UNIVERSITY OF CALIFORNIA, ACADEMIC SENATE

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Chair of the Assembly and the Academic Council
Faculty Representative to the Board of Regents
University of California
1111 Franklin Street, 12th Floor
Oakland, California 94607-5200

May 1, 2013

MARK YUDOF
PRESIDENT

NATHAN BROSTROM
EVP, BUSINESS OPERATIONS

Dear Mark and Nathan:

At its meeting on April 24, the Academic Council discussed the administration's proposal to increase contributions to UCRP effective July 1, 2014 to an employer contribution rate of 14% and an employee contribution rate of 8%. ***Council voted unanimously to support this proposal.***

In addition, ***a majority of Council members endorsed UCFW's caveat that support for the proposal should be conditional on a corresponding salary increase of at least 3% for faculty and non-represented staff*** (14 in favor, 3 opposed, 1 abstention). This increase would off-set the combined increases in employee contributions scheduled for July 2013 and proposed for July 2014. While it is essential to return UCRP to fully funded status, it is equally necessary to arrest further decline in total remuneration for faculty. Council is very concerned about the ability of UC to retain its highly accomplished young faculty members. While UC remains successful at recruiting top faculty, younger faculty are mobile. When salaries are not competitive, faculty may seek increases by getting outside offers that will trigger retention efforts. This pattern is both destructive to faculty morale and is not an efficient way to approach salary and retention.

We urge you to provide across-the-board salary increases to partially compensate for increases in employee contributions to UCRP.

Sincerely,

R. L. Powell

Robert L. Powell, Chair
Academic Council

Cc: Aimée Dorr, Provost and EVP
Peter Taylor, CFO
Academic Council
Martha Winnacker, Senate Executive Director

Encl.

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UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
J. Daniel Hare, Chair
daniel.hare@ucr.edu

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April 18, 2013

ROBERT POWELL, CHAIR
ACADEMIC COUNCIL

RE: UCRP contribution rates effective July 1, 2014

Dear Bob,

The University Committee on Faculty Welfare (UCFW) was asked to consider the proposal by Executive Vice President Nathan Brostrom to raise the employer contribution rate to the UC Retirement Plan (UCRP) to 14% and the employee contribution rate to 8%. Both increases would be effective July 1, 2014. UCFW supports the increase in the employer contribution rate but can only conditionally support the increase in the employee contribution rate.

The Academic Senate has consistently supported the principle to fully fund UCRP through rising employer and employee contributions and through other measures under the powers delegated to the President.[1] Recently, the Academic Council unanimously endorsed UCFW's recommendation, based on the advice of TFIR, that the University adhere to the plan and timeline approved by the Regents in 2010 to increase employer contributions to UCRP until the Annual Required Contribution is met.[2] UCFW fully supports the proposed increase in the employer contribution rate to 14% and anticipates further increases in the employer contribution rate in coming years in order to meet the Regents' funding policy for UCRP.

The proposed employee contribution rate of 8% exceeds the Senate's long-standing position that employee contributions should not exceed 7%.[3] Between April 2010, the time that employee contributions were re-started, and July 2013, the value of take-home pay will have declined by a total of 10% due to inflation (6.5%)[4] plus the restart of employee contributions (an additional 6.5%), off-set by only one 3% salary increase, in October 2011. This proposed increase in employee contributions to 8% for UCRP would reduce take-home pay by an additional 1.5%. UCFW would not oppose the increase in employee contributions to 8% provided that such an increase is accompanied by an across the board pay raise for faculty (and non-represented staff) of at least 3%. A 3% increase would merely compensate for the two most recent 1.5% increases in employee contribution rates effective on July 1, 2013 and July 1, 2014; any increase greater than 3% would constitute a small step toward restoring competitive salaries.

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[1] http://regents.universityofcalifornia.edu/minutes/2010/joint12.pdf
[2] http://senate.universityofcalifornia.edu/reports/tfir-reaching-ucrp-required-contribution.pdf
[3] http://senate.universityofcalifornia.edu/reports/DS_MGYrePEBpplandSTIP.pdf
[4] Calculated from the average monthly inflation rate from April, 2010 through January, 2013 projected to July 2013, ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt

UCFW asks that you present this to the Academic Council for consideration and endorsement as the Academic Senate's position on the proposed increases in employer and employee contribution rates to UCRP effective July 1, 2014.

Please let us know if you have any questions or concerns.

Sincerely,

J. Daniel Hare, UCFW Chair

Copy: UCFW
Robert Powell, Chair, Academic Council
William Jacob, Vice Chair, Academic Council
Martha Winnacker, Executive Director, Academic Senate