

A Call to Justice:

An Open Letter to the Loyola Marymount University Community in support of Budget Equity and Transparency

Approved and Formally Adopted by the Loyola Marymount University Chapter of the American Association of University Professors (LMU-AAUP)

We the undersigned call Loyola Marymount University (LMU) to commit to an equity budget and budget transparency, in line with our values as a university in the Jesuit and Marymount traditions, in respect of our educational mission, and for the common good.

We were heartened to hear in the August 19 Town Hall that the Provost is open to hearing suggestions from across the university about how best to mitigate the losses the university is experiencing from the COVID-19 pandemic. After stating in the August 5th Town Hall that shared governance is in the eye of the beholder, Provost Poon corrected course to state that shared governance at LMU had simply “fallen by the wayside” over the last few months. The faculty and staff senates have been here throughout the pandemic, and this chapter of the American Association of University Professors (AAUP) is here to support this work. We welcome the administration back to the well-established path of shared governance. And nowhere is this work more important than in the most public statement of our values: our budget.

As Provost Poon stated, he has learned a lot in the last couple of weeks about the meaning of an equity budget. Similarly, in response to the across-the-board suspension of retirement contributions announced on August 4 by Rebecca Chandler, the Vice President for Human Resources, there have been many questions about what an *equity budget* is, and how it differs from what our administration has been doing. We are learning in real-time what other universities are doing to respond to this crisis, how our peer institutions are communicating with their faculty, and what level of trust and confidence we are experiencing across colleges here at LMU and across higher education more generally.

Since the founding of this chapter of the AAUP at LMU, we have expressed the importance of an equity budget, but we have not yet made the case for it. In this open letter, we aim to do so, explaining what we meant by that term, why budget transparency is fundamental to an equity budget, and why *only* an equity budget befits an institution committed to the mission of LMU and the principles that guide its work.

What is an equity budget?

When an institution is faced with a large financial shortfall to which it must adjust, an equity budget places the burden of adjustment on those most capable of bearing it, while shielding the

most financially vulnerable. By so doing, LMU would demonstrate “a preferential option for the poor” in the language of Catholic social teaching, embody the stated educational mission of the university, and demonstrate a fundamental commitment to the Jesuit and Marymount values of the university. Put differently: A budget is a *moral* document and an equity budget strives for *justice* above all, subordinating more traditional budgeting priorities. Justice requires that we attend to both a fair distribution of resources and a fair process in determining that distribution.

Whereas *equality* treats everyone in an identical manner, as if everyone were already the same or in the same position, *equity* aims to move us toward greater equality by acknowledging our differences. Thus, while an across-the-board cut may *seem* to be the most fair, it in fact has differing effects, based on our different circumstances. If we make less, the cuts bite more; if we make more, the cuts bite less.

How our current path falls short of an equity budget:

LMU’s current plan of adjustment falls short of the principles of an equity budget by its lack of transparency and democratic budgeting process and by its inequitable distribution of the burdens of adjustment. LMU’s plan places the greatest burden on staff, many of whom are the lowest paid, by means of full or partial furloughs. It also disproportionately affects term and contingent faculty by means of class cancellations and the denial of contract re-appointments. Finally, it disproportionately impacts junior faculty and lower income faculty, many of whom are women and people of color, through flat-rate retirement cuts.

Our university administration has chosen a flat-rate suspension of its 9.5% matching contribution to our retirement funds. This approach is not progressive or equitable, as has been claimed publicly by University administrators; it is in fact regressive (affecting the lowest earners at a *higher* effective rate) for several reasons:

- Such a cut affects those faculty most recently hired more than those nearer retirement, since, because of the compounding nature of the matching contributions, a lost year of contributions can amount to losses in the hundreds of thousands of dollars over the career of a newly hired professor, even if these contributions are restored. Moreover, many new faculty begin jobs with retirement plans later than previous generations of faculty, with a much higher debt burden, putting yet more pressure on their retirement contributions.
- Because of a federal income cap on contributions to retirement benefits, those who make the most actually contribute less – meaning that those making the most will have their contributions cut by *less* than 9.5%. Thus if we include top wage-earners, the flat-rate cut isn’t truly even flat rate.¹

¹Internal Revenue Service, “Retirement Topics; 403(b) Contribution Limits.” <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-403b-contributions-limits>. Accessed Sep 17, 2020.

