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**To: John C. Mazziotta, Chair of the UCLA Department of Neurology**

**Against the Universal Pay Cut**

Dear John:

In an interview today with a freelance reporter (Dr. Greg Miller) from *Science* magazine, I mentioned the three main arguments against a universal 8% pay cut - financial, legal, and ethical. He was not very familiar with the details of how soft money is used funding medical school faculty and thought that the majority of research faculty's salaries came from the state. I said that for researchers specifically, there is a salary structure that is essentially determined by the prevailing supply and demand for research, and this is largely independent of any issues that might lead to the State Budget having a shortfall. So, I said the two salary markets - for regular faculty and research faculty - should be completely separated, as they have different factors that affect their supply and demand, and different factors affect whether the funding for them is self-sustaining.

I went over the 5 main arguments against the cut:

1. **Loss of indirects** on the cut salaries, both now and in the future;
2. Cutting across the board appeals to notions of **equity** - but things are only equal if you ignore the parts that are not equal. I noted that there is no flow of funds back from the humanities faculty to the medical faculty if the medical faculty lose their grant funding;
3. Cutting salary is **not necessary** because the terms of the contracts and grants contain salaries that have already been mutually agreed;
4. **It will not improve the state of the UC general fund** to cut soft money from other sources or change the terms of existing agreements;
5. Loss of goodwill from the cuts will lead to **faculty and staff attrition** (this again is probably more of a long term problem than an instant problem).

I mentioned your argument to backfill lost dollars through alternative sources of funding, which makes the most sense. He may want to talk with you because there are separate issues that pertain to the clinical faculty, where mandated cuts would be even more problematic.

If you call him at the number below, he is there (he answers the phone). Arthur called him too this afternoon. I think he will write something that is common sense and constructive. If you get to talk with him, it would also help as you came up with some constructive ideas when much of the rest of the debate has been negative or just complaining rather than solution-oriented.

One question, which I could not answer and maybe you can, is the fate of surplus dollars in grant accounts if a universal pay cut is applied. I said that, if agreed by the NIH program officers, they could be used to support salaries of additional employees in the short term, so there would be no lost funds (and there may not even be lost indirects in the short term, i.e. for grants active now), but in the longer term the salaries of the people employed would be lower so there would be a general loss of overhead on those new salaries due to deflation effect on all salaries.

The reporter seems sympathetic and although he was surprised many faculty operate on soft money only, he understood all the arguments. His piece will run on Thursday.

A handwritten signature in cursive script that reads "Paul Thompson". The ink is dark and the handwriting is fluid and personal.

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