

June 8, 2011

LINDA P.B. KATEHI
Chancellor

RALPH J. HEXTER
Provost and Executive Vice Chancellor

Re: Davis Division of the Academic Senate Response: Budget Planning 2011-12 Letter

The Davis Division of the Academic Senate distributed your May 6, 2011, letter to all standing committees and to the chairs of the Faculty Executive Committee in each college and professional school. Additionally, meetings between key Davis Division leaders and Associate Vice Chancellor Ratliff on May 17, 2011, and Provost and Executive Vice Chancellor Hexter on May 23, 2011, contributed to the dialog. Following the meeting with AVC Ratliff on May 17, a summary was revised and distributed during the May 20, 2011, Executive Council meeting as the basis for the Divisional response. Therefore, comments received from the Committee on Planning and Budget, Executive Council, and the Graduate School of Management Faculty Executive Committee are incorporated and reflected in the following. Responses focused on the May 6, 2011, memo are endorsed and enclosed as received from Graduate Council, College of Biological Sciences and College of Letters and Science.

Overall, we believe, as a campus we are being asked to make a philosophical shift in what UC means; and in particular what it means to be a UC faculty member. Although the Division recognizes there may be a need to move toward a market-based perspective, in doing so we must not let go of what was UC Davis because of these new budget models. The Division wishes to provide overarching principles in addition to those established by the campus earlier this year, http://budgetnews.ucdavis.edu/downloads/budget_principles_2-11-11.pdf:

Overarching Principles:

- Recognize that inequity in faculty salaries exists due to market forces. However, there must be transparency and accountability in setting faculty salaries.
 - Promote excellence in teaching as well as research. Faculty must be expected to participate in both.
 - Reform the UC merit system and reassert that it must be the principal organizing feature of faculty salaries.
 - Ensure an excellent and valuable education.
 - Pursue joint ventures but not at the expense of the core teaching and research missions of UC Davis.
 - Assess proposed changes not just against their predicted budget savings but also, and this in the planning stage, against their likely impacts on planning principles.
 - Consider incentives carefully and establish related creative policies that encourage both revenue generation and operational efficiencies.
1. Ensure there is accountability for achieving the goals of the various strategies. This will be met partially by evaluating and measuring how the cuts are actually implemented. It will also require efforts to identify metrics that will define success for the ideas that are focused on culture change. Development of metrics should be coordinated with the Davis Division Committee on Planning and Budget. Metrics should include the impact on faculty time and workload given that faculty salaries are a fixed cost.

2. Collect data sufficient to predict the impact of proposed budget reductions and assess the effects of implemented changes to deans' offices and individual departments. Thus, metric development should include sufficient detail to accurately predict and assess impacts at an individual departmental level.
3. Establish a clear mechanism to evaluate the implementation process for budget actions by gathering feedback from the community. The results of evaluation should be communicated in order to build confidence and trust in the mechanism and in the value of providing feedback.
4. Determine consequences that result from budget and efficiency reductions including how to ensure balanced approaches that avoid shifting work to departments (unfunded mandates) or decisions that limit department options (limiting course offerings).
5. Refine and further rationalize salary recovery:
 - Articulate how faculty salary expense will be covered when contract or grant funding expires and a new source of funds is not immediately available.
 - Determine how graduate education and other activities supported by grants would be affected, in both the long term and short term, by incentives that promote the use of research or other funds to cover faculty salaries that had previously been fully state- supported or otherwise enhance faculty salaries.
 - Develop a system to specifically monitor the impact of paying faculty salaries from grants and contracts.
 - Ensure that the most valued products of the University, new ideas and creative graduates, are not put at risk. A system in which merit and salary are excessively tied to extramural funding and in which funding agencies themselves are becoming more conservative is not the most fertile ground for new growth. This connects to the belief that UC Davis is excessively risk adverse. To get the most creative faculty, students, and ideas, we need to accept not just the risk but the certainty that many ideas will fail.
6. Streamline the UC Davis organization to achieve savings in both purely administrative and academic administrative roles.
7. Develop self-supporting degree programs that can meet stringent tests for academic standards and financial viability. These programs must pay the full cost of using campus resources.
8. Address concerns with a new budget model based on professional school autonomy. Some believe the idea of taxing professional schools and taking away state-funding will negatively impact professional schools; including negatively impacting professional school faculty participation in graduate groups.
9. Assess the proposed budget measures against their likely actual savings and the Overarching Principles. They should also be evaluated in relation to our medium-term goals for the next five years. For example, we just heard of a medium-term possible goal to grow both the student body and the faculty by something a little shy of 20% over the next five years. If this were the goal, how would the cuts that are in progress and proposed in the short-term aid the campus in achieving that medium-term goal? What medium-term goal do they serve other than to shrink the budget? Further, be attentive to differences among the various professional schools.

