employees working less than 100% are concerned about how the various options will affect their situation. Among other concerns, a 50% employee forced to

reduce time would lose benefits. In general, some feel that employees who have already had time reduced for budgetary reasons should not be forced to take further cuts.

3. There are questions about how voluntarily participating in the START program would affect the repercussions of the different options.

Attached: Selected Staff and Faculty Comments

Attachment 1: Selected Staff and Faculty Comments

Tom Denove:

Prefers Option #2: “When things return to normal, it seems like it would be easier to increase someone’s hours than to give that person a raise.”

Richard Walter:

Concerned about Option #1: “Option #1, the across-the-board cuts...thanks to this pension issue, could be the worst for faculty.” Also, “The second or third [option] will cause less harm to our pension benefits.”

David Chute:

“I, too, would opt strongly for furloughs.”

Doug Ward:

“Option #2 might be the best since it saves the most money and would seem to keep each person at their current pay scale.”

Minta Manning:

“Please try to exempt the Staff who are already furloughed from further budget cuts.”

Sheila Roberts:

“For full-time staff...Option 2 is the best...Option 1 has a direct effect on your HAPC and I think a bigger effect if you don’t have your 3 highest years...Psychologically, Option 2 sounds better...I’d rather say I took a few days off without pay than say I took an 8% pay cut.”

Shelley Salamensky:

Supports Option #2:

“Unless I’m mistaken -- which I may well be -- the unpaid-days option would make more sense for all than a pay cut on the same schedule in a variety of ways:

-- Help staff and others to save on commuting, childcare, etc. costs instead of losing doubly, both in salary and cost of living;

-- Help staff develop career sidelines, where possible, or retrain for new or advanced positions within or beyond the UC system;

-- Allow creative faculty with outside engagements -- much of TFT -- more scheduled time in which to generate work in and, if at all possible, income from them, further enriching and enhancing not only their own futures apres apres-le-deluge, but the far-future profile of TFT.

Since significant loss will occur either way, the question seems to be which option is more likely to lead to any form of gain.”

A.P. Gonzalez:

Supports Option 2: "The unpaid days option makes the best sense."

Professor Carol Sorgenfrei:

"Due to the complexity and lack of clarity regarding these options in relation to retirement, I asked Assoc. VC Levin directly for a response. Since the response below notes that the Regents must take action to protect our retirement, it is imperative that our joint comments make clear the utter necessity of such a move, regardless of which option is chosen."

Professor Sorgenfrei references the below email:

"Prof. Sorgenfrei:

Thank you for writing.

You are correct that the reference to retirement benefits in connection with potential pay cuts is related to the future calculation of the highest average 36 months salary (i.e. calculation of the HAPC). It's my understanding from the Office of the President that the Regents would need to approve a provision that would allow the non-reduced rate of pay to be used for retirement benefit calculations during the reduction period, so as not to disadvantage those retiring in the next 3 years or so. If the furlough option is selected, there would be a small impact on service credit due to the reduced time worked, so this is an additional issue on which the Regents would need to take action in July.

I hope these comments are helpful, and we'll do our best to keep everyone informed.

Sincerely,

Lubbe Levin, Associate Vice Chancellor "

From: Francis Longstaff [mailto:francis.longstaff@anderson.ucla.edu]

Sent: Saturday, June 20, 2009 1:35 PM

To: Balboa, Jaime

Cc: Marks, Stella; Olian, Judy; Zhang, Shi; Leamer, Edward E.; Tang, Christopher S.; Erickson, Christopher; Lippman, Steven A.; Subrahmanyam, Avaniidhar; de Figueiredo, John; Bernardo, Antonio E.

Subject: RE: EXPEDITED REVIEW: Proposals for Furloughs and Salary Cuts

Hi Jaime,

We have done a poll of the FEC in the Anderson School. The members of the Anderson School FEC are unanimously in favor of the furlough option of the three options presented.

We have also polled a broad cross section of faculty and staff members, who likewise overwhelmingly prefer the furlough option to the others.

Best regards,

Francis

June 24, 2009

To: Michael Goldstein, Chair Los Angeles Division of the UC Academic Senate
Faculty Executive Committee Colleagues

From: Advisory Committee*, School of Law

Re: Request for F.E.C. Comment on Proposals for Responding to Financial Crisis

We write to offer our comments concerning the University's current budget problems, Pres. Yudoff's proposal to solve these problems with either "furloughs" or salary cuts, and your additional questions concerning the proposal.

1. To state the obvious, unlike staff, members of the Senate do not face a choice between a furlough and a cut. A groundskeeper, computer programmer, or nurse, if furloughed, will presumably not report for work on "furlough" days, during which she can either pursue personal activities or, if fortunate enough, a second job. But her UC job performance will not be assessed as if she were still working full time: the uncut grass, unwritten lines of code, and uncared-for patients will not be counted as inadequate job performance. The University will suffer from work unperformed, but the staff member will not—beyond the reduced pay.

For faculty, matters are different. Furlough days would certainly not reduce teaching; indeed, the recommendations of the Chancellor's Budget Toolbox Group suggest that faculty may have increased teaching loads—at least to the extent that ladder track faculty will be assuming new responsibilities for core courses, some of which are now taught by temporary faculty. Nor will service responsibilities decline; again, they may increase as a result of the need to reconsider major and degree requirements and new systems for sharing teaching responsibilities. And, of course, neither will faculty experience any reduction in the University's appropriately demanding requirements for research or similar creative activity. The President's proposal does not include a stipulation that 92% of "superior intellectual achievement" will suffice for advancement; nor should it.

As a consequence, faculty face no effective choice between a "furlough" and a reduction in take-home pay. The Senate and Office of the President should proceed on this basis, wasting no time discussing the difference between the proposals as they affect faculty. For staff, the differences may matter greatly; for faculty they are indistinguishable.

* The School's Advisory Committee performs the functions both of a Faculty Executive Committee and the faculty's powers, delegated under By-Law 55, of consultation and recommendation on all academic personnel actions (except initial appointment and advancement to tenure). The committee is elected annually, and each of its members must receive a majority of the votes of the members of Senate members of the faculty; in 2008-09 its members are Ann Carlson (chair), Devon Carbado, and Stephen Yeazell.

2. Proceeding on this basis reveals a second very important consideration, as to which the current information from the President unaccountably fails to inform: consequences for deferred and collateral compensation. For more than a decade the Office of the President has regularly reminded faculty that we should think of our compensation in terms much broader than take-home pay. That compensation includes a defined benefit retirement plan, the opportunity to accrue and apply for sabbatical leave, and more. In recent years, several reports issued by the Regents and the Office of the President have reminded us that, though the take-home pay of UC faculty lags behind that at peer universities, total compensation—including retirement benefits—puts us on a reasonably equal footing with these sister institutions.

So—when the President proposes a cut in take-home pay, one expects that proposal to be accompanied by a detailed explanation of how this cut will affect deferred and collateral compensation. For example, would faculty salary for retirement purposes be measured at nominal, “uncut” dollars (as it is in the voluntary START program), or at the W-2 value? Under either a furlough or a salary cut, will faculty accrue retirement credits on the basis of a full year, or on 92% of a year? The same question can be asked about sabbaticals: were a furlough plan adopted, would faculty accrue 92% of a term or 100%? Similarly for sabbatical pay: will credits earned in “uncut” terms be paid at the salary levels of those terms, or at a reduced salary?

Such questions—which could be multiplied—emphasize that faculty have thus far received very incomplete information about the consequences of the proposed actions. A constructive role the Senate might play, we suggest, is to request such details before rendering the advice the President asks for. We strongly urge that UCLA and the Academic Council insist on such information.

3. Finally, you ask whether the Senate should recommend progressivity beyond that already contained in the proposal, which envisions doubling the percentage reduction for those earning more than \$46,000 annually. We assume that the question refers to increased progressivity for Senate as opposed to staff—whose situation is complicated in some cases by collective bargaining agreements. So our comments are directed to increased progressivity for Senate members.

We think increased progressivity for Senate members is a bad idea—on two grounds.

a. Increasing progressivity increasingly blunts the outcomes of the Senate’s own peer review processes. Over more than seventy-five years the Senate and UC administration have worked together to create a system of shared governance. That system has led both to various salary scales within the University and to a serious and rigorous peer review process for individual faculty members governed by those scales. Both the scales and individual advancement within those scales result from elaborate Senate review and from peer judgments. Every salary scale, every change in salary scale, every step in every scale, every change in the salary attached to every step, and every individual advancement in step requires Senate review at

departmental and campus levels. Highly compensated faculty have reached their positions as a result of scores of colleagues evaluating their work and recommending such advancement. To undo these judgments in a moment of crisis is to disregard the peer judgments that have created the differentials in the first place.

b. On the whole, highly compensated faculty are also faculty regularly sought by peer institutions. Any salary cut may cause some of these colleagues to consider such offers more seriously. We can report anecdotally that within days of President Yudoff's announcement of these proposals, one colleague in our School received *seven* inquiries about his interest in relocating. We are confident that one can replicate this experience across the campus, and it is particularly likely to be aimed at highly compensated colleagues. For such colleagues to suffer cuts greater than those incurred by others can only increase the temptation to respond positively to these inquiries. UCLA needs these colleagues more than ever in this time of budgetary stress.

On a personal note, we thank you for the time and effort you have spent assuring proper consultation at this very difficult time. Please let us know if you need elaboration on any of our responses.



OFFICE OF THE ACADEMIC SENATE
MARTHA CONKLIN, CHAIR
mconklin@ucmerced.edu

UNIVERSITY OF CALIFORNIA, MERCED
5200 N. LAKE ROAD
MERCED, CA 95344
(209) 228-7954; fax (209) 228-7955

July 7, 2009

**MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL**

RE: UC Merced's Response to President Yudof's Options for a Salary Reduction/Furlough Plan

The Merced Division would like to thank you for the opportunity to comment on President Yudof's draft options for furloughs and/or salary reductions. At Merced, we have been well aware of the financial challenges facing both the State of California and the UC system since we opened. Merced does not support a reduction in compensation, because of the terrible consequences for teaching and research, recruitment and retention, academic quality in general, and morale. However, we are committed to working with the President to handle this current crisis and appreciate his attempts for broad consultation and discussion. In this letter, we outline our consultation process, state the results, and provide a discussion of the reduction of compensation in terms of Merced, equity, and the system.

1. Consultation and results. The draft options were distributed to the standing Senate committees; the Committee on Academic Planning and Resource Allocation and the Graduate and Research Council responded. In addition we surveyed the Senate members asking them to state which of the three options was most preferred, as well as soliciting their views and comments.

Before discussing the survey responses, we would like to comment on the UCOP consultation process. It was far from ideal, with inadequate information and constantly changing parameters. As UCOP consulted with different groups, each option appeared to morph (summer salaries were included, then they were not). In the end, faculty lacked information about what each option entailed and the full extent of the proposed salary cuts.

