

June 19, 2009

Dear Colleagues,

We write in response to President Yudof's June 16 proposed options for achieving salary savings. The campuses are being asked to provide "expedited review" of the three options (salary reduction vs. furlough).

Given the timing and transmittal of this request, sent individually to all faculty and staff, so late in the year, with so little turn-around time, the Committee on Planning and Budget (CPB) has decided to identify the main issues we see as critical to the review of the proposal.

1. We strongly support a graduated or progressive application of any salary reduction. The current proposed option one sets two levels of salary cut, 4% below \$46,000, with the salaries above \$46,000 cut at 8%. Cutting the salaries of those who earn less than \$46,000 by 4% is unconscionable. CPB recommends that a salary reduction plan be devised that achieves the desired total of \$195M in savings, on a graduated basis from, for example, 4%, 8% and 10%. Salaries below a designated level would not be cut, and then above that level, the graduated cuts of 4%, 8% and 10% would apply. Salaries for Senior Management Group personnel would be subject to this cut, in addition to the 5% reduction announced earlier this month.
2. Any salary reduction plan must have in place explicit measures for mitigating the impacts on a) service credit; b) retirement benefits; and c) leave accrual.
3. Any salary reduction plan must have in place an explicit sunset clause that specifies not only the time of duration (as do all three options) but also that at the termination of the cut, salaries will revert to the pre-cut level, and salary increases due to merit and promotion will reflect the current pay scale.
4. Although the policy states that it will apply to all faculty whether paid by grant, contract, clinical income, or state funds, it is not clear whether or how the President can legally furlough those paid by NIH rather than the state of California. CPB is also concerned about the moral, ethical and legal obligation that such external support implies to accomplish a certain amount of work within a certain period of time. The longer the furlough the greater impact on the period of the contract. At some UC campuses, significant numbers of faculty are on soft money (i.e., NIH, NSF, and other federal grants or contracts) not state funds. In addition, many ladder-rank FTE faculty generate portions of their salary from such grants, contracts, or clinical income.

CPB would have liked to lead a coordinated campus effort to respond, and this is the best second line of defense we could devise in the time allotted. We hope that you will find our views helpful in understanding and responding to the salary-reduction proposal. While we were asked to review this proposal, it is critical to note that the decision-making process itself has failed to lay out possible long term alternatives to salary

reductions that might include reducing instruction or planning to reduce the UC's holdings via the sale of assets. The absence of such major policy guidance from the UC leadership is deeply disturbing.

Sincerely,
Committee on Planning and Budget
UCSC Academic Senate