June 17, 2010

Harry C. Powell  
Professor of Pathology  
Chair, UC Systemwide Academic Senate  
1111 Franklin St., 12th Floor  
Oakland, CA 94607

Dear Harry:

RE: SYSTEMWIDE REVIEW REQUEST – CHOICES REPORT

The review of the Choices Report was conducted by Committee on Research, Committee on Planning and Budget, Faculty Welfare, Academic Personnel, Graduate Council and Educational Policy. There was unanimous agreement that the document we well written. There were some reports that made suggestions for revisions. Also, it is essential that the bulleted points include a page number where they are described. Differential fees, faculty compensation, online education, indirect cost recovery and diversity of students were all addressed. Below is a listing of the comments from each Committee.

Planning and Budget:
UC-Riverside’s Academic Senate Planning and Budget Committee members strongly endorse the Choices Report. The report is well written and compelling. Every choice and alternate choice is presented with supporting data, making the Choices Report an exceptionally valuable document. However, the recommendations listed early in the Choices Report (page 5) will likely become the focal point for discussion. We therefore suggest the following.

1. Number the recommendations so they can be easily referenced. If the authors want to avoid the idea that the numbering is related to priority, a disclaimer to this effect should be added.

2. Include the page number with each recommendation that directs the reader to the section in which the recommendation is discussed. If individuals don’t read the whole document, maybe they will at least read the section discussing a particular recommendation.

3. Consider the following revisions (in Italics) for specific recommendations:
   (i) Replace “Maintain or increase state support” with “The Regents must fulfill their fiduciary responsibility to UC by securing increased State support or by increasing student fees using the metric – average tuition at the private campuses of the comparison eight minus state funds equals UC tuition.”
(ii) Adopt a multi-year fee strategy using the above metric that clearly predicts annual tuition increases based on State funding to UC. The concept is “if the State does not provide X funding, tuition will increase by Y”.

(iii) Avoid stratification and tiering by campus, including historical inequities in the per student campus funding models that result in tiering de facto among campuses.

(iv) Increase recruitment of non-resident students. We suggest deleting the word “diversity” from this recommendation. It disingenuous to suggest that we are increasing the number of non-resident students to increase diversity.

(v) Add a new recommendation “Fulfill UC’s mandate to California to educate a diverse student body that drives the State’s economic, social, cultural and political future” between “Curb construction projects” and “Recognize UC Merced’s unique situation and fund that campus accordingly.”

UCR’s Planning and Budget Committee makes the following comments for the record.

1. We strongly endorse the recommendation to recognize UC Merced’s unique situation and fund that campus accordingly.

2. We strongly endorse the premise set forth in the last paragraph on page 18 under the section entitled “Differentials” that some campuses are more successful than others at enrolling a diverse student body and that spending less per student at the more diverse campuses would be terrible for UC’s public reputation. Additional funding for such campuses should be prescribed since many of UC’s ethnically diverse students come from our State’s most impoverished and underperforming school systems and thus, require additional support programs to succeed at UC.

3. We endorse the section on faculty total remuneration; current faculty salary scales, UCRP accrued liability, and proposed changes in post-employment benefits pose serious problems that jeopardize UC’s ability to attract and retain the high caliber faculty that have made UC the world’s greatest public university.

4. We endorse the section on online learning, which is especially well done.

5. We endorse advocacy on behalf of UC to educate politicians and the public that the University of California is one of the State’s most powerful engines for economic and social development and that the technical, social and cultural innovations that UC research drives will be impossible to sustain without adequate State support.

We also go on record in support of a faculty advocacy committee. The message reverberates throughout the pages of the Choices Report -- the faculty’s earlier and more recent deliberations and recommendations have been and are still being largely ignored by the office of the President and the Regents.

**Academic Personnel:**

1. We strongly agreed with statements that argue against weakening the ladder scale used for faculty merits and promotions. Like the authors of the reports, we do not support the concept of replacing ‘hard’ funding with grant funding. This is a very slippery slope that could irreparably damage faculty.

2. We strongly disagree with the assertion that all funding, including gifts, must be subject to increased indirect costs. The funds that are received greatly benefit the university, often through the hiring of graduate students. We believe that small gifts, specifically those
below $50,000, should not be subject to any additional indirect costs. Should such an indirect cost recovery program be implemented, donors would simply find other places to give and these monies would be lost.

