

## **Notes on November 2008 UC Faculty Welfare Meeting and UCRS Advisory Board Meeting**

### **Hess Notes – December 6, 2008**

*CUCEA Chair. Charles Hess*, summarizes issues of interest to emeriti discussed at the November 14<sup>th</sup> 2008 **UC Faculty Welfare Committee Meeting** and the November 21<sup>st</sup> 2008 **UCRS Advisory Board meeting**. Both were held in Oakland, CA

#### **Outsourcing UCRP Administration**

No decision has been made on the matter of outsourcing components of Human Resources and Benefits. We were told that additional information had been provided by the vendors and is being studied in the Office of the President. The concerns of the Academic Senate about outsourcing UCRP have been presented to President Yudof. We were assured that a decision would be made before the end of the year.

#### **Constitutional Amendment to modify the UCRS Board of Trustees**

The amendment to establish a new Board of Trustees to govern UC's post-employment benefits, including retiree health benefits, never came to a vote in the California Assembly. As a result, AFSCME is pursuing an initiative to place the amendment on the June 2010 ballot. The proposed initiative was submitted by AFSCME to the Office of the California Attorney General on November 10<sup>th</sup>. The proposal contains the same language as the unsuccessful Assembly Constitution Amendment 5 (ACA 5). We will request UCOP to provide an update on the proposed UCRS Board of Trustees at the spring meeting of CUCEA.

#### **Retiree Rehire Policy**

At their September meeting, the Regents approved new policy to replace guidelines for the reemployment of UC retired employees into senior management group and staff positions effective January 1, 2009. The policy does not cover the recall of faculty into academic appointments. However, concern has been expressed that the new policy is too restrictive in that it limits appointments to 43% and for no longer than 12 months. The policy is not clear as to the exact meaning of 43%, i.e., whether it refers to a day, week, month or year or to the income that is received). The concerns of the Faculty Welfare Committee have been transmitted to UCOP by Mary Croughan, Academic Senate Chair. Similar policies to replace the existing guidelines on the recall of faculty are being developed by UCOP. Given the very serious budget problems facing the State and the University, the opportunities for emeriti participation in the University will likely increase.

#### **University Budget**

When the CA Legislature passed the budget it contained a provision that the Governor could propose mid-year cuts. On November 6, 2008, the Governor proposed a further budget cut of \$65.5 million for the University of California in the current fiscal year. This cut would come on top of the previous cut of \$48 million that was included in the 2008-09 budget. The final 2008-09 budget left the university to achieve an additional \$100 million in savings to cover student enrollment growth and increases in fixed costs that were not funded by the state. The state's per student spending for education at UC, adjusted for inflation and enrollment growth, has fallen nearly 40% since 1990.

#### **UC Retirement Plan**

The UC Retirement Plan (UCRP) investment performance as of September 30, 2008 was down 10.10% for the recent quarter and down 10.10 % in total return for the fiscal year to date, and down -17.31% in one year. There are 114,242 active members in UCRP and 50,171 benefit recipients. Based on the decreases in the market value of the UCRP and the fact that the ratio of active members to members receiving benefits is 2.28, it is clear why it is essential to restart contributions to the UCRP in order to preserve pension benefits.

*Charles Hess*

*CUCEA Chair, 2008-2009*  
*December 2008*