

June 27, 2009

Open letter to President Yudof

We are grateful for your leadership in this time of financial crisis, and particularly grateful for your openness to receiving feedback from the faculty and staff.

First let me introduce myself. For over a decade I have had the privilege of being the executive chair of the department of psychiatry and biobehavioral sciences at the David Geffen School of Medicine and director of the Semel Institute for Neuroscience and Human Behavior. As an integral part of these responsibilities I am also the CEO of the Resnick Neuropsychiatric Hospital at UCLA. This polyglot of names has sprung in recent years from the Neuropsychiatric Institute (NPI), which was established at University of California, Los Angeles in the early 1960s with the visionary goal of serving the people of this State who suffer brain disorders and severe behavioral illness. In hindsight it is clear indeed that this initiative was prescient, for the NPI now stands as a world leader. Attracting to its cause the finest faculty minds and the most gifted and industrious students and staff it is also a microcosm of many of the extraordinary academic units that are to be found across this great University.

In rough outline the Institute has a budget of over \$200 million, a faculty of some 250 persons drawn from a myriad of disciplines, and a staff workforce of approximately 2,000 individuals. The State of California provides roughly 10 % of our budget, a vital component that enables our energetic community to lever an enormous amount of support for research and teaching from extramural sources. As a result the Office of Research Administration on the UCLA campus cites this Institute as the most productive: we submit more grants, get more grants funded, and do so utilizing less space than other units. This is not a complaint. We are proud to have generated in the past year some \$32 million in indirect cost recovery for the University, from a base of \$150 million of extramural monies. We teach undergraduates, we have 300 graduate students in training each year, from various disciplines, and we are responsible for a significant part of the medical school curriculum. We run what is considered to be the best Neuropsychiatric Hospital in the west and one of the best in the nation. And we are very grateful that these efforts have inspired leading members of the Los Angeles community, Jane and Terry Semel and Lynda and Stewart Resnick, to endow and name the Institute and Hospital respectively.

We work as a family. Indeed, I know the individuals who keep this venerable old building sparkling and clean as well as I know my own staff and faculty. And as a closely-knit community we are vigilant. We have seen this storm coming and we have been preparing in numerous ways.

I have been in senior academic administration for over three decades. Also as a psychiatrist and a seasoned behavioral scientist I have learned that human beings respond constructively to crises when they understand what is happening and when they feel they have some control of the situation. That is why I applaud your openness to ideas and to feedback. I also applaud your sentiment, during these difficult times, that we must find an equitable way forward—one where all individuals may contribute according to ability and opportunity.

But I perceive we may also have differences. When calling for salary cuts across the board I am concerned that we may be confusing egalitarian principles with true equity—to that which is fair and just.

I know from experience that top down solutions do not work in circumstances such as we now face. We need strong leadership, yes, but I also know from many experiments across the world that in difficult times we must look to the innovation and creativity of the individual as it is applied to the common good—a behavior that has made America unique and which has helped to create and sustain the University of California, one of the most acclaimed universities in the world.

What does this assertion really mean? I can only refer back to the elements of the NPI that I know so well. We have been through crises before, perhaps not as deep or as long as this one, but the same principles apply: bringing the problem to the faculty and staff and asking them for innovative solutions are the most certain and morale building ways out of any adverse circumstance.

So to focus on the Institute's grant getting machine that brings so much money into the University and infuses revenues into the California economy for the benefit of all. During this fiscal year, in preparation for the fiscal year upcoming, Institute members have worked together as a team to reduce our dependence on state revenues by five percent. In recent weeks faculty and staff have written over 150 grants in response to the President's national stimulus initiative. These proposals range from innovative research programs to construction grants to refurbish the old buildings in which we live. It has meant long hours for many, but they have been willingly spent. Our dedication was driven both by an expectation of further California state budget cuts and by the anticipation that any extra direct and indirect Federal revenues that we received would be of added benefit to the university and to the state economy.

