

Minutes of the Meeting: April 27, 2000

The Council of the University of California Emeriti Associations
University Club
UC Irvine Campus

Attending: CUCEA Officers: Marjorie C. Caserio (SD) Chair; Richard Gable (D) Past-Chair; Moses Greenfield (LA) Honorary Member; Norah Jones (LA) Archivist; Philip Levine (LA) Information Officer; Ralph Nair (SB) Historian;
Absent: Sheldon Messinger (B) Chair-Elect; Leon Schwartz (I) Treasurer

CUCEA Campus Representatives/Alternates: Charles Berst (LA); George Brown (I); Alan Goldfien (SF); Howard Clarke (SB); William Comstock (SB); John Craig (SF); Charles Daniel (SC); Julian Feldman (I); Leon Letwin (LA); Samuel McCulloch (I); Helen Ranney (SD); Ruth apRoberts(R); Paul Stumpf (D); Carl Zytowski (SB);

CUCRA Representative: Adrian Harris (LA)

Guests: Bobbie Brown (I) President of Irvine Retirees Association; Henry Fagin (I) former CUCEA officer; Lubbe Levin (UCOP); Judy Ackerhalt (UCOP); Joseph Walsh (I); Deborah Larson (UCOP); Carol Gardner (I) Academic Senate Recording Secretary.

Introduction and Welcoming Remarks

Sam McCulloch, Chair of the Executive Committee of the UCI Emeritae/i Association, opened the meeting by welcoming everyone. He introduced Associate Executive Vice Chancellor William Parker and reported that Parker has recently been appointed to be the new Vice Chancellor of Research - Dean of Graduate Studies. He commented further that Parker is an outstanding administrator and very knowledgeable about UCI.

Associate Executive Vice Chancellor Parker welcomed everyone on behalf of UCI. He reported that UCI will be facing dramatic changes in the coming decade with the projected enrollment growth known as Tidal Wave II. The University of California will be expected to accommodate an additional 62,000 students. UC Merced will accommodate 5,000 students by the end of the decade and the other UC campuses will be accommodating an additional 57,000 students. This will be a tremendous challenge. UCB and UCLA will be aggressively expanding their summer sessions. Other campuses, such as UCI, UCSD and UCR, have the necessary land to grow and will be expected to do so.

UCI was officially founded in 1962 and admitted its first students in 1965. It is interesting that UCI so closely resembles the original physical and academic plan that was envisioned in 1960. Currently, UCI has 17,000 students enrolled, and the campus is projected to reach 30,000 students by 2010. This will require a growth rate of 6% a year. UCI will be hiring 100 new faculty a year. New classrooms and lab space will be required. The campus will need to take advantage of the growth to enrich the curriculum

and to keep up with the changing needs of the students while maintaining the balance between the graduate and the undergraduate students. To maintain this level of growth for ten years while maintaining the quality of the academic program will be a major challenge.

Chair's Announcements

Marjorie Caserio, Chair of CUCEA, thanked VC Parker for his remarks and added her welcome to CUCEA members and guests. She commented that she was an Assistant Professor at UCI in 1965 and has seen the campus grow from a barren place to a beautiful campus. Following self-introductions around the table she reported that unfortunately Sheldon Messinger, Chair-Elect of CUCEA, was unable to attend the meeting.

Approval of Minutes of October 28, 1999 CUCEA Meeting

Chair Caserio reported that the minutes have already been circulated electronically for review and approval. She asked if there were any additional corrections at this time. Since none was heard, the minutes stand unchanged.

Health Care Issues

In introducing Lubbe Levin, Assistant Vice President of Policy, Planning and Research, Chair Caserio welcomed her as the designated contact person (from UCOP) for CUCEA, CUCRA, and the Joint Benefits Committee.