Provide incentives and more control to departments offering courses.

10. Summer session:
 - Maximize infrastructure using Summer Session.

- Re-evaluate the assignment of student workload credit for teaching the same course in a regular vs. summer session.
- Reorient summer session to be less organizationally, administratively, and academically disconnected from the traditional academic year.

Further, the Committee on Faculty Welfare discussed budget planning principles prior to issuance of the May 6, 2011 campus memo. The Committee passed a resolution (enclosed) that was endorsed by Executive Council. While timing of the principles articulated may be out of sync, what is amplified is the need for sound planning principles that the campus relies upon and refers to as we collectively examine ideas and develop implementation strategies.

Sincerely,



Robert Powell, Chair
Davis Division of the Academic Senate
Chair/Professor: Chemical Engineering & Materials Science
Professor: Food Science & Technology

Enclosures:

1. Graduate Council Response
2. College of Biological Sciences Response
3. College of Letters and Science Response
4. Committee on Faculty Welfare Resolution

Graduate Council

June 3, 2011 12:30 PM

Based upon the Graduate Council's review of the 2011-12 Budget Planning materials from the Chancellor and Provost, and the collected comments from graduate program faculty, we provide this response outlining the potential impact of the proposed budget plan on graduate education. We all agree that graduate education must play a pivotal role in the Chancellor's stated goal that UC Davis must be in the "top tier of the world's major public research universities" and it is with this goal in mind that we provide our input.

In response to **"Strategy #5. *Identify opportunities to redirect a portion of faculty salaries to research or other funds.*"**

Graduate Council interprets this incentive to mean that the use of research funding (or other non-state funds) to cover a portion of state-supported faculty salaries will enhance faculty salaries, even though the latter is not explicitly mentioned. The logic behind this interpretation is the following. The current document does not specify an explicit incentive for a faculty member who expends effort to obtain and maintain research funding from federal sources (or other non-state funds) to replace their salary from 19900 funds (state FTE dollars). However, the inability to supplement salary (or, for that matter, any expectation to replace 19900 funds with research funds other than funding summer salary), will hurt faculty recruitment severely; thus, our response assumes that a reward structure will emerge for those who are successful in reacting to this initiative, which could take the form of the negotiated salary program currently in the planning stages within the UC.

The risks of this initiative for the success of graduate education fall into two categories: those due to assuming total extramural support will increase, and those due to the changes in incentives facing faculty members. The success of the initiative is clearly premised on an increased level of extramural funding. The primary source of research funding is federal agencies and those budgets are under increased pressure to decrease. *In the absence of significant increases in extramural funding, any incentive to redirect faculty salary to grants will certainly reduce support for graduate students*. Given that this is a significant risk, a contingency plan is needed to protect graduate education and graduate student support.

There are two mechanisms for increasing total extramural funding:

- i) Increasing the amount per award: Due to funding limits imposed by granting agencies, faculty members will not typically receive more funding per project if they use grants to support their salary during the academic year. Hence, any increase in the amount of faculty salary charged to a grant will result in a decrease in expenditures in other categories, *including graduate student and postdoctoral scholar employment*.
- ii) Increasing the number of awards: Given the limited capacity to increase total extramural funding by increasing the size of awards, if graduate student and postdoctoral scholar funding is to be unaffected by the initiative, charging faculty academic year salary from agencies will require a larger number of awards. Given the decline in federal funding noted above this appears to be a high-risk proposition.