3. There was a suggestion that a key concern from the faculty viewpoint is the need for more graduate student support. At UCR this has been a critical issue and the subject of much debate. Of course, finding more funds is a difficult proposition in tough economic times. However, there are alternatives to the current funding structure that could be examined. For example, in many CNAS departments, highly qualified students are offered one year of support by the Dean and one year of support from the home department (where TA activities are required). At a cost of $38,000 per year, just the two years covered by the Dean and Department cost UCR over $75,000. UCR also pays for any additional quarters that they TA, so the costs are actually much higher. In order to stimulate faculty to write grants or encourage them to support fellowship applications that include graduate student costs, a stipend of $1,000 per quarter per student that they pay for from grant funds could be added to faculty paychecks. A five year commitment could increase a faculty member’s salary up to $20,000 at no additional cost to the campus, while still saving the campus over $55,000/student (even including the $20,000 benefit to faculty). A four year commitment would provide the faculty member with $16,000, while saving the campus about $25,000. The cumulative savings would be substantial, and allow more graduate students to be supported. If a faculty member had two or more students the additional stipend could approach the economic effect of a merit. Realistically, the faculty benefit (and campus cost) would be somewhat less than $20,000 because some TA activity would still be required, and the faculty member would not be provided a stipend while the student was supported on a TA. Those faculty that do not have equivalent funding opportunities would benefit by additional graduate student funding availability from the administration. This is only one possible scenario. However, this strategy benefits both the financial operation of the campus and the faculty. We suspect there are similar win-win strategies that could be investigated.

Faculty Welfare:
The Committee on Faculty Welfare (CFW) carefully considered the "Choices" report from UCPB. In many ways, the narrative of the "Choices" report provides valuable and important arguments to rebut several of the recommendations by the working groups of the Gould Commission. CFW strongly recommends that these arguments be considered carefully by both the Administration and the Academic Senate before any of recommendations from the Gould Commission are adopted. CFW found the arguments in the "Choices" report against differential fees and in support of a unified System of campuses (Section 2b) to be particularly compelling. From a strict viewpoint of faculty welfare, CFW strongly supports UCPB’s arguments in favor of restoring competitive total remuneration that addresses shortfalls in both salaries and benefits (Sections 3a and 3b). CFW also agrees with UCPB’s concerns about the unintended, potentially deleterious consequences of adopting alternative salary plans for faculty (4b). CFW also found UCPB’s concerns with the assumptions underlying the expansion of on-line instruction to be well-articulated and worthy of detailed consideration prior to making any decision about on-line instruction within the UC System (Section 4a). Finally, CFW agrees with UCPB that the historical priorities for campus construction (Section 6b) and growth of administrative positions (Section 6c) in view of the current budget climate need to be reconsidered.
CFW was less enthusiastic about the specific choices and recommendations offered in the Executive Summary, however. Although these are indicative of some of the choices and actions that will need to be made, the narrative did not support the premise that the indicated choices were the only, or least-worst, ones available. Several members of CFW pointed out the absence of a coherent set of principles that might justify one choice or recommendation over another. The absence of any detailed cost-benefit analysis of either the cost-saving or revenue-generating recommendations on p. 5 also was perceived as a serious limitation by CFW. Thus, although CFW finds much to applaud in the narrative of the "Choices" report from a Senate and Faculty Welfare perspective, the absence of sufficient financial detail leads CFW to recommend caution in adopting the Choices report as the Senate's primary position paper on the financial restructuring of UC.

Committee on Educational Policy:

The Committee had a positive response to this report and values and supports many of the main points contained therein. Among the points supported by CEP are:

- Opposition to differential fees by campus, i.e., different campuses charging different fees for enrollment in the same major.
- Opposition to differential fees by major, i.e., charging different fees for different majors on one campus.
- Strong questioning of the rush to increase use of on-line instruction without conclusive evidence that on-line instruction will result in budget savings and without analysis of cited examples of abandoned efforts to set up on-line subsidiaries at other major universities.
- Opposition to extending compensation plans similar to medical schools for core campus faculty, i.e., shifting the source of funding for salaries from state funds to grant funds for regular faculty in certain core disciplines.

Other issues require further discussion, however, in the opinion of CEP:

- The report contains no in-depth discussion of issues relevant to staff, their current hardships and grim prospects. The CEP would like to suggest UCPB create an addendum dealing with this issue.
- The CEP would also like to encourage UCPB to continue its investigations into the growth of the senior management (MSP) sector and clarify if and how this surprising increase will help the mission of the University.
- The position taken in the report in connection with course buyouts seemed too one-sided. There are some benefits associated with this practice, and not only to the participating faculty. The CEP recognizes the issues raised in the report and does not support that this practice be encouraged without regulation; but, the Committee also opposes a blanket prohibition.
- The CEP would like to emphasize the many potential problems associated with an increase in the number of non-resident students, especially if they were to be accepted mainly in the most visible campuses of the System.
- Certain aspects to the format of the report are problematic. The manuscript is too wordy, making it difficult to see clearly the main points and the corresponding supporting arguments. The figures are not referred to in the text, which misses the opportunity of using graphic presentation of the data in support of the points being made. There are no references for the sources of data being presented; references are collected for each chapter/section, but this implies a reader might have to go through several documents before finding out where the data came from. The main concern about this report, however, is that it will be ignored, as others have been. What kind of sustained action can
the Senate take to insure the Regents become familiar with the issues raised in the Choices Report?

