



Mary Croughan  
Telephone: (510) 987-9303  
Fax: (510) 763-0309  
Email: [mary.croughan@ucop.edu](mailto:mary.croughan@ucop.edu)

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

March 8, 2009

**PRESIDENT MARK YUDOF  
UNIVERSITY OF CALIFORNIA**

**Re: Appendix E**

Dear Mark:

At its meeting on January 28, the Academic Council unanimously endorsed the enclosed letter from UCFW recommending against implementing Appendix E, providing supplemental retirement benefits for certain individuals whose covered compensation exceeds the IRS limit.

UCFW does not believe that the University is obligated to implement Appendix E. In addition, the Academic Council feels that implementation would be irresponsible at a time when major financial challenges are facing UCRP and the University. UCFW notes that "Providing additional compensation to already highly compensated individuals when UCRP is under such pressure and the University is attempting to cope with an ever more constrained budget would be a public relations disaster, both internally and externally."

Please do not hesitate to contact me if you have any questions regarding Council's recommendation.

Sincerely,

A handwritten signature in cursive script that reads "Mary Croughan".

Mary Croughan, Chair  
Academic Council

Copy: EVP Lapp, Business Operations  
Acting Associate VP John Cammidge, HR&B  
Executive Director Randy Scott, HR&B  
Director Gary Schlingen, HR&B  
Academic Council  
Martha Winnacker, Senate Director

Encl (1)



UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)  
Helen Henry, Chair  
[helen.henry@ucr.edu](mailto:helen.henry@ucr.edu)

Assembly of the Academic Senate  
1111 Franklin Street, 12<sup>th</sup> Floor  
Oakland, CA 94607-5200  
Phone: (510) 987-9466  
Fax: (510) 763-0309

December 22, 2008

**MARY CROUGHAN, CHAIR  
ACADEMIC SENATE**

**RE: Appendix E**

Dear Mary:

As you are aware, the question of whether to implement Appendix E, the restoration plan for retirement benefits for individuals whose covered compensation exceeds the IRS limit was discussed in considerable detail at the December 3 meeting of the Task Force on Investments and Retirement, which recommended that Appendix E be implemented only to the extent that UC is legally obligated to do so. The issue was brought to the December 12 meeting of UCFW at which Director Schlimgen presented the history and a description of Appendix E. Following a discussion in Executive Session, UCFW voted unanimously to recommend that Appendix E not be implemented at this time.

The discussion that led to this decision focused on two main points:

- (1) *Do we have an obligation to implement Appendix E (first considered by The Regents a decade ago and just recently approved by the IRS) at this time?* There are 145 individuals to whom Appendix E applies; approximately half of them are faculty and the rest senior administrators. All of the individuals who would benefit from implementation of Appendix E are, by definition, highly compensated. UCFW does not believe that we have a moral obligation to further compensate these individuals with this additional retirement benefit. Although we have not probed the subject in detail, preliminary discussions suggest that UC is not legally obligated to implement Appendix E.
- (2) *Is this the appropriate time to implement Appendix E?* It is unanimously believed by both TFIR and UCFW that implementing Appendix E at this time would have a huge and negative effect on UC's need to meet the other major challenges facing UCRP at this time: (a) the necessity to re-start contributions and (b) the effort to amend the California Constitution to fundamentally change the governance of UCRP. Providing additional compensation to already highly compensated individuals when UCRP is under such pressure and the University is attempting to cope with an ever more constrained budget would be a public relations disaster, both internally and externally.

For these two main reasons, UCFW believes that implementation of Appendix E, if it occurs at all, should only be re-considered at such a time that UCRP has been restored to good health (fully funded with contributions meeting normal costs) and the University is on sound financial footing with highly competitive compensation for all faculty and staff.

Sincerely,

A handwritten signature in black ink that reads "Helen L. Henry". The signature is written in a cursive style with a large, prominent initial "H".

Helen Henry, UCFW Chair

Copy: UCFW

Martha Winnacker, Executive Director, Academic Senate