Of the 125 senate members who were asked to complete the survey, 57 (46%) responded. Among those who responded, 68% preferred option 2 (21 Unpaid Days), 18% preferred option 1 (8 percent Salary Reduction), and 14% preferred option 3 (12 Unpaid Days Plus a 3.4% Salary Reduction). Thirty-eight faculty shared suggestions/comments. Themes repeated in their comments:

- If furloughs are implemented there is a strong preference that they be accompanied with a commensurate reduction in the number of instructional days each semester/quarter or else the public does not experience a reduction in services.

- Not one policy fits all.
- Split responses on pay cuts applying across the board. There was a concern about remaining competitive, particularly in attracting post-doctoral fellows.
- Strong sense faculty should be able to make up lost income or that there be reduction in school year.
- Strong concern on how this will affect tenures and promotions. Will the expectations be lowered or will the time be extended?
- Strong concern about mortgage costs, particularly MOP loans.
- Numerous comments on how the salary reduction scales should be truly graduated.
- Multiple comments on not touching summer salary; one suggestion was to allow a 4th month of summer salary.
- Strong concern that the cuts to the UC system are long term and UC has not developed a strategy to remain competitive in the new budget environment.

2. Merced and the system-wide budget. Nowhere are the system's structural problems more acute than at Merced, where the campus's highly stretched 120 ladder rank faculty (approximately 60% untenured) will be teaching 3400 students, averaging about 6 faculty per major. We are particularly vulnerable: The loss of any faculty member can derail a major; the inability to hire prolongs the overload faculty are carrying in most majors. In addition, Merced faces accreditation review in the upcoming year, and it will be reviewed not only on its curriculum but on its financial sustainability. Our supplemental state allocation is being halved for the next academic year. *UCOP and the Merced administration need to work together on a sustainable financial model for the campus, with strategic growth in ladder rank faculty number and student numbers.* This issue cannot be deferred.

3. Equity. On the issue of "equity," there are already large inequity issues that exist in the system, starting with the average amount each campus receives on a per student basis. If uniform pay cuts regardless of source of pay is implemented, and campuses are allowed to shift savings from profitable professional schools and auxiliaries (e.g. sports) to offset campus shortfalls, then campuses without those pools of money will be at a disadvantage, reinforcing stratification between campuses. If the plan is only applied to state salaries, some campuses will bear a proportionately much greater burden than others, with the tendency to promote and reinforce stratification. Campuses vary greatly in their proportion of state-derived revenues, from 14% to 57%, however, all faculty and staff, regardless of source of pay, benefit from state-supported University infrastructure. *The final strategy should be designed to mitigate the stratification between campuses.*

4. Systemwide strategies. The plan to cut pay is non-strategic in nature. That is, the UC system faces serious cyclical as well as long-term financial difficulties, and the plan does not address the structural problems of the system, nor does it address alternatives such as reducing the size of upper administrations at the campus level, selling assets, and increasing the number of out-of-state and international students and rethinking the current growth model for the UC system. *The Master Plan for the University system needs revision.*

Chair Croughan
Page Three
July 7, 2009

If furloughs are implemented, scheduled furlough days for staff, during the academic year, would have the most visible (and disruptive) impact to faculty who are carrying out teaching and research on those days. As an alternative, Merced recommends reducing the length of the academic year, having fewer teaching days, so that the effect of reduced state funding is visible to the public. By decreasing the cost of an academic year, there would be less pressure to raise student fees. UC's excellence depends on a diverse student body and being a public institution. *Merced's view is that if funding cuts to the University are invisible to the public and serve to increase the perception we are an elitist enterprise, then the cuts are more likely to be permanent.*

If any of these options are implemented, it should be done progressively. This can be done by varying the number of furlough days or using several levels of graded cuts, not just two, as proposed. We make this suggestion simply as a means of balancing a cut across salary ranges; note that Merced does not support any reduction in compensation.

In addition, the exit strategy should be worked out. The temporary nature of these pay cuts has been stressed, but it's unclear what conditions would allow a restoration of compensation. The longer compensation is reduced, the greater the risk of continuing damage to academic quality of the University.

We need to respond to the current budget crisis in a way that maintains the respect of the University community. Whatever option is implemented, we encourage President Yudof to make this part of a broader strategy, and announce the predicted additional cuts to compensation that will occur during the year (increased health costs and restart of employee contributions to the retirement fund). As always, the intellectual and goodwill capital provided by the faculty, student and staff is our greatest resource. Sincerely,

Sincerely,



Martha Conklin, Chair

cc: Divisional Council
Senate Director Clarke

UCR
SENATE

July 4, 2009

TO: Mary Croughan, Chair
UC System-wide Academic Senate**FR:** Anthony W. Norman, Chair
UCR Academic Senate**RE:** UCR opinions on President Yudof's 3 salary reduction options

I am writing to forward to you the advice and opinions of four UCR Senate Committees with regard to President Yudof's 3 salary reduction options as well as the results of a UCR faculty-wide poll. The attached PDF file (UCR 4 Senate comms...) contains letters from our P&B, CAP, Faculty Welfare and P&T committees; they were all submitted to me last week.

First I want to update you about our just completed poll¹ of UCR faculty concerning their preference for the three options proposed by President Yudof as to how to impose an 8% salary cut for faculty and staff. The results were as follows: option 1 (salary cuts) = 29 votes; option 2 (furloughs) 172 votes; and option 3 (a combination of options 1 & 2) = 17 votes. The total of 218 votes is approx 30% of our line faculty.

Many of the faculty that participated in the poll also sent me messages varying from one paragraph to several pages. It is my observation that our faculty are aware of the enormity of the budget crisis facing UC in this current 2009-2010 fiscal year (~ \$600 million), but that they have difficulty getting their arms around all the details, options and consequences they may have on UCR and particularly the UC System. Approximately one half of the messages endorsed the concept that some furloughs must occur on dates that indicate to the public and students that there are adverse consequences on the faculty's ability to deliver to the student the education that they have paid for.

I will briefly summarize the major points made by the four committees.

P&B: They "do not favor an across the board percentage cut, not even a cut that is stratified on two levels. " they "further suggest that these salary cuts be levied on the

¹ Procedures for the Poll: An email was sent to all active UCR faculty describing the need for a UCR poll on President Yudof's three salary cut options; also President Yudof's recent communication on the 'option' had been sent to each person. The faculty preferences were recorded on our UCR Academic Senate web used for our senate elections; this site is password protected. The three options described above and faculty could make one choice. There was no abstention 'option' or 'none of the above'.

highest wage earners first and then be stopped once the target goal (\$195 million) is reached". "If furlough days are part of the salary reduction plan, ... we prefer that these days be a mix of paid holidays and days that affect the delivery of campus services". Finally, P&B "think it is vital that Regental action be taken to ensure that employee UCRP service credit and retirement plan benefits will not be impacted by the furlough and salary reduction plan.

CAP: They "unanimously support Option II" (furlough days). CAP also believes that some of the furlough days must demonstrate to "faculty members, the staff, the students, the legislature and the general public, what is being left undone or lost." CAP also identifies a series of suggestions regarding the adverse effects of salary reduction on faculty morale.

Faculty Welfare: They are "unanimously of the opinion that if salary reductions are implemented they be done.... [via] furloughs, only". The committee also "was unanimous "that regardless of the option chosen for salary reductions, that all employees be subject to the reduction regardless of funding source. There is an issue of equity here".

P&T: This committee identified a number of Principles. Two of note are as follows. (a) "A *clear justification* is required of how the proposed cut figure was derived. If the current 8% figure cannot be fully justified a revised figure must be provided." (b) "In any measures that are taken, the pain inflicted on the faculty *must be shared by other members of the UC community* (administration, students). This is to ensure that the extraordinary measures remain extraordinary."

It is my personal observation that many UCR faculty have difficulty understanding the recently introduced concern of *equity* amongst all faculty. Some of our faculty will support 8% salary cuts on faculty supported by non-state funded funds (e.g. grants, contracts, etc). UCR is one of the five UC campuses that does not have (yet) a medical school. It is hard to understand how or why the most highly remunerated clinical faculty should be totally exempt from sharing the pain and burden of this unprecedented budgetary calamity that has descended on all ten of the University of California campuses. If there is an exception made for this cohort of clinical faculty, it will clearly send a message to the other UC faculty that they are privileged and are above being considered the equals of I&R and OR faculty.

I hope that this UCR Summary will be helpful to you and the higher administration in addressing this budgetary calamity.

CC: Sellyna Ehlers, Director
UCR Senate



June 23, 2009

TO: ANTHONY W. NORMAN, CHAIR,
ACADEMIC SENATE

FM: MARY GAUVAIN, CHAIR
PLANNING AND BUDGET

RE: EXPEDITED REVIEW: FURLOUGHS AND SALARY CUTS

On Monday, June 22, 2009, the UCR Planning and Budget Committee met to discuss the proposal from UC President Yudof concerning the Furlough/Salary Reduction Plan Options as a means of dealing with the financial crisis facing the university. The Committee identified five issues, listed below, that it feels are critical to the implementation of the plan or that require clarification.

The Committee has no preference regarding the three options; each has pluses and minuses. However, we strongly believe that, regardless of which option is chosen, the morale of the faculty and staff will be severely and negatively affected during the salary reduction period. Therefore, throughout the entire process we hope that the administration, both on the campus and systemwide, will be responsive in addressing the needs and concerns of all members of the UC community and will be as open and transparent as possible regarding the budget and planning of the university. In our view, Chancellor White has been exemplary on both these counts.

1. *Salary Reduction Plan.* We do not favor an across the board percentage cut, not even a cut that is stratified on two levels (i.e., for lower and higher wage earners). We believe this type of cut is not the fairest way to generate the needed funds and that it will have a larger negative impact on faculty and staff morale than would a cut that is progressive across all salary levels, with the largest percentage cuts taken at the highest salary levels. On this point, we suggest that the percentage salary cut increase linearly on a gradual scale ranging from a low of 0% to a high of 13%. Additionally, given that the target amount that the University hopes to generate from a salary cut is \$195 million, we further suggest that these salary cuts be levied on the highest wage earners first and then be stopped once the target goal is reached. This approach may limit the need to impose cuts on the lowest wage earners on the campus.

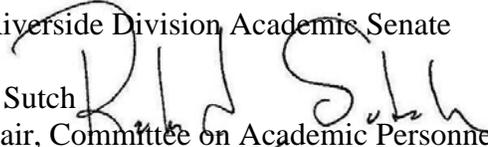
2. *Furlough Days.* If Furlough days are part of the Salary Reduction Plan, as they are in Options 2 and 3, we prefer that these days be a mix of paid holidays and days that affect the delivery of campus services. We reason that some disruption to the operation of the university that results from the salary cuts needs to be made visible to the citizens of California in the form of reduced services. We believe the curtailment of services should be minimal in light of the increasing fees that students and parents are being asked to bear. However, we do not want to risk communicating to the state that we can absorb such pay cuts without any impact on the operation of the system.
3. *Transparency.* Salary cuts, by definition, involve the employees returning their earned dollars to the system. It is vital that the accounting process for this money be transparent and include how the cuts were made, how much money was generated, and how the money was used to meet the savings goals of the campus and the system at large. This accounting should also include a description of how the percentages that are used to make the cuts were derived, e.g. if there is an 8% cut, how was this figure derived?
4. *Economic Recovery.* When the economy improves and salary cuts are no longer in place, how will faculty and staff salaries be restored? Also, will any salary increases related to the awarding of merits or promotions be added at the end of this process or will they be included in the base salary on which the salary cuts are made?
5. *Benefits and Retirement.* We think it is vital that Regental action be taken to ensure that employee UCRP service credit and retirement plan benefits will not be impacted by the furlough and salary reduction plan, regardless of which option is chosen. Faculty and staff should not be further penalized (and demoralized) by losing the retirement benefits that accompanied the earned salary that was returned.