Committee on Research:
The overwhelming initial consensus was that the report seems well informed but almost unreadable. The executive summary doesn't help at all and the section title "True Cost of Research" seems incorrect since the section does not really attempt to answer that question but instead ranges through a number of related but different topics.

Many of the charts and graphs are basically incomprehensible. Overall, figures are shown without reference. It is not at all clear what statement is being made by their introduction. It should not be the reader's responsibility to determine what the authors had in mind. One responder wonders why the university doesn't undertake a university cost study in order to find out the true cost of research. If the various UC campuses have similar accounting systems then it would be possible to estimate a cost function just for UC using panel data (which combines time series and cross section data).

It was also felt that the section paid insufficient attention to incentives. One wants to allocate the revenue from indirect cost Recovery not only to pay for indirect costs, but also to provide Appropriate incentives: i) to faculty members to apply for external Funding; ii) to departments to appropriately reward faculty members who bring in research dollars; and iii) deans to appropriately reward Departments that bring in research dollars.

The report posits a number of interesting conundrums. For instance, UC is losing money by doing research because the overhead rates are insufficient to cover the full costs. It needs to be clearly pointed out that the current push on faculty to go out and get more grants will only make this situation worse. Until the overhead rates match actual expenses, then every new grant that comes in, even with maximum allowable overhead, is going to lose more money for the university.

Before instituting one proposed remedy to this situation, namely lifting the cap on the portion of IDC that is allowable to cover administrative costs, the UC needs to get its house in order by culling and streamlining the tremendous administrative burden on the system, which has grown out of all proportion to the overall growth in student and faculty numbers. The report points out that administration has increased well over 100% while faculty have increased only 25%, and a large proportion of these administrators are in the managerial and senior professional categories. This over emphasis on bureaucracy, compliance and administrative oversight is slowly sucking the vitality out of the system and produces nothing useful.

In so many instances in the past, when faced with having to cut administrative functions or services, the university's response has simply been to download more of the responsibility to the faculty. This is absolutely self-defeating. The more faculty time gets taken up with administrative duties, the less time available for teaching, research, and service.

The responses generally support the recommendation against differential fees that would continue the ghettoization of UCR. For the same reason, responders also commended the report's insistence on cross-subsidization and agreed with the report's caution regarding online learning as a cost-saving measure; it will certainly erode UC excellence. Although the report does not mention this, it would be especially difficult for UCR students who do not have the same online
access as other UC students. Also supported was the report’s call for "total remuneration", closing the gap between UC’s presently non-competitive salary scales and those of the private sector.

In summation, responders were irked by the ponderous nature of the text. Beyond that it was felt that greater emphasis should be placed on faculty incentives and streamlining bureaucracy. Responders commended the report for arguing against differential fees, advising caution in online learning and supporting total remuneration.

Graduate Council:

Overall impression. The GC endorses the key points of the report as they pertain to graduate education. Where choices are advocated that affect graduate students, they are in line with the prioritization of sustaining and improving training, and in a broader sense the recruitment and retention of high-quality faculty that serve as graduate student mentors.

Programs. It makes sense to delay starting new graduate programs until the ‘core’ is stable, as doing so without new resources will compromise existing programs. One GC member felt that investment in new interdisciplinary graduate programs could be a priority as these are a good way of attracting strong students and federal training grants.

Diversity. Although the Choices report refers to increasing the number of non-resident undergraduate students, recruiting non-residents for graduate school is good for diversity, which is a good indicator of successful graduate programs; the main issue is finding resources or policies that make it less expensive to do so. Many of the programs at UCR have seen slight declines in out-of-state and international students in recent years. It was also suggested that diversity could be increased at the postdoc level (through such programs as the UC President’s Postdoctoral Fellowship program).

Online education. At the graduate level, our Council has been skeptical that a UC-quality graduate education can be achieved with solely online content delivery. The additional information that such programs are costly and may actually increase faculty workload all argue against the use of online-only courses. At best, hybrid courses that are a blend of online and traditional training should be considered, if a case can be made that they would save money, are pedagogically rigorous, and/or increase access.

Other comments. Broader issues such as advocating for not shifting salaries to grants, maintaining competitive post-employment benefits, and avoiding stratification of differential fees by campus, are all consistent with strategies to maintain excellence of graduate programs at UCR and retain/recruit the best faculty to train students.

Sincerely yours,

Anthony W. Norman
Distinguished Professor of Biochemistry and Biomedical Sciences; and Chair of the Riverside Division

Sincerely yours,

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Distinguished Professor of Biochemistry and Biomedical Sciences; and Chair of the Riverside Division
CC: Martha Kendall Winnacker, Executive Director of the Academic Senate
Sel lyna Ehlers, Director of UCR Academic Senate office