Our university has also chosen to furlough and in some cases to lay off university staff, many of whom are in the most precarious financial and personal circumstances; for instance, our facilities workers. While the university has continued to offer health benefits and tuition remission benefits to furloughed workers, it is unclear how long this will last, and if or when these workers will be fired, or will have their positions eliminated, instead. We have heard about the need to retain our investments in certain areas of the university in order to ensure its future, but we have not heard anything about the need to retain our investment in our staff colleagues, who can ensure a smooth and safe return to a post-pandemic future, which we hope arrives very soon for all of us.

What would an equity budget look like?

Without true budget transparency, it is impossible to offer a specific account of what an equity budget would look like for LMU. Thus any ideas we might offer cannot be taken as concrete policy suggestions and *should not* be considered as such. But the principles of an equity budget are clear, and our peer institutions have had little difficulty coming up with different suggestions that produce a more equitable sharing of the burdens of adjustment and increase budget transparency in ways appropriate to their own circumstances. For example:

- *Temporary cuts to contributions, rather than suspension of contributions:* our sibling institution to the south, the University of San Diego, chose to cut its contributions to retirement in half—from 12% to 6%—rather than suspending all contributions. This was also the recommendation of our own University Comprehensive Benefits Committee, which was ignored.
- *Temporary cuts to salary, rather than cuts to contributions:* through their organized bargaining process, the Faculty Association of our sibling institution upstate, the University of San Francisco (USF), chose to cut salaries rather than benefits because of the disproportionate effect of cuts to contributions on early-career workers, and because the companies that manage our retirement funds (TIAA or TransAmerica) resist enacting progressive cuts to contribution rates.
- *Temporary graduated salary cuts with a floor:* this is also the path charted by our colleagues at USF, who negotiated graduated cuts to salaries, above \$75,000.
- *Temporary Salary caps:* under this scenario, no one would make more than a particular set amount. Such a strategy would potentially generate the largest amount of savings while impacting the least *number* of people, within salary cuts.

Cost savings: Without true budget transparency – that is, access to the operating budget for our university by faculty representatives through our framework of shared governance, without the limitations to said representation by the imposition of non-disclosure or confidentiality agreements - it is impossible to give a true accounting of what savings we can muster through an equity budget. Given access to publicly available information from the past few years, however, we can pose the following guiding questions:

- According to Moody's 2019 analysis, the cut in retirement match for all employees represents around \$14 million in savings. A back-of-the-envelope computation implies that if all LMU salaries were capped at a quarter of a million dollars, that alone could restore a retirement match of 1-2%, if not more. According to the Provost's August 19 town hall, however, these savings were projected to represent \$9.6 million in savings. What accounts for this discrepancy? And what, if any, big-ticket alternatives have been considered to mitigate our financial challenges? Such as: changes to our Playa Vista contract, or changes to our vendor contracts?
- We have yet to hear anything positive about drawing on the university's substantial endowment, estimated to stand at \$471 million (but, given market growth this quarter, likely higher). While there are certain limitations to our ability to draw on the endowment, as it may be rooted in funds that are not liquid or already designated for specific goals (such as financial aid), previous draws on the endowment, such as the \$20 million drawn between 2015 and 2018 to support the law school, indicates that it is certainly *possible*. A university's endowment serves as support to the institution in times of need; what greater need exists than the single greatest crisis facing higher education in our lifetimes? A draw of another percentage or two would provide massive support without appreciably endangering the university's credit rating. Indeed, Moody's rating of LMU's investments in August 2019 was very high.² Moreover, it is especially troubling that at the very time in which our university has refused to use its own investments and savings for the sake of our shared future, by cutting faculty and staff retirement benefits the administration has sacrificed our *individual* investments and savings. That is, the University has sacrificed our *individual* savings rather than those which are expressly dedicated to the *common good*.
- As is also publicly reported in Moody's credit rating for LMU, the University has a \$20 million dollar line of credit which it has not touched "in years." Surely the University can secure more favorable rates on a loan than its individual community members who have to borrow against their own retirement plans if furloughed. Has this option been explored? What good is our "good credit" if it is not put to the *common good*?