Committee on Academic Personnel

June 29, 2009

To: Anthony W. Norman
Chair, Riverside Division Academic Senate

Fr: Richard Sutch 
Vice Chair, Committee on Academic Personnel

Kathleen Montgomery 
Chair, Committee on Academic Personnel

Re: Furloughs and Pay Cuts

The Committee on Academic Personnel convened on June 24 to consider your request for comments on the proposals from President Yudof regarding furloughs and pay cuts.

We are asked to consider three options for reducing faculty salaries. Whatever route is chosen, we all realize that this move is a major blow to the campus. We can anticipate an increase in resignations and retirements, increased requests for retention-justified off-scale salary adjustments, and a decline in faculty morale that may lead in some cases to reduced effort in teaching and university service as faculty redouble their research efforts in an effort to attract outside offers.

When combined with a freeze on new hires, the proposal will have a devastating impact on the quality of teaching and research on the Riverside Campus. Even if the financial emergency is contained to the AY 2009-10, it will take years and perhaps a decade or longer to recover. Every effort should be made to minimize the damage. We shall return to some suggestions at the end of this memorandum.

Beyond the sobering news, CAP was distressed by the lack of specificity in the President's request and the lack of transparency in the process that has narrowed the choices to three. How was the figure of 8 percent arrived at? Independent calculations suggest that the cuts might be held to something like one-half the size proposed if the salary savings were spread equitably across units. What are the unspecified legal problems arising from the Fair Labor Standards Act? How will special cases and exceptions be handled and by whom? What mechanisms will be proposed for protecting retirement benefits and leave accruals under each of the three options?

The three options. It appears that only Options I and II make sense. Option III has all of the negative considerations of both Plans I and II and no real advantage.

CAP unanimously supports Option II (unpaid days). If retirement benefits are not protected then Option I as it stands is unacceptable. If retirement and leave accrual are protected Option II is still the preferred option. Option II has several advantages over Option I. By leaving the base pay unchanged faculty with grants or other sources of funding can receive pay for summer months at 1/9th of their base pay. If the base pay were cut as under Option I, the summer pay would be reduced accordingly.

Psychologically it feels better to be asked to work less than to accept the idea that one's effort is worth less. Moreover, the base pay is a starting point for any negotiations to move to another university. If we cut the base pay, we do double damage to morale.

The objections to Option II provided by the President's office are for the most part unconvincing. Surely computer programming (contracted from the outside if necessary) and imaginative leadership can overcome the implementation challenges in the payroll system at little cost. And, surely, the Regents should and will take measures to protect benefits and leave accrual.

There are some questions and concerns that should be addressed.

- The 21 days need to be distributed equally across all three quarters, 7 days per quarter, and within quarters uniformly as possible by month.
- Some faculty have animal or insect care duties or continuously running experiments that preclude taking days off. Will they be given an exemption? If so, how will exceptions be administered?
- Some personnel are working in this country on H1B visas. It is required by law that these individuals be paid the prevailing wage for their work. Presumably, these employees will be exempt from a pay cut and from a furlough since the prevailing wage and working conditions are set by other institutions. How will this inequity be handled?
- We assume that the furlough will literally be days off. That means that faculty will be free to use that time for outside consulting or other non-academic activities. Will they be free to teach at other institutions on furlough days?
- We have been told that faculty should not reduce classroom contact hours. Because committees and other service obligations have defined agendas, it will be difficult for faculty to reduce service activities (except by shirking them). Apparently the President anticipates that the reduced effort will be composed largely of reductions in research activity. However and somewhat paradoxically, it will be in the faculty member's

own interest to continue research at the same level or even at an increased pace during the furlough period to enhance his or her reputation and thus attractiveness on the academic market. How will the University administration address this contradiction?

To prevent the furlough from becoming a sham, CAP feels that the University must transparently demonstrate (to the faculty members, the staff, the students, the legislature, and the general public) what is being left undone or lost. It would be a serious mistake to suppose that education, research, and public service should continue at a normal rate despite the reduction in salary cost.

Although these productivity reductions will not affect files to be reviewed in the coming year, a number of faculty have already asked how the furlough/salary cuts will affect evaluation of their productivity. Our answer will undoubtedly influence how faculty members reprioritize and reallocate their time in response to the impending salary reductions. Silence or equivocation on this score would foster mistrust, increase cynicism, and further reduce faculty morale. For this reason CAP intends to formulate a policy for release before the start of classes in the Fall. Before doing so, CAP intends to discuss this issue with the Vice Provost for Academic Personnel and the Executive Vice Chancellor and Provost on an urgent basis and has already requested a meeting with the administration following the Regents' July meeting.

Some suggestions regarding morale.

It should be obvious that it would help a great deal if this emergency action were presented as a deferment of pay, not as cut. The lost income might be paid back (with interest?) in the future when the financial situation is improved. If that is not possible, then other ways to push some of the losses incurred by faculty members into the future should be implemented. For example, teaching credit could be inflated by a multiplier of 1.087. Thus, a faculty member with a four-course teaching load who taught four courses would be given 4.35 course credits, which would then carry over as a credit of 0.35 courses to the future.

The campus administration should make clear from the outset that it recognizes the serious blow to faculty morale and the serious impact on objective measures of teaching performance, university service, and community outreach. The administration should take immediate action to ameliorate the detrimental impact on morale, not by punishing slackers, but by positive actions.

First, there are some cost-effective perks that might be introduced to underscore the University's concern with faculty and staff welfare. Here are some examples:

- Free tuition for faculty and staff for their children or their partners at any campus in the system. Since the marginal cost (the loss of tuition from a small number of students) is low, this would be a very affordable program to implement and announce. This should be made a permanent feature of

the benefit package and thus would have the greatest impact on the younger faculty and staff and might help the campus to retain such faculty.

- Free or subsidized child care for faculty and staff. This might be easily and economically accomplished with child care vouchers. Again, this proposal would have the strongest impact on the younger members of the faculty and would have a relatively low cost per faculty member.
- Generous funding for TAs and RAs. These employees are our graduate students. They are comparatively inexpensive teaching and research resources. An increase in funding for these positions could lighten the teaching load on tenure-track faculty (TAs make it easier to teach large lecture courses) and accelerate research productivity. The impact on morale would be worth the cost.

Second, the faculty should be given some clear indications that the campus is making plans *now* for an unraveling of the emergency pay cuts. The plans should make it clear that the campus realizes the damage that will be done and that administrators will take serious, proactive measures to repair the damage as soon as it is financially feasible.

- Pledge that all cuts will be restored without prejudice as soon as possible.
- Pledge that all shortfalls in contributions to the retirement plans will be made whole as soon as possible.
- Announce a plan for rebuilding our faculty to be implemented when the financial emergency is over and ask that departments and deans begin planning for the foreseeable recruitment and rebuilding efforts necessary immediately.

Finally, CAP joins with faculty across campus in urging the administration to fight vigorously for Option II over either Option I or III and to challenge the systemwide administration on the underlying accounting logic that led to the 8 percent proposal.

CC: Harry Green, UCR's UCAP Representative

Date: June 30, 2009

To: Tony Norman, UCR Academic Senate

From: Rick Redak, Chair, UCR Committee on Faculty Welfare



Re: Proposed Salary Reductions

Over the past ten days, the Committee on Faculty Welfare discussed by email the documents pertaining to potential upcoming salary reductions. The Committee is unanimous of the opinion that if salary reductions are implemented, that they be done so through what was presented as Option II: Furloughs Only. Furthermore the Committee is unanimous of the opinion that regardless of which option is chosen, the retirement system and accrual of benefits be unaffected by a salary reduction (We note such a system is already in place for those employees electing into the START program). The Committee was not in favor of tinkering with the employee salary scales as we felt it would indeed be a long time before the scales could ever be restored. Furloughs avoid this problem and are certainly more easily reversed than altering the salary scales. Finally, the Committee was unanimous of the opinion that regardless of the option chosen for salary reductions, that all employees be subject to the reduction regardless of funding source. There is an issue of equity here, both within and among UC campuses, that is critical to maintain. The Committee did not discuss an option for a sliding scale of salary reductions by which higher paid employees would incur a larger reduction that would lower paid employees.

June 24, 2009

TO: C.C. Wang, Chair of the UC Committee on Privilege and Tenure
FROM: Teodor Przymusinski, Chair of the UCR Committee on Privilege and Tenure
RE: Comments regarding the proposed furloughs and salary reductions at UC

The members of the UCR Academic Senate P&T Committee unanimously state the following.

I. PRINCIPLES

- We acknowledge the severity of the financial crisis.
- A *clear justification* is required of how the proposed cut figure was derived. If the current 8% figure cannot be fully justified, a revised figure must be provided.
- In any measures that are taken, the pain inflicted on the faculty *must be shared by other members of the UC community* (administration, students). This is to ensure that the extraordinary measures remain extraordinary, are used for nothing besides the stated aim of crisis mitigation, and are rescinded or reversed truly at earliest feasibility.

II. ADDITIONAL MEASURES REQUIRED

- *Reduction* (commensurable with salary reduction) *in teaching load* via reduction in quarter length or number of teaching contact hours ('student furloughs') and corresponding reductions in other faculty assistance to students (e.g. office hours).
- A moratorium on new major expansion or construction projects.
- Ensuring that the proposed furloughs and/or salary reductions do not negatively impact faculty retirement benefits.
- Giving careful consideration to making part of the proposed salary reduction in the form of loan by faculty to UC, to be repaid with interest upon severance, retirement or at earliest feasibility.

CC:

1. Anthony W. Norman, Chair of the UCR Academic Senate
2. Members of the UCR Committee on Privilege and Tenure



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Joel Michaelsen, Chair
Deborah Karoff, Executive Director

June 29, 2009

Mary Croughan, Chair
Academic Senate

RE: Proposal on Options for Furloughs/ Pay Cuts

Dear Mary,

The Santa Barbara Division has had an opportunity to review President Yudoff's proposal for Options for Furloughs and Salary Cuts. Several groups met and discussed this issue including: the Council on Planning and Budget, the Council on Faculty Issues and Welfare, and the Committee on Academic Personnel. The Santa Barbara Division offers the following comments for consideration.

