



## Higher Education (I): Page 34/Issue 508 University of California Retirement Plan (Modified Compromise)

July 7, 2010

*(Italics indicate modifications of prior LAO Compromise Proposal.)*

### **Modified Compromise Proposal: Assembly Plus Budget Bill Language**

6440-001-0001 Provision 17. The Legislature requests that the Regents of the University of California, following consultation of university executive staff with all employee bargaining units and the Academic Senate, submit a proposal for the long-term funding of the University of California Retirement Plan on or before March 15, 2011. The proposal should, at a minimum, include:

- a. A description of projected employer and employee contribution rates for each of the next 30 fiscal years (based on reasonable projections and assumptions, including reasonable assumptions on future university growth and hiring, developed by the university and its actuaries).
- b. A proposed methodology for determining the amount, if any, of state General Fund augmentations to fund the plan in future fiscal years, including a specific methodology for determining the portion of payroll allocable to the state General Fund for these purposes.
- c. A proposed methodology for increasing or decreasing employee, employer, state, and/or other contributions in the event that the plan's normal costs and/or unfunded accrued actuarial liabilities and the costs associated with those liabilities differ from those that are projected.
- d. Any proposed changes to pension benefit levels for future University of California employees necessary to implement the funding plan proposal.
- e. Any proposed statutory changes necessary to implement the funding plan proposal.

The proposal should incorporate reasonable projections concerning future receipts of federal funding for the plan and should include graphs and figures, as appropriate, to display the effects of proposals both in dollars and as a percentage of payroll. Sensitivity analyses displaying the fiscal effects of different assumptions for investment returns are encouraged. The university is requested to submit copies of the report to the Chairperson of the Joint Legislative Budget Committee, the chairs and vice chairs of relevant fiscal and policy committees of the Legislature, the Governor, the Director of Finance, the Legislative Analyst, and representatives of the faculty and staff bargaining units. Nothing in this provision *or elsewhere in state law* shall be interpreted to create any type of commitment or obligation, either express or implied, for the General Fund to contribute any dollars in any fiscal year to the University of California or its retirement plan.