There are also other limitations impacting the success of this initiative. For example, NSF provides a significant portion of graduate support at UC Davis and limits compensation for senior personnel to no more than two months of their regular salary in any one year from all NSF-funded grants. *This requirement reflects the*

expectation that the majority of research expenditures should benefit graduate and postgraduate scholars' training, as well as exposing undergraduates to research. It must be recognized that NIH funding is structured differently from other agencies in that the full costs of the work, including faculty salaries, can be charged to the grant. However, the campus needs to be aware that even with NIH, charging faculty salaries to a grant may have negative impacts on the availability of graduate student funding. R01 awards use a modular budget format; even a good sized (10 module @25K per module) would be strained by inclusion of significant percentages of time for two senior investigators and would likely result in a decrease in the funding available for graduate students. R21 awards have a strict limitation to \$275,000 total direct cost over the two year period. Again, significant charge back of faculty salaries will leave very little funding for graduate students.

An underlying concern regarding the assumption that total extramural support will increase is the rising cost of employing graduate student researchers. Even in the absence of charging faculty academic year salaries to grants, total extramural support would have to increase in order to maintain current levels of graduate student researcher employment. At the present time, the cost of supporting a half-time nonresident graduate student is becoming increasingly close to that of a full-time postdoctoral scholar. If this gap narrows, the incentive to support nonresident graduate students (rather than postdocs) will diminish considerably. Reallocation of extramural funds to faculty salaries will exacerbate these financial incentives and may reduce faculty involvement in education of PhD students substantially.

The initiative is premised on a set of incentives for faculty members that will likely have negative effects on graduate education. To put it bluntly, Graduate Council is concerned about the allure of increasing one's own salary versus increasing support for graduate education if a negotiated salary system is put into place. A sentiment expressed to Council by faculty was that the budget suggestions presented will erode the university's focus on research and graduate education by offloading the "cost" of a research university onto the faculty themselves; faculty would be expected to generate income for the university and receive a portion of the gains personally.

These incentives will affect the university's ability to attract and retain outstanding faculty members. The quality of the faculty determines the success of the university at gaining research funding, and thus the opportunities and funding for graduate students. UC Davis must compete with comparable institutions that are capable of increasing the attractiveness of their faculty positions through central funding of faculty salaries; central funding of faculty salaries allows faculty to focus on a variety of scholarly pursuits beyond simply generating funds to cover "your own salary." Quite simply, if the faculty have to raise funding for their own salaries, graduate student salaries, the full cost of graduate student tuition, and the costs of equipment and supplies, UC Davis will not be competitive for grants or attracting faculty.

The implementation of an initiative to cover state-funded faculty salaries with grant funding *must be accompanied by a strategic plan that ensures such recovered funds are redirected to benefit graduate programs and graduate students* . It is unlikely, in our opinion, that such comprehensive planning will emerge from college or departmental responses to the budget initiatives, particularly because a significant portion of graduate education at UC Davis is conducted through graduate groups rather than through department-based graduate programs. Also, unlike departments, resources are not directly allocated to graduate groups (with the exception of block grant/graduate program fellowship funds). The support of graduate students through faculty research contracts is an important and effective, albeit indirectly distributed, resource for a graduate group. Thus, graduate groups are particularly vulnerable to any budget initiative that reduces faculty members' incentives to fund graduate students.

There are two additional issues regarding graduate education and this initiative. First, Graduate Council notes that academic year appointed faculty can augment their salary through summer compensation charged to research grants, which is a significant incentive to deal with non-competitive UC faculty salaries. This mechanism has the distinct benefit of actively involving the faculty in doing research with graduate students during the summer. Second, this incentive mentions recovering faculty salaries from endowments. Often such endowments fund graduate

students, and as such, are an important part of funding faculty research. Redirecting these funds to faculty salaries will eliminate that direct source of graduate student funding.

In response to *“Strategy #4. Increase autonomy for professional schools and increase revenue-generating degree and non-degree programs.”*

Graduate Council is concerned about a budget initiative that emphasizes professional degrees and self-supporting master’s degrees, because this emphasis places at risk the most essential and distinguishing element of a research university - doctoral and postdoctoral graduate training.

