

Senate Concurrent Resolution No. 52

RESOLUTION CHAPTER 126

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

[Filed with Secretary of State September 18, 2007.]

LEGISLATIVE COUNSEL'S DIGEST

SCR 52, Yee. University of California Retirement Plan: shared governance.

This measure would find that shared 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 for shared governance of the University of California Retirement Plan by including trustees representing the employer and the faculty and staff plan participants, similar to the Public Employees' Retirement System and the State Teachers' Retirement System.

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

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

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

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

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

WHEREAS, Shared governance of a pension plan means that pension plan decisions are made by the agreement of trustees representing the employees who are plan participants and the employer; and

WHEREAS, Pension plans with shared governance provide better benefits for workers, and are generally financially healthier and have proven to be

far more secure than unilaterally managed plans in that plans with shared governance account for 10 percent of the total assets covered by the federal Pension Benefit Guaranty Corporation and only account for 1 ½ percent of the total underfunded plans covered by the Pension Benefit Guaranty Corporation; and

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

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

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

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

WHEREAS, The regents' discussion to restart employee contributions to the UCRP occurred without the benefit of the appropriate actuarial studies of the funded status of the UCRP, which would be performed according to widely accepted actuarial standards and best practices, and without the benefit of an updated actuarial experience study that, according to the UCRP document, was overdue; now, therefore, be it

Resolved by the Senate of the State of California, the Assembly thereof concurring, That the Legislature of the State of California, on behalf of the citizens of California, finds that shared 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 University of California Retirement Plan, and to ensure that the University of California Retirement Plan is financially sound and well managed in a fair and appropriate manner; and be it further

Resolved, That the Legislature memorializes the Regents of the University of California to provide for shared governance of the University of California Retirement Plan by including trustees representing the employer and the faculty and staff plan participants, similar to the Public Employees' Retirement System and the State Teachers' Retirement System; and be it further

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

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