

June 28, 2009

Dear President Yudof,

This letter is an appeal for you to reconsider some of the terms of the proposed salary cuts, as outlined in your letter on June 17. I write from the position of a PI of several large research grants in the field of education. I would like to describe the negative implications that the proposed cuts would have to our work, and urge you to consider alternatives that would be more equitable, allow us to honor our contracts with our funding agencies and employees, and better address the budget shortfall. I address each of these in turn.

1. The principle of equity requires consideration of the diversity of employment conditions.

The effort to be equitable in how the salary cuts are applied is a laudable one, but the problem is that a fixed salary cut or furlough policy applied to all employees is inequitable given that all positions are not created equal. Others have already suggested that the cuts should be higher for those in the higher income brackets and the postdocs should be included in the student exemption. In addition to these differences, I believe you should also be considering differences in terms of employment.

The distinction between staff in positions vital to the ongoing operations of the university and those who are funded on external contracts and grants is not simply a distinction between funding source, but also a distinction in the form of commitment that the university has given these employees. Those funded entirely on research contracts have been hired to perform a specified work in a fixed period; these positions are contingent on fixed-term external sources, and there is no expectation that the lines would convert to "hard" lines were funding to dry up. These employment contracts are generally one or two-year contracts tied to specific grants. Asking those who work under these more contingent and unstable terms to shoulder the burden of supporting the longer-term employment expectations of others does not conform to the principle of equity. It amounts to a kind of taxation without representation in that contract-contingent employees do not reap the benefits of the university's commitments to minimizing lay-offs of its essential employees.

2. Mandatory salary reductions or furloughs violate the terms and intent of contracts with funders and employees.

Were the proposed policies to be put in place, we would be asked to renegotiate the terms of our grants for reasons being determined unilaterally by the university in ways that do not reflect the interests of those funding or performing the work. This puts the PIs in an untenable position of having to return funds necessary for our work and being prevented from making good on the contracts we have committed to. Although I have heard proposals on the table that the savings in labor costs could be applied to other line items in a research grant, I feel this stance is unethical. Money that was allocated for staff salaries should not be plowed back into other research costs that are being inflated purely for the purposes of addressing an administrative imperative, and are clearly not necessary for the completion of the work. How can we reasonably claim that suddenly other research expenses are needed because we happen to have money left over in our grant budgets? If we are forced to take the money away from employees, it should be returned to the granting agencies to apply to other programs.

In addition, there is the issue of how we can credibly claim that we could fulfill the terms of our research contracts with reductions in staff time and/or salaries. Renegotiating the terms of our grants to incorporate furloughs or salary reductions threatens the fundamental viability of the contract work; it is not simply a matter of reallocating or returning remaindered funds. In the case of salary cuts, we would have to argue that the work we had proposed could actually have been done with lower labor costs, a claim that threatens the credibility of the PIs. In reality, the salary cuts threaten the longer-term viability of the staffing for our grants. In addition to subjecting contract staff to below-market wages, we suffer from a substantial blow in morale. Contract-funded staff are fully aware that they are being asked to take salary reductions for cosmetic reasons that will not help resolve the budget shortfall, and further, that other universities have not applied salary reduction policies in the same ways to soft money positions. In the case of the proposed furloughs, this would mean that we would have to delay completion of the work, and apply for new grants or grant extensions. It is unclear whether granting institutions would agree to these terms. Will there be contingency plans in the likely event that it is not possible to renegotiate contracts based on the terms you have laid out in your policies?

These conditions would constitute a violation of the trust in our relationship with our funders and our staff, and may even open up legal challenges at the contractual level. If these demands for changes in budget and scope of work could be backed by a strong ethical argument for equity, or an argument for why these cuts would

further they overall agenda for public research, we might have a leg to stand on, but this is not the case with the proposed policies.

3. Applying the salary reduction plan to soft money positions, rather than mitigating the budget crisis, will exacerbate it.

As you are aware, budget cuts to grants does nothing to help with the budget shortfall. In fact, it will make it worse for the following reasons:

- Cutting staff salaries means losing the indirects on those amounts, with no corresponding reduction in other expenses to the university, such as benefits and infrastructural costs.
- Over the longer haul, grant revenue to the UCs will drop. The proposed policies provide motivation for granting agencies and PIs to move to other institutions that are more understanding of the specific conditions under which research contracts are conducted. Unlike lines that are attached to the administrative and teaching functions of universities, contracts and grants are highly mobile. Many of us have choices in terms of which institutions to host our grants—whether that is because of the mobility of our own positions or because larger grants tend to be multi-institutional. The longer-term effect of policies that provide a disproportionate burden to contract-funded workers will be migration to institutions that have demonstrated that they can provide more equitable policies. Other universities facing budget cuts have not adopted the same blanket policies that are currently on the table for the UC system.
- The proposed cuts are substantial, and will result in a significant drop in discretionary spending for affected employees. This is counterproductive at a time when public stimulus dollars are working to achieve exactly the opposite effect.

Finally, I would suggest that there are other mechanisms that you could consider to have contracts and grants-based revenue help address the budget shortfall. Although I cannot speak for other soft-money employees, I would gladly contribute a portion of my earnings to help address the shortfall in state revenue. I have no objection to the principle of shared sacrifice, though I do object to sacrifice that provides no benefit to the university or other employees. For example, I would gladly contribute to a mechanism along the lines of the START program but tailored to staff on restricted funds—a way to keep my earnings intact under the present terms of my contracts, but to allocate a portion of my earnings specifically to reducing the university-wide salary reductions.

Although I have argued for the specific interests of those of us who are on fixed-term soft money positions, my broader point is that employees who are not state funded play an important but unique role within the overall financial and research ecology of the university. My understanding is that those of us who are fully funded on grants are a minority, but employees who are funded by external private sources actually outnumber those who are funded primarily by state funds. Under these circumstances, I hope you will seriously consider tailoring your proposals for salary reductions to address the needs and concerns of employees who labor under diverse conditions within the university.

Sincerely,

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