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Assembly of the Academic Senate, Academic Council
University of California
1111 Franklin Street, 12th Floor
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July 1, 2005

**ELLEN SWITKES, ASSISTANT VICE PRESIDENT
ACADEMIC ADVANCEMENT**

**Re: Review of Technical Revisions: APM 190, Appendix F – Policy on the Use of Non-19900
Fund Sources to Support Ladder-Rank Faculty**

Dear Ellen:

While a majority of senate reviewers expressed no objections to the proposed technical revisions to APM 190, Appendix F, the nature and extent of the concerns that were raised by the University Committee on Educational Policy (UCEP) and the UCSD and UCLA Divisions have prompted the Academic Council to recommend that no changes be made to this policy until it undergoes a major review, which is now two years past due. The specific questions and concerns of UCEP, UCSD and UCLA are included in the attached comment letters.

As you may recall, when President Atkinson issued APM 190, Appendix F in June of 1999, he did so with the clear understanding that a major review would be conducted at the end of three years time, in consultation with the Academic Senate, to identify problems and make any needed changes. The three-year trial period was, in some measure, an acknowledgement of the many concerns expressed by the Academic Senate during the development of this policy, and to the Senate's cautious support of APM 190 at the time it was implemented.

The three-year review of APM 190 never took place because neither the Academic Council nor the administration took the lead in initiating this review. That oversight, combined with the many questions and concerns that have surfaced during Council's current review of the proposed technical changes, makes this an opportune time for the administration to commence a thorough review of this policy, in consultation with the Academic Senate. Please let me know the administration's timeline for initiating and completing this review, and how the Senate can effectively contribute to this effort.

Best regards,

Handwritten signature of George Blumenthal.

George Blumenthal, Chair
Academic Council

Encl.: UCEP/AC Chair 6/10/05 Review Letter; UCSD Division/AC Chair 6/10/05 Review Letter; and
UCLA Division/AC 6/13/05 Email Message

Copy: Academic Council
María Bertero-Barceló, Executive Director



UNIVERSITY COMMITTEE ON EDUCATIONAL POLICY (UCEP)
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June 10, 2005

GEORGE BLUMENTHAL, CHAIR
ACADEMIC COUNCIL

Re: Technical Revision to APM 190, Appendix F – Policy on the Use of Non-19900 Fund Sources to Support Ladder-Rank Faculty

Dear George,

At our June 6, 2005 meeting, UCEP discussed the “Technical Revision to APM 190, Appendix F,” which was described in the accompanying correspondence from Ellen Switkes as “a technical revision to policy” requiring “no formal review”. However, both the proposed changes and the policy raised questions and concerns, and so we felt that some comment would be in order.

The original policy created in 1999 is entitled “Policy on the Use of Non-19900 Fund Sources to Support Ladder-Rank Faculty.” The policy was evidently motivated by severe budgetary pressures to create more flexible approaches to fund faculty salaries beyond the traditional established policy. Although policies should be guided by general principles, this policy is clearly oriented toward selected professional schools that potentially have more opportunities to raise revenues in the educational markets in which they participate. It appears that the policy was controversial at the time it was created, and that budgetary pressures have gotten worse, not better. It is always challenging to develop sound and logical policies (which should be based on clear, general principles) when in fact the underlying motivation is primarily financial.

In terms of our committee’s reactions, there were multiple areas of concern.

First, the described “technical change,” which attempts to define the term “General Funds,” potentially raises more questions than it answers. The immediate reaction of some committee members was to question the implication and meaning of characterizing “a portion of Federal indirect cost recovery” as “General Funds” (page 1). Is it the university’s policy to fund teaching by using research money? Since the overhead money is commingled with other funds it cannot be asserted that these funds are not used for faculty salaries. However, it must be the case that there are mechanisms in place to ensure that Federal research money is not being used to subsidize teaching.

Although such issues might be addressable in a general policy discussion regarding “General Funds,” the proposed new language indicates that this term is to be used “for purposes of this policy.” So, apparently, it is possible to have multiple definitions of the term “General Funds” depending upon the particular policy being considered. This is clearly problematic because it creates many opportunities for confusion, and raises questions about the underlying details of this particular policy.

Item C states “In all cases, no aspect of this policy shall result in any change to the manner by which ladder-rank faculty salaries are currently established.” Is this actually consistent with item

D and the rest of the policy? On one hand, this policy is apparently oriented toward freeing up additional money for faculty salaries, and a major motivation for this would be to make the university more competitive. On the other hand, two main ways that units can be more competitive in hiring are (1) to be able to offer higher salaries that are more consistent with the market, and (2) to negotiate details regarding teaching loads. Although the policy may not in fact be internally inconsistent on these details from a technical perspective, it would appear to require more careful thought and clarification.

The removal of item II.B. “Fees for Selected Professional School Students”, and the simultaneous inclusion of “Professional School Fees” in the definition of “General Funds,” raised many questions. The final sentence of the section notwithstanding, this removal appears to be more than a mere “technical change” when placed in the context of the university’s ongoing policy development.