First, the Division believes that either salary cuts or furloughs, will threaten the core quality of the faculty and staff and should only be undertaken as an explicitly temporary measure, in order to allow time to consider and implement a wide range of strategic cuts. Highest priority must be given to allocating funds captured by these other cuts to reversing the salary reductions, and to further raising salaries that were already significantly below market levels before the proposed reductions. Eliminating programs, cutting services, cutting classes and cutting enrollments, while extremely painful, does not threaten the core quality of the UC. Furloughing or even (worse) cutting the pay of faculty does threaten the quality of UC; it is certain to lead to the departure of many outstanding faculty who either cannot be replaced at all, or only replaced at extreme cost. In particular, we are concerned that younger faculty will be offered positions in other institutions and UC will lose some of the more recent hires who are expected to lead UC into the future. Although hiring of faculty has slowed down everywhere, it will likely take UC (and the State) longer to recover and be in a position to rebuild its stellar faculty. The loss of faculty talent is potentially very significant for UC's stature as a first tier research institution and must be considered very seriously as this plan evolves. For this reason we strongly urge that the furlough plan be a temporary, one year solution as the university develops alternative budget reduction strategies in the coming year. If the furlough program extends beyond one year, then we would expect to see large numbers of faculty being successfully recruited away from UC to other institutions.

The Division adamantly believes that cuts should not apply to salaries on soft money (research grants or contracts). While this issue has been presented as one of "equity", Council argues that cutting salaries of positions funded by research funds is itself inequitable. Furthermore, doing so provides no benefit to the University's General Operating Fund and could lead to reductions in overhead returns, depending on how the research funds were re-allocated. Such a cut to those on non-state salaries inflicts unnecessary harm or injury for little, if any, benefit. We would only support extending the cuts to extramural research funded positions if the reductions could be used as employer contributions in a university-wide restart of contributions to UCRS for state and non-state funded employees. Absent that particular need, the principle of equity seems weak compared to the potential harmful impact on the overhead revenues for the campuses and on the thousands of employees who already have to live with the uncertainties inherent in relying on soft money for their livelihood.

If, after all possible strategic cuts are made, there is still a need to reduce salary for faculty and staff, the Division believes that faculty must be provided with options that allow them to recover any temporary academic year salary reduction via external grants, contracts or directed gift funds. For example, faculty should have the option of buying back any furlough days that they intend to work on non-state funded projects. This is one major reason why, in the event that a salary reduction cannot be avoided, we strongly favor furloughs instead of salary cuts. Why not allow faculty to pay themselves here, instead of "forcing" them to go elsewhere? In addition, the Division strongly believes that faculty summer salaries that are paid via

non-state funding sources, including grants, contracts, and endowed positions, should not be impacted by any change in the academic year salary, whether via furlough or temporary pay cut.

Of the options presented, the Division favors furloughs over pay cuts (Option II). First, we believe it would be easier to reinstate full salary after the furlough period has ended. However, we also feel strongly that furloughs should be visible and taken on current work days with a corresponding reduction in work and services offered and not simply by turning paid holidays into unpaid ones. This situation presents a potentially critical morale issue. Employees cannot be expected to perform the same workload and at the same caliber while receiving less pay. The issue of visibility is complicated to navigate. We believe it is important to communicate to students and the public that when the State doesn't provide funding to UC, then the institution cannot deliver the same level of service. At the same time, we are aware that we have a collective political problem with respect to the public and legislative perception about UC faculty. We believe we should protect the instructional activity that we perform in the classroom and offer less time for office hours, advising, and requests for service. In any event, any furlough program for faculty will need to include guidelines on what sorts of reductions in workload are and are not acceptable.

If any of the options are taken, in spite of the damage to UC's ability to continue to perform at a high level of achievement, then the effect on retirement benefits must be analyzed carefully to protect retirement benefits as much as possible. The blow to salaries will be difficult enough in terms of morale, but the knock-on effect of decreasing future benefits will cause some of our best employees to seek other offers, and is extremely unfair to employees who have dedicated much of their life to UC with the expectation of promised retirement benefits. Based on a preliminary analysis, the Division believes that a furlough will have less impact on an employee's retirement than a pay cut. However, we encourage a full analysis that compares the effects of the two plans on retirement. We further request that the Board of Regents take actions to preserve retirement benefits.

There is a strong feeling among all of the reviewing groups that there needs to be a much more progressive approach to the allocation of furlough reductions by salary level than is included in the current proposal. There is too huge an impact for employees with salaries just above the \$46,000 level. We believe there should be several intermediate levels to mitigate the impact of faculty and staff who make more than \$46,000 and less than \$85,000 for example, while higher paid employees should be allocated greater reductions. If the proposed plan goes forward, and applies to all employees including those on non-state funds, the plan must be a progressive one.

We request that serious consideration be given to the idea of issuing an IOU or promissory note in the amount of the reduction to all staff and faculty who receive a furlough or salary cut. Such an action could minimize the long term consequences of this action for all employees and possibly prevent greater attrition because it would be seen as a true emergency.

The Division is disturbed by the urgency of UC's budget situation and of this proposal; we encourage the President and UC leaders to develop budget reduction strategies that will be operational by July 2010 in order to avoid this kind of frantic rush next summer. The Division encourages further exploration and discussion of additional sources for generating revenue and/or cutting expenses. Since the current student fee increase was approved during a time when the budget situation appeared less grave (and when furloughs/ pay cuts were not being openly discussed), then additional student fee increases should be considered at this time. As discussed in the review of BOARS' non-resident enrollment, the Division encourages UC to increase the enrollment of out-of-state students as a way of, among other things, increasing revenues. In addition, other cost-saving measures should also be vigorously explored, such as restructuring Summer Sessions and strategic cuts to and/or elimination of programs.

Finally, Council notes that the current plans under consideration are not the only measures being implemented that will have a detrimental effect on faculty/staff compensation packages. The University should communicate the cumulative total of all proposed cuts to compensation (pay reduction, increased contributions to retirement, etc.) to the public and to the legislature.

Thank you for the opportunity to comment.

Sincerely,



Joel Michaelsen, Chair
Santa Barbara Division



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SANTA CRUZ DIVISION
125 CLARK KERR HALL
(831) 459 - 2086

July 6, 2009

Mary Croughan, Chair
Academic Council

RE: Furlough/Paycut Proposals

Dear Mary,

This letter is a distillation of comments that I have received from the Senate Executive Committee at UCSC on the President's Furlough/Paycut proposals. I will be brief, since we have no idea what proposal will shortly emerge from the Office of the President. We are even unsure of the mechanism through which OP is assessing the cacophony of responses to their call for general input on the three prospective proposals for an 8% cut in take-home pay (whether by furlough or paycut) for faculty and staff. Moreover, I would be remiss if I did not mention that there is wide-spread skepticism about "input" to the current process, since whatever proposal does emerge from OP will be placed in front of the Regents 9 days hence; as will a revised set of amendments to SOR 100.4, in spite of the enormously critical Senate response to the initial draft of this revision to the Standing Orders. With such little opportunity for vetting and analysis of the final proposal, the algorithm that ultimately emerges will inevitably be viewed by many as unworthy of a system that has prided itself on something called "shared governance."

Obviously, we fully recognize the fiscal straits of the state and UC as an institution. But we do question the process and manner in which we are moving forward with such dispatch—and are concerned that it will not lead us to as optimal a solution as might be achieved, given the circumstances. Our comments follow, subdivided into overarching issues and operational issues related to the three proposals.

Overarching Issues

Moving Forward to '10-'11 and Beyond: Given the state's budget situation and the state government's decade-long pattern of cutting UC's per student state allocation, it is almost impossible to imagine that these paycuts/furloughs will simply be a one-year phenomenon. Hence, it is ABSOLUTELY incumbent on the UC and its President to articulate a well thought-out multi-year institutional strategy designed to deal with the likelihood of continuing draconian cuts to state funding. Otherwise, next year (and very likely in following years, until the budget "turns around"), we will simply be informed that the "reductions" that are instituted this year will either be continued or increased (by Regental fiat, of course). In short, our system-wide leadership needs to show, in conjunction with these cuts, that the "death-by-a-thousand-cuts (and the

occasional big one)" budgetary philosophy that has been the signature of UC over much of the last decade is being fundamentally altered. But, there are no indications that such a sea-change is being considered.

Institutional Quality: The issue of how these paycuts, which push the faculty's pay further behind its comparison institutions, will impact our institutional quality is essentially undiscussed in any of these proposals; nor are the prospective impacts of paycuts/furloughs on the quality of our educational product examined. Indeed, the proposals are essentially silent on the effects of a sizable paycut/furlough on institutional and curricular quality—while a 1-year blip in pay might not greatly alter the quality in which UC has taken such pride, we are deeply troubled that a longer downturn will. And the silence of these proposals on such issues is indicative, we believe, of a short-term level of analysis that may turn out to poorly serve the institution in the long-term.

Operational Issues

Furloughs versus Pay cuts: This issue perhaps engenders the most diverse opinions. Whether the reduction in take home pay is accomplished via furloughs or pay cuts, there is the general sense that the manifestation should be as visible as possible. That is, if furloughs are the preferred means of reducing take home pay, then campuses should consider highly visible closings---and not hide the furloughs on vacation days.

Graduated Cuts: There is certainly support for a graduated system of pay cuts, with those at the higher ends of the pay-scale being cut more (presumably as they are able to afford larger cuts) However, there is also the minority concern that such a scenario (particularly as we move into the future) will make our most marketable (for lack of a better word) faculty—those at the highest end of the pay scales—more susceptible to external offers.

Cutting the Pay of Both State and Non-State Funded Employees: On the face of it, cutting employee salaries by ~600 million dollars to achieve ~200 million dollars in savings to our state General Fund budget seems like a peculiarly-designed plan. But, we do recognize that producing a dichotomy between the salaries of state-funded and non-state-funded employees implicitly introduces an overt tiering of the UC system between private- or federally-funded parts, and the employees who teach students and hence rely on state-funding. When viewed through the prism of the creeping privatization of the UC system, the solution to such tiering may, in fact, be simple: the high fee, high aid model advocated by the Senate in the "Cuts" and "Futures" Reports of UCPB, and endorsed by the Academic Council. But this is a longer-term solution, and our institution appears entirely focused on short-term analyses and solutions.

Retirement Credit: There was unanimous support for ensuring that these proposals do not impact service credit, retirement benefits, or leave accrual.

I hope these comments are of some use.

Sincerely,



Quentin Williams, Chair
Academic Senate
Santa Cruz Division



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July 7, 2009

Professor Mary Croughan
Chair, Academic Senate
University of California
1111 Franklin Street, 12th Floor
Oakland, California 94607-5200

SUBJECT: Proposed Options for Furlough/Salary Reductions Proposed by President Yudof

Dear Chair Croughan:

In response to your request of June 16 for expedited review and comment, the San Diego Divisional Senate Council considered the Furlough/Salary Reduction Plan Options proposed by President Yudof. Some Council members were able to gather comments from committee members, and the Senate Council discussed this matter at a special meeting on June 29. Senate Council members were **unanimous in rejecting** the three options proposed by President Yudof.

