May 26, 2009

Mary Croughan
Chair of the Academic Council

In Re: Proposed Furlough and Salary Reduction Policy

Dear Mary,

Thank you for the opportunity to opine on the proposed Furlough and Salary Reduction Policy. I am writing in my role as Vice Chair for the UCLA Division of the Academic Senate, as Divisional Chair Michael Goldstein is away from campus.

When we received the request to review the policy, we requested responses from the Council on Academic Personnel, Faculty Welfare Committee, Council on Planning and Budget, Graduate Council, Undergraduate Council, Privilege and Tenure, and all twelve Faculty Executive Committees. Professor Stephen Yeazell, School of Law, also submitted comments. I have attached the responses we received for your information. The Executive Board, which speaks for the campus, reviewed all feedback and formulated this response for the campus. In essence, the UCLA Academic Senate does not support the proposal as written. Before it could consider endorsing such a proposal, the following revisions would be required.

Policy considerations

1. The policy is designed to address disparate events or circumstances that would significantly impact the operations of the University. The two broad categories of events discussed by the Board were natural disasters (e.g., earthquakes, wildfires) and severe economic downturns (such as the one in which we now find ourselves). The use of the term “emergency” accurately applies to the former category in that the effects are disastrous and unforeseen. Application of the term “emergency” to the current economic downturn is, to our thinking both alarmist and inaccurate, in that the situation has developed slowly over time and the effects could be foreseen. This difference is more than semantic. While a true emergency would require immediate action, sometimes with limited opportunity for consultation, a fiscal crisis that is foreseeable provides greater opportunity for deliberate action. We therefore recommend that the single policy be bifurcated into two separate policies, one for a true emergency (largely the result of natural disasters) and the second for a “fiscal crisis.” In the spirit of transparency, the Board
recommends that consultation flow charts, with ideal timelines articulated, be included in the policy or implementation guidelines.

2. Specific reference to campuses with Medical Centers was made, possibly related to the impact on patient care. Yet other programs, such as Dentistry and Optometry, would have similar concerns. Thus, the language should be modified to better reflect the breadth of patient care programs: e.g., “Health Sciences,” or “Medical Centers and Other Patient Care Programs.”

Process
1. The process for responding to critical circumstances in the two separate policies should be different, depending upon whether the crisis developed suddenly or over a long period of time. A true emergency (i.e., natural disaster) would likely require quick decision-making authority for the President, wherein consultation with the Academic Senate would occur on an abbreviated timeline or in a post-audit fashion. A foreseeable financial crisis, conversely, provides the opportunity for broader Senate consultation as well as more time to conduct the consultation. Because the antecedent circumstances are greatly different for each of the two categories, the Standing Order and related procedural documents should be divided into procedures unique to each category. Both categories, however, should require formal, written consultation.

2. The duration of the declaration should be specified within the Regental Standing Order. The Declaration must have a specified start and end date, with mandatory Regental renewal, complete with full Academic Senate consultation, at twelve months and interim review at six months.

3. The question of the role of Chancellors in a document titled “Duties of the President,” raised questions among Board members. Confusion would likely be dispelled if the sentence in paragraph 4, which currently reads as “If the request for approval of a Declaration of Emergency is submitted by a Chancellor to the President, the Chancellor shall engage in consultation with representatives of the divisional Academic Senate…” was modified to read as follows: “The President shall require that Chancellors requesting the declaration of a financial crisis, specific to the campus, consult with the divisional Academic Senate and the appropriate campus staff and academic representatives concerning the matters to be included in the request for approval of a Declaration of Financial Crisis.”

Moreover, if Chancellors are to be authorized to request a Declaration of Financial Crisis, the Board strongly believes that language under Regental Standing Order 100.6, “Duties of the Chancellors,” should be modified to give structure to the process by which a Chancellor must consult with the Academic Senate in seeking such a declaration. As with recommendation #1 herein, the process should be divided into two sections, (1) natural disasters and (2) financial crises.

Finally, the language as written in the draft Regental Order is not clear regarding the extent of Chancellorial authority, although it is more explicit in the Draft Guidelines. Presumably each Chancellor would be seeking the Declaration of a Financial Crisis for her or his campus alone, although this is not stated in the draft Regental standing order.

4. Under paragraph five, the Board strongly believes that the last sentence that currently reads as “…and in no event later than 60 days after the initial grant of approval by interim action” should
be changed to read “…and in no event later than 30 days after the initial grant of approval by interim action.”

5. The text should be explicit regarding the return to normalcy, e.g., “Salary reductions and furloughs shall expire at the expiration of the Declaration of Financial Crisis.”

Policy Implementation
The Standing Orders establish the principles and framework for developing policies in response to financial crises. With the understanding that the UC will likely need to develop such policies in the near future, we take this opportunity to document the following concerns.