Graduate Council’s assessment is that the costs to establish and maintain a graduate program are poorly understood at UC Davis. This assessment is based in part on information it has been provided in proposals for new self-supporting programs and its review of an existing self-supporting program. The Joint Senate-Administration Task Force on Self-Supporting degree programs must correct this situation. Establishing a well-documented, transparent basis for the true, full cost of revenue-generating graduate degree programs should be a primary objective for the task force. This should be done prior to expanding the number and size of such programs at UC Davis. In the absence of this information, there is little justification for the premise that proposed self-supporting programs are indeed revenue-generating from the university’s perspective. Instead, they may tax campus as a whole even if revenues are generated for the units offering the programs.

Associated with this initiative was the discussion of decentralization of benefits. If benefits are decentralized (in either the professional schools or campuswide), then it must be clearly understood that benefit costs for teaching assistants can only be charged to a department, school or college account. Fee remission benefits for GSRs on 19900 funds (for example, start-up money) would be charged to that fund source along with the salary. That would be a new cost, presently borne by the central benefits pool, and if the decentralization of benefits option is pursued, then the money saved in the central benefits pool must be explicitly redirected to graduate student support as previously suggested by Dean Gibeling. If the benefit of graduate student fee remission costs were to be removed from 19900 funding, it will have a profoundly negative impact on the faculty’s ability to support graduate students, particularly those in the Humanities.

As a specific example of the impact of this incentive on a professional school, we highlight the perspective shared with us by the SVM faculty:

“The Chancellor’s budget proposal recommends returning all receipts for education of professional students in the SVM (tuition and all professional fees) back to the school to use as operating budget. The 19900 funds from the campus would be decreased in an amount equal to the return of these fees. This is a major step in the privatization of the School of Veterinary Medicine.

There are some obvious advantages: a) fewer restrictions on allocation of the resources; b) the ability to recruit additional foreign students who would add to the revenue of the school; c) the ability to adjust class sizes as appropriate to provide the necessary operating expenses of the school; d) the ability to clinically train students who received the first two years of education at Universities such as Ross University in the Caribbean with fees used to assist in payment for this training.

There are some potential disadvantages: a) lowering of academic standards to guarantee adequate numbers of students and corresponding fees needed to operate the school; b) potential for allowing marginal students to continue with their veterinary medical education despite academic difficulty within the program; c) potential for decreasing the quality of the clinical education with too many students relative to the caseload and the clinical faculty available to train them.

For graduate education the potential disadvantages are:

a) decreased interest in and commitment to graduate academic education (as contrasted with the MPVM program-graduate professional education). This will be a particular concern with new faculty hires. As the school becomes more privatized there may be a tendency to hire faculty who can assist in the clinics over those who will have a serious commitment to teaching and mentorship in graduate programs within the school.

b) decreased access to teaching facilities within the school. As class sizes become larger and with the implementation of the new curriculum, fewer classrooms will be available for lectures in the graduate programs.

The impact of this new budget will depend very strongly on the commitment of the new Dean appointed for the school and on whether the faculty are willing to insist that graduate education must remain as an equal priority to professional training.”

In response to “ **Strategy #2. Increase summer session enrollment** (\$6 million estimated for summer 2011 increasing to \$7.5 million in one or two years).”

Ex ante, Graduate Council sees both positive and negative potential effects of increased summer session enrollment on graduate education. To the extent that enrollment growth is due to an increase in summer course offerings, it will be beneficial to graduate education by creating more teaching assistant and reader opportunities that help fund graduate students, as well as offering opportunities for their employment as instructors. On the other hand, to the extent that expansion of summer session enrollment and course offerings results in additional teaching by faculty, there may be a negative effect on the faculty time available for advising and mentoring. If faculty members choose compensated summer teaching over external grant funding, then their research may be affected, as well as any funding for graduate students that may have been generated by this funding. It is essential that summer instruction fall under the same Academic Senate oversight as academic year instruction, and that summer course offerings be closely integrated into department planning. This will ensure protection of UC quality and the ability of the faculty to monitor and assess the potential competing effects on graduate education.

cc: Graduate Program Chairs

Council of School & College Faculty Chairs (BIOLOGICAL SCIENCES)

June 6, 2011 10:14 AM

Submitted by e-mail: June 3, 2011 4:33 PM

We understand the great challenge posed by ever-increasing budget reductions, and we appreciate that the Chancellor and Provost are sharing their proposed actions for comment. We generally endorse the broad critique made on behalf of the Davis Division Executive Council. Here, we focus on one issue of particular concern to CBS: "(5) Identify opportunities to redirect a portion of faculty salaries to research ... funds."

