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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*

July 2, 2008

**PRESIDENT MARK G. YUDOF
UNIVERSITY OF CALIFORNIA**

Re: UCRP Funding Policy

Dear Mark:

At its June 25, 2008 meeting, the Academic Council, acting on behalf of the Assembly of the Academic Senate, evaluated the proposed UC Retirement Program (UCRP) funding policy, which we understand that The Regents may consider at their July meeting. With the understanding that the proposed policy will not lead to or be associated with reductions in total compensation to UC employees, and on the recommendation of University Committee on Faculty Welfare (UCFW) and its Task Force on Investments and Retirement (TFIR), the Council unanimously supports the proposal. In our view, the proposed funding policy is a transparent and prudent method of establishing recommended levels of contributions to UCRP each year, which should help in securing the state funding needed to keep the plan fully funded.

In making this endorsement, the Academic Council would like to amplify its caveat that there be no "reductions in total compensation," given existing Senate policy in this area:

1. To avoid further erosion in the competitiveness of cash compensation, employee salaries must increase by *at least* the increase in salaries in the appropriate market comparison group. For faculty, this means salaries must rise by approximately 4%, the anticipated increase in faculty salaries among the Comparison 8 institutions.
2. In addition, employee salaries must be increased by *at least* the amount of the required employee contribution, to avoid a reduction in UC's competitive position in total remuneration.
3. Significant increases in premiums paid to health insurers are anticipated in 2009. Either the employer share of those premiums needs to be raised to cover those increases, or employee salaries need to be raised to cover any increase in employee premiums, to avoid a reduction in UC's competitive position in total remuneration.
4. The Senate recognizes that employer contributions require that the University obtain additional funding. The Senate opposes resuming employee contributions before employer contributions have begun. Moreover, employee contributions shall never exceed the amount of the employer contribution.

For your convenience and reference, I have also enclosed the UCFW and TFIR recommendations of this proposal. If you have any questions about Council's comments, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael". The signature is fluid and cursive, with a large initial "M" and a trailing flourish.

Michael T. Brown, Chair
Academic Council

Copy: Provost Wyatt R. Hume
EVP Katherine N. Lapp
AVP Judith W. Boyette
Martha Winnacker, Executive Director
Academic Council

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