1. There was strong sentiment among faculty regarding the need for compassionate implementation of salary reductions or furloughs. Then again, preliminary discussions of progressive, scaled, or tiered salary reductions have not yielded a uniform position among members of the UCLA Academic Senate. Many faculty members believed that employees who made below a certain annual salary, for example, should be spared any further reduction; others suggested a tiered approach, while still others advocated a uniform approach.

2. The Board strongly believes that any policy that is developed should specify the mechanism and timeline for returning salaries regular rates and address the length of the furlough.

3. There was great concern about the impact of furloughs, with correlative salary reductions, on benefits in general and UCRP in particular. Would, for example, a required 10% furlough reduce retirement time credit for that year to 90%? Presently, HAPC calculations average 3 years of highest compensation to determine the defined benefit rate. In a situation where a 10% furlough was mandated, for example, would a UCRS member’s retirement benefit be calculated on the pre-furlough salary or by the 90% furlough rate? If the furlough reduces the HAPC calculation, then the UCRS member would not only endure the immediate reduction in take-home pay, but also years, potentially decades, of reduced pension benefits.

4. The policy would need to address how a furlough would impact research series, In-Residence, and other grant-funded faculty and staff. If a university employee whose salary is drawn from a grant is furloughed, the salary savings would presumably be returned to the granting agency, not to University coffers. If such employees are not furloughed, it would create an inequity between factions of employees.

5. The policy would need to explicate the impact of a furlough on sabbatical credit and sabbatical pay. Currently, faculty serving on a part-time basis receives a correspondingly reduced sabbatical credit. Will a furlough likewise reduce sabbatical credit? If a faculty member earned a sabbatical during regular, non-furloughed, years, but took the sabbatical during an imposed furlough, would the salary rate be pre-furlough or reduced by the furlough?

Thank you again for the opportunity to review and opine upon this critical proposal. I hope that we will be granted the opportunity to review future drafts of the proposed amendment to Standing Order 100.4 before it is put into effect.

Sincerely,
Robin L. Garrell  
Vice Chair, UCLA Academic Senate

Cc: Michael Goldstein, Chair, UCLA Academic Senate  
Martha Kendall Winnacker, Executive Director and Chief of Staff, Systemwide Senate  
Jaime R. Balboa, Chief Administrative Officer, UCLA Academic Senate

P.S. The Council on Academic Personnel submitted its memorandum after the Executive Board had reviewed the various responses from the Division; the Board was unable to consider CAP’s insights when formulating this response. CAP’s concerns were less focused on the process being proposed than about the policies that might be implemented. They were particularly concerned about the implications of furloughs on timelines for advancement to tenure and merit advances. They also questioned how furloughs would affect expectations for teaching and time devoted to outside activities? 
May 26, 2009

To: Michael Goldstein, Chair
    Academic Senate

From: Council on Academic Personnel

Re: Proposed Amendment to Standing Order 100.4 – Duties of the President and Draft Furlough/Salary Reduction Guidelines

The Council has reviewed the “Proposed Amendment to Standing Order 100.4 – Duties of the President” and “Draft Furlough/Salary Reduction Guidelines” [hereafter, “proposals”], and finds that they leave all the important academic personnel matters associated with furloughs unresolved. Rather than addressing these issues, the proposals establish a process for consideration of such matters. Under these circumstances, CAP can only express its concerns about the process and identify the academic personnel matters that should be addressed. Our analysis of the process and these matters, provided below, should not be interpreted as an endorsement of the proposals.

Analysis

First and foremost, these proposed policies do nothing but establish a process, and leave all the significant substantive issues associated with emergencies and furloughs (defined as "temporary unpaid time off of work") to future determination through that process. Among the many academic personnel issues it does not address are how, if at all, the furloughs will affect time to tenure or expectations at the time faculty are reviewed for promotions; appropriate teaching loads for faculty who are subject to furloughs; implications for time devoted to outside activities; and accommodation of obligations/representations under federal grants and related effort reporting. Under the proposals, these topics are to be taken up in the "Furlough/Salary Reduction Plan" that may be requested by the President or initiated by an individual campus and transmitted to the President. Such plans are to address "How operational issues will be addressed such as continuation of essential services (e.g., police, fire, clinical and animal care, custodial)" and "How operational issues related to academic research and teaching will be addressed."

Second, the process itself is not easily decipherable from the proposal, mainly because the proposal presents various stages of the process out of chronological order. It begins by detailing the circumstances under which a financial emergency may be declared; but the financial emergency can be declared only if the Board of Regents approves a request from the President, and that request must include a written plan setting forth "the effect of such conditions on campus or University operations, the expected duration of the
Declaration or provisions for renewal, the plan for implementing the proposed furloughs and/or salary reductions, and the expected outcome of the proposed plan." The centerpiece of the process, then, is the mechanism for generating THE PLAN, a mechanism that is detailed later in the proposals.