Financial details of this type are sometimes difficult for individual faculty members to monitor. Committee members were quite surprised to learn that these very large fee increases were not being returned to the individual units as part of an ongoing policy to make these units self-supporting, but that they were instead going directly into the “General Fund.” It seems apparent that the original policy was written so as to address a perceived short-term budget problem by allowing the fees to be used for the same purposes as “General Fund revenues,” while recognizing that these fees are “directly tied to program enrollments” and are intended to provide “regularly recurring fee income” for the selected professional schools whose students are paying the extra fees. Now, it appears that after many years of very large fee increases, the policy is being updated to permanently make these fees part of the General Fund.

Aside from the issue of fairness to the students involved, this policy has obvious implications for the educational programs affected. It is clear that characteristics of the educational markets in which the UC professional schools operate create an opportunity for much higher fees. However, the high fees are directly linked to the educational products offered by the institutions competing in these markets, and these institutions (including the public institutions) can succeed because they are in a position to make their own market-based decisions. This policy change structurally and irrevocably severs this link, and is therefore logically inconsistent with the circumstances that allow certain UC professional schools to charge higher fees in the first place.

It appears that some major policy changes affecting the health and survival of the UC professional schools have been made over a period of years, and that, in addition, the details and implications have not been widely understood by many members of the Academic Senate. Given the complexities of these issues, additional review and consideration by the Academic Senate may be warranted.

I would like to thank UCEP member David Bunch for his contributions to the close analysis of this issue.

Sincerely,



Joe Kiskis
Chair, UCEP

JK/ml

cc: UCEP members



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June 10, 2005

PROFESSOR GEORGE BLUMENTHAL, Chair
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SUBJECT: Technical Revision of APM 190, Appendix F – Policy on the Use of Non-19900 Fund Sources to Support Ladder-Rank Faculty

Dear George:

The Senate Council of the San Diego Division received comment from the cognizant committees and considered the Technical Revision to APM 190, Appendix F at its June 6, 2005 meeting. The Council understands that this is a technical revision clarifying the term “non-19900 funds” when referencing fund sources supporting ladder-rank salaries. Council members and the Divisional committees supported the straightforward substitution of the modifier “non-general” for “non-19900”.

Some of the changes went beyond substitution and gave rise to the following comments:

- Section IV deletes language requiring that proposals for use of student fees “must show the Regentially required one-third set aside for financial aid.” Does the proposed change in language represent a change in the University’s position or policy that a fraction of student fees be set aside for financial aid?
- The University requires that 10% of funded faculty FTEs remain unfilled for financial flexibility. This policy, however, allows some flexibility in determining the appropriate percentage of the reserve for each different type of funding source. This raised questions about the implications of how that amount is determined and how reserve funds are allocated.
- More broadly, there was some concern that the policy might have significant implications for faculty members who paid a fraction of their academic-year salary through extramural funds. Does the proposed change have implications on the ways in which these people can be paid or on how they can allocate their research funds?
- Has the alternative funding source mechanism truly benefited the *academic missions* of the University or are there some downsides worthy of Senate examination? For example, should the University be taking this further step in its march to *de facto* privatization?

Sincerely,

Donald F. Tuzin, Chair
Academic Senate, San Diego Divisioncc: J.B. Minster
ChronFile

UCLA

APM 190

From: "Komar, Kathleen" <komar@senate.ucla.edu>

To: "George Blumenthal" <George.Blumenthal@ucop.edu>

Dear George,

Sorry to be late with UCLA's comments on APM 190. I was at Jodi Anderson's meeting Friday and Saturday which was quite good but put me somewhat behind. In any case, the comments below were offered by my faculty as a concern to be considered. They were not opposed, but suggested the following caution:

APM 190 --The only thing of which one might be leery is how it is implemented. Ladder faculty at one time meant that the legislature guaranteed that there would be funds (19900) available throughout the career of this faculty member. If we have faculty who are ladder faculty entitled to everything including tenure that 19900 ladder faculty are entitled to, their non 19900 funds ought to be very secure, or sooner or later there will be a shortfall. Very secure funds include endowment income. I am less sure than the writers of this policy that clinical or earned income should be in the same category. For example, what if some one who earns their own income becomes a department chief, and because of the administrative load is unable to continue to earn their income. That person's income, if they are to be treated as any ladder faculty will have to come from somewhere else. It is unclear from this policy where that might be in this instance. Perhaps we could ask that that be clarified. I don't think this would be a problem with the occasional non 19900 ladder faculty. But now visualize a system in which the State continues to withdraw support, or where they decide that any ladder faculty who could earn their own income ought to, thus leaving the regular 19900 funds to those whose areas of interest does not lend itself to such self support. I can envision that over time, 2/3 of faculty, under this policy might be non 19900 supported. Then when the crunch comes, watch out as everyone demands their rights as ladder faculty.

Thanks,
Kathy