

June 29, 2009

Dear President Yudof,

I would like to comment on the current budget crisis and the 3 options before the UC Administration: a salary cut; a furlough; and a cut/furlough hybrid.

Cutting my pay, as contrasted to imposing a furlough, will directly impact and reduce my retirement benefits. The "highest three years" compensation used to determine my retirement annuity will be lower because of the salary cut. I am scheduled to get a merit increase on July 1, 2009, but a salary cut would prevent me from counting 2009-10 as one of my 3 years of highest compensation. No one would want to include a year with a paycut to calculate their highest average compensation. Excluding a year with a paycut, however, also forces me to exclude a year with a merit increase. With a furlough, I would be able to count the 2009-10 academic year because my salary would reflect my merit increase. Due to the conditions of the furlough, I would not actually receive my full salary, but for the purposes of calculating retirement benefits, I would get full credit for my salary and merit.

A salary cut hurts one group of faculty disproportionately: those who are getting a merit or promotion increase during the year of the cut. Such a reduction will, in effect, become a permanent cut in my pension and not just a temporary one. Other faculty, not receiving a merit or promotion during the next academic year, would not be so disadvantaged. In a budget crisis several years ago, the University withheld merits for one year, a decision which also had a disproportional affect on faculty who would be receiving a merit for that year. It took a successful lawsuit to show the University that this was not a wise tactic: to impose a salary reduction of any kind that did not affect all faculty equally.

I ask that you impose a furlough, not a salary cut for academic year 2009-10.

Michael J. B. Allen,
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