Third, before plans are generated, the President is to set a framework that will constrain the terms of the plans. According to the proposals, "it is expected that the President will establish guidelines and parameters by which any Plan can be implemented. These guidelines and parameters will be established to ensure consistency, fairness, optimized savings and avoiding effects of unintentionally penalizing classes of employees or campus locations." It's difficult to figure out what this passage means, because the language is so vague; but it could be read to authorize the President to equate faculty and staff, regardless of the consequences for academic program. It would be important to receive some elaboration on the meaning of this language from UCOP.

Fourth, the process for generating plans at the campus level involves establishment of a "strategic planning committee or task force" comprised of at least eleven individuals, including the Vice Chancellor for Academic Personnel and four representatives of the Academic Senate, the Chair of CAP among those. CAP notes that the proposals authorize the Chancellor to augment the eleven-person group with other administrators, thereby potentially diluting the percentage of Academic Senate representatives. It is clear that this committee or task force is going to have to do a lot of work in preparing the plan, with tasks delineated on page 4 of the "Draft Furlough/Salary Reduction Guidelines." The issues the committee or task force must tackle include all the matters described as unspecified in the first point, above, as well as, ominously, "nine month appointments for faculty." Clearly the Chair of CAP is going to have a major burden or her or his hands should the process commence, as well as a potentially significant role in crafting the plan. Once a plan has been prepared, it is to be evaluated by the Vice Chancellor for Academic Personnel to "assess the impact of the proposed plan on faculty, as well as non-represented and represented academic appointees." Once this evaluation has been performed, it is to be incorporated into the plan, and the plan is to be transmitted, with supporting documentation, to the Executive Committee of the Academic Senate "for its review and endorsement." The Senate is given 30 days to perform this review, a pretty stingy time period given the gravity of the issues and the complexity of Senate organization. More Senate consultation occurs (absent tremendous emergency) when the President submits the plan to the Regents; but by that time, it will be difficult to change course.

---

1 If the President is the one to initiate the furlough process, then the President is to establish a committee or task force that replicates this type of representation at the systemwide level, though it's not clear what that would entail in terms of representation for each campus.
May 19, 2009

Professor Michael Goldstein
Chair, Academic Senate

RE: Response to the Furlough and Salary Reduction Policy Proposal

Council on Planning and Budget appreciated the opportunity to discuss with you the draft document on Furlough and Salary Reduction Policy Proposal that was recently issued from UCOP. As our discussion of the proposed policy made clear, the document requires some revision so that it will address five important matters.

First, the proposal currently does not specify a duration period for the implementation or pay cuts or furloughs. CPB believes it would be helpful for UCOP to specify the maximum period in which furloughs or pay cuts be implemented during “emergency conditions.”

Secondly, CPB agrees that the document needs to be clear about the specific nature of “emergency conditions” that arise from a severe financial crisis. Obviously, such “emergency conditions” are distinct from emergencies that arise from a “natural disaster or other major debilitating event” (p.1). CPB believes that there are potential problems in conflating a natural disaster such as an earthquake or a pandemic with a fiscal emergency, even if the one might lead to the other. Moreover, CPB would like to see much greater clarity on what exactly constitutes an “emergency” in a fiscal context (see “Definition of Extreme Financial Circumstances,” p.1). While it is obvious that an earthquake or pandemic immediately constitutes a state of emergency, it is not possible to make such judgments when it comes to examining budgetary shortfalls.

Thirdly, there are a number of areas regarding conditions of employment that this policy needs to consider. The document does not make any explicit statement about the ways in which administrative stipends might be affected by furloughs or pay cuts. In addition, CPB questioned the degree to which salaries paid from non-19900 funds might be affected by furloughs and pay cuts, since some of these stipends have been contractually agreed with outside funding agencies. Further, the document must consider the ways in which furloughs might affect employees whose visas require 100% employment within the UC system.

Fourthly, in order to achieve the “fair and compassionate” implementation of a policy on furloughs or pay cuts, the document could consider a “progressive” model of cuts based
on total pay (not base pay or rank). CPB has mixed responses to this idea. One of our Council members suggested that, in the name of fairness, faculty and staff earning $60,000 or less should be spared furloughs or pay cuts.

Fifthly, the proposal needs to clarify that it affects non-represented employees. CPB agreed that there would be serious problems of inequity if represented and non-represented employees were treated differently if and when the President's Office deemed that “emergency conditions” required the implementation of furloughs or pay cuts.

