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**MARY CROUGHAN, CHAIR
ACADEMIC COUNCIL**

RE: UC Merced's Response to President Yudof's Options for a Salary Reduction/Furlough Plan

The Merced Division would like to thank you for the opportunity to comment on President Yudof's draft options for furloughs and/or salary reductions. At Merced, we have been well aware of the financial challenges facing both the State of California and the UC system since we opened. Merced does not support a reduction in compensation, because of the terrible consequences for teaching and research, recruitment and retention, academic quality in general, and morale. However, we are committed to working with the President to handle this current crisis and appreciate his attempts for broad consultation and discussion. In this letter, we outline our consultation process, state the results, and provide a discussion of the reduction of compensation in terms of Merced, equity, and the system.

1. Consultation and results. The draft options were distributed to the standing Senate committees; the Committee on Academic Planning and Resource Allocation and the Graduate and Research Council responded. In addition we surveyed the Senate members asking them to state which of the three options was most preferred, as well as soliciting their views and comments.

Before discussing the survey responses, we would like to comment on the UCOP consultation process. It was far from ideal, with inadequate information and constantly changing parameters. As UCOP consulted with different groups, each option appeared to morph (summer salaries were included, then they were not). In the end, faculty lacked information about what each option entailed and the full extent of the proposed salary cuts.

Of the 125 senate members who were asked to complete the survey, 57 (46%) responded. Among those who responded, 68% preferred option 2 (21 Unpaid Days), 18% preferred option 1 (8 percent Salary Reduction), and 14% preferred option 3 (12 Unpaid Days Plus a 3.4% Salary Reduction). Thirty-eight faculty shared suggestions/comments. Themes repeated in their comments:

- If furloughs are implemented there is a strong preference that they be accompanied with a commensurate reduction in the number of instructional days each semester/quarter or else the public does not experience a reduction in services.

- Not one policy fits all.
- Split responses on pay cuts applying across the board. There was a concern about remaining competitive, particularly in attracting post-doctoral fellows.
- Strong sense faculty should be able to make up lost income or that there be reduction in school year.
- Strong concern on how this will affect tenures and promotions. Will the expectations be lowered or will the time be extended?
- Strong concern about mortgage costs, particularly MOP loans.
- Numerous comments on how the salary reduction scales should be truly graduated.
- Multiple comments on not touching summer salary; one suggestion was to allow a 4th month of summer salary.
- Strong concern that the cuts to the UC system are long term and UC has not developed a strategy to remain competitive in the new budget environment.

2. Merced and the system-wide budget. Nowhere are the system's structural problems more acute than at Merced, where the campus's highly stretched 120 ladder rank faculty (approximately 60% untenured) will be teaching 3400 students, averaging about 6 faculty per major. We are particularly vulnerable: The loss of any faculty member can derail a major; the inability to hire prolongs the overload faculty are carrying in most majors. In addition, Merced faces accreditation review in the upcoming year, and it will be reviewed not only on its curriculum but on its financial sustainability. Our supplemental state allocation is being halved for the next academic year. *UCOP and the Merced administration need to work together on a sustainable financial model for the campus, with strategic growth in ladder rank faculty number and student numbers.* This issue cannot be deferred.

3. Equity. On the issue of "equity," there are already large inequity issues that exist in the system, starting with the average amount each campus receives on a per student basis. If uniform pay cuts regardless of source of pay is implemented, and campuses are allowed to shift savings from profitable professional schools and auxiliaries (e.g. sports) to offset campus shortfalls, then campuses without those pools of money will be at a disadvantage, reinforcing stratification between campuses. If the plan is only applied to state salaries, some campuses will bear a proportionately much greater burden than others, with the tendency to promote and reinforce stratification. Campuses vary greatly in their proportion of state-derived revenues, from 14% to 57%, however, all faculty and staff, regardless of source of pay, benefit from state-supported University infrastructure. *The final strategy should be designed to mitigate the stratification between campuses.*

4. Systemwide strategies. The plan to cut pay is non-strategic in nature. That is, the UC system faces serious cyclical as well as long-term financial difficulties, and the plan does not address the structural problems of the system, nor does it address alternatives such as reducing the size of upper administrations at the campus level, selling assets, and increasing the number of out-of-state and international students and rethinking the current growth model for the UC system. *The Master Plan for the University system needs revision.*

Chair Croughan
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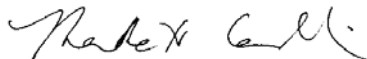
If furloughs are implemented, scheduled furlough days for staff, during the academic year, would have the most visible (and disruptive) impact to faculty who are carrying out teaching and research on those days. As an alternative, Merced recommends reducing the length of the academic year, having fewer teaching days, so that the effect of reduced state funding is visible to the public. By decreasing the cost of an academic year, there would be less pressure to raise student fees. UC's excellence depends on a diverse student body and being a public institution. *Merced's view is that if funding cuts to the University are invisible to the public and serve to increase the perception we are an elitist enterprise, then the cuts are more likely to be permanent.*

If any of these options are implemented, it should be done progressively. This can be done by varying the number of furlough days or using several levels of graded cuts, not just two, as proposed. We make this suggestion simply as a means of balancing a cut across salary ranges; note that Merced does not support any reduction in compensation.

In addition, the exit strategy should be worked out. The temporary nature of these pay cuts has been stressed, but it's unclear what conditions would allow a restoration of compensation. The longer compensation is reduced, the greater the risk of continuing damage to academic quality of the University.

We need to respond to the current budget crisis in a way that maintains the respect of the University community. Whatever option is implemented, we encourage President Yudof to make this part of a broader strategy, and announce the predicted additional cuts to compensation that will occur during the year (increased health costs and restart of employee contributions to the retirement fund). As always, the intellectual and goodwill capital provided by the faculty, student and staff is our greatest resource. Sincerely,

Sincerely,



Martha Conklin, Chair

cc: Divisional Council
Senate Director Clarke