Recognizing that the May 6 budget letter reflects a relatively early stage in developing policies, we nevertheless were consternated by the vague nature of this statement. In particular, expectations or requirements for salary recovery by individual grant holders are not at all clear, and the statement generated considerable alarm and discussion among rank-and-file faculty. We request that working partnership with CBS research faculty be implemented to generate clear expectations and policies.

Our general concern is that direct cost budgets for extramural research have been subject to substantial (and continuing) increases in union-negotiated salary increases for technical staff and postdoctoral associates and sharply increasing retirement benefit costs. Fees for resident graduate student researchers have more than doubled over the past ten years, from under \$7,000 to more than \$14,000, with even larger increases on the way. A new mandate for faculty salary recovery will be the last straw for many investigators. Transfer of research funds to other categories inevitably degrades productivity, and thereby decreases the likelihood for competitive renewal.

There are several specific issues that constrain the capacity of research grant direct costs to continually feed these increases. We hope those in the decision-making ranks will understand and appreciate these serious concerns faced daily by the rank-and-file research faculty:

1. "Just increase the budget." Most agencies have a strict cap on the amount of budget increase even for competitive renewals. Often the recommended budget is subject to reduction, in response to agency budget pressures. For most of us, it is difficult if not impossible to "just increase the budget."
2. "Medical Schools do it." A new faculty member in a medical school environment writes salary into the budget from the beginning. Therefore, the "base budget" for future increases already has this component built in. A new faculty member in CBS does not write academic year salary into the budget from the beginning. Thus, taking salary ex post facto represents a decrease in some other category, since the overall "base budget" is essentially fixed.

Moreover, unlike our medical school colleagues, CBS faculty members have substantial responsibility for teaching large-enrollment undergraduate courses. Nevertheless, at least for NIH funding, we are in direct competition with medical school researchers.

Finally, there may be the perception that CBS faculty with research grants routinely "buy out" of their undergraduate teaching assignments by assigning a percentage of their effort to grants. In fact, very few if any CBS faculty do this.

3. "Just write more grants." Funding levels are near 10% or less for most agencies; anyone lucky enough to have an existing grant faces a difficult hurdle to obtain a second. Most of us work full-time just to maintain our current funding.

The payline history for R01 grants at NIAID provides a representative example. In FY 2004, the payline was at percentile 20; in FY 2011, it is 10. Therefore, the chance of obtaining an R01 from NIAID has decreased by half over the past seven years. Similarly, NIGMS received 17% more applications in FY 2011 compared to FY 2010 (3,875 vs. 3,312) yet funded 3% fewer new and competing grants (866 vs. 891). These trends will only increase as the Federal budget suffers continued reductions.

4. Faculty with Academic Year Appointments. This group is already disadvantaged, compared to their Fiscal Year colleagues, in that they are expected to capture summer salary from their grants. Currently, these generally are the most junior faculty. An additional grant salary burden would seem to hit this group especially hard.

5. Faculty with relatively small grants, such as those from NSF. This group has much less capacity to recover salary from grants. Indeed, the second paragraph in section (5) of the budget letter, suggesting an end to voluntary cost sharing, implies that all research grants will be required to request faculty salary commensurate with reported effort. This would have particularly severe consequences for the large number of very successful faculty who work in disciplines supported by smaller grants.

Overall, we strongly oppose any policy that mandates faculty salary recovery. This would reflect a striking change to the conditions in which we entered our association with UC Davis, and it would negatively affect faculty who wish to balance teaching and research. Mandatory salary recovery would represent a fundamental change in our responsibilities and expectations.