Best regards,

Joseph Bristow
Chair, Council on Planning and Budget

cc: Jaime Balboa, Chief Administrative Officer, Academic Senate
    Elizabeth Bjork, Immediate Past Chair, Academic Senate
    Robin Garrell, Vice Chair, Academic Senate
    Linda Mohr, Assistant Chief Administrative Officer, Academic Senate
    Council on Planning and Budget Members
May 20, 2009

To: Michael Goldstein  
Academic Senate, Chair

From: Mitchell Wong  
Faculty Welfare Committee, Chair

Re: Senate Item for Expedited Review: Furlough and Salary Reduction Policy Proposal

The Faculty Welfare Committee reviewed and discussed the Furlough and Salary Reduction Policy Proposal at their meeting on May 12, 2009. The Committee agreed that there is a need for a new Standing Order for the Declaration of Emergency and clarification of policy guidelines regarding Furlough and Salary Reductions. The Committee decided not to endorse the proposal as currently written due to the following and concerns:

**Proposed Amendment to Standing Order 100.4 – Duties of the President**

(1) 100.4 (3) indicates that the Declaration “must describe with specificity the emergency conditions underlying the Declaration, the effect of such conditions on campus or University operations, the expected duration of the Declaration or provisions for renewal, the plan for implementing the proposed furloughs and/or salary reductions, and the expected outcome of the proposed plan.”

a. There should be specification of a maximum amount of time for the duration of the Declaration, such as 1 year, at which time a review of the proposed plan and its outcomes must occur. In addition, the President should be required to request an extension of the Declaration of Emergency beyond the maximum time limit of 1 year following the same procedures for initiating the Declaration of Emergency.

b. After the 1 year time limit, the review of the proposed plan and its outcomes should be prepared by the President and be reviewed by The Board of Regents, Chair of the systemwide Academic Senate, and the appropriate systemwide staff and academic representatives.

(2) 100.4 (4) indicates that “the President shall engage in consultation with representatives of the systemwide Academic Senate and ...representative of the divisional Academic Senate...”

a. The consultation with the representatives of the systemwide Academic Senate should be “written consultations.”

b. The titles and positions of the systemwide and divisional Academic Senate representatives should be stated.

(3) 100.4 (5) indicates that “when circumstances are such that seeking approval under those provisions would be impracticable or place the University at substantial risk, the President
may exercise the authority provided herein by obtaining interim approval of a Declaration of Emergency under the provisions of the Regents Policy on Interim Actions.”

a. Interim actions seem appropriate for natural disasters, which are likely to occur suddenly without warning, thus preventing adequate time to respond. We recommend that this provision be limited to natural disaster emergencies only.

We thank you for the opportunity to participate in this process.

Cc: Jaime Balboa, Chief Administrative Officer, Academic Senate  
   Dorothy Ayer, Assistant to the Chair, Academic Senate  
   Brandie Henderson, Policy Analyst, Academic Senate
At its meeting on May 8, the Graduate Council discussed the above documents. It is important to note at the outset that we framed the discussion within the context of the emphasis you provided at the last Executive Board meeting: these documents were meant to codify an authority that already belonged to the President of the University of California. That framing met with some doubt and great consternation, especially from the members who had just attended a discussion at the College FEC meeting that was based on a very different assumption.

Council members agreed that attempting to define the authority of the president more clearly and to document the individuals and organizations that had to be consulted in the process of implementing the existing authority was an important task. Indeed, they felt that there were many reasons for defining the limits of presidential authority. However, they had multiple concerns about the Amendment as proposed in these documents and I have summarized those below.

The strongest concern focused on the absence of any guidelines for determining when an emergency situation is over. This concern was heightened by what could only be described as a basic dissatisfaction over what many felt was an elusive definition of “extreme financial circumstances”. The Council felt strongly that the Amendment must provide some mechanism for determining the end of the emergency situation. Most felt that defining a specified period of time, at the end of which a re-evaluation of the situation must be made, would be the most transparent way to accomplish this task for both financial and other emergencies. The Council was unanimous in agreeing that the Senate must be involved in this determination.

In discussing the possible implications of the proposed amendment’s impact on graduate students, there was also significant concern its lack of attention to the issue of represented and non-represented employees and to its impact on students employed on non-19900 funds. This document does not pay adequate attention to those issues which also affect members of the UC community other than graduate students.

The Council was also concerned with issues of equity in terms of furloughs and salary cuts and felt that equity had to be an additional guiding principle in implanting either furloughs or pay cuts. There was a general consensus that input from the faculty and staff would be invaluable in arriving at the most equitable solutions should such a financial emergency arise.
May 20, 2009

Jaime Balboa  
UCLA Academic Senate Executive Office  
Box 951408, 3125 Murphy Hall  
Los Angeles, CA 90095-1408

RE: Senate Item for Review: Furlough and Salary Reduction Policy Proposal

Dear Jaime,

As per the request in your email of April 27, 2009, the Committee on Privilege and Tenure has reviewed the proposed guidelines drafted in the Furlough and Salary Reduction Policy. After careful review, the Committee has no (zero) comments to submit with respect to the proposed guidelines.

For any questions, concerns or further clarification on this response, you may contact John Leary at (310) 206-2469 or email jleary@senate.ucla.edu.