Academic Merit: Reviewers were concerned about the possibility that academic merit increases and merit reviews would be suspended next year. The Senate Council was pleased to note that this idea has been set aside for the time being.

Impact on Retirement System: Members were also very concerned about the potential impact of a furlough/salary reduction on UCRP. Until President Yudof's recent video presentation, there had been no explicit acknowledgement of the need to protect retirement benefits. Council members were pleased to see President Yudof state his willingness to recommend protecting retirement benefits to The Regents.

Campus Autonomy in Budget Decisions: Reviewers strongly supported local, campus autonomy for making decisions about how to meet budget reduction goals. While acknowledging that any plan that the Office of the President circulates may need to be easy to understand, and easy to implement, the argument was made that the three plans presented by President Yudof are too simplistic. All three plans have serious flaws and do not address key issues, such as the need to protect the retirement system. The plans also do not address the argument that it may be better for individual campuses to decide how best to meet the budget reductions and that best approaches may vary among the campuses. The plans do not justify the cutting of non-state funded salaries. Council members agreed and unanimously passed the **following resolution to UCSD Chancellor Fox:**

Whereas, as UC San Diego approaches its 50th anniversary, having achieved great national and international distinction, our academic excellence – built upon sound policies of fiscal responsibility and restrained growth – will be irreparably harmed by implementation of any of the three options for budget reduction recently proposed by President Yudof,

Therefore, we call upon you, Chancellor Fox, to act on behalf of your faculty by directly and aggressively advocating with President Yudof for local budgetary autonomy in place of the three options he has presented.

Equity: Various views and definitions of equity were expressed during the Council's discussion. Members agreed that any furloughs/salary reductions should not be imposed on UC employees who are paid on non-state funds. Arguments were made that imposing such reductions on non-state funded employees would substantially reduce overhead income to the University and, in the end, cost the University much more, especially since such savings cannot be directed to offset the reductions in state funding. Council members acknowledge that a good reason for cutting salaries funded by non-state sources may exist, but it has not been explicitly stated to date.

Another form of inequity would result if represented employees are subject to layoffs rather than furloughs/salary reductions. In this situation, some employees would suffer greatly (i.e., be laid off), while others would see no difference in either salary or time.

Additionally, across-the-board furlough/salary reductions would cause serious harm to not only the University of California, San Diego, but also to the entire California economy. UC employees would not be spending at the same rate as they otherwise would be, negatively impacting both income tax and sales tax revenues and thereby further damaging the state economy.

Senate Council members approved a letter to UC San Diego Chancellor Fox conveying the **unanimous opposition** of the Senate Council to the three proposed options and supporting the limiting of furloughs/salary reductions to the portion of salaries funded by the State. The text of this letter is as follows:

Dear Chancellor Fox,

The Senate Council recognizes that the University of California is in a difficult fiscal situation and that President Yudof bears the responsibility for proposing possible solutions to The Regents. The Council was pleased to note that President Yudof has publicly expressed his commitments to continue academic review processes and merit funding; to exempt graduate students and postdoctoral fellows from furloughs/salary reductions; and to ask The Regents to protect employee retirement benefits no matter what furlough/salary reduction plan may ultimately be adopted. These are important principles, and the Council appreciates the President's commitment to protecting them.

Nonetheless, I write to express the unanimous opposition of the Senate Council to the three options for budget reductions in the Furlough/Salary Reduction Plan transmitted by President Yudof in his letter dated June 16, 2009.

While we recognize that salary reductions or furloughs may be necessary for salaries derived from State sources, to impose such cuts also on salaries derived from external sources (e.g., clinical income, federal contracts and grants, private donations) would be unnecessarily punitive. At UC San Diego (including the UC San Diego Medical Center), only 25% of all salaries are paid on General Funds that come from the State of California. The remaining 75% comes from external sources, including federally funded contracts and grants that accrue overhead to the University.

Uniform furloughs or salary reductions will: (a) greatly harm morale among the academics and staff who have been so successful at the innovations and discoveries that make UC San Diego one of the top research universities in the world; (b) make UC less competitive in the future and lead to serious hiring and retention issues; (c) have negative unintended financial consequences on the budget of UC and of the State of California (e.g., reduced overhead accrual, reduced income taxes, and decreased spending power); and (d) potentially worsen the underfunding of the UC retirement system.

Summarizing, we firmly oppose any furlough/salary reduction option that precludes the legitimate use of external sources of funds to cover salaries. We request that any policy regulating furloughs and pay cuts be limited to the portion of salaries that are funded by the State.

While we have limited our comments to the specific case of UC San Diego, similar arguments would also apply to other campuses within the UC system. This is all the more reason for the UC Office of the President to allow each Chancellor and each campus to develop its own furlough/salary reduction plan for State-derived funds, in consultation with all Vice Chancellor areas and the traditional bodies of shared governance.

Lastly, we ask you to communicate this letter to President Yudof. We will also ask Academic Council Chair Croughan to do the same.

Strategic/Long-Range Planning: Council members decried the lack of cost/benefit analyses for the three furlough/salary reduction plans, relative to the savings goal. Without such analyses, and without the opportunity to look at the budgetary situation on an overall basis, no rational basis exists from which to judge or compare the

three options. The even larger budgetary issues looming in the future emphasize the critical need for UC to have a strategic, long-range plan, one that will see us through this phase of budget reductions while maintaining the quality of the University in the long term. Council members feared that there has been no thought of what comes next, after the current round of budget reductions, leaving the University unprepared for the future. Increased fee levels and a different mix of in-state and out-of-state students are two aspects that need to be part of future thinking.

Educational Impact: Reviewers were also concerned that the impact of the reductions on the educational mission of the University has not been discussed as much as the equity and retirement issues. On the one hand, cuts are forcing the University more toward a state university model, where faculty are asked to teach more for less. On the other hand, the need to generate revenue has UC looking toward the private school system, where more out-of-state students would be accepted and higher fees would be charged. The danger seen is that the quality of a UC education will erode, and best faculty members will leave, thus making it harder to justify higher fees because the University will no longer be providing the same, high level of education. The lack of a strategic plan as to what the University of California wants to be in the future is evident here, also.

The San Diego Division appreciates the opportunity to comment on President Yudof's proposal. We take this opportunity to express deep disappointment in the three options for furlough/salary reductions proposed by the Office of the President. A few months ago, President Yudof stressed the importance of making targeted, strategic budget reductions that would preserve and enhance the quality of the research and educational missions of UC. As the budget crisis has worsened, we had an expectation that the Office of the President would produce a thoughtful, forward-looking, and detailed plan to achieve budget reductions. Instead, we have been asked to choose between three overly simplistic, across-the-board, naively conceived budget plans that will do more harm than good and which ultimately threaten to undermine the underlying essence of quality in education, research, and service that we all try to achieve at UC San Diego and, indeed, throughout the system.

We take this opportunity to encourage the Office of the President and The Board of Regents to step back from these three options as proposed and to produce a plan for budget reductions that is worthy of the outstanding faculty, staff, and students that collectively constitute the finest institution of higher education in the world.

Sincerely,



Daniel J. Donoghue, Chair
Academic Senate, San Diego Division

cc: W. Hodgkiss
F. Powell



Office of the Academic Senate

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David Gardner, MD, Chair
Elena Fuentes-Afflick, MD, MPH, Vice Chair
Mary J. Malloy, MD, Secretary
Jean Olson, MD, Parliamentarian

June 25, 2009

Mary Croughan, PhD
Chair, Academic Senate
University of California Office of the President
1111 Franklin St., 12th Floor
Oakland, CA 94106

Re: Review of the Proposed Furlough/Salary Reduction Plan Options

Dear Chair Croughan:

The Coordinating Committee of the San Francisco Division of the Academic Senate met on June 23, 2009 to discuss concerns raised by our Committee on Faculty Welfare (attached) and numerous individual faculty members in response to the Proposed Furlough/Salary Reduction Plan Options distributed by UC President Mark Yudof on June 17, 2009. It is the consensus of our Coordinating Committee that the following points should be incorporated into the systemwide Senate response to President Yudof's plan.

- **Individual campuses should be given the latitude to implement salary reductions or furloughs in a manner that best meets the needs of the campus.**
- **Salary reductions should be applied only to those salaries supported by state funds – all other funds should be exempted from these cuts.**
- **Salary reductions for faculty should be applied to the base salary only, often referred to as the “X” salary component.**
- **Furloughs are strongly favored over salary cuts for UCSF faculty.**
- **A furlough-only plan is strongly favored over a hybrid furlough-salary cut plan.**
- **If furloughs are implemented, non-holiday furlough days are strongly favored over unpaid existing holidays.**
- **All UC students, post-doctoral trainees, residents and fellows should be exempted from the salary reductions and furloughs.**

Individual campuses should be given the latitude to implement salary reductions or furloughs in a manner that best meets the needs of the campus.

UCSF has special considerations centered around the maintenance of clinical care activities. Salary reductions, with loss of critical clinical personnel, and furloughs have the potential to negatively impact these clinical care activities. Loss of salary from extramural funding sources is viewed as extremely damaging to faculty morale, particularly as it will

contribute little or nothing to reducing the budgetary shortfall at the University of California. All campuses that receive funding from agencies such as the National Institutes of Health (NIH) or the National Science Foundation (NSF) need to carefully consider the impact of reduced productivity on established agreements and obligations. Reshuffling of budgets to accommodate the money generated through salary reductions is more complicated than it might appear. Some agencies, particularly smaller foundations, may not allow for such reshuffling. For those grants that are very heavy on personnel (vs. equipment and laboratory supplies), the options (e.g. hiring additional personnel) are limited by the level of funding made available through the reductions. Pursuing one of the “easier” options – purchase of major equipment – could result in a reduction in indirect cost recovery for the University. Finally, abandoning salary from clinical and extramural sources would likely have a substantial negative effect on contributions to the retirement system.

Salary reductions cuts should be applied only to those salaries supported by state funds – all other funds should be exempted from these cuts.

More than 90% of UCSF’s faculty salary support comes from sources other than state funds. Abandoning this salary support would have a serious negative impact on our ability to recruit and retain faculty to an institution with a salary structure that is acknowledged to be inferior to that of many of our comparison institutions. As noted, it also has serious implications in terms of contributions to the retirement system.

Salary reductions for faculty should be applied to the base salary only, often referred to as the “X” salary component.

From the standpoint of parity with other campuses, we view this as a comparable reduction in state-funded salaries.

Furloughs are strongly favored over salary cuts for UCSF faculty, and furlough-only plan is strongly favored over a hybrid furlough-salary cut plan.

Faculty at UCSF favor furloughs over salary cuts. We believe that the motivation for terminating the salary reduction plan will be greater with the furlough vs. the across-the-board salary reductions. We also support changes in the compensation plans on the individual campuses to allow faculty to pursue other revenue-generating activities during the furloughed time away from their UC obligations.

If furloughs are implemented, non-holiday furlough days are strongly favored over unpaid existing holidays.

We view furloughs using non-paid holidays as more difficult to reverse, particularly if the budgetary downturn is prolonged.

