AGENDAS:

- Roll Call for Members
- Approve MINUTES of meeting on June 17, 2009
- Announcement by the Chair, Henry Powell
- Announcement by the President Mark Yudof
- Budget and Welfare Reports, etc.

Announcement by the President Mark Yudof

A few key points:

- Will present a budget plan to stabilize the University, and fight in both Sacramento and Washington for additional financial support.
- The plan includes:
  - ending furloughs in the summer of 2010.
  - requesting $900M more than last year covering the one-time cut of $305M last year and $106M to restart contributions to the retirement fund.
- The furlough plan was far different from what he initially proposed calling for salary reduction.
- The University has laid off 2,000 employees.
- Without the furlough, an additional 3,000 to 4,000 people cut needed.
- President Yudof has developed good relations with many legislators and made 20+ visits to Sacramento.
- Not feasible to significantly increase non-resident students without reducing California students.
- Q&A: (Enrollment reduction) The plan is to reduce 2,500 students per year for four years. President Yudof prefers to raise fees and offer financial aid. On October 23, the University will announce a $1B scholarship campaign to help students impacted by the fee increase.
- Q&A: (Strategy to retain an excellent faculty) If the budget funded, merit increases for faculty will continue, the furloughs will end and contributions to UCRP will be restarted. It is critical to protect the retirement system because it helps us to retain faculty. Will also going to Washington to advocate for more federal funding.

University and Faculty Welfare Report: Post-Employment Benefits (PEB)

Peter Taylor, CFO and Robert Anderson, Chair, UCFW’s Task Force on Investment and Retirement (TFIR)

Task Force:

- President’s Task Force on Post Employment Benefits to develop a comprehensive, long-term approach for all post employment benefits.
• Task Force will make recommendations to the President for his review before subsequent submission to the Regents.
• The President and Regents are the final decision-makers.

**UCRP was 100% funded on June 30, 2008,**

- 100% funded assumptions:
  - earn 7.5% return compounded
  - everyone cooperates by dying when expected.
- UCRP had just enough money to pay pensions accrued based on service credit earned as of June 30, 2009.

**Devastating Effect on Budget:**

- UC has been subsidizing its budget for promised pension benefits by drawing down the UCRP surplus.
- That surplus is gone, and the subsidy cannot continue.
- UC must now make contributions to cover the ongoing accrual of benefits. This is common to all normal pension plans.
- UCRP has a substantial unfunded liability. UC must make additional contributions to amortize that liability.
- UC has a substantial unfunded liability for retiree health, and no assets have been set aside.

**UCRP Investment Rates of Return: Dramatic Losses in 2008-2009**

**Overview of Employee PEB Assets / Liabilities / Shortfall:**
UCRP has been well managed; problem is in markets (Dramatic losses in 2008-2009)!

TFIR Recommendation:
“...the least bad option is to raise UCRP contributions as soon as possible to the full recommended contribution under the Funding Policy. Doing so avoids far higher contributions in the future, and also ensures that non-state sources pay their fair share of the unfunded liability and the additional pension benefits that are earned each year. Every dollar of contributions made on behalf of employees whose salaries are paid from state funds is matched, on a two-for-one basis, by the contributions that will be made from other fund sources, on behalf of employees who are not paid from state fund sources. TFIR therefore recommends that The Regents commit to allocate funds sufficient to follow the Funding Policy, starting no later than July 1, 2011;...”

- UCW and Academic Council endorsed the TFIR Recommendation and transmitted it to President Yudof.
- President Yudof has forwarded the TFIR/UCFW/Academic Council Recommendation to the Presidential Task Force on Post-Employment Benefits.
- Recommendation simply calls on The Regents to follow their own Funding Policy, which requires a faster ramp-up.

Respectfully Submitted,

Albert Wang, Junior Representative
Assembly of the Academic Senate