Sincerely,

Michael F. Lofchie  
Chair, Committee on Privilege and Tenure

Cc: Dorothy Ayer, Executive Assistant, Academic Senate  
    John Leary, Policy Analyst, Committee on Privilege and Tenure
May 20, 2009

To: Michael Goldstein, Chair
    Academic Senate

From: Dorothy Wiley, Chair
    Undergraduate Council

Re: Furlough and Salary Reduction Policy Proposal

I am writing to report that at its May 15, 2009 meeting, the Undergraduate Council (UgC) discussed at length and expressed serious concerns about the draft documents proposed by President Yudof to address the lack of an existing policy by which temporary furloughs or temporary or permanent salary reductions might be implemented. The Council opposed unanimously the proposed documents, Proposed Amendment to Standing Order 100.4 – Duties of the President, and the Draft Furlough/Salary Reduction Guidelines with 0 votes in favor, 13 opposed, and 0 abstentions. The students voted 0 in favor, 2 opposed, and 0 abstentions.

Members supported strongly four points that emerged during discussion:

1. Council is willing and supports that faculty must be part of the solution, and stresses faculty are not avoiding being good citizens and taking financial responsibility in time of emergency. However, the proposal does not address but obfuscates the issues by conflating furloughs and salary reductions, which are separate and distinct issues. Further, the contextualization of this problem as a natural disaster complicates and does not resolve the issues.

2. Furloughs should be considered in an emergency situation. Faculty should not be the only population on campus exempted from this measure. However, any action would effect retirement and benefits, is not addressed in the proposal.

3. The general philosophy of the proposal is asking campuses to do more with less. A fair and unbiased assessment of what can be accomplished with less funding is imperative. The documents imply that the proposed solutions are temporary budget cuts in case of a disaster, and would be implemented under the most urgent situation. Budget cuts in the past have not been recovered, and the proposal does not suggest a recovery plan for funding lost temporarily.

4. It appears that the documents have been developed to address concerns raised by a few campuses. The conflation of multiple, unrelated problems tears at the fabric of ten campuses within the UC system.

If you have any questions or need additional information, please feel free to contact me (x 5-0803; dwiley@ucla.edu) or Judith Lacertosa, UgC Principal Policy Analyst (x51194; jlacertosa@senate.ucla.edu).

cc: Jaime Balboa, CAO, Academic Senate
    Judith Lacertosa, Principal Policy Analyst, Undergraduate Council
    Dorothy Ayer, Assistant to Senate Leadership & CAO
May 19, 2009

Michael Goldstein
Chair of the Academic Senate
UCLA

Dear Michael,

At your request, the College Faculty Executive Committee (FEC) has considered the Proposed Amendment to Standing Order 100.4 – Duties of the President. The members were unanimous in opposition to the proposal as currently formulated. A synopsis of the extensive and energetic discussion that took place during our meeting of 8 May 2009 follows.

It is important to understand at the outset that the FEC members appreciate the gravity of the current fiscal situation, and understand that conditions may be both long-lasting and could deteriorate further. The members realize that sacrifices must be made and that faculty must share in the financial burden. There was a spirited discussion of the pros and cons of the proposed remedies (furloughs vs. salary reductions or other possible alternatives). However, faculty expressed very significant reservations regarding the expansion of presidential powers being proposed to implement the remedies. Our remarks will focus on the implementation process, which is the more immediate concern.

The FEC unanimously feels this proposal, as written, constitutes a blank check conferring very considerable powers upon the President of the UC System and the Regents without appropriate checks and balances. The list of possible emergencies is very broad, and we feel that the outlined process for faculty consultation is poorly defined and easily circumvented, and thus the granted powers could be abused. This should not be construed as a lack of faith in President Yudof. The concern is that this proposal would put a process in place that we might come to regret.

We understand that the motivation for this proposal originated with a single campus wishing to implement salary and/or furlough actions for which no policy or implementation mechanism presently exists. A policy for this, and a vigorous discussion of the merits and consequences of actions such as furloughs and salary reductions, is clearly needed. However, in our opinion, the proposed changes to the Standing Order 100.4, go much farther than necessary and the situations constituting an emergency are too broadly and imprecisely defined. In particular, the FEC feels that financial crises of the kind we are presently facing, while very grave, do not constitute an “emergency” that should allow for or require unilateral action without consultation with the campuses and the faculty.

Sincerely,

Robert Fovell
Chair, College Faculty Executive Committee
May 13, 2009

To: Jaime Balboa, CAO
    UCLA Academic Senate

From: Earl Freymiller
    Chair, Faculty Executive Committee
    UCLA School of Dentistry

Re: Furlough and Salary Reduction Policy Proposal

On April 27, on behalf of the Academic Senate Chairs Mary Croughan (systemwide) and Michael Goldstein (UCLA), you distributed for review two draft documents related to U.C. furloughs and salary reductions. One was the proposed new Standing Order of the Regents, and the other contained the proposed implementing guidelines. In order for the UCLA Executive Board to formulate UCLA’s response at its meeting on May 21, you requested that each FEC review the documents and respond by May 20.

