

The letter posted here attempts to distill the myriad of comments and opinions which we have received over the past several weeks. It was also informed by the opinions of a number of senate committees and drafted by the Budget Strategies Working Group. Thanks to the many individuals and groups who have thoughtfully provided input.

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July 6, 2009

MARY CROUGHAN  
Chair, Academic Council

*Subject: Furlough/Salary Reduction Plan Options*

Dear Mary,

The call for expedited review of President Yudof's Furlough/Salary Reduction Plan Options was received after our Divisional Council's final meeting of the academic year. Hence, the comments we submit have been informed by consultation with several divisional standing committees, numerous faculty groups, as well as individual faculty members from all segments of our campus. The principles presented were distilled from the many opinions received by our Budget Strategies Working Group, convened this spring by the Berkeley Division, and consisting of our divisional leadership, plus representatives from the most relevant Senate committees.

President Yudof's plan presents three ways of implementing one basic policy decision: cutting the state-funded payroll so as to realize a net savings to the system of approximately \$200 million. We accept that the University system has little choice but to implement, as an immediate short-term strategy, some form of pay reductions. The plan offered, however, does not present any other options such as, larger systemwide reductions, temporary increases in tuition, or smaller reductions in payroll.

The document lacks sufficient information for critical analysis of the proposed options. As a result, we focus our comments on principles that we believe should

undergird the implementation of any furlough or salary reduction plan. These principles include:

- **Individual campus flexibility**
- **Tangible work reductions corresponding to pay reductions**
- **Application only to salaries supported by 19900 sources**
- **Greater protection for the lowest paid faculty and staff**
- **One-year horizon for salary reductions**
- **Protection of retirement benefits**

These principles frame Berkeley's (and UC's) commitment to excellence in teaching and research. The massive cuts in state support will unavoidably damage our enterprise across a number of fronts. These principles represent ways to reduce the damage to staff and faculty commitment to UC, which is ultimately at the heart of our excellence. Strategies such as protecting junior faculty and post-doctoral researchers, optimizing non-19900 funds, and protecting retirement credit, are proposed as means of mitigating the harm.

*I. Each campus must be afforded the autonomy to tailor a flexible furlough/salary reduction plan to its local circumstances and budget exigencies.*

Each UC campus is unique in its operational demands, resource pools, sources of savings, and possibilities for revenue generation. Campuses may be able to or may choose to realize different levels of immediate savings through administrative centralization, programmatic restructuring, reliance on reserves, or reductions in non-core programs. A Procrustean policy of steep, uniform wage cuts removes the incentive for campuses to innovate in their budget policies. We strongly believe that each campus must have the flexibility to optimize its resources; imposition of a single model would make this unlikely, if not impossible.

*II. Furloughs are strongly preferred.*

Faculty at Berkeley are remarkably united in preferring some form of work reduction in relation to pay reduction, and adamantly opposed to cannibalization of paid holidays. For staff, it is unreasonable to expect them to do the same work when the state is cutting their pay. Furloughs provide a major advantage, as they can be implemented incrementally, in response to campus-specific progress in other budget reduction measures.

We strongly believe that the deleterious effects of the state budget cuts must be made visible to the legislature and the voters: they must clearly see that we cannot perform the same educational services with 20% fewer resources. We therefore believe that furloughs for faculty should not come entirely out of non-teaching days. Instead, it would be appropriate in response to these drastic cuts to shorten the teaching calendar, for example by beginning the terms later, or extending the Thanksgiving and spring breaks. A reduction in the teaching calendar would help to offset the harm to faculty morale from these cuts. Such a reduction is appropriate and demanded by equity.

### ***III. Flat reduction in all salaries, regardless of source is counterproductive.***

The proposal speaks about the value of equity, a value we share. Equity, however, does not demand cutting a large number of salaries from which no savings will be realized by the University, which runs counter to the national effort at economic stimulus and the state need for income from taxation. Cutting non-19900-funded wages will impair research efforts; it will entail inefficiencies in research spending, potential reductions in overhead revenues to the campuses, and inequities to faculty and staff who have raised their own salaries through extramural funds.

We therefore believe that reductions should apply only to 19900 and other centrally-allocated state funds in order to avoid a net reduction in resources available to the University. While the Berkeley faculty is not unanimous on this point, many recognize that across the board cuts may cause external sponsors to cancel projects, or request the return of unexpended funds. In addition, this serves to protect the salaries of the majority of post-doctoral researchers, who comprise a critical University resource.

### ***IV. Greater protection for the lowest paid faculty and staff.***

We believe that equity demands more protection for the most vulnerable University employees. While we commend the protection offered to the least-paid staff, we believe that it would be better to adopt a policy minimizing the impact on the lowest paid cohorts of both staff and faculty. This is one way to protect the junior faculty, and by extension, the future of the University.

### ***V. Plan proposed must be viewed as an emergency, one-year response to the problem.***

There is substantial risk that state funding levels may not be restored; the University now faces significantly greater structural deficits in its operation. A multi-year steep reduction to salaries that already substantially lag the market, however, will be devastating to faculty morale, particularly those in early or mid-career. Accordingly, we believe that the proposal must make clear that extension of any wage reduction must meet a much higher standard of persuasion, involving a demonstration that cuts remain necessary, even after aggressive policies to reduce costs and enhance revenues have been implemented.

### ***VI. Retirement benefits must be protected.***

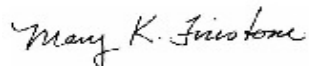
Retirement benefits should be based on current salaries; if furloughs are implemented, service credit toward retirement should be based on full time effort. Many faculty near retirement will feel betrayed if their future retirement expectations are depressed by these policies. Others have made clear that the retirement program is one of the chief reasons for remaining at Berkeley, despite the lag in salaries relative to the market. We believe a policy resulting in a net

reduction in retirement benefits would be shortsighted and would constitute a profound blow to morale and commitment.

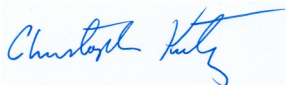
President Yudof has spoken of his confidence in the resilience of the University, even under these harrowing circumstances. However, we are also mindful of the fragility and singularity of California's achievement in creating a public institution so rich in talent and so fecund in its returns to the state -- economically, socially, and culturally. This achievement was won through the resources that California invested in the University, and through the commitment of the University to its employees, both staff and faculty. While Berkeley will endure in some form, we fear that failure to implement a policy consistent with the principles we have enunciated will seriously reduce the University's future social and economic contributions to the state of California.

*We urge President Yudof to make clear to the people of California that a 20% cut in state support will damage, perhaps irrevocably, the University's mission of teaching, research, and building the state's economy. We are deeply concerned that the Administration offers no concrete plan for revenue enhancement in concert with the proposed reductions. We call upon the University to develop a strategic approach that ensures the institution's long-term viability in an era of shrinking state support.*

Sincerely,



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Chair, Berkeley Division of the Academic Senate  
Professor, Environmental Science, Policy and Management



Christopher Kutz  
Vice Chair, Berkeley Division of the Academic Senate  
Professor of Law

Cc: 2008-09 Divisional Council  
Budget Strategies Working Group  
Yale Braunstein, Chair, Committee on Faculty Welfare  
Fiona Doyle, 2009-10 Vice Chair, Berkeley Division of the Academic Senate