All UC students, post-doctoral trainees, residents and fellows should be exempted from the salary reductions and furloughs.

Most of these trainees are working in very competitive economic environments. Salary reductions would compromise our ability to recruit and retain the best candidates for these positions and undermine the efforts of the last ten years to make these positions economically competitive with those of our peer institutions around the country. Furloughs are simply not workable for individuals in training and for the clinical positions would not be compatible with delivery of optimal patient care.

Should you have questions or need more information, please contact me at dgardner@diabetes.ucsf.edu.

Sincerely,



David Gardner, MD
Chair, UCSF Academic Senate

Enclosure

Communication from the Committee on Faculty Welfare

Jacque Duncan, Chair

June 20, 2009

David Gardner, MD
Chair, UCSF Academic Senate
500 Parnassus Avenue, Box 0764

Re: Review of the *Furlough/Salary Reduction Plan Options*

Dear Chair Gardner,

In response to the letter from President Yudof dated June 17, 2009, the Committee on Faculty Welfare has reviewed the *Furlough/Salary Reduction Plan Options* and makes the following recommendations:

- There should be a provision to “hold harmless” faculty so service credit, retirement, insurance coverage and benefits will not be adversely affected under any of the 3 proposed Options.
- Salary reductions should be limited to the portion of salaries supported by 19900 funds. Salaries supported by other sources should not be subject to reduction.

The Committee on Faculty Welfare strongly supports the adoption of a salary reduction policy that helps to alleviate the \$800 million State funding shortfall. However, a general salary cut, without consideration of the full economic impact, is irrational and not fiscally sound. Overall, 13-14% of UCSF funds are supported by State funds, while the remaining percentage comes from external sources. Not only would cutting the salary of UCSF employees who are funded by non-State funds fail to achieve the stated goal of reducing expenses, it will result in an *exacerbation* of the economic crisis for several reasons:

- UCSF will lose millions of dollars annually from indirect costs applied to salaries funded by external sources without saving any funds from State sources. Funds from the 8% reduction in salaries would of necessity be directed to the purchase of equipment and supplies rather than to hiring new employees, and these purchases do not generate indirect costs.
- UCSF and all UC medical centers system wide will lose clinical revenue if salary reductions or furloughs are implemented due to reduced productivity, decreased patient access to health care providers, and decreased ability to accept new patient referrals.
- Productivity and morale will decline if faculty members whose salaries are not supported by State funds are forced to accept salary reductions which will not improve the budgetary shortfall, and which will result in lost revenue from non-State supported sources such as extramural grants and contracts and clinical revenues.
- By reducing salaries or implementing furloughs, UC is in jeopardy of losing talented faculty members to competing institutions that offer higher salaries.
- Although we most strongly recommend that benefits and retirement funds are not affected, salary reductions could reduce contributions to the UC Retirement Program and Retiree health insurance programs, which would significantly exacerbate its current critically underfunded status.

President Yudof has indicated that he opposes salary reductions only for State-funded employees because to implement selective cuts is both unworkable and inequitable. To address these concerns, we

would like to emphasize that the University of Maryland, Baltimore County; the University of Nevada, Reno; the University of Wisconsin, Madison; and the University of Hawaii have each either implemented selective salary cuts to exclude grant-funded employees, or are in the process of instituting such an informed, rational reduction in salaries. We echo the sentiments of the University of Nevada, Reno Faculty Senate who have stated: *"We believe that it hurts the university and the state if we turn away income that costs Nevada taxpayers nothing. We also believe that any policy that reduces the incentive for seeking extramural funding is antithetical to the long-run goals of the university."*

While President Yudof's concern about the inequity of selective salary reductions is appreciated, it should be pointed out that there are inherent inequities already built into the UC system. The difference between State-funded and grant or other non-State-funded positions in terms of job security exemplifies this inequity. Adding salary reductions and/or furloughs to the existing inequities, particularly since these actions will not reduce UC system expenses, will only emphasize what is already an unequal system.

For salary reductions for State-funded employees, the Committee recommends Option 2 over Options 1 and 3 for the following reasons:

1. Furloughs are easier to reverse than salary reduction when the financial crisis has passed.
2. Furloughs will have less impact on benefits, including retirement earnings.
3. It would be preferable to offer time off without pay and allow faculty members to choose how they use their time during furlough periods.

We appreciate the opportunity to provide feedback on this critical issue. The current budget crisis has evolved, in part, due to inadequate attention to economic consequences of certain fiscal policies. We believe that strategies designed to mitigate the budget shortfall require a full evaluation of the economic effects, including the effect of the multi-million dollar loss of revenue from the loss of indirect cost recovery as a result of non-selective salary cuts, without any reduction in State expenditure.

We appreciate the severity of the budget crisis, and are hopeful that appropriate and rational steps will be taken to weather this fiscal emergency, while considering all options to try to limit any negative impact on the budget shortfall, the obligations to retirees and the morale of employees.

Sincerely,

Jacque Duncan, M.D., Chair, Committee on Faculty Welfare
Susanne Mueller, MD, Vice Chair
Jean Ann Seago, RN, PhD, Committee on Faculty Welfare UC System Wide Representative
Paul Green, PhD
Don Kishi, PharmD
Maria Orellana, DDS, MSc, PhD
Carmen Portillo, RN, PhD, FAAN
David Rempel, MD, MPH
Abe Rudolph, MD

UNIVERSITY OF CALIFORNIA, ACADEMIC SENATE

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UNIVERSITY COMMITTEE ON AFFIRMATIVE ACTION AND DIVERSITY (UCAAD)

Francis Lu, M.D., Chair

francislu@sfdph.org

ACADEMIC SENATE

University of California

1111 Franklin Street, 12th Floor

Oakland, California 94607-5200

June 30, 2009

Mary Croughan, PhD
Chair, Academic Senate
University of California, Office of the President
1111 Franklin Street, 12th Floor
Oakland, CA 94106

Re: Review of the Proposed Furlough/Salary Reduction Plan Options

Dear Dr. Croughan:

UCAAD met on June 25, 2009, to discuss President Yudof's Proposed Furlough/Salary Reduction Plan Options of June 17. This response was subsequently reviewed and approved by a quorum of UCAAD members.

UCAAD strongly believes that salary reductions or furloughs should affect only those that are funded by State funds rather than an across-the-board salary reduction or furlough regardless of funding source. In fact, UCAAD believes that a salary reduction or furlough for those faculty and staff funded by non-state funds would be very detrimental to UC since those saved funds would not help reduce the State deficit while greatly reducing morale of affected faculty and staff. We believe this will adversely affect recruitment and retention. In addition, salary reductions would reduce the amount of indirect costs that UC obtains related to grant-funded personnel costs. Hence, such salary reductions would further exacerbate the deficit.

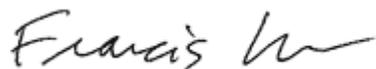
UCAAD is particularly concerned about Adjunct Professor titles which according to APM-280 are "intended to be supported primarily by non-State funds." These faculty, who are critical for the UC academic mission, have large percentages of women and racial/ethnic minorities. So loss of these faculty would adversely affect diversity. We believe that salary inequities related to gender that already exist among Adjunct faculty will worsen with salary reductions or furloughs for these non-State funded faculty.

Secondly, UCAAD is very concerned about the welfare of 50% FTE faculty, who need to work 50% in order to obtain medical benefits. Should a furlough plan be instituted, their work time % would fall below 50% jeopardizing these important benefits. This, in turn, would reduce morale, recruitment, and retention.

Thirdly, UCAAD believes that any salary reduction be done in a progressive fashion since those faculty and staff with higher salaries are more able to sustain a salary reduction or furlough.

Fourthly, UCAAD would strongly recommend furloughs over salary reductions and that furloughs occur on non-holiday days. We believe that additional savings could be realized if entire campuses would shut down, thus saving on operational costs such as utilities. Such campus closings should include the teaching function, but exclude patient care activities of a hospital. Closing of the campuses, analogous to the DMV closings, would demonstrate and publicize a clear social impact due to furloughs. Such negative social impacts must be communicated to the taxpayers.

Sincerely,

A handwritten signature in black ink, appearing to read "Francis Lu". The signature is written in a cursive, flowing style.

Francis G. Lu, MD
Chair, UCAAD



UNIVERSITY COMMITTEE ON ACADEMIC PERSONNEL (UCAP)
Steven Plaxe, Chair
splaxe@ucsd.edu

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Fax: (510) 763-0309

July 1, 2009

MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL

Re: FURLOUGH AND SALARY CUT GUIDELINES

Dear Mary,

UCAP members reviewed the proposed furlough and salary cut guidelines and offered the following feedback:

1. More information about what will happen to the money saved by cuts to grants and professional and clinical services funds is needed. This would lead to a clearer cost-benefit analysis than is now available.
2. Information about the other options are being implemented and/or considered should be made available.
3. It is essential that we receive clear information about the impact of each of these plans on retirement calculations.
4. A strong retention policy of our best and brightest is essential. UC should provide incentives to encourage faculty and staff -- for example a promise to provide free "tuition" for 4 years to the children of employees of UC, or subsidized child care, or the like.
5. The ultimate document also must include a statement to the effect that this reduction of income is recognized to be a sacrifice by UC employees (who are paid less than prevailing wages in many areas from faculty on down) that will be removed as quickly as possible.
6. The impact of these measures on the review and promotion process needs to be clarified. There was broad agreement that the academic review process should continue, independent of the financial arrangements.
7. It is not clear whether all administrators will be taking a salary cut/furlough equivalent to or more than faculty and staff.

UCAP members were asked to indicate whether their respective campuses would prefer an across the board reduction, determined by OP, or allowing each campus to decide how best to implement the needed cuts. Five campuses prefer that OP determine the methodology, while four prefer that the campuses make the decisions based on local considerations (one UCAP member did not report a preference). UCAP members were also asked to indicate their respective campuses' preference for furloughs or salary reductions. Seven campuses prefer furloughs, opinions were divided at one campus, and another campus abstained. None of the campuses preferred salary cuts over furloughs. Some members felt that an across the board reduction would be the most equitable of these particular three plans, and that the reduction should to apply to all,

regardless of salary source, others disagreed. Members recognized that salary reductions, or furloughs, of non-state funded employees will not result in savings of state funds. Other members strongly favor furloughs because they felt that there would be less adverse impact on retirement benefits, and because they appear more likely to be of temporary duration. In addition, there was strong sentiment that salary reductions should not be chosen over furloughs solely because of operational considerations.

UCAP believes it is critical for UC to learn to live with diminished State funds henceforth. State funds have been eroding for some time, and the committee is not optimistic that the reductions will be restored to any meaningful degree. The University needs to develop a long term strategic plan for continuing, and enhancing, its tradition of academic excellence in an environment of reduced resources. Strategies should include seeking new revenue generating options, otherwise budget reductions will continue to threaten the core missions of the University.

Sincerely,

A handwritten signature in cursive script that reads "Steven Plaxe".

