

## UC CAN AFFORD TO IMPROVE PAY AND BENEFITS FOR CLERICALS

The following is excerpted from a new report by Dr. Peter Donohue, a former visiting professor of economics at UC. To read the full text of his findings on UC's 2001-02 financial report, go to: [http://www.cueunion.org/cue\\_home.php3](http://www.cueunion.org/cue_home.php3)

### UC: MAKING MONEY, RAIN OR SHINE



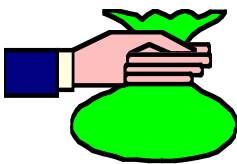
According to UC's annual financial report, UC's financial position is strong, and the University is easily able to meet any short-term obstacles. Growth of unrestricted net assets is an embarrassment of riches for a university insisting on budget cuts. Having said there is not enough money for "core functions" (educational, research, and public service activities), UC administrators were quiet when their latest annual financial report showed net income of \$506 million in 2001-02. Revenues in 2001-02 were 10.3% higher than in 2000-01, while expenses were only 5.4% higher.

### THE CONCRETE NEVER SETS AT UC

Since 1997-98, \$1.23 billion of unrestricted resources for core functions have been transferred to UC's "plant" (capital expenditures for building) fund. Since then, UC officials have insisted that those resources were unavailable to fund core functions, including pay and benefits of employees performing those functions. In 2001-02, UC administrators publicly worried whether or not core functions could be maintained. Yet behind the scenes they continued to shift unrestricted resources from core functions to the plant fund.



### UC's BOTTOM LINE KEEPS GROWING



Unrestricted funds can be used as UC chooses; they are not restricted by outside entities. UC's unrestricted net assets grew 5.7% to \$4.5 billion in 2002. Even with the shifting of resources to capital projects, unrestricted net assets for core functions increased \$42 million in 2002. According to the annual financial report, "Although unrestricted net assets are not subject to externally imposed restrictions, substantially all of these net assets are restricted internally and are allocated for academic or research initiatives or programs, or for capital purposes." When CUE requested documentation for this claim, UC officials admitted having no such documents. Despite repeated union requests, UC administrators have failed to provide evidence that UC's unrestricted resources are not available for core functions, including pay and benefits of employees.

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By any conventional accounting standard, 2001-02 was another strong year for UC finances, something the UC's annual financial report makes clear, as it anticipates UC being more than able to meet any short-term financial challenges, even with accelerated construction of new facilities. Despite spending billions on construction, UC continues accumulating unrestricted net assets. The 2001-02 annual financial report shows UC lacks not the ability, but the will, to improve pay and benefits for CUE-represented employees, as well as meet all of its other obligations.