The documents were distributed to members of the School of Dentistry’s FEC for review, and the committee met on May 7 to discuss the issues. The following points were made at that meeting and approved by a vote of the FEC.

**Proposed Amendment to Standing Order 100.4—Duties of the President**

1. The FEC of the School of Dentistry supports the concept of furloughs in an emergency situation, but not salary reductions.

2. The FEC of the School of Dentistry does not support granting the broad authority to implement furloughs and/or salary reductions for some or all categories of University employees to the President of the University upon Declaration of an emergency. The committee feels that the President should have the authority to declare such an emergency on approval of The Board of Regents; however the authority to implement furloughs and/or salary reductions should be made at the campus level, with this authority residing with the individual Chancellors.
Draft Furlough/Salary Reduction Guidelines

1. If furloughs are required, the scheduling of such furloughs should be flexible enough to minimize the impact on teaching, patient care, administrative and other essential university activities. The FEC of the School of Dentistry favors individual and staggered scheduling of employee furlough days so as to cause minimal disruption to our missions of patient care, teaching, service and research.

2. The document makes specific reference to campuses with Medical Centers, presumably due to the issues related to the potential disruption of patient care services. The FEC of the School of Dentistry recommends that these references be modified to include Medical Centers and Other Patient Care Programs (i.e. Dentistry, Optometry), to further minimize disruption of patient care.
May 3, 2009

The FEC of the Henry Samueli School of Engineering and Applied Science met on April 30, 2009. One item on the agenda was the proposed amendment to Standing Order 100.4 – Duties of the President and the associated guidelines.

The FEC understands the need for extending the duties of the president to include a process in the manner described and a process to be followed should be defined. However this is, of course, not an endorsement of either furloughs or salary cuts. Thus there was a consensus that the extension and the guidelines for this purpose is appropriate but there were some specific suggestions for possible improvement, which are listed below.

Suggestions:

1. It is understood that the length of a period of emergency may not be precisely predictable. However it is suggested that some periodic review (e.g., every 6 months) be specified.
2. It is suggested that an independent auditor be included in the evaluation of the financial situation and the plan for dealing with the situation.
3. There are guidelines for plans and review of plans from Chancellors but not at school level. If schools within a campus will have flexibility in how cost reductions are made, what will be the process at this level? What will be the opportunity for faculty to consult on these plans?
4. The process seems to emphasize furloughs or salary cuts and neglects the possibility of increased revenues. The President’s justification for instituting furloughs or salary cuts should explicitly provide rationale as to why the emergency cannot be met or ameliorated by increased revenue.

Richard Muntz
FEC Chair, HSSEAS
May 10, 2009

Professor Michael Goldstein
Chair, Academic Senate
3125 Murphy Hall
UCLA Academic Senate Executive Office

Dear Professor Goldstein:

At its May 2009 meeting, the School of Medicine FEC considered the proposed amendment to Standing Order 100.4, along with the Draft Furlough / Salary Reduction Guidelines.

In view of the current fiscal environment, it seems reasonable to amend Standing Order 100.4 to deal with real budgetary emergencies. Although the FEC appreciates the difficulty imposed by the current financial crisis, we feel both of these proposals violate the principle of shared governance and, if enacted, will lead to a deterioration of the university’s high standing in the academic community and negatively impact faculty retention and recruitment.

There were also specific concerns regarding the vagueness in the proposed amendment to Standing Order 100.4 regarding the composition of any School of Medicine / Medical Center strategic planning committee (page 4 – top) and there was a clear lack of SOM FEC participation. There should be FEC or FEC leadership membership on such a strategic planning committee. Furthermore, any School of Medicine / Medical Center strategic planning committee recommendations or plans should also be vetted with the SOM FEC for their independent assessment before being forward to the Chancellor.

A second specific issue concerns the failure to define the duration of any budgetary emergency, and issues related to restoration of any salary reductions and impact on retirement. There is also no indication on how a budgetary emergency would impact on administration and staff salaries.

While budgetary cuts seem inevitable in the current climate, the FEC’s position is that the only acceptable way to address budgetary emergencies is with ongoing input and dialog with the faculty through the FECs and Academic Senate.

We encourage the Board of Regents to maintain a balance of governance and refrain from granting the President emergency powers without assuring appropriate safe guards are in place to prevent unilateral action by the President’s office and administration.

Sincerely,

Nicholas Brecha
Chair, SOM FEC

Rahdolph Steadman
Vice Chair, SOM FEC
At its meeting of April 30, 2009, the Faculty Executive Committee (FEC) of the School of Theater, Film, Television, and Digital Media (TFT) discussed the Furlough and Salary Reduction Policy Proposal as contained in the two documents forwarded to Senate Committees and FECs campus-wide for comment with your email of April 27, 2009 sent on behalf of Senate Chairs Goldstein (UCLA) and Croughan (Systemwide). As you know, the first of the documents, relating to the Standing Orders of the Board of Regents of the University, is the Proposed Amendment to Standing Order 100.4—Duties of the President, and the second is the Draft Furlough/Salary Reduction Guidelines, which have been drawn up to “define extreme financial circumstances and describe a consultation and review process to be used in cases where the President is prepared to recommend that the Regents declare a state of financial emergency under the President’s authority described in Standing Order 100.4x”.

