

## Los Angeles Times

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From the Los Angeles Times

Opinion

### UC system: layoffs, not pay cuts

Rather than across-the-board salary cuts, getting rid of unproductive people makes more sense.

By Robert Cooter and Aaron Edlin

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The University of California remains outstanding. By some rankings, three of its schools are among the top 20 universities in the world. But for how long?

The budget has been cut by 20%. The Board of Regents votes today on UC President Mark Yudof's plan to deal with the shortfall.

Yudof's original proposal included salary cuts across the board of 8% or furloughs leading to an equivalent reduction. This at a time when UC salaries are already 10% or more below those at peer institutions. The current proposal is more nuanced, with cuts ranging from 4% for low earners to 10% for high earners.

The basic choice, though, is to cut employee salaries rather than lay off employees.

Berkeley Chancellor Robert Birgeneau has thanked his faculty and staff for agreeing to this shared sacrifice. He says the alternative would have been to immediately eliminate hundreds of staff positions, which would have made some units dysfunctional.

A colleague at dinner the other night quipped that some units are already dysfunctional.

We don't doubt the chancellor's arithmetic, but we wonder whether Birgeneau and Yudof are ducking even more difficult, but more effective, options.

Across-the-board salary cuts are the simplest way to balance the budget, but they are rarely the best. In the corporate world, smart organizations more often choose layoffs than salary cuts. And with good reason.

A crisis is a time to rethink what we do, how we do it and who does it.

Consider what the proposed salary cuts would mean. With employees paid up to 20% below what peer institutions pay, the best will leave. Yes, even in this recession, the best people will leave for other jobs or retire or switch professions. And those who remain will suffer from low morale.

Growth has led to bloat at UC. The bloat and bureaucracy stifle creativity and productivity. The bloat is in unproductive workers and unproductive jobs. Many jobs have little to do with our core missions of teaching and research. Within jobs, there is task bloat -- mission creep creates too many assignments of little import.

These problems are endemic to most large organizations, but they are particular problems for one like UC, where it is almost impossible to fire an unproductive worker, whether staff or tenured professor, and always easier to hire a new one.

Our plan would be simple. To meet Yudof's savings targets, a number of employees would be laid off sufficient to save 8% of the payroll. The choices in staff cuts would be difficult, but they are necessary if the regents are unwilling to raise tuition further. Specific decisions on whom to lay off would be decentralized to campuses, and within campuses to schools or departments.

In the case of tenured faculty, for better or worse, they have a good measure of protection. But if an entire unit is eliminated, tenured faculty within it can be fired. Thus, while tenure means that we cannot be fired for writing this Op-Ed article, the university can decide that it does not have the resources to have a law school.

Those who remain would get full pay but be asked to pick up much of the slack by cutting out their least productive 8% to 10% of activities. Together, these two steps would make UC stronger and more efficient, and we might get done nearly as much as before.

The budget cut is enormous, and if people and units are cut, mistakes will surely be made. But sometimes the only way to find out if you really need something is to have it gone and feel the pain. If the pain is severe, you rebuild it. If not, the organization is more streamlined.

Perhaps there is now only time to cut salaries and not people or units. In that case, the regents could cut salaries for only six months and demand employee reductions to start in January.

Then, those like our dinner colleague who are frustrated by UC bureaucracy might even come to view the current crisis as an opportunity. A crisis is a terrible thing to waste.

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