AVP Levin commented that she has been with the Office of the President since 1976 when she started working with Academic Personnel issues. She then moved on to staff human resources, labor relations, and employee relations. When VP Judy Boyette came to the Office of the President, one of her major challenges was to integrate the Human Resources Department and the Benefits Department. She was asked to take on a new role with the Policy and Planning Research Unit. The unit has several key functions:

- Strategic planning for policy development activities for over 160,000 UC employees.
- Build "best practices" throughout the UC system by sharing new innovative ideas and approaches that are being tested by the UC campuses, or other universities. They often turn new practices into policy changes that will benefit all employees and emeriti.
- Legislative Affairs has become a new and more complicated area. Their unit monitors legislative bills, both State and Federal, that may have an impact on the University of California. They coordinate the analysis, develop a UC position, and direct the lobbyists in Sacramento and Washington D.C. Health Care and labor relations are two issues at the forefront.
- Working with all constituent groups: the UC Staff Councils, Academic Senate Committees, emeritae/i groups, and retiree groups
- Special Programs for new initiatives such as the Health Care Facilitator Program. They are currently working on extending the funding for the existing HCF programs at UCB and UCI. New pilot programs will also be started at the Santa Cruz and Santa Barbara campuses.

She reported that the University is very committed to assuring that all employees and annuitants receive high quality health care and benefits at the most reasonable possible cost. She is looking forward to working together with us and moving towards further improvements. She then invited a member of her staff, Deborah Larson, to report on health benefits.

Deborah Larson reported on prescription drug and dental plan issues. She indicated that there have been some initial problems with IPS, the new mail order drug provider. The Health Care Facilitators have been helpful in assessing these problems. It would seem that IPS was overwhelmed by the volume of business from UC employees. IPS has reported that they are trying to do better and regret any inconvenience that their delayed service and/or mistakes have caused. On the cost of prescription drugs, she reported that there has been concern that drug costs are rising faster than inflation. She mentioned that Julian Feldman has circulated information on SB 393 which provides Medi-Cal pricing on drugs to Medicare beneficiaries which can result in up to 40% cost reduction. Professor Feldman would like to see this information made available to more emeriti and retirees and encouraged the Emeriti Associations at each campus to distribute the information. Larson pointed out that UCB and UCLA have Retirement Centers that are doing an excellent job of disseminating information to their members. John Craig commented negatively on the SB 393 information provided in the current issue of New Dimensions because some of the wording could be misinterpreted. Professor Feldman asked about the status of a mail order pharmacy option for Prudential High Option Insurance. He stated that he has heard that the mail order pharmacy option for High Option Insurance is still under consideration and hopes that it will be resolved as an option instead of a requirement. Larson confirmed that a decision is still pending.

On dental plan issues, Larson reported that several concerns have been brought to their attention. One is the Delta Dental benefit that provides for two cleanings but only one routine oral exam by the dentist per calendar year. Some members have then been charged for the second oral exam. Another question was raised on what are the appropriate avenues for complaints about Delta Dental. It was suggested that Judy McConnell's Office is in direct contact with the plan carriers and would be a good place to contact.

Health Care Facilitator Program

Joseph Walsh, the UCI Health Care Facilitator, described some of his experiences during the first year in the position. He reported that besides solving problems, it is important to identify recurring problems that are happening throughout the UC community. The Office of the President can then be informed so that during future negotiations these problems can be addressed. Another goal of the Health Care Facilitator is to raise the level of education of all participants. There are excellent wellness programs available and publicizing the events is an important activity. He also announced that Open Enrollment this year will be 30 days long instead of the usual 3 weeks. For retirees, IVR, the interactive voice response system, will be implemented. Trial runs will occur during the month of May and anyone willing to volunteer should

contact Gina Merriott at UCI (949 824-6847). The Health Care Facilitator pilot program will be expanded to cover UC Santa Barbara and UC Santa Cruz during the coming fiscal year. Discussions about a solution to the issue of permanent funding for the Health Care Facilitator programs on all campuses and labs are continuing. The Health Care Facilitator Program's funding currently comes from staff development funds.

UC Berkeley's Health Care Facilitator has faced somewhat different problems than UC Irvine's Health Care Facilitator. One difference is that UCB has a larger population and its participants are spread out over a larger area with more medical groups involved.

Retirement Benefits (UCRS Issues)

Chair Caserio reported that the Cost of Living Adjustment (COLA) is an important issue for annuitants and noted that every few years a systemwide committee is convened to review these issues. A 1991 committee produced a report on "UC Retirement Plan (UCRP) Cost of Living Adjustment (COLA)" which (courtesy of John Craig (SF) and a member of the 1991 review committee) was handed out as background information.

