



DEPARTMENT OF MOLECULAR, CELL,
AND DEVELOPMENTAL BIOLOGY
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July 1, 2009

Dr. Gene Block
Chancellor
University of California
Los Angeles, CA 90095

Re: Department of Molecular, Cell, and Developmental Biology's Response to President Yudoff's Budget Crisis Plan

Dear Chancellor Block:

I am writing at the request of Chair Utpal Banerjee to summarize the comments from colleagues in the Department of Molecular, Cell, and Developmental Biology regarding the current University fiscal crises and the tentative plan outlined by President Yudoff for salary reductions and/or furloughs.

I have been on the UCLA faculty for 33 years and, like most of us, have never been through the tough times that we are witnessing in California and across the United States. There have been, however, several University fiscal crises during the previous three decades that I have been a faculty member – most notably in the early 80s and 90s. In many of those cases, these crises were seen as opportunities to review the “State of the University” and decide how the University should move forward to maintain its teaching and research programs without compromising the pre-eminent position of excellence and leadership that the University of California has established for itself over the past 100 years in higher education.

One of the remarkable responses to these past fiscal crises, at least at UCLA, was the view that each fiscal crisis presents new opportunities to enhance our core mission, and that necessary steps to meet these crises should not be carried out by across the board budget cuts. For example, during the fiscal crisis of the early 1990s, some programs were eliminated or reduced, while others were enhanced and provided with funds to move in new exciting directions. Two notable examples were (1) the establishment of the ACCESS Ph.D. Program in Molecular, Cell, and Developmental Biology that eliminated Departmental redundancies in graduate admissions and

created a campus-wide program for graduate study that cut across Departmental and College lines, and (2) the creation of an undergraduate Life Sciences Core Curriculum that eliminated Departmental undergraduate teaching redundancies and established a novel new two-year program for all undergraduate Life Sciences students. Today, both the ACCESS Ph.D. Program and the Life Sciences Core Curriculum are considered among the strongest graduate and undergraduate teaching programs in the United States. Both of these programs were “born” during a very severe fiscal crisis.

Our main point is that “one size doesn’t fit all.” During the fiscal crisis of the early 1990s, UCLA was one of only a few UC campuses that didn’t carry out budget cuts across the board and actually moved forward in creating novel new programs – programs that have helped UCLA maintain its status as one of the most prestigious public Universities in the United States.

All of us who cherish the ideals of this University are clearly concerned about the current fiscal crisis that is affecting us in ways that couldn’t be imagined even a few years ago. There are many causes for this crises and a lot of blame to go around. However, all of us are willing to do our part – as we always do – in making sure that UCLA, and the University as a whole, maintain the excellence of our primary mission – giving undergraduates the best education possible and continuing to be one of the pre-eminent research institutions in the world.

As pointed out above, however, it makes no sense to use a “one-size fits all” solution to the present fiscal crisis. And reductions in salaries are the most drastic of all possible solutions, as they affect our lives and the lives of our families in numerous ways. This has never been part of the solution to a University fiscal crisis in the 33 years that I have been on the UCLA faculty. As you are well aware, the salaries of University faculty have lagged behind those of comparable Universities and are clearly well below those that many of our colleagues could obtain if they were in the private research sector. Salary reductions will cause the University to lag even further behind, and put us in a non-competitive position for attracting and keeping outstanding faculty nationwide.

We are particularly concerned about our younger colleagues – who are the future of our University – and have meager salaries that are heavily leveraged as a result of the high cost of living in Los Angeles compared, for example, a typical college town in the Midwest. For them, every “penny” counts. An 8% reduction in salary is significant for all of us, but particularly for those of our younger colleagues who are struggling to pay rent and provide for their families, let alone purchase a house for which they cannot afford. In addition to future contributions to the UC Retirement Program and increased contributions to health care plans, the quality of life for all us is going to be reduced. On the other side of the spectrum, our senior colleagues who have considered retiring in the next year or so will be affected even more deeply, as retirement benefits are calculated on the average of the last three years salary. Thus,

the impact of a salary reduction will be felt by individuals who have given their entire professional life to the University not for one or two years, but for decades into the future.

The “one size fits all” strategy to the current fiscal crisis makes even less sense for those of us who support our salaries by grants, and for our staff and postdocs who are paid exclusively from non-University funds. While we appreciate the need to “spread the hardship,” we fail to see the logic of cutting salaries of University employees that are not paid from state funds. How will reductions in their salaries help with the current fiscal crisis? In fact, the University will be more fiscally compromised by the loss of overhead funds that will need to be returned to the granting agencies as a result of reduced, budgeted expenses on our grants! This loss of revenue could be in the tens of millions of dollars. Clearly, that doesn’t make any sense to us at all. More to the point, many of us bring in enough overhead revenue from granting agencies for the University to fund our entire lifetime salary and retirement benefits many times over without any reductions!