Steven Plaxe, Chair
UCAP



UNIVERSITY COMMITTEE ON COMPUTING AND COMMUNICATIONS (UCCC)
Lisa Naugle, Chair
lnaugle@uci.edu

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June 29, 2009

**MARY CROUGHAN, CHAIR
ACADEMIC SENATE**

RE: FURLOUGH AND SALARY CUT GUIDELINES

Dear Mary,

As part of the systemwide review of the draft documents on furloughs and salary cuts distributed to the Senate Committee and Division Chairs on June 16, 2009, the University Committee on Computing and Communication would like restate our concern that this is not the right time to proceed with the Shared Research Computing Project and that the funds for the project should be redirected to the campuses.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Naugle".

Lisa Naugle, Chair
UCCC



UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
Helen Henry, Chair
helen.henry@ucr.edu

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July 6, 2009

**MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL**

RE: Proposed Furlough and Salary Cut Options

Dear Mary,

UCFW unanimously and strongly opposes any salary reduction plan that fails to completely protect each individual's UCRP retirement benefit. Failing to protect benefits would certainly greatly increase the impact of the salary reduction on employee morale, regardless of which Option is chosen. In addition, Options 1 and 3 would result in dramatic inequities in the way the burden is shared among employees, and will lead to dramatic distortions in retirement behavior.

Recently President Yudof has publicly stated his intention to strongly recommend to The Regents that retirement be protected. UCFW is appreciative of the vigor with which he has taken this position as well as the analyses that are being carried out by UCOP staff to determine the best mechanisms by which retirement can be protected

If the President and The Regents do not take the necessary steps to protect retirement (as they have in the START program), UCFW finds Options 1 and 3 completely unacceptable. The effects of a pay cut on UCRP benefits are very different from those of a furlough. A furlough results in a small reduction in service credit that applies equally to all active employees; it would be easy to adapt existing buyback mechanisms within UCRP to give each individual employee the option to buy back the lost service credit, if he or she chose. Even if Option 2 is chosen, we strongly favor protecting UCRP benefits, as has been done under the START program, to preserve employee morale.

Options 1 and 3 are inherently unfair, and are completely unacceptable, unless UCRP benefits are protected. A pay cut has little effect on the UCRP benefits of most active employees, but has a very large adverse effect on the UCRP benefits of a small group of employees. Assuming that the pay cut is temporary, and is restored within a few years, the vast majority of active employees will experience no reduction in UCRP benefits, as their highest average plan compensation (HAPC) will be set based on their future salary, after the cuts have been restored. However, those employees who choose to retire in the period beginning when the pay cut is effective and ending three years after the cut are restored are likely to experience a substantial reduction in UCRP benefits. The pay cut will permanently impair their UCRP benefits, long after the cuts have been restored to active employees. Consider, for example, a faculty member who receives a one-step merit increase from Professor V to Professor VI effective 7/1/09. The

salary increases from \$103,300 to \$111,800. If there were no pay cut and no range adjustments, and the faculty member retired effective 6/30/12, HAPC would be \$111,800. However, if there is an 8% pay cut lasting three years, the salary becomes \$102,850 and HAPC remains no higher than \$103,300 as of 6/30/12. If the faculty member is at least age 60 on 6/30/12, and has thirty years of service credit, the annual basic retirement income is reduced by at least \$6,375. If the faculty member dies after 20 years of retirement, he or she loses at least \$127,500 in future pension benefits. Thus, unless action is taken to eliminate the effects of Options 1 and 3 on UCRP benefits, the result is an unconscionably unfair distribution of the burden of the cuts, with most employees unaffected and a small group losing tens or even hundreds of thousands of dollars.

Options 1 and 3 would result in serious distortion of retirement behavior. The hypothetical faculty member described above might well choose to retire immediately; this is most likely to be true for faculty who can readily obtain positions at other universities, and who are thus the people UC would most want to retain. On the other hand, the hypothetical faculty member might choose to defer retirement until 6/30/15, in order to obtain the benefit of the merit increase in the UCRP benefit; this is most likely to be true for faculty who cannot readily obtain positions at other universities, and who perhaps should be encouraged to retire in 2012.

We urge the Council to convey to the President its strong support for his position that The Regents build into any salary reduction plan they adopt the necessary safeguards for protection of the individuals service credit and/or HAPC (as was done for the START program). We believe that failure to do so will damage the University in ways that will be felt for years beyond this fiscal crisis.

Sincerely,

A handwritten signature in cursive script that reads "Helen L. Henry".

Helen Henry, UCFW Chair

Copy: UCFW

Martha Winnacker, Executive Director, Academic Senate



UNIVERSITY COMMITTEE ON RESEARCH POLICY (UCORP)
James Carey, Chair
jrcarey@ucdavis.edu

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Fax: (510) 763-0309

July 6, 2009

**MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL**

RE: Furloughs/Salary Cut Options

Dear Mary,

We appreciate the opportunity to comment on the document "Furlough/Salary Reduction Plan Options" containing a summary of the options being considered by President Yudof. Our response is organized into four parts including a re-statement of the overall bottom-line objective, an outline of the basic principles that we believe are important in implementing a plan, statements concerning UCORP's position with respect to the various options presented in the document, and a strategic framework for developing what we believe would be a viable option or set of options.

OBJECTIVES OF FURLOUGH/SALARY CUTS

1. To recover ~\$200M of state general funds via salary savings.
2. To do so in a way in which UC employees—as well as the public and UC students—consider fair, equitable and transparent.

BASIC PRINCIPLES UCORP SUPPORTS

1. Fairness among individuals/employee classes. UCORP understands that fair does not mean equitable, and that achieving absolute equitability or absolute fairness is impossible. However, an operational philosophy must require that everyone share the burden at some level. Unfortunately, we have been given no data on the impact of short- and long-term salary reduction differentials on morale, recruitment, etc., and so cannot evaluate the proposals meaningfully. Further, the limited progressivity of the proposals does not convey the degree of fairness and equitability UCORP feels necessary. UCORP also recognizes that penalizing staff and faculty who rely solely or significantly on extramural funding sources is unfair, but for reasons of morale, they cannot be exempted from cuts wholesale. All faculty should share equally, though not necessarily to the same degree as senior managers, for example.
2. Practicality. The wisdom of a policy that will actually lose funds because of bureaucratic costs is questionable. Other practical considerations that require clear and concise explication include impacts on HAPC, presentation of the cuts in the public arena, and the likelihood of collective bargaining unit support for any measure.

3. Salary reductions from non-state funds must be handled carefully. Although reducing by 8% the salaries (or furlough equivalents) of employees supported by federal grants or other non-state sources is consistent with the ‘fairness’ principle regarding sharing the burden, this policy of across the board cuts or furloughs does nothing to further the objective of recovering state general funds from salary savings. Redirecting grant funding from salaries to the originating unit for non-salary purposes is fraught with potential for abuse, and could jeopardize UC’s long-term ability to secure such funding.
4. Quantitative rationale. A compelling reason for an 8%, rather than a 3% or a 20%, reduction has not yet been proffered. The campuses will still have \$400M in cuts to administer, assuming no further cuts by the state. How was this decision reached, and how likely is it to change?
5. One size does not fit all campuses/departments. The campuses receive significantly different levels of state funding, salaries aside, and asking them to absorb identical cuts is unreasonable. Similarly, at the departmental level, if Department X might stave off class cuts by redirecting extramural funds, but Department Y must increase class size due to a loss of state funding, resentment will fester both internally and externally.
6. Enforceability. UC must ensure that an apparent reduction is, in fact, a real reduction (e.g. cost shifting between general funds and extramural funds cannot occur). The University’s recent public commitments to accountability and transparency dictate that no such accounting occurs. Frequent reporting and constant oversight must be part of any plan.
7. Long Term Viability. Any policy must include an analysis of how the University will bounce back, and how it will subsist if funding does not resume. This crisis must be framed in a global perspective, not merely as a one-time occurrence. Further, UC’s on-going declining funding trajectory must inform discussions of access and excellence as the University looks to the future. Considering these cuts in isolation is a disservice to all, especially given the state’s continuing budget deadlock, imminent UCRP contribution resumption, etc.

UCORP POSITION ON PROPOSALS

UCORP cannot endorse any of the three options contained in President Yudof’s letter. None of the options presented addresses these principles either explicitly or implicitly. We have previously communicated our objections to furloughs for faculty, and we are mindful that many staff will find even a graduated salary cut challenging, if not crippling. Moreover, the confusion surrounding the impact on extramural funding precludes meaningful evaluation of the impacts of any cuts on the research enterprise.

Additionally, we have these specific concerns:

1. Ease of payroll implementation should not be a selling point in issues of this magnitude. While administrative costs must be considered, other issues that more directly impact the principles enumerated above should be given more weight.
2. Protecting retirement benefits should neither be negotiable nor left to Regental discretion.
3. External funding.
 - A. Specific ramifications on external funding and internal morale need fuller explanation. This issue of equity must be carefully analyzed and explained as it carries the most potential to harm the University by eroding our internal identity and cohesion.
 - B. It is unlikely that “redeploying” monies from contracts and grants will off-set state general fund cuts, and we ask for a more thoughtful response to the question of the short-

and long-term effects of such redirections in a comparative manner presenting scenarios for grant-reliant campuses and departments and general fund-dependent ones.

4. Merits and COLAs.

- A. The intersection of time worked and productivity must be addressed in a more forthright manner as merit cycles cannot easily be realigned and funding for promotions in the long-term seems in jeopardy as well. Offering merits while simultaneously imposing cuts that exceed them is puzzling to many.
- B. Offering contractually obligated merits to faculty and COLAs to represented employees, while leaving non-represented employees to suffer only cuts, also seems unfair.

5. The implications arising from the Fair Labor Standards Act (Options 2 and 3) must be spelled out so that they can be evaluated.

OPERATIONAL FRAMEWORK FOR OPTION DEVELOPMENT

UCORP thinks that viable options can only be developed at the divisional level, where the relative importance of the different issues, raised above, are best understood. As an operational framework for that, we suggest that UC:

- ▶ Develop a set of systemwide rules/principles that apply to all campuses, and
- ▶ Further develop the general guidelines for creating and implementing division-specific strategies for it to recover the desired savings within the parameters of the systemwide rules/principles.

A pervasive lack of information on the specific implications of these across the board cut proposals, combined with an inadequate review window, prevents our advocating or eliminating any option presented in the Presidents letter "Furlough/Salary Reduction Plan Options". Nonetheless, we believe these metrics can be added and will positively inform Council deliberations.

Sincerely,

James Carey, Chair
UCORP

cc: UCORP
Martha Winnacker, Executive Director, Systemwide Academic Senate



UNIVERSITY COMMITTEE ON PLANNING AND BUDGET (UCPB)

Patricia A. Conrad, Chair

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July 2, 2009

MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL

Re: Proposed Options for Furloughs and Salary Reductions

Dear Mary,

The University Committee on Planning and Budget (UCPB) has reviewed the Office of the President's Furlough/Salary Reduction Plan Options. UCPB understands the financial situation and President Yudof's rationale for proposing these actions in response to the Legislature's refusal to increase State revenue and provide adequate funding to support the University of California. Clearly, UC is faced with a historic, long-term budget problem that requires a response which is similarly long-term—one based on strategic planning that will put UC on a more sustainable path.

