

July 1, 2009

Shelley Nielsen  
Interim Senior Director  
Labor Relations  
UC Office of the President  
300 Lakeside Drive  
Oakland, CA 94612

Dear Shelley:

I am responding on behalf of the UC-AFT Executive Board to the invitation our union received from your office to comment on the pay reduction/furlough plans proposed on June 17, 2009 by President Yudof.

First, UC-AFT expects that the University will fully honor all applicable labor law in its dealings with our units and our existing contracts.

Second, UC-AFT is not convinced that the University faces a fiscal emergency. While we recognize that state appropriations will fall dramatically for 2009-2010, we also wish to note that state general funds make up approximately 20 per cent of the University's entire budget.

California's fiscal meltdown does not mean that UC is suffering an equally dire crisis. Indeed, many University operations (i.e., auxiliary enterprises, hospitals) generate substantial profits for the institution and fundraising and capital expenditures remain robust. The union does not yet see the justification for across-the-board cuts in employee compensation.

Third, there is no adequate framework or process for consultation and debate about the existence of a "fiscal emergency" and the measures proposed to deal with such an alleged "crisis." President Yudof has asked the Regents to grant him an extremely vague set of "emergency powers." The Regents now appear to be poised to grant this new and untested authority to the President at the very same moment that the President seeks to declare a "fiscal emergency." These are not the conditions for informed deliberation, the mustering of expertise from all corners, and the building of a wide consensus throughout the University.

Fourth, UC-AFT is extremely concerned by the lack of transparency in the proposals put forward by President Yudof. We have been told that three options for pay reductions and/or furloughs at 8% and 4% will yield \$195 million toward closing the gap in state funding. Clearly, cuts of this magnitude to an entire payroll of over \$9 billion will yield far more than \$195 million. We understand that this lesser figure represents only savings in state funds. But this only begs the question: what will happen to the other savings recouped by this measure? We have asked for a complete accounting of all expected savings and how those funds will be allocated, but, to date, have received no response. UC-AFT absolutely cannot condone a reduction in compensation of any kind without full disclosure from UCOP as to how these funds will be directed.

Fifth, since this "crisis" is a crisis in state funding, we fail to understand why a large portion of the funds saved through any paycut/furlough measure apparently will not be directed toward closing the state budget gap. We do not comprehend the logic of this plan. If a shortfall in state funds is justifying these measures, why won't the University use all possible savings from all possible forms of funding to alleviate this shortfall? It is our strong belief that all savings realized from reductions in compensation should be used to protect the University's core teaching mission.

Sixth, we object strongly to the lack of any meaningful tiers in the structure of the proposed cuts. The plans as presently imagined will inflict substantial inequities and hardship to lower-earning UC workers. An 8% cut in salary to an employee who earns \$46,100 is an enormous blow compared to an 8% cut in salary for an employee who earns \$350,000. The tiering in any such program needs to be far more graduated and progressive, ranging from 0% for lowest paid workers to at least 20% for very highly compensated employees.

Seventh, we are very alarmed by the lack of forethought and planning that appears to have gone into this proposal. This proposal is for one year, but the conditions for a possible extension are not clearly elucidated. Significant and obvious questions about how pay reductions and/or furloughs will affect pension and benefit eligibility are "under study."

Eighth, for our Professional Librarian unit only, IF pay reductions and furloughs ultimately face these employees, our members have an overwhelming

preference for furloughs. To be instituted appropriately, the following measures must accompany any implementation: 1) any salary cuts due to furloughs must be spread over the entire period affected; 2) overall benefits eligibility, including pension eligibility, must not be affected by this measure; 3) furlough must be in increments of 8 hours; 4) furloughs should not be a "take-back" of holiday pay but should be separate non-holiday furlough days; and 5) there should be a discussion and negotiation between any affected librarian and his/her supervisor as to the reduction in work and related expectations that will accompany the furlough.

Ninth, for our Non-Senate Faculty unit only, IF pay reductions and furloughs ultimately face these employees, since lecturers' duties exceed the hours they are actually required to attend the campus, they would not benefit at all from a furlough program unless it included clearly defined changes to workload expectations on a case-by-case basis. Further, since most lecturers are compensated as part-time employees, any salary reductions must be calculated as a percentage of their actual compensation, as opposed to their annualized salaries.

Please transmit our union's views to President Yudof.

Sincerely,

Karen Sawislak  
Executive Director  
University Council--AFT