There are many specific points raised by colleagues in my Department that I list below – some reiterating what I have outlined above. However the consensus view from our Department is:

- Across the board fiscal reductions make no sense.
- No strategic plan has been forth to view this crisis as a moment of opportunity to enhance the University’s mission – that is, eliminate some programs and strengthen and create other programs.
- Younger faculty salaries need to be increased rather than reduced.
- A moratorium should be given for rent and mortgage payments to younger colleagues who live in University Apartments, or have University-backed mortgages.
- Furloughs are preferred to salary reductions, as furloughs protect salary levels and retirement benefits.
- If salary reductions occur, they should be made progressively – as opposed to a “two-size fits all” strategy (i.e., an arbitrary 4% and 8% reduction scale).
- Salary reductions for colleagues, staff, and postdocs that are paid from non-University funds make no sense and will contribute to the fiscal crisis rather than helping reduce it.
- Colleagues should be able to use non-University funds to make up for salary

reductions if they take place.

- If salary reductions occur, warrants, or IOUs, should be given for the reduced salaries. These IOUs would be funded in the future when the fiscal crisis eases and the University (and State) is back on solid financial footing. That is, the reductions should only be temporary “loans” to help ease the fiscal crisis.
- The University should consider selling valuable property to help ease the fiscal crisis and eliminate the need for salary reductions. For example, Parking Lot 32 on the corner of Wilshire and Veteran is an extremely valuable property that can potentially bring in hundreds of millions of dollars. Selling this property would go a long way in eliminating the \$100M deficit that UCLA is facing this year alone.

Specific unedited comments from colleagues in our Department that contributed to the consensus view outlined above are presented below.

1. 8% is a very large and arbitrary number. It is unclear how this was arrived at, it makes sense for all faculty. It particularly makes no sense for newly hired faculty.
2. Only state funded 19900 fund positions will generate any savings at all from a salary cut. All of our lab personnel are paid from extramural funds. If we were to return the unused salary to their sources, UC will lose 48% of the amount returned, deepening our budget crisis.
3. Postdocs are under the purview of the Graduate division. We should designate them "student workers" for this purpose which will make them exempt from salary reductions. I am not aware of any postdoc who is paid by the University.
4. Implement a furlough system that allows us to recover our salary by extending our summer salary period. Do not to affect staff paid by grants. Implement a more graded range of percent reductions to minimize the impact on staff with lower salaries (e.g. 1% deduction for every \$20K salary)
5. UCLA's share of the total UC budget cut is \$114M. It is projected that the in 2009-10 fiscal year that UCLA will receive \$950M in revenue from the NIH and another \$200M in NIH-targeted ARRA funds for a total \$1.15B in direct and indirect funds, most of which (~80% or \$920 M) will go to the support of salaries. An 8%, across the board, decrease in salaries would result in an annual loss of ~\$74M in direct and indirect salary support that would normally flow to UCLA from a single federal source, the NIH. In other words, by imposing such a cut the State will have (a) lost 65% (\$74M) of the \$114M that would have otherwise gone to UCLA by giving it back to the Federal Government, (b) diminished by 8% the taxable income on all UCLA employees affected and (c) severely threatened the operational integrity of the major revenue generators on campus, like the hospital and student fees.

6. I am afraid we will soon be required to contribute 4% of our salary to the UC retirement plan (something that has never been requested of UC faculty or employees), and the federal government will start taxing our healthcare benefits. In total, we are probably all looking at 12-15% salary reductions in the next year. This makes it extremely difficult for new faculty to purchase a house at the moment. This is especially the case with junior faculty who have young children. For example, my elder daughter is going to middle school in the Fall and is asking for a bedroom for her own, which I cannot even afford to rent now (i.e., rent a larger apartment or buy a house).

In closing, we are grateful for the chance to provide you with our input and suggestions regarding the current fiscal crisis. We are all hopeful that this crisis will eventually subside and UCLA and the University will emerge stronger than ever. All of us are deeply appreciative for your leadership and the difficult work that you and your administrative colleagues are carrying out to keep our University's mission of excellence in teaching and research intact well into the future.

Respectfully,



Robert B. Goldberg
Distinguished HHMI University Professor &
Member, National Academy of Sciences