

**Committee on Faculty Welfare  
Response to Post-Employment Benefits Report & Dissenting Statement**

**Preamble**

Substantial changes are being proposed to the pension plan structure, of a kind and degree that happen rarely, perhaps once in 50 years. Some of these changes, if implemented, will have profound effects on total compensation, threatening recruitment and retention of both faculty and staff. But no change, doing nothing to restore the currently severely underfunded pension, is also not an option. Faculty and staff are being asked by the Office of the President to recommend which of three options they would choose as the University makes sweeping changes to its financial future.

Options A and B of the new plan structure proposed by the Pension Employment Benefits Task Force are both a two-tier structure. In such a highly stratified plan, employees will accrue different benefits and contribute differentially depending upon their salaries. Faculty at UCSC, already second-from-the-bottom in salaries across the UC system, will suffer not only from salary differentials but also from benefit differentials. The staff will be treated as lower-paid, second-class citizens in the benefit hierarchy.

The proposed two-tier pension plans also present special difficulties for junior faculty and staff, who are asked to make difficult financial choices between two unattractive benefit packages, with highly uncertain expected pension levels and contributions as well as severe erosion in pension levels if they leave before the age of 65 (higher than the present norm for both faculty and staff).

Not only will retention and recruitment inevitably suffer, but also overall the UC system may be compromised and suffer irreparable damage..

In spite of this crisis facing the university, there are pension plan choices, some proposed in Option C, that the university can make to try to preserve the integrity of the institution and to revitalize the university when the fiscal situation improves, while staying within the financial range endorsed by the Task Force.

We urge you to come to the faculty forum on Friday, October 1, 2-4 PM in the Baytree Conference Center and provide your input, to help the Senate formulate a plan for how to respond as a campus to the President and the Regents. The initial presentation will be brief (20 minutes) to allow enough time for discussion, so please read the accompanying slides. The PEB Report and Dissenting Statement are posted on the Senate website: <http://senate.ucsc.edu/PEB/PostEmployeeBenefitsindex.html>.