

Proposed Policy on CUCRA Reserves and Surplus Funds

Background

With the resurgence in the CUCRA UC Retirees Travel Program after the pandemic and the current environment that favors the online zoom meeting format, CUCRA is projecting a significant surplus balance at the end of the current fiscal year, FY22, which runs from January 1 through December 31. It is also likely that CUCRA will continue to generate surpluses from the travel program in future years, even with the return to in-person meetings. In response to a question raised by one of the member associations, Chair John Meyer appointed a study group to look at the issue of how surpluses could be utilized for the benefit of the membership and instructed the study group to make a recommendation on the appropriate use of surplus balances and to consider what level of reserve balance CUCRA should maintain before distributing any remaining surpluses.

Membership in the study group included: Sue Abeles, (CUCRA Vice Chair and study group chair), Jim Dolgonas (President and CUCRA Representative, Presidents' and Regents' Retiree Association), Eric Vermillion (CUCRA Alternate Representative, San Francisco and CUCRA Joint Benefits Committee Representative), Jeff Garberson (CUCRA Representative, Livermore Retirees Association), Mae Brown (President and CUCRA Representative, San Diego), Sue Barnes (UC Retirees Travel Coordinator), and John Dahl (CUCRA Treasurer). The study group met over the summer 2022 to develop principles and a framework to address these issues and has drafted the proposed policy statement (see below), which we recommend be adopted by the CUCRA membership and incorporated as an update to the CUCRA Standing Rules.

Proposed Policy Statement

It is proposed that CUCRA seek to maintain a reserve balance equivalent to two years' worth of Operational Expenditures (Required Reserve Balance). The reserve level shall be calculated based on a year in which projected operating expenditures include two in-person meetings to ensure that sufficient funds are held in reserve to protect CUCRA from future downturns in travel program participation, inflationary increases, and unanticipated expenses. Surplus funds generated by CUCRA in any given year after the Required Reserve Balance is met, as shown on the fiscal yearend Statement of Operations, will be utilized for the benefit of the CUCRA membership, in the following priority:

- a.) To mitigate an increase in dues that might be required in the event that there are increased operational expenses and a projected deficit in the coming year;
- b.) To cover the meeting expenses of the Fall and Spring Joint CUCRA/CUCEA Meetings and the Fall and Spring CUCRA Meetings (including registration fees but not elective costs such as any networking dinner/reception); and,
- c.) To distribute any remainder after a.) and b.) have been covered to the member associations using the following formula: 50% will be distributed on an equal share to all member associations and the remaining 50% will be distributed on a pro rata share basis to member

associations whose members and guests utilized the travel program during the past fiscal year.

It is proposed that at the completion of a fiscal year (December 31), the Treasurer will determine the extent of available surplus funds over and above the Required Reserve Balance. Based upon projections for the coming year, the Treasurer will allocate sufficient surplus funds in the budget as described in a.) and b.) above. If there are remaining surplus funds after those needs are met, the Treasurer will allocate the remaining surplus funds as described in c.) above.

Should the Required Reserve Balance fall below the two years' target, there shall be no distributions until the target is achieved.

Additional Thoughts for Consideration

The study group had a lengthy discussion about the semiannual meetings and various issues related to those meetings that require further conversation with and decisions by the Association membership and the concurrence of the Council of UC Emeriti Associations (CUCEA) leadership. The issues discussed included:

1. Whether to return to in-person meetings and, if so, whether host locations should participate in the partial funding of those meetings;
2. Whether hybrid meetings (where some members participate via zoom rather than in-person) are really a viable option; and
3. Whether it might be more practical if we return to in-person meetings to hold them in a more centrally located area in the state (e.g., in the Bay area or Greater LA area) rather than at the member locations to facilitate access and reduce costs.

It is the study group's recommendation that the semiannual meetings not be structured as hybrid meetings as it will make the costs of the meeting unpredictable since hotel guarantees and resultant venue costs would be significantly impacted. Consequently, the study group recommends that the semiannual meetings be structured such that the Spring meeting be held virtually via zoom and the Fall meeting be held in-person. As meeting costs are escalating due to post-pandemic recovery issues, it is also recommended that the in-person meetings be held in one location rather than rotating among campuses/labs. The study group recommends the Fall meeting always be held in Oakland, which is close to a major airport, is accessible via public transportation, and is convenient to the University Office of the President, Office of the President Human Resources, and Office of the Chief Investment Officer personnel who typically attend these meetings to provide information and address issues of concern.