



Communication from the Committee on Academic Planning & Budget **Kit Chesla, RN, DNSc, FAAN**

May 15, 2009

David Gardner, MD
Chair, UCSF Academic Senate
500 Parnassus Avenue, Box 0764

Re: Review of the Proposed Policies Governing Furloughs or Salary Cuts

Dear Chair Gardner,

During the week of May 4, 2009 the Committee on Academic Planning & Budget reviewed the Proposed Policies Governing Furloughs or Salary Cuts submitted to the San Francisco Division for review and comment.

Committee members discussed and shared their concerns via electronic mail. While some members supported the draft policies as proposed, concerns expressed by the Committee on Academic Planning and Budget include the following:

1. **The issue of extramural funding must be resolved and considered in the policy.** While a provision is made to consult with CEOs of Health Centers, there does not seem to be any consideration of faculty and staff who are supported by extramural, i.e. non-state, funding. UC could potentially worsen a fiscal crisis if individuals who are being paid by extramural sources are furloughed or have salary cuts. It is not clear that unexpended salary funds in extramural accounts can be retained by UC, particularly if the furloughs and salary cuts reduce productivity of these activities. In addition extramural funds pay for health insurance and other benefits in proportion to salary and effort; the consequences of the proposed actions on funding of these benefits should be considered.
2. In terms of the extramural funds, the federal government has been pouring stimulus funding into new and existing grants, and UC should determine how they might respond to having California furlough or cut the salaries of people who were "being stimulated" (economically).
3. In order to optimally formulate policy, the UCOP should consider doing a few simulations for varied scenarios assessing the cost savings versus losses of furlough and salary cut policies with various mixes of clinical revenue, extramural funding and State funding.
4. The Committee favors furlough over salary cuts in general primarily for the concern that salary cuts would be difficult to restore and salary cuts would cause greater detriment to retirement income. To address issues of fairness, the type of "work" that can and cannot be furloughed needs to be categorized.
5. Additionally, furloughs may be preferred because the specified time away from UCSF work may be used to by individuals to make advances in other areas of interest. Other individuals may choose to take on a part-time job. However, UCSF must define how outside income and intellectual property derived from work performed within the agreed furlough time will be viewed by compensation plans.

6. What constitutes the end of a financial emergency is not defined, and thus the it is unclear when the President's power to enact furloughs or cuts will be curtailed. This should be defined in the document. This policy as written gives the President too much leeway in implementing extraordinary measures. Furthermore, there should be clear indications of what suspends or lifts such a state of emergency. And when emergency conditions are lifted, would salary levels resume to pre-emergency levels, or increased to remedy the interim shortfall?
7. The circumstances under which the academic senate cannot be consulted in advance of furloughs and salary cuts are not defined. At the minimum, examples should be provided of compelling circumstances that would cause the UCOP to make this policy without senate consultation.
8. If these policies are enacted, campuses must make contingency plans to insure that furloughs and or salary cuts do not impair clinical care (because in some emergencies the need for UCMC clinical services may be particularly important), result in loss of vital research (for example loss of crucial cell lines or electronic resources) or interfere with other essential activities.
9. Furloughs for clinical faculty cannot be issued if they affect essential clinical and administrative services. If furloughs are required, non-essential clinical services should be affected before essential clinical services. Where training and expertise exist and in the case of need, clinical faculty should be able to assume duties in essential clinical services in place of furloughs.
10. Furloughs must also be considered in the context of vital research and their potential impact.
11. The effect that furloughs might have on essential teaching, particularly in intensive two-to-three year programs, and how this will affect students' time to completion must be considered.

Furthermore, the Committee suggests that the following concerns be addressed in the revised policy:

1. The policy of re-hiring retirees (recently revised as of January 2009) and the financial impact of the continued employment of many retirees. The policy on furloughs for non-retired faculty should not be instituted while retirees are still on call-back. Perhaps the re-employment policy should be revised to state that employment can be suspended immediately in the case of a financial emergency. Non-retired faculty would have the option to assume the responsibilities of the retiree in lieu of furlough.
2. Salary sources and work are not always aligned. For example, teaching, committee service and administrative responsibilities are not always compensated, even when "essential" (e.g. Quality assurance committees in the medical center, clinical teaching on the ward services, academic senate committees). Thus, there is the concern that furloughs might affect revenue-generating activity (e.g. those linked to professional fees) in order to preserve other essential mission-related activities, resulting in a loss of income.

Thank you for the opportunity to review and comment on this draft policy.

Sincerely,



Kit Chesla, RN, DNSc, FAAN

Chair, Committee on Academic Planning and Budget