

AMENDED IN SENATE MAY 30, 2007

**Senate Concurrent Resolution**

**No. 52**

---

---

**Introduced by Senator Yee**  
(Principal coauthor: Assembly Member Levine)

May 15, 2007

---

---

Senate Concurrent Resolution No. 52—Relative to the University of California Retirement Plan.

LEGISLATIVE COUNSEL'S DIGEST

SCR 52, as amended, Yee. University of California Retirement Plan: joint governance.

This measure would find that joint governance of the University of California Retirement Plan is necessary to ensure that significant pension plan decisions are based on full and accurate information, to prevent conflicts of interest from impacting the management and performance of the retirement plan, and to ensure that the retirement plan is financially sound and well managed in a fair and appropriate manner. The measure would memorialize the Regents of the University of California to provide joint governance for the University of California Retirement Plan by including an equal number of trustees representing the employer and the faculty and staff plan participants, similar to the Public Employees' Retirement System and the State Teachers' Retirement System.

Fiscal committee: yes.

- 1 WHEREAS, The University of California was established as a
- 2 great institution of higher education to provide opportunities for
- 3 thousands of people every year; and

1 WHEREAS, The University of California, with 10 campuses  
2 and five medical centers, is the largest public sector employer in  
3 California; and

4 WHEREAS, There are more than 120,000 employees who work  
5 for the University of California and who participate in the  
6 University of California Retirement Plan (UCRP); and

7 WHEREAS, The UCRP is unilaterally managed by the Regents  
8 of the University of California, and the Regents are explicitly  
9 authorized by Section 9 of Article IX of the California Constitution  
10 to delegate its authority or functions to its committees, the faculty  
11 of the university, or to others; and

12 WHEREAS, The UCRP is required to remain financially strong  
13 so that the University of California may recruit and retain  
14 employees who make the University of California a world-class  
15 institution and so that employees may retire with dignity and with  
16 the benefits they were promised; and

17 WHEREAS, Joint governance of a pension plan means that  
18 pension plan decisions are made by the agreement of trustees  
19 representing the employees who are plan participants and the  
20 employer; and

21 WHEREAS, Pension plans with joint governance provide better  
22 benefits for workers, and are generally financially healthier and  
23 have proven to be far more secure than unilaterally managed plans  
24 in that jointly governed plans account for 10 percent of the total  
25 assets covered by the federal Pension Benefit Guaranty Corporation  
26 and only account for 1 ½ percent of the total underfunded plans  
27 covered by the Pension Benefit Guaranty Corporation; and

28 WHEREAS, The Regents of the University of California have  
29 taken a contribution holiday for the past 16 years and have not  
30 made any contributions to the pension plan since 1990, instead,  
31 diverting pension fund assets to finance the Capital Accumulation  
32 Provision (CAP) I and II allocations, which provide individual  
33 CAP accounts in lieu of wage increases, at a cost of well over 1.2  
34 billion dollars to date; and

35 WHEREAS, With joint governance, when there is a fund  
36 surplus, decisions related to the surplus are agreed upon by trustees  
37 representing employees and the employer, and joint governance  
38 improves pension security by reducing conflicts of interest and  
39 providing broader oversight of pension investments and benefit  
40 changes; and

1 WHEREAS, The California State University and the California  
2 Community Colleges sponsor pension plans with joint governance  
3 that include board members representing plan participants and the  
4 employer; and

5 WHEREAS, The Regents have discussed requiring employees,  
6 starting in 2007, to contribute to the UCRP 2 percent of their salary  
7 that escalates to ~~8 percent of their salary in 2013~~ 5 percent, while  
8 wages at the University of California lag behind other comparable  
9 institutions including universities, hospitals, and the California  
10 Community Colleges, thereby forcing many employees of the  
11 University of California to work multiple jobs to make ends meet;  
12 and

13 WHEREAS, The Regents' discussion to restart employee  
14 contributions to the UCRP occurred without the benefit of the  
15 appropriate actuarial studies of the funded status of the UCRP,  
16 which would be performed according to widely accepted actuarial  
17 standards and best practices, and without the benefit of an updated  
18 actuarial experience study that, according to the UCRP document,  
19 ~~is now overdue; and was overdue; now, therefore, be it~~

20 ~~WHEREAS, the University of California refused to provide~~  
21 ~~UCRP data so that independent actuaries could evaluate the plan;~~  
22 ~~now, therefore, be it~~

23 *Resolved by the Senate of the State of California, the Assembly*  
24 *thereof concurring,* That the Legislature of the State of California,  
25 on behalf of the citizens of California, finds that joint governance  
26 of the University of California Retirement Plan is necessary to  
27 ensure that significant pension plan decisions are based on full and  
28 accurate information, to prevent conflicts of interest from impacting  
29 the management and performance of the University of California  
30 Retirement Plan, and to ensure that the University of California  
31 Retirement Plan is financially sound and well managed in a fair  
32 and appropriate manner; and be it further

33 *Resolved,* That the Legislature memorializes the Regents of the  
34 University of California to provide joint governance for the  
35 University of California Retirement Plan by including an equal  
36 number of trustees representing the employer and the faculty and  
37 staff plan participants, similar to the Public Employees' Retirement  
38 System and the State Teachers' Retirement System; and be it  
39 further

1     *Resolved*, That the Secretary of the Senate transmit copies of  
2 this resolution to each board member of the Regents of the  
3 University of California and to the President of the University of  
4 California.

O