If we adhere to egalitarian principles without careful thought and apply a salary reduction to all members of the Institute, we will undoubtedly damage this extraordinary machine and the vitality and motivation of those who run it. *Remember only 10% of the Institute's support derives from state funds.* Indeed the indirect cost revenue that the Institute brings to the University is over twofold greater than that which is received. Moreover, the faculty and staff is one unit. Faculty may be the rainmakers in this scenario, but they care and support the staff who in turn support them. We recognize that cost cutting is necessary, but not everyone has the security afforded a tenured professor. Those who do not should be nurtured and cared for in the awareness of their vital contribution to our health as a university. To do so is fair and just.

What I am arguing for is *local flexibility* for it is this that will bring the equity that we all seek. We must be guided by various principles, of course, but not locked down to a "one size fits all" solution that in the long will run gravely weaken the entrepreneurial initiative of those who have risen to the immediate task. To do otherwise is to open the door to jeopardy—to the well-documented phenomenon of "adverse selection"—where the most productive and creative staff and research faculty (most of whom live entirely on their wits) will look for employment elsewhere, as occurs in all economic downturns. There are subtle elements here that must be taken into account. The tens of millions of dollars our university hopes to receive from ARRA

applications will come with a requirement that we spend those dollars quickly, and largely in line with the personnel budgets submitted. My inquiries suggest that carry-forward requests are unlikely to be approved by the NIH, for that would fly in the face of the stimulus concept under which the federal dollars are made available. Thus the ARRA money must be spent in a timely fashion—within this coming fiscal year, as the contract mandates. Unless we decide now to forego these federal revenues, a chaotic situation will prevail as we set about making competitive offers to new research personnel *after* the cut has occurred.

A uniform top-down across the board salary cut approach would have similar consequences for the Resnick Hospital. While right sounding in theory it is wrong headed in application. The UCLA Health System, including the Resnick Neuropsychiatric Hospital, is enjoying its highest-ever patient satisfaction, surpassing all nationally benchmarked quality measures while closing out this fiscal year in banner form. In part this success flows from a highly skilled labor force that reports high levels of job satisfaction. We believe that the excellent morale and laudable financial results are inter-related, but they are undoubtedly susceptible to externally imposed changes that do not account for individual performance. At a practical level I also doubt that the unions representing approximately 80% of the UCLA Health System's workforce will consent to any form of uniform pay reduction. Such a refusal would torpedo the conceived across the board pay cut, and instead place it on the shoulders of a minority—those highly skilled, highly mobile managers and executives, approximately 20% of the work force, who are already investigating their job options elsewhere. Again the rule of adverse selection would apply. Indeed here we will face double jeopardy for the health care work force is highly mobile and to date such jobs seem relatively recession proof. Thus along with the loss of momentum, inefficiencies, and decrements in quality of patient care that would occur, replacing these key staff with temporary, or even career ladder, hires will cost more than the proposed savings.

The University of California is of extraordinary size. It has been said that the number of personnel employed is greater than the number running the government of Australia and I believe it. Thus you should know that I have great sympathy as you grapple with the complex and painful decisions that we face to sustain this gigantic organization. However I implore you to consider the way forward in human terms and to base it upon what is certain about human behavior—that if we are to arrive at a wise solution *it must make local sense* and afford the opportunity for local creativity. *Therefore, give us a goal for the State dollars that must be yielded up. Propose it to each campus and through that leadership to each unit as a specific task (e.g. to come up with a reduction equivalent to 8% of the state funds received).* In employing such a strategy you will be guiding the University family out of these rough waters in a way that will allow the various units of the UC system to harness their entrepreneurial and creative energies and thus forge an equitable and collegiate solution that is not only fair and just but one that delivers a sense of triumph rather than defeat.

We are in this together. Each and every one of the individuals affiliated with this great University will be touched by the decisions made in the weeks ahead. The faculty and staff are behind you and we want you to succeed in your leadership for in our collective success lies the future of this great institution. Hence I hope that the ultimate decisions that you make will afford an opportunity for unification rather than division, recognizing the diversity of the academic community that is the University of California.

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