

June 22, 2009

Dear Chair Blum and University of California Board of Regents, and President Yudof

As Chair of the Faculty Association at UCLA, an independent, voluntary organization of Academic Senate members on this campus, I am writing to you about an issue of great importance to faculty: resumption of contributions to UCRP. I have become aware of President Yudof's comments on June 17, 2009 to the Assembly of the Academic Senate in the Q&A session (http://www.uclafaculty.org/FASite/FA_to_UC.html). In particular, I am concerned about the statement President Yudof made to the effect that probably when contributions to UCRP resume on April 2010, there will be an employee contribution but no employer contribution. In addition, you suggest that there is little hope that the State will pay the employer's contribution and that you cannot take the money out of the Office of the President. The FA has two responses to these comments.

First, an employee contribution with no employer contribution violates the UCRP Funding Policy approved by the Regents on Sept. 18, 2008. Section B (3) says "...In no event would the University Contributions be lower than the Member Contributions." Clearly, no employer contribution and an employee contribution of any amount would violate this recently revised policy. If the new UCRP Funding policy were to be violated so soon after taking effect it would suggest that UC policies are only in effect when they are convenient.

Second, the amount to begin contributions is relatively small, especially at the anticipated level of 4% for the employer and 2% for the employee. If the University stuck with this simple plan, UC would need \$24M for three months (April, May, June, based on an estimated covered payroll of \$2.4B). In addition, UCRP would get \$21.9M from the federal government through research grants (based on an estimated covered payroll of \$2.19B) and \$26.28M from the UC medical centers for their employer contributions (based on an estimated covered payroll of \$ \$2.63B). The total employer contributions would be about \$72M for one quarter.

This policy would also bring in \$36M from employee contributions for a total contribution from all sources of about \$108.27M. Even if this

contribution level were in place for a year, the numbers are still manageable. UC would pay \$96M. The total contributions from all employer sources would be about \$288M. Including the employee contributions would bring the total to \$433M.

The major advantage of this approach is that it would be a beginning; it would get the UCRP engine rolling. If one foresees the steep contributions needed to bring the fund back into a safe funding zone, then more roadblocks may stop the resumption of any contributions or any progress up the hill. That would be a mistake and an abdication of fiduciary responsibility. Once contributions start, UC can reopen discussions of what would be a fair contribution policy on behalf of the State with a close eye to possible compromise, but that would be for future negotiations not current ones.

If the Regents marked the UCRP contribution as made on behalf of the State to be repaid at a later date, then UC's current contributions could be seen as building a fund that will be used for the benefit of the University in the future.

People from all corners of the University—academic, research, grants, medical schools and centers, staff, everyone-- will feel the bite of finding the funds to pay the employer and the employee contribution to retirement after so many years of not needing to do so and especially in the current budget environment, but that is still not a reason for inaction. UC should resume contributions to UCRP in a fair and equitable manner.

Thank you for your attention to this matter.

Dwight Read
Chair, Faculty Association at UCLA

cc UC President Yudof