The TFT FEC acknowledges the need for such an amendment and understands the need for guidelines to be put in place, guidelines which will define the “extreme financial circumstances” that might conceivably cause the proposed furlough or salary reduction powers to be invoked, as well as define a mandated process of consultation and review between the Administration and the various stakeholders affected by such an eventuality. However, we wish to clarify what, if any, role and responsibility are defined for the Dean and Department Chairs with respect to represented (union) employees, including represented Staff Members, Teaching Assistants, and Lecturers.

While acknowledging the need for these policies, our initial review of the Proposed Amendment and the Draft Guidelines does not convince us that the language of these policies provides an adequate basis for interaction with union-represented groups on matters of furlough or salary reduction at the school or departmental level.

This commentary is provided so that the purpose of the amendment and the guidelines which detail its implementation will be fully realized in the language that is ultimately adopted. TFT’s FEC appreciates the opportunity to provide this input and provisionally endorses the intent and purpose of the Proposed Amendment and Draft
Guidelines, with the expectation that additional refinements in the language will be put in place should it be determined that the concern we mention requires additional clarification.

Sincerely,

Michael McLain, Professor and Chair
Faculty Executive Committee
School of Theater, Film, Television, and Digital Media

c: Members of the TFT FEC

   Prof. Barbara Boyle (Chair, Film, Television, and Digital Media)
   Mr. Dean Dacumos (School)
   Prof. Neil Peter Jampolis (Theater)
   Prof. Denise Mann (FTVDM)
   Dean Robert Rosen (School)
   Prof. C.E. Sheetz (FTVDM)
   Prof. Mel Shapiro (Theater)
   Asst. Dean Ollie Van Nostrand (School)
   Prof. William Ward (Chair, Theater)

Mr. Raoul O’Connell (School)

Mr. Curtis Casella (Student Representative, FTVDM)
Mr. Conor Hanratty (Student Representative, Theater)
Ms. Jenny Sherman (Student Representative, FTVDM)
Ms. Maritza Yoes (Student Representative, Theater)

Prof. A.P. Gonzalez, Incoming Chair of TFT FEC (2009-2010 AY)
May 20, 2009

Michael Goldstein PhD.
Chair, UCLA Academic Senate

Dear Mike,

I am writing on behalf of the School of Public Health Faculty Executive Committee. Enclosed are my summaries of comments from faculty in the school of Public Health regarding the new Standing Order of the Regents for changing University Policies as regards salary reductions in light of current economic realities in California.

Comments encompass a number of main themes. They are as follows:

1) Faculty overwhelmingly favor furloughs over salary cuts, because of the impact of actual cuts on salary scales and retirement benefits.

2) Overwhelming sentiment is that these cuts be progressive or “prorated” (e.g., higher salary, larger percentage), with particular attention paid to protecting junior faculty and staff.

3) The "rules" for prorating need to be absolutely transparent.

4) In regards to how much to prorate, one suggestion is that UC follow the same thresholds that are used for the tiered health insurance payments, as using rank is less effective because people at the same rank earn very different salaries when off scales are considered. If rank is used, then step within rank should be a factor, at least in the full professor range.

5) Thorough documentation of furloughs should be provided for IRS purposes, as decreases in income from the same job might spark inquiries.

6) Policies enacted must be clearly temporary with explicit time period/duration of salary reduction policy enactment written that includes a clear policy for either ending or renewing these emergency standing orders.

7) Clear policies for handling soft money funded positions in research projects must be discussed. That is, are components of salaries that are entirely grant funded going to be cut in the same manner as those funded by 19900 funds. The consequences of doing this may in fact cost the University money as there are no state-funds saved by requiring, for example, a 100% grant-funded project director or a 100% funded in residence faculty to take Fridays off without pay (or cutting his or her salary). In fact, the
reduced project spending reduces the indirect funds the University receives since indirects are only paid out when expenses are incurred. So this is actually counter-productive. As one faculty member said:

“Cutting externally-funded research pay would reduce the incentive for ladder rank or soft money faculty to bring in extramural funding, which is the last thing UC should do now.”

Thus such cuts might actually reduce the flow of funds to the University over and above the amount saved by cutting salaries.

8) Economic models or projections used to support final decisions made on these matters need to be shared with faculty and staff.

Hope these are useful.