Chair Caserio then welcomed Judy Ackerhalt, Director, Retirement Planning and Analysis. Director Ackerhalt reported on the UCRS Board meeting that was held the previous day. One of the benefit improvement proposals discussed at that meeting was a modification to the COLA formula. Traditionally, the UCRS Board reviews the annual COLA and the ad hoc COLA at its April meeting. For everyone who has been retired for at least a year, an automatic COLA is granted on July 1st of every year according to the current COLA formula. The present formula makes the following adjustment:

100% of the Consumer Price Index (CPI) increase up to 2%

0% of the CPI increase between 2 and 4%

75% of the CPI increase over 4%

Maximum COLA of 6%

Inflation for the last several years has been very low - usually in the 2% range. The UCRS plan features two inflation banks: the COLA Bank and the Inflation Bank. Banks of percentages have been set aside for each retiree based on the year of their retirement. The two banks allow additional money to be paid to the retiree after the annual COLA has been determined. At yesterday's meeting (April 26) the annual COLA was presented. The CPI increase is measured from February to February for Northern California and Southern California. The CPI measurement for February, 1999 to February, 2000 was 3.5%. Based on the COLA formula, a 3.5% CPI will provide a 2% increase for retirees.

To come up with the ad hoc COLA, UCRS calculates a purchasing power measurement. Certain groups of retirees have gradually fallen below the 75% level of purchasing power. Information was presented to the UCRS Advisory Board on the cost of providing an ad hoc COLA to restore annuitants' purchasing power to at least the 75% level. Data was provided on increasing the levels up to 75%, 80% and 85%. The UCRS Board supported an ad hoc COLA of 85%. If the Ad Hoc COLA is approved by

the Regents in November, it will become effective on January 1, 2001.

Another item that was discussed at the UCRS Board meeting was the possibility of improving the COLA formula. Two proposals were presented:

Proposal #1

- 100% of the CPI increase up to 3%
- 0% of the CPI increase between 3 and 4%
- 75% of the CPI increase over 4%
- Maximum COLA 6%

Assuming an inflation rate of 4%, the cost to UCRP of providing a COLA based on this proposal would be:

- \$2.1 billion increase to Actuarial Accrued Liability
- \$72 million increase in Normal Cost
- 1.54% increase to Normal Cost as a percentage of pay

Proposal #2

- 100% of the CPI increase up to 2%
- 75% of the CPI increase over 2%
- Maximum COLA 6%

Assuming an inflation rate of 4%, the cost to UCRP of providing a COLA based on this proposal would be:

- \$3.2 billion increase to Actuarial Accrued Liability
- \$112 million increase in Normal Cost
- 2.10% increase to Normal Cost as a percentage of pay

An additional proposal was also discussed. It combined features of Proposals #1 & #2.

Proposal #3

- 100% of the CPI increase up to 3%
- 75% of the CPI increase over 3%
- Maximum COLA 6%

A study of proposed plan costs will be available for the June UCRS Board meeting. The costs for this proposal will be higher than the previous two proposals.

Director Ackerhalt reported that the UCRS Board may also receive a proposal for a modification to the retirement age factors for active employees at its next meeting. Usually when PERS makes a change, UCRS tries to make a comparable change. A sensitivity study of UCRP's assets and liabilities on the two proposed plan

improvements will be available at the next UCRS Board meeting at the end of June.

A motion was proposed that each of the nine UC Emeriti Associations support a resolution to endorse the proposals. Discussion included:

- Not all retirement programs have COLAs
- The current COLA formula was created when inflation was high
- The history of the gap was unclear. UCRS may not have wanted to be too different from PERS

A new motion was proposed: CUCEA supports a COLA adjustment which provides for 100% of the CPI increase up to 3%, and 75% of the CPI increase over 3% to a maximum COLA of 6% (Proposal #3), and furthermore, CUCEA urges each of the UC Emeriti Associations to similarly support that recommendation. The motion was seconded.

Discussion included:

- Amend motion to include CUCRA (along with CUCEA) as supporting the proposed adjustment
- Ad hoc COLAs are amended each year.
- Merits of the three proposals were debated.
- There was a suggestion that the 6% cap should be removed
- On an actuarial basis, UCRS has \$32 billion in assets and \$22 billion in accrued liability which leaves a surplus of approximately \$10 billion (rough figