June 23, 2009

TO: ANTHONY W. NORMAN, CHAIR, ACADEMIC SENATE

FM: MARY GAUVAIN, CHAIR PLANNING AND BUDGET

RE: EXPEDITED REVIEW: FURLOUGHS AND SALARY CUTS

On Monday, June 22, 2009, the UCR Planning and Budget Committee met to discuss the proposal from UC President Yudof concerning the Furlough/Salary Reduction Plan Options as a means of dealing with the financial crisis facing the university. The Committee identified five issues, listed below, that it feels are critical to the implementation of the plan or that require clarification.

The Committee has no preference regarding the three options; each has pluses and minuses. However, we strongly believe that, regardless of which option is chosen, the morale of the faculty and staff will be severely and negatively affected during the salary reduction period. Therefore, throughout the entire process we hope that the administration, both on the campus and systemwide, will be responsive in addressing the needs and concerns of all members of the UC community and will be as open and transparent as possible regarding the budget and planning of the university. In our view, Chancellor White has been exemplary on both these counts.

1. Salary Reduction Plan. We do not favor an across the board percentage cut, not even a cut that is stratified on two levels (i.e., for lower and higher wage earners). We believe this type of cut is not the fairest way to generate the needed funds and that it will have a larger negative impact on faculty and staff morale than would a cut that is progressive across all salary levels, with the largest percentage cuts taken at the highest salary levels. On this point, we suggest that the percentage salary cut increase linearly on a gradual scale ranging from a low of 0% to a high of 13%. Additionally, given that the target amount that the University hopes to generate from a salary cut is $195 million, we further suggest that these salary cuts be levied on the highest wage earners first and then be stopped once the target goal is reached. This approach may limit the need to impose cuts on the lowest wage earners on the campus.
2. *Furlough Days.* If Furlough days are part of the Salary Reduction Plan, as they are in Options 2 and 3, we prefer that these days be a mix of paid holidays and days that affect the delivery of campus services. We reason that some disruption to the operation of the university that results from the salary cuts needs to be made visible to the citizens of California in the form of reduced services. We believe the curtailment of services should be minimal in light of the increasing fees that students and parents are being asked to bear. However, we do not want to risk communicating to the state that we can absorb such pay cuts without any impact on the operation of the system.

3. *Transparency.* Salary cuts, by definition, involve the employees returning their earned dollars to the system. It is vital that the accounting process for this money be transparent and include how the cuts were made, how much money was generated, and how the money was used to meet the savings goals of the campus and the system at large. This accounting should also include a description of how the percentages that are used to make the cuts were derived, e.g. if there is an 8% cut, how was this figure derived?

4. *Economic Recovery.* When the economy improves and salary cuts are no longer in place, how will faculty and staff salaries be restored? Also, will any salary increases related to the awarding of merits or promotions be added at the end of this process or will they be included in the base salary on which the salary cuts are made?

5. *Benefits and Retirement.* We think it is vital that Regental action be taken to ensure that employee UCRP service credit and retirement plan benefits will not be impacted by the furlough and salary reduction plan, regardless of which option is chosen. Faculty and staff should not be further penalized (and demoralized) by losing the retirement benefits that accompanied the earned salary that was returned.
June 29, 2009

To: Anthony W. Norman  
Chair, Riverside Division Academic Senate

Fr: Richard Sutch  
Vice Chair, Committee on Academic Personnel

Kathleen Montgomery  
Chair, Committee on Academic Personnel

Re: Furloughs and Pay Cuts

The Committee on Academic Personnel convened on June 24 to consider your request for comments on the proposals from President Yudof regarding furloughs and pay cuts.

We are asked to consider three options for reducing faculty salaries. Whatever route is chosen, we all realize that this move is a major blow to the campus. We can anticipate an increase in resignations and retirements, increased requests for retention-justified off-scale salary adjustments, and a decline in faculty morale that may lead in some cases to reduced effort in teaching and university service as faculty redouble their research efforts in an effort to attract outside offers.

When combined with a freeze on new hires, the proposal will have a devastating impact on the quality of teaching and research on the Riverside Campus. Even if the financial emergency is contained to the AY 2009-10, it will take years and perhaps a decade or longer to recover. Every effort should be made to minimize the damage. We shall return to some suggestions at the end of this memorandum.

Beyond the sobering news, CAP was distressed by the lack of specificity in the President’s request and the lack of transparency in the process that has narrowed the choices to three. How was the figure of 8 percent arrived at? Independent calculations suggest that the cuts might be held to something like one-half the size proposed if the salary savings were spread equitably across units. What are the unspecified legal problems arising from the Fair Labor Standards Act? How will special cases and exceptions be handled and by whom? What mechanisms will be proposed for protecting retirement benefits and leave accruals under each of the three options?
The three options. It appears that only Options I and II make sense. Option III has all of the negative considerations of both Plans I and II and no real advantage.

CAP unanimously supports Option II (unpaid days). If retirement benefits are not protected then Option I as it stands is unacceptable. If retirement and leave accrual are protected Option II is still the preferred option. Option II has several advantages over Option I. By leaving the base pay unchanged faculty with grants or other sources of funding can receive pay for summer months at $\frac{1}{9}$th of their base pay. If the base pay were cut as under Option I, the summer pay would be reduced accordingly.

Psychologically it feels better to be asked to work less than to accept the idea that one’s effort is worth less. Moreover, the base pay is a starting point for any negotiations to move to another university. If we cut the base pay, we do double damage to morale.

The objections to Option II provided by the President’s office are for the most part unconvincing. Surely computer programming (contracted from the outside if necessary) and imaginative leadership can overcome the implementation challenges in the payroll system at little cost. And, surely, the Regents should and will take measures to protect benefits and leave accrual.

There are some questions and concerns that should be addressed.

- The 21 days need to be distributed equally across all three quarters, 7 days per quarter, and within quarters uniformly as possible by month.

- Some faculty have animal or insect care duties or continuously running experiments that preclude taking days off. Will they be given an exemption? If so, how will exceptions be administered?

- Some personnel are working in this country on H1B visas. It is required by law that these individuals be paid the prevailing wage for their work. Presumably, these employees will be exempt from a pay cut and from a furlough since the prevailing wage and working conditions are set by other institutions. How will this inequity be handled?

- We assume that the furlough will literally be days off. That means that faculty will be free to use that time for outside consulting or other non-academic activities. Will they be free to teach at other institutions on furlough days?

- We have been told that faculty should not reduce classroom contact hours. Because committees and other service obligations have defined agendas, it will be difficult for faculty to reduce service activities (except by shirking them). Apparently the President anticipates that the reduced effort will be composed largely of reductions in research activity. However and somewhat paradoxically, it will be in the faculty member’s
own interest to continue research at the same level or even at an increased pace during the furlough period to enhance his or her reputation and thus attractiveness on the academic market. How will the University administration address this contradiction?

To prevent the furlough from becoming a sham, CAP feels that the University must transparently demonstrate (to the faculty members, the staff, the students, the legislature, and the general public) what is being left undone or lost. It would be a serious mistake to suppose that education, research, and public service should continue at a normal rate despite the reduction in salary cost.

Although these productivity reductions will not affect files to be reviewed in the coming year, a number of faculty have already asked how the furlough/salary cuts will affect evaluation of their productivity. Our answer will undoubtedly influence how faculty members reprioritize and reallocate their time in response to the impending salary reductions. Silence or equivocation on this score would foster mistrust, increase cynicism, and further reduce faculty morale. For this reason CAP intends to formulate a policy for release before the start of classes in the Fall. Before doing so, CAP intends to discuss this issue with the Vice Provost for Academic Personnel and the Executive Vice Chancellor and Provost on an urgent basis and has already requested a meeting with the administration following the Regents’ July meeting.

**Some suggestions regarding morale.**

It should be obvious that it would help a great deal if this emergency action were presented as a deferment of pay, not as cut. The lost income might be paid back (with interest?) in the future when the financial situation is improved. If that is not possible, then other ways to push some of the losses incurred by faculty members into the future should be implemented. For example, teaching credit could be inflated by a multiplier of 1.087. Thus, a faculty member with a four-course teaching load who taught four courses would be given 4.35 course credits, which would then carry over as a credit of 0.35 courses to the future.

The campus administration should make clear from the outset that it recognizes the serious blow to faculty morale and the serious impact on objective measures of teaching performance, university service, and community outreach. The administration should take immediate action to ameliorate the detrimental impact on morale, not by punishing slackers, but by positive actions.

First, there are some cost-effective perks that might be introduced to underscore the University’s concern with faculty and staff welfare. Here are some examples:

- Free tuition for faculty and staff for their children or their partners at any campus in the system. Since the marginal cost (the loss of tuition from a small number of students) is low, this would be a very affordable program to implement and announce. This should be made a permanent feature of
the benefit package and thus would have the greatest impact on the younger faculty and staff and might help the campus to retain such faculty.

• Free or subsidized child care for faculty and staff. This might be easily and economically accomplished with child care vouchers. Again, this proposal would have the strongest impact on the younger members of the faculty and would have a relatively low cost per faculty member.

• Generous funding for TAs and RAs. These employees are our graduate students. They are comparatively inexpensive teaching and research resources. An increase in funding for these positions could lighten the teaching load on tenure-track faculty (TAs make it easier to teach large lecture courses) and accelerate research productivity. The impact on morale would be worth the cost.

Second, the faculty should be given some clear indications that the campus is making plans now for an unraveling of the emergency pay cuts. The plans should make it clear that the campus realizes the damage that will be done and that administrators will take serious, proactive measures to repair the damage as soon as it is financially feasible.

• Pledge that all cuts will be restored without prejudice as soon as possible.

• Pledge that all shortfalls in contributions to the retirement plans will be made whole as soon as possible.

• Announce a plan for rebuilding our faculty to be implemented when the financial emergency is over and ask that departments and deans begin planning for the foreseeable recruitment and rebuilding efforts necessary immediately.

Finally, CAP joins with faculty across campus in urging the administration to fight vigorously for Option II over either Option I or III and to challenge the systemwide administration on the underlying accounting logic that led to the 8 percent proposal.

CC: Harry Green, UCR’s UCAP Representative
Date: June 30, 2009

To: Tony Norman, UCR Academic Senate

From: Rick Redak, Chair, UCR Committee on Faculty Welfare

Re: Proposed Salary Reductions

Over the past ten days, the Committee on Faculty Welfare discussed by email the documents pertaining to potential upcoming salary reductions. The Committee is unanimous of the opinion that if salary reductions are implemented, that they be done so through what was presented as Option II: Furloughs Only. Furthermore the Committee is unanimous of the opinion that regardless of which option is chosen, the retirement system and accrual of benefits be unaffected by a salary reduction (We note such a system is already in place for those employees electing into the START program). The Committee was not in favor of tinkering with the employee salary scales as we felt it would indeed be a long time before the scales could ever be restored. Furloughs avoid this problem and are certainly more easily reversed than altering the salary scales. Finally, the Committee was unanimous of the opinion that regardless of the option chosen for salary reductions, that all employees be subject to the reduction regardless of funding source. There is an issue of equity here, both within and among UC campuses, that is critical to maintain. The Committee did not discuss an option for a sliding scale of salary reductions by which higher paid employees would incur a larger reduction that would lower paid employees.
TO: C.C. Wang, Chair of the UC Committee on Privilege and Tenure  
FROM: Teodor Przymusinski, Chair of the UCR Committee on Privilege and Tenure  
RE: Comments regarding the proposed furloughs and salary reductions at UC

The members of the UCR Academic Senate P&T Committee unanimously state the following.

I. PRINCIPLES

- We acknowledge the severity of the financial crisis.
- A clear justification is required of how the proposed cut figure was derived. If the current 8% figure cannot be fully justified, a revised figure must be provided.
- In any measures that are taken, the pain inflicted on the faculty must be shared by other members of the UC community (administration, students). This is to ensure that the extraordinary measures remain extraordinary, are used for nothing besides the stated aim of crisis mitigation, and are rescinded or reversed truly at earliest feasibility.

II. ADDITIONAL MEASURES REQUIRED

- Reduction (commensurable with salary reduction) in teaching load via reduction in quarter length or number of teaching contact hours ('student furloughs') and corresponding reductions in other faculty assistance to students (e.g. office hours).
- A moratorium on new major expansion or construction projects.
- Ensuring that the proposed furloughs and/or salary reductions do not negatively impact faculty retirement benefits.
- Giving careful consideration to making part of the proposed salary reduction in the form of loan by faculty to UC, to be repaid with interest upon severance, retirement or at earliest feasibility.

CC:
1. Anthony W. Norman, Chair of the UCR Academic Senate
2. Members of the UCR Committee on Privilege and Tenure