Transparency: As the budget is a moral document, an expression of our values, any attempt at an equity budget rests fundamentally on greater budget transparency. In his August 5th Town Hall meeting, Provost Poon seemed to resist the call for budget transparency on the grounds that LMU is a private, rather than a public university. Still, many private colleges and universities maintain a relatively high degree of budget transparency with their university communities (for instance at Santa Clara University, Fordham University, and the University of San Francisco).

Budget transparency is a necessary part of an equity budget in order to ensure trust and confidence in our administration's shepherding of our resources for the common good. Such

² Moody's Investor Service. "Moody's Credit Opinion," 2019, p. 4.
<https://lmu.app.box.com/s/u72of9emxvcofd4186jesrt8b0mf22et>

transparency is an indication of shared purpose. It is vital to building trust within our community, because it allows every member of our community both to better understand the tough choices we need to make, and to verify that these choices reflect our mission and purpose as an educational institution. Whatever path we choose to ensure LMU's future relies on a culture of transparency and of strengthened shared governance, neither of which have been evident in the actions of our administrators, whatever their words.

Though the Faculty Senate passed a resolution on August 12 calling for an equity budget and greater budget transparency, the specific request to end the practice of requiring non-disclosure agreements of faculty serving on certain committees was rejected. Requiring non-disclosure or strict confidentiality agreements undermines the essential representational function of our elected representatives—which is why the AAUP issued a statement in 2013 arguing that their imposition “is incompatible with AAUP-supported governance standards.”³

A calling for justice:

We ask you to join us in calling for an equity budget and greater budget transparency, in line with the mission of LMU, for our educational mission, and for the common good. As faculty, staff, and students all commit themselves to the collective and collaborative work of educating the whole person during this unprecedented year, and as the future of the University in both the near and long term is increasingly in question, committing ourselves to equity and transparency is simply the only way forward. The confidence of the community is at stake, and the shared work we are called to is not only defended by these principles, it is enriched by them. Justice binds us together as one body not in spite of our differences, but through and with them. A moral commitment to each other is not merely reflected in this commitment, it is strengthened and it can grow. The traditions of Jesuit, Marymount and Catholic education and the practice of LMU's pedagogy of the whole person *thrive* in the garden of mutual care, and they *reach toward the common good* without impediment only when they are rooted firmly in justice.

³ “Confidentiality and Faculty Representation in Faculty Governance.” American Association of University Professors, June 2013.

Signatures and Endorsements

Organizations

- The Loyola Marymount University Chapter of the American Association of University Professors (LMU-AAUP)
- The LMU Faculty Senate Committee on the Economic Status of the Faculty
- The LMU Latinx Faculty Association

Individuals (order randomized)

- Michael Genovese, Professor of Political Science and International Relations and Loyola Chair of Leadership Studies, BCLA; President of Global Policy Institute; Director of Institute for Leadership Studies.
- Alicia Partnoy, Daum Professor of Modern Languages and Literature (Spanish), BCLA
- Elizabeth Stoddard, Associate Professor of Educational Leadership & Administration, SOE
- Anna Muraco, Chair and Professor of Sociology, BCLA
- Brian Moss, Senior Lecturer of Studio Arts, CFA
- Ky Henderson, Visiting Assistant Professor of Journalism, BCLA
- Rubén Martínez, Professor of English and Chicana/o and Latina/o Studies and Fletcher Jones Chair in Literature & Writing, BCLA
- Kyra Pearson, Associate Professor of Communication Studies, CFA
- Rebecca Sager, Associate Professor of Sociology, BCLA
- David Garden, Lecturer of Film and Television Production, SFTV
- Elizabeth A. Drummond, Chair and Associate Professor of History, BCLA
- Sue Scheibler, Associate Professor of Film, Television, and Media Studies, SFTV
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- Priscilla Leiva, Assistant Professor of Chicana/o/x and Latina/o/x Studies, BCLA
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- Chaya Crowder, Assistant Professor of Political Science and International Relations, BCLA
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