UCPB believes that the three options before us are short-term measures that will not meet the long-term budget problem. Each of the options represents a pay cut that will severely damage faculty and staff morale, recruitment, and retention. All three options risk further erosion in the overall quality of a UC education, harming both research productivity and UC's reputation as the premier public research university. Academic Council's [Budget Planning Principles](#) state that "*Budget decisions should strive above all to protect the quality, affordability, and accessibility of UC's two core missions – teaching and research – through which the University serves the state of California and the nation.*" The Academic Senate has a critical responsibility to maintain the quality of education and research at the UC. The options we have been given place that quality at risk; hence, we cannot support them as a sustained solution to the UC budget problem, even for 1-2 years.

UCPB strongly believes that The Regents should not be asked to consider pay cuts and furloughs in isolation. They should have alternatives before them at their July meeting that encompass a broader range of possibilities—including significantly higher student fees; increased non-resident enrollment; borrowing; property and asset sales; streamlined administrative positions and salaries; and strategic program cuts. All should be discussed and addressed together as part of a comprehensive plan.

UCPB must therefore go on record in strong opposition to any salary reduction or furlough plan that extends beyond the middle of the 2009-10 academic year without an accompanying strategic plan for maintaining UC quality. The Regents must ensure that UC has a sound long-term fiscal plan to restore competitive total remuneration for all employee groups. Waiting for the State's financial situation to improve before UC creates such a strategic plan is no longer an option. It is safe to assume that the academic job market will rebound long before California's budget woes are sorted out, and the inevitable result threatens to inflict irreparable damage to the quality and reputation of the UC. We are

already hearing indications of an increase in the number of UC faculty who are being recruited by competing institutions.

UCPB recommends that the long-range planning model presented to The Regents by the Blue Sky Consulting Group in September 2008 be used to analyze the impact of these cuts compared to other options. The Blue Sky model can also be used by the President in consultation with the appropriate campus administrators and the Academic Senate to develop a strategic plan for maintaining quality and returning UC to a sound fiscal basis. At their November 2009 meeting, The Regents should review the overall impact of the salary/furlough option they have chosen, taking into consideration results of the recently completed 2009 Total Remuneration Study and the need to ensure that these reductions do not become permanent. Most importantly, consultation with the Academic Senate regarding any further short-term measures, such as those now before us, must begin at that time. Consideration must not be delayed until there can be only another compressed, mid-summer consultation.

Each of the short-term options now before the Senate raises major questions and uncertainties, and each lacks the well-defined details that would make it possible for UCPB to judge their merits. UCPB shares the concerns expressed by the University Committee on Faculty Welfare (UCFW) about the lack of a comprehensive analysis of the impact the three options will have on UCRP, and we endorse UCFW's strong opposition to any salary reduction plan that fails to completely protect each employee's retirement benefit. We are deeply concerned about the possibility of an increased rate of faculty retirements and resignations.

UCPB appreciates why the President wishes to uphold a principle of "equity" among all staff and faculty members. On reflection, however, this emphasis on "equity" raises several urgent questions. Whether furloughs or salary cuts, all the options will have differential, rather than equitable, effects on UC employees. For example, furloughs for faculty are more difficult to implement than for staff, and salary cuts for state-funded employees are more straightforward to implement than those funded fully or partially by clinical income, contracts and grants. None of the options differentiates between how furloughs and/or pay cuts will be implemented by pay grade, beyond the different rates for employees earning below and above \$46,000, or for faculty compared to staff. A model closer to the ideal of "equity" would include several levels of graded cuts, not just two, as proposed. A major shortcoming of all the options is that we simply do not know what will occur. This lack of accountability only exacerbates what will already be severe effects on morale.

In sum, UCPB finds that none of the proposed options address UC's real needs. All three are likely to seriously harm the quality of education and research at UC, particularly if they extend beyond the coming year. The furlough/pay cut options are driven by the budget target rather than by the more fundamental goal of protecting UC quality. If we refuse to accept this narrow perspective and instead place the emphasis on UC's needs—protecting our excellence, not seeking a new, second-rate level that balances the books—we would send an important message to The Regents and the public. Therefore we call on the President and The Regents to exert their leadership at this critical time by working with the Senate to develop a comprehensive plan that balances the budget in the short term, ensures that UC is on a sound fiscal basis in the long term, and restores competitive total remuneration for all employee groups.

Sincerely,



Patricia Conrad
UCPB Chair

cc: UCPB
Martha Winnacker, Senate Executive Director

July 2, 2009

To: Martha Winnacker, Executive Director
Academic Senate

Dear Martha:

We, the UC P&T Committee, would like to comment on the implementation of budget cuts via furloughs or salary reductions proposed by President Yudof for presentation at the UC Regent's meeting in July. We acknowledge the extreme seriousness of the current financial crisis and are willing to pull together to make UC financially sound again. We find ourselves, however, in the position of being asked to comment on three scenarios, which purport to, but do not in fact, offer a real choice because the outcome of each scenario will be a similar reduction in pay with unknown consequences. Unfortunately, we have been forced to conclude that what the President offers to the University of California in his budget-cutting implementation document is a "Hobson's choice", e.g., *an apparently free choice with no real alternative*.¹ In addition, to our knowledge the three scenarios are inadequately analyzed, without the appropriate Senate consultation on real and specific budgetary issues and without attention to the ramifications for Academic Senate rights and privileges of tenure.

There are two aspects of this proposal that are paramount from the perspective of the Senate faculty. There are many others that reflect upon the entire UC community. But the Academic Senate holds by virtue of custom, policy, contract and precedent particular and special positions in regard to the University of California. While we recognize UCOP's desire to address the entire community on many issues, we profoundly regret that in the recent correspondence from the President on the implementation of budget cuts the Senate has not been addressed according to the singular situation that Senate faculty hold relating to our particular and special position in the system, as scholars, teachers, and tenured and tenure track employees of the University. These are: 1) Shared Governance rights and duties regarding authority of the Senate over the curriculum and instruction of undergraduate and graduate students; 2) the rights and privileges of individual faculty as guaranteed by the APM and the campus CAPMs.

In regard to the curriculum and instruction of graduate and undergraduate students there has been no serious analysis or proposal put forward by UCOP of how a reduction in salary and positions (of staff and TAS) will affect the curriculums and classes at UC system-wide and on specific campuses. UCCEP and Grad Council and the campus committees should be presented with such analysis in order to advise and to determine whether the cuts or furloughs are indeed the appropriate response to the budget situation. A clear justification should be required of how the proposed 8% cut was derived. If it is indeed necessary according to an analysis, how will the cut be implemented in order to maintain the curricula at the campuses? These matters of instruction are the purview of

¹ See Webster's Seventh New Collegiate Dictionary, p. 395. I am grateful to University Professor Emeritus Hayden White for this reference.

the Academic Senate and in our view they must be analyzed at both the system-wide campus levels before decisions are to be made. This has not been done to our knowledge. It is not difficult to foresee that instructional and curricular crises will result as a consequence of lack of planning and foresight in this current budget situation. We fear that the imposition of these possible future curricular crises will be used as an additional reason to further erode Senate purview and decisions over curricular matters.

In regard to the rights and privileges guaranteed to every Academic Senate faculty member, we note that furloughs and salary reductions both will affect workload and tenure/promotions criteria in significant ways that have, again, not been analyzed in the implementation documents. Under the furlough proposal, how are teaching and administrative duties reduced to achieve a workload commensurate with reduced pay? Will tenure, promotion, and job performance criteria be adjusted accordingly? Who will adjust these? Will procedures of assessment as stipulated by the APM be changed and by whom? The personnel processes by which we have been able to achieve a research university standard of research and teaching will be affected but the Senate has not been consulted or advised on these matters to our knowledge. This lack of consultation on matters pertaining to our Rights of Privilege and Tenure will, in our opinion guarantee serious problems in the future for both individual faculty and for the system-wide standards of assessment, promotion and merit guaranteed by the APM and by campus CAPMs which must be in compliance with the APM. Because Privilege and Tenure and CAP committees have not, to our knowledge, been asked to ascertain the effect of the policies proposed upon the specific aspects of assessment and procedure found in the APM and CAPM, we believe that there exists a grave possibility that the Rights of Privilege and Tenure may be compromised in individual cases and possibly in classes of faculty at the levels of Assistant, Associate, and Full Professor. In addition, we are particularly concerned that these problems and inequities will occur as a result of the implementation of furloughs for faculty where it will be difficult if not impossible to ensure that faculty will not be detrimentally assessed in teaching and service as a result of the mandated loss of work time of an unspecified and/or unequally implemented reduction. Unless structured as partial course load reduction, it is the case that furlough means less time for faculty research. Either way assessment for advancement will be affected significantly.

How will equity and adherence to the rights and privileges of the APM and the campus CAPMs be maintained? What procedures will ensure assessment system-wide continues to be according to a system-wide standard and scale? These are profoundly important questions, none of which have been addressed in the UCOP proposal for the Regents. Given what we have been told and read we have found it impossible to comprehend according to the rationales of either the APM or “best practices” at a research university how a proposal for implementation can go forward to the Regents without the considerations indicated above being discussed.

Our committee concurs with the following quotation from the Academic Senate’s response to the proposed SOR 100.4 and the associated draft furlough/salary reduction guidelines that were presented to the Regents for discussion in May:

“There was significant agreement on the following common concerns: (1) the lack of a sunset review clause, termination date, or a mechanism to declare an end to the emergency; (2) the ability for the President to act before seeking approval and consultation; (3) the authority of the President to override policies not limited to those governing furloughs and salary reductions; (4) the conflation of emergencies such as natural disasters that require quick action with fiscal emergencies, which can be foreseen and dealt with through regular channels of consultation; (5) the lack of clarity surrounding the ways in which salary cuts and furloughs would be implemented (e.g., would cuts later be restored, would they apply to employees who are externally funded, what are the implications for HAPC, etc.); (6) the lack of giving careful consideration to making part of the proposed salary reduction in the form of a loan by faculty to UC, to be repaid with interest upon severance, retirement or at the earliest feasibility. Many respondents felt that these complex issues should be addressed prior to granting the President the authority to implement furloughs or salary reductions, or more generally to override existing policy.”

We would like to add the following points here: A strong recommendation that UC administrators set a salutary example within the University and for the State by taking a larger pay cut than either faculty or staff and that, if furloughs are implemented, that they be required to take furloughs to the largest extent required for the faculty, whether on a 9-month or 12-month salary. The retirement plan for all staff, faculty and administrators must be protected by providing iron-clad assurances that all future calculations resulting from budget cuts are based on before-reduction scales.

Finally, thank you for your careful attention to these most important matters facing the UC faculty. We hope that you will convey these remarks to the UC Academic Senate and to UCOP before the July 6 deadline.

Sincerely,

UC Privilege and Tenure Committee