We appreciate your consideration of these factors, and look forward to working with you as policies are designed and implemented.

Sincerely,
CBS Executive Committee

Administrative Partners (DANN TRASK)

June 3, 2011 6:29 PM

Dear Professor Powell,

The L&S Executive Committee has reviewed the 2011-12 Budget Planning letter issued by the Chancellor Katehi and Provost Hexter on May 6, 2011, and wishes to make the following comments:

- In general, the committee feels a cautionary note is warranted until more information on the ramifications of the budgetary proposals to the mission of the academic departments, the ultimate responsibility for oversight of shared service centers, and the criteria for how judgment calls are actually made, are more fully detailed.

Specifically, under:

? “**Strategies to Generate Revenue**”

P Item #1: Increase undergraduate non-resident enrollments. What mechanisms will be established to recruit students to all colleges? Will quotas be set for colleges and divisions or could we end up with a situation in which a majority of non-resident enrollment is limited to a small number of non-L&S programs, while L&S departments must support these students in lower level required courses with no additional funding? Will there be a continuation of advising and other support for foreign student populations with both language and adjustment issues?

P Item #2: Increase summer session enrollments. What mechanisms will be established to ensure that all academic departments can take advantage of the revenue incentive program? Will small programs unduly suffer if the revenue incentive program is based on number of students taught, rather than some other metric, e.g., the proportion of majors taught?

P Item #5 and Attachment #3: The Committee wonders how the numbers for an attempt to redirect faculty salaries were generated. Since the major funding agencies for the college (e.g. NSF and DOE in MPS) do not allow for this form of redirection from research grant funds unless the P.I. is also head of an Institute, then what are the consequences if the target dollars cannot be met? Must the college find other ways to meet this target to the detriment of academic programs?

? “**Strategies to Increase Efficiency**”

P Item #1: Accelerate the Implementation of Shared Service Centers: We have already responded to a Senate request on Shared IT Centers and wish to strongly comment on the need to proceed more carefully with this process. The rush to implementation of several new campus-wide IT systems has led to a waste of faculty time and efficiency already. In particular, we note the problems encountered with vendor supplied Sympa, UCD-created SmartSite (and it's GradeBook in particular), in addition to the new ICMS system implemented by the Registrar. To quote Matt Augustine, Chair of the L&S Courses Committee: "The efficiency of the new software is so poor that an estimated one person month of time was wasted by the committee just waiting for the software to update information. Additionally, until recently the software could not operate in any efficient way from off campus locations." "The ICMS system easily doubled the committee workload and lack of timely vendor software support is disappointing." "The software configuration is not appropriate for course review and if I had not archived the committee comments using Excel, the entire review process would have been a complete loss for the year." Will faculty and students continue to be used as guinea pigs in the "rush" to increase perceived administrative efficiency?

? “**Strategies to Reduce Costs**”

P Item #2: Some of the programs being considered for reduction are very important to students, especially those representing the diversity the university seeks. We need to know more, as this may have implications for student retention campuswide.

Sincerely,

Patricia C. Boeshaar, Chair
Executive Committee
College of Letters and Science

Davis Division of the Academic Senate Committee on Faculty Welfare

The Davis Division Committee on Faculty Welfare met January 24, 2011, to discuss the UC Davis Chancellor Katehi and Provost Hexter letter dated January 21, 2011, to Colleagues on the subject of Campus Budget Update and resolved that:

The Davis Division Faculty Welfare Committee supports the Planning Principles outlined by Chancellor Katehi and Provost Hexter in their letter, written in response to the anticipated budget cuts in the coming fiscal year. In implementing these principles, we believe it is critical to preserve the teaching and research mission of the university. Thus, it is essential to maintain faculty morale, preserve the excellence of the current faculty, and sustain our ability to attract high quality faculty in the future. Therefore, it is important that:

- a) maintaining the quality of the ladder faculty should be the highest priority in allocating scarce resources;
- b) merit advancements and associated pay increases be continued;
- c) the proposed restructuring of post-employment benefits be implemented as decided by the Regents;