Sincerely,

Deborah Glik, Professor & FEC Chair
School of Public Health
dglik@ucla.edu
May 20, 2009

Vice Chancellor Tom Rice
Michael Goldstein, Chair, UCLA Faculty Senate

Dear Colleagues,

As a member of my School’s advisory committee (roughly corresponding with FECs in other units), I’ve had occasion to consider President Yudoff’s draft proposal for various responses to a fiscal emergency, among which are furloughs. Our collective comments about the proposal will duly arrive through the usual channels, but I want to write separately to convey my views that furloughs are a very bad idea, on two grounds: its likely effect on faculty retention; and the many complex entailments, some of which will chew up countless hours of our collective time.

First, the effect on faculty. For years the University has acknowledged that its current compensation of faculty has lagged whichever plausible benchmarks one can identify. But—the University has been able truthfully to point out that UC’s deferred compensation system, the UCRS pension, is equal or superior to most peers. If one assumes that furloughs (with attendant salary reductions) will affect those pensions—a question I raise below—the University’s most important retention tool will disappear. That is a very high price to pay for a couple of years’ savings. If, on the other hand, furloughs will not affect pension benefits, it will be important to say so loudly, clearly—and soon.

Second, the collateral complications. In thinking about how a furlough might work, I began to pose some collateral questions not addressed in the proposal but likely to be troublesome. I’ve listed the instances I can think of below. In most of these I make assumptions about how a furlough would be implemented. If my assumptions are wrong, then the problems won’t occur; if they are correct, then some planning and thought are in order. If any of these problems do occur, they will involve a variety of different administrative and senate bodies, some at the campus, others at the University level. I’m writing to you in the hope that you can—if you think the concerns well-founded—route them to the right people for thought and planning.
1. Effect on retirement & pension: If furloughs (with attendant salary reductions) occur, how will these affect pension benefits?
   a. Time credit: at present, a UCRS member employed for a year receives retirement credit for that year. A faculty member who takes a sabbatical at a fraction of full time receives a correspondingly reduced retirement credit. Apply this to furloughs. Suppose a furlough plan were to require a faculty or staff member to take furlough for 10% of a year. Would that reduce the retirement credit for that year to 90%?
   b. HAPC calculations: at present, pension benefits are calculated on the 3-year average highest compensation. For most employees, those will be the three years immediately preceding retirement. If those employees encounter a furlough with attendant salary reductions in those years, will the base on which the pensions are calculated be accordingly reduced? If so, furloughs will disproportionately affect faculty and staff nearing retirement and those who have recently received a merit increase. If the furlough reduces the HAPC, such faculty will encounter not only the year(s) of reduced salary, but perhaps decades of reduced pension benefits. Such a result—in a program on which faculty have been encouraged to rely—would create substantial ill will among faculty as well, perhaps, as legal challenges.

2. Effect on In-Residence and Grant-compensated faculty: Will faculty whose salary is largely or entirely derived from grants also be furloughed? If so, presumably the portion of the grant designated as salary replacement will have to be returned to the granting agency. If not, furloughs will introduce an unfortunate discrepancy between the position of In Residence faculty, who would be unaffected by furloughs, and regular series faculty, who would be subject to a reduction. (True, many In Residence faculty might consider this only a fair recompense for their more precarious employment situation, but we ought to start thinking about how this might play out.)

3. Summer ninths and administrative stipends: at present many faculty performing administrative tasks receive ninths in compensation. Others receive stipends, usually in the form of stated amounts. Presumably those ninths, which are calculated on the base pay, will be reduced as base pay decreases in response to the furloughs. If so, we can anticipate that many such persons will ask that their ninths be converted into flat-amount stipends in the amount of their ninths—to avoid the reduction. Were we to grant such requests, we can anticipate much unhappiness from other faculty who receive ninths not linked to administrative service and who therefore could not seek to substitute flat amounts.

4. Sabbatical credit and sabbatical pay: at present faculty earn sabbatical credit by term and are paid while on sabbatical the fraction of their salary to which their earned credits correspond. Two questions arise:
   a. At present a faculty member working on less than full time basis receives correspondingly reduced sabbatical credit. If part of a term for which a faculty member is earning credit involves a furlough, will the sabbatical credit be correspondingly reduced?
   b. If a faculty member has earned sabbatical credit during "unfurloughed" years, will s/he be paid a full salary on sabbatical, or will that salary to be subject to furlough reduction?
5. Voluntary retirement contributions: at present many faculty and staff contribute to 403(b) plans. These plans are subject to an annual cap on contributions, a cap calculated as a percentage of compensation. If compensation drops, but the contributions are not adjusted downwards, the contributors or the University could find themselves subject to penalties.

I am sure that minds more fertile than mine will identify other problems. Some of those problems may involve significant legal or regulatory issues; others involve administrative adjustment or clear communications with faculty and staff. If my assumptions are correct, furloughs will create not only demoralization among faculty but also very substantial administrative complications. If my assumptions are wrong, it will be very important to communicate that clearly and often to UC’s faculty and staff if and as furloughs are contemplated. I feel confident that better minds than mine have already identified at least some of these problems, and I am grateful for that.

Sincerely,

[Signature]

Stephen C. Yeazell