



OFFICE OF THE ACADEMIC SENATE
ONE SHIELDS AVENUE
DAVIS, CALIFORNIA 95616-8502
TELEPHONE: (530) 752-2231

July 6, 2009

MARY CROUGHAN, CHAIR

University of California
Academic Council
1111 Franklin Street, 12th Floor
Oakland, CA 94607

Re: UC Proposal: Furlough/Salary Reduction Plan Options

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

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

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

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

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

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

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

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

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

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

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

Sincerely,



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

Enclosure: 1-Compilation of Standing Committee Responses

2- Open Forum on Furlough/Salary Reduction:

http://academicsenate.ucdavis.edu/forums/index.cfm?forum_id=1

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

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

Graduate Council

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

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

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

General Comments for all options

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

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

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

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

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

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

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

Reasons why Council prefers Option II

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

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

Now our reasons for preferring option II.

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

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

Summary

We wish to close with our two most important points:

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

ATTACHMENT: POSTDOCTORAL SCHOLARS ASSOCIATION RESPONSE

Chair, Graduate Council
University of California, Davis

June 23, 2009

Dear Professor Jack Gunion,

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

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

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

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

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

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

Sincerely,

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

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

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

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

Footnotes:

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

cc: Graduate Council members

Undergraduate Council

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

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

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

Faculty Welfare

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

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

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

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

Academic Freedom & Responsibility

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

College of Engineering: Faculty Executive Committee

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

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

College of Agricultural and Environmental Sciences

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

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

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

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

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

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

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

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

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

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