

June 27, 2009

Dear President Yudof,

No doubt everyone is reeling from the extent of the proposed salary reductions, and the unfortunate sense that even though the most vulnerable on the salary scale receive a modicum of relief, those immediately above the cut off line will end up being worse off than them. Postdocs also seem more like graduate students than faculty, and so it would be reasonable, I think, to treat their salaries as contributions to their extended training and exempt them. That shouldn't cost the university a considerable amount.

There is a different pressing concern regarding the reductions to which nevertheless I feel I must draw your attention.

Salary reductions, it is being proposed, will be across the board, regardless of fund source.

I understand and appreciate the concern about maintaining equity, as well as protecting against potential legal action as a result of differential treatment. In the understandable undertaking of the proposal to be equitable across all classes of employees, it nevertheless generates unfairness. Equality involves treating like alike; when it treats unlike alike, as the law has often taught us, it can be profoundly unfair. There is at least one category of employee it seems to me should absolutely not be subject to these reductions and that so subjecting them raises concerns, both moral and potentially legal, at least of equal weight.

Thus, those hired as contract labor, whose employment in the relevant classification was made possible and is 100 percent funded by external grant funding, seem especially wronged by the mandated salary reduction, whatever level it turns out to be set at.

The relevant distinction seems to be between contract labor and regular university staff. Here contract labor are understood to be those hired explicitly to complete work on the grant or contract, who were not before and now are not otherwise UC staff, and whose employment would cease at the end of the grant unless funded by some other grant. No portion of their salary and benefits is covered by funds other than grant or contract funding. They differ in that regard from university staff some portion of whose salary

is written off to the grant or contract funding for the purposes of completing the work but whose salary would revert back to state or university funds once the grant ran out.

Contract labor receive no salary or regular benefits from state funds or other university funds. They are fully covered by grant funds. They would not return to staff lines, state or university funded, once the grant ends (at least not automatically or without going through a separate and unrelated recruitment). They were hired for the sake and duration of the grant. They cost the state or university nothing, in salary or benefits. In effect, they are being asked to "sponsor" the salary reductions, but for no good reason.

The funds "saved" do not go to the state, they do not contribute to meeting the university goal of covering the budget shortfall. Indeed, their reductions may in fact end up costing the university funding--by virtue of lost IDC because of the reduced grant expenditure as a result of the reduced salary.

Should the mandate stand and contract labor are subjected to the same across the board reduction, it would seem to raise a couple of additional concerns. First, on existing grants the university has effectively contracted with granting foundations or agencies to deliver work subject to conditions stipulated in the proposal. The reductions and/or furloughs would seem to alter those conditions unilaterally (a furlough amounting effectively to something like a month off in the year seems unilaterally to extend the period of grant work for a month or requires that 12 months of work be done in 11 months at reduced pay). That the reduced salary funds return to the grant may simply mean that the grant has to return them to the Foundation if expenditure on other proposed items is rejected by the Foundation. The latter is not an unreasonable assumption as Foundations too are concerned about their shrinking endowments and may see the returned funds as ways of supplementing grantmaking they would otherwise not have the means to cover.

Second, researchers are likely to look to run their grants through institutions or organizations outside of the university in order not to subject contract labor to the reduced scales (I have already had inquiries along these lines). And third, granting bodies may be discouraged from making grants to the university because of the inequitable or inhospitable policy.

As for any legal challenges on the basis of equity concerns, I understand that other universities--USC is one--have mandated across the board salary cuts this year and exempted contract labor, and have had no challenges to the policy as a result.

My concern is obviously a bit self-serving in the sense that I would hate to

see a policy that really has no impact on helping the university reach its target reductions jeopardize the relation we have with the MacArthur Foundation, the roughly \$10m funding we currently have from them and the prospects of considerably more. Also, that we would be applying for grants on the basis of reduced salary amounts going forward would further drive down the amount of IDC the University would be in a position to collect off grants, thus deepening the budget shortfall over time.

So it seems to me that insisting on reducing contract labor salaries is deeply self-defeating, achieves no reasonable end, and is on balance more unjust than not. If you and Regents choose a blanket policy irrespective of funding source, will there at least be a procedure for requesting viable exceptions on a case by case basis?

Thanks for your understanding and consideration in these very trying times.

Sincerely,

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