

BERKELEY FACULTY ASSOCIATION
American Association of University Professors
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Dear President Yudof,

The Berkeley Faculty Association strongly opposes Options A and B, the proposals put forward by the PEB Task Force to restore the UC pension system to financial health. Though we prefer Option C to either Option A or B, we have severe reservations about it as well. In the report that accompanies this letter (prepared in conjunction with the Council of University of California Faculty Associations), we explain our objections to Options A, B, and C, and we urge you to support an alternative plan, "Process D," for fully amortizing the unfunded liability.

Our report explains our objections to Options A, B, and C, as well as our alternative plan, Process D, in detail. To briefly summarize it here, we object to Options A and B and C on several grounds, the most pertinent of which is the fact that none of them includes a plan for amortizing UCRP's unfunded liability! Not one even purports to make our present Defined Benefit Plan financially viable, as the PEB Task Force itself admits. They merely require the majority of UC employees to make higher contributions in return for greatly reduced benefits. They pave the way for a continuing cycle of more student fee increases, more lay-offs, more contribution increases, more benefit cuts, and more problems for UC and eventually the collapse of UCRP. As a way to move forward, this is simply unacceptable. The chaos it will wreak on faculty, students and staff (and the university's bond rating) during the run up to this collapse and its immediate aftermath will destroy the university's reputation as a world class institution. Options A and B, the PEB Task Force's preferred options, are particularly objectionable because of their harsh regressive impact on low and mid wage UCRP members in the new tier, due to their integration of Social Security benefits with UCRP benefits and the way they tie the age factor to salary levels.

In place of either Option A, B, or C, we urge you to forward to the Regents an alternative strategy for restoring UCRP to financial health. We call this alternative plan "Process D" because we believe that what is needed at this point is an entirely new approach to developing solutions. In recent years, progress has been made on complex environmental problems through a new kind of professionally facilitated process which brings together all the parties who, whatever their historical grievances, have an urgent stake in resolution of the problem. Process D is modeled on this approach to problem solving. It is a professionally facilitated, collaborative process for developing a realistic, principled plan for restoring UCRP to fiscal health that balances the cost of amortizing the liability to faculty, staff, students, and UC itself, in a way that should elicit trust and buy in from UCRP members and other stakeholders, rather than dissent,

division, and delay inducing litigation. In our report, we explain the process and lay out a list of principles to guide it. We also offer some new ways of thinking about the crisis and how to structure reform that we believe could help the new task force develop effective, credible solutions.

Please reject Options A, B, and C. Please ask the Regents to initiate Process D instead. The unfunded liability is a serious problem that must be solved quickly in order to prevent UCRP from collapsing financially. Process D lays out a principled, balanced, and credible strategy for accomplishing this crucial goal.

Sincerely,

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