

Council of University of California Staff Assemblies (CUCSA)
Press Release
<http://www.ucop.edu/cucsa>

University of California, Office of the President
University of California, Riverside
Videoconference, December 2, 2009

The Council of University of California Staff Assemblies (CUCSA) held its second quarterly meeting of the 2009-10 academic year via videoconference on December 2, 2009. The Council is an advisory body composed of two delegates from each of the ten campuses, the Lawrence Berkeley National Laboratory (LBNL), and the Office of the President (UCOP). Officers are Lin King, Chair (UC Davis); Brian Gresham, Vice Chair (UC Merced); and Sue Anderson, Secretary (UC Riverside). CUCSA meets on a quarterly basis rotating between the campuses, the national lab, and the Office of the President to promote communication and to solicit feedback on interests of primary concern to staff.

Peter Taylor, Chief Financial Officer, UCOP

CFO Taylor began his remarks by providing a brief synopsis of his background and experience. He shared myths and facts about the University's financial situation. He began with a discussion about unrestricted net assets. Unrestricted net assets should not be referred to as unallocated funds. In June 2008, unrestricted net assets totaled \$5.3 billion. In June 2009, unrestricted net assets totaled \$3.5 billion. This drop is due to unfunded retiree health care obligations. The unions have asked why the University is not using these reserves to bridge the shortfall. The fact is that UC does not have billions of dollars in uncommitted funds. The term "unrestricted net assets" is required to be used under GASB (Government Accounting Standards Board). The definition of the term is as follows: "unrestricted must be used for funds that are not subject to externally imposed restrictions." Major categories include capital projects, medical centers, endowment income, debt service funds, miscellaneous student fee and auxiliary payments. GASB 45 made the University recognize its unfunded cost of retiree healthcare. Private industry was compelled to comply with GASB 45 nearly 20 years ago. Enforcement of the standard has just begun for government agencies.

Gary Schlinggen, Director of Retirement Programs, UCOP

Director Schlinggen began his presentation by updating the group on the progress of the President's Task Force on Retirement Benefits. Twenty-seven local forums have been completed with two to go. He then provided an overview of the work of the task force. Workforce demographics show the University's retirement plan must support approximately 116,000 faculty and staff career employees and 70,000 additional non-career employees. About 15,000 have 20 plus years of service. The Task Force is examining how recruitment and retention will be impacted if the retirement program is "tinkered with." There is a two page fact sheet and executive summary about this comparison available. The UCRP earned 19.2% for the 2008-09 year with the estimate being a 7% rate of return. The bottom line is that the plan as gone from 149% funded in 2001 to 95% funded in 2009 because of the market and the increased "normal costs." Two-thirds of the individuals in UCRP have salaries paid by grants – incurring the liabilities in the plan but not capturing the funding sources. The presentation topic then turned to retiree health benefits. There are 289,600 individuals covered by UC medical programs (34,000 retirees). The cost is \$1.2 billion for active employees and \$250 million for retirees. In response to the GASB, the University must report the underfunded amount of the retirement plan. The Task Force will be back in the spring with draft recommendations to be discussed.

Howard Pripas, Director of Employee Relations, UCOP

Director Pripas was introduced to the group and began with a description of his background and his new role. His new role is to work with non-represented staff. He will work with organizations in anyway affiliated with CUCSA including Staff Advisors. The main purpose of his position is to facilitate the interaction of non-represented staff with the University.

Vice-President Patrick Lenz, Budget Office, UCOP

Vice-President Lenz was introduced by Chair King and began with a description of the budget situation. He shared how the \$20 billion plus Stated deficit is a result of the State's broken tax structure. The State has very few options. There is no funding for COLA's for the next seven years. There is no ability to address inflationary costs and analysts haven't included the \$2 billion borrowed from redevelopment agencies. The State is being sued because it is not being paid back. There are currently 20 lawsuits over furloughs and if the state loses they need to come up with \$1 billion. UC asked for \$908 million in budget augmentations. The UC was cut by \$637 million in the 2009-10 budget. \$305 million was a one-time cut to be restored. Funding from the State was reduced by 20%. Part of UC's request is to restore this funding; \$108 million is for the state's obligation to UCRP; \$14 million for retiree health benefits. The State has met the retiree health benefit obligation in the past. Vice-President Lenz then discussed UC's budget strategy with the state. Fees will always be in the mix until the state goes back to giving UC appropriate funding. Some of the solution have caused too much pain and angst. For example furloughs – Yudof wants furloughs to stop. His recommendation is not to take it off the table until the budget picture is complete. UC is very close to being a private institution – it is not a good thing for the University or the public. Current \$2.4 billion is received from student fee revenue and \$2.6 billion from the State. Student fees are about to surpass.