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By Lawrence H. Pitts

There is no doubt that unfunded pension obligations pose a serious fiscal problem for governments and public agencies across California and the nation.

At the University of California, we have moved aggressively to address the challenge head on.

After a long and public process of deliberation, the UC Board of Regents in December 2010 enacted a series of reforms that, over time, will erase UC's unfunded pension liability.

These changes were fiscally prudent, uphold our obligations to people who have devoted their professional lives to the university, and ensure the long-term viability of our pension program for future faculty and staff.

The Associated Press, in a recent piece on UC's pension program published by this newspaper, missed the essential fact that while other governments search for solutions to the pension problem, UC has taken action.

These changes were made in highly public forums and covered extensively by the press, but the AP reporter somehow managed to miss it. Here's what AP should have told your readers:

- UC and its employees have been steadily escalating contributions to the pension fund. By next July, contribution levels will be equal to our ongoing costs.
- UC has modified its pension program for future faculty and staff to make it less costly, and we now are in talks with our unions over those changes.
- UC's excellent credit rating has allowed us to pay down our unfunded liability at a very low cost.
- UC has moved to reduce retiree health care costs by increasing the cost sharing between UC and retirees and changing eligibility rules.

President Mark G. Yudof set these and other reforms in motion in 2009 by appointing a task force to develop recommendations for putting UC's retirement programs on sustainable financial footing.

As the chair of that task force, I can say that UC fully agrees with the AP story on one point: UC and the state of California both erred 22 years ago in taking a "holiday" from pension contributions. That decision was made at a time of a large surplus. Since then, the global economic crisis has illustrated the risk of relying too heavily on market returns for meeting our fiscal obligations.

Finally, the AP story implies that tuition is rising at UC to pay for UC's pension program. That is flat wrong. Tuition is rising because state funding for UC has eroded over the last 20 years. Readers may not realize that UC receives the same absolute level of state support today as it did in 1997-98, when there were 75,000 fewer students.

The bottom line: Contrary to the AP story, UC has been a leader in pension reform, moving decisively to address cost issues in a way that is responsible to taxpayers and to the future of this great institution.

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