



ACADEMIC SENATE EXECUTIVE OFFICE  
LOS ANGELES DIVISION  
3125 MURPHY HALL  
LOS ANGELES, CA 90095-1408

PHONE: (310) 825-3851  
FAX: (310) 206-5273

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

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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

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# 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, slightly slanted style.

Robert Fovell  
Chair, College Faculty Executive Committee

**Ayer, Dorothy**

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

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**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 17<sup>th</sup>, 2009 memorandum. Our comments on these options reiterate points that this committee expressed in a letter sent to you on May 20<sup>th</sup> 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](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 17<sup>th</sup> 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 17<sup>th</sup> 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.

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\* 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.