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July 16, 2009

UNIVERSITY OF CALIFORNIA COMMUNITY

Dear Colleagues:

I write to update you on The Regents' actions this week concerning the University's fiscal situation and the proposed furloughs/salary reductions.

At their meeting today, The Regents declared an extreme financial emergency for UC, and approved the proposal I shared with you last week for a one-year systemwide furlough plan, effective September 1, 2009 (www.universityofcalifornia.edu/budget/). If you had the opportunity to listen to the meeting, you heard all ten Chancellors talk with The Regents about the extraordinarily negative impacts these budget reductions are having on the campuses.

The furlough plan is a necessary, albeit painful, part of closing the significant budget deficit confronting us. As you know, the furlough plan is part of an overall strategy, built on a central principle of shared sacrifice, to address our fiscal challenges. The furlough plan is expected to solve roughly 25 percent of our budget problem.

The unprecedented \$813 million funding shortfall we face is in addition to the State's continuing failure to honor its previous obligation to fund other costs, estimated at more than \$330 million, such as utility cost increases, employee and retiree health benefits, and student over-enrollment. This means that the State is short-changing UC by more than \$1 billion during 2009-2010 alone.

As requested by faculty and staff, the furlough plan we have crafted tries to lessen the hardship by using a sliding scale for salary reductions; continuing to calculate pension contributions using pre-furlough salaries; and providing flexibility in how furlough days are managed. In addition, the accrual of vacation and sick leave will not be reduced and health and welfare benefits will not be impacted by the salary reduction plan.

Generally speaking, employees will be expected to take a certain number of furlough days each month using a sliding scale, and employees' monthly paychecks will be reduced accordingly. Your local Human Resources office will soon provide you with additional information about how the furlough program will be implemented at your location.

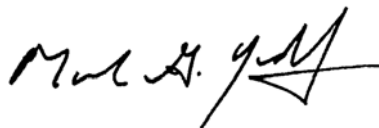
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For union-represented employees, implementation of the plan will be subject to collective bargaining agreements and all applicable laws. Discussions with union representatives, encouraging them to adopt the plan, will begin immediately.

I want to thank you again for your understanding and partnership in this process. I deeply appreciate your continuing commitment to UC, and for the sacrifices we are all making for this great institution.

With best wishes, I am,

Sincerely yours,

A handwritten signature in black ink, appearing to read "Mark G. Yudof". The signature is stylized with a large, sweeping flourish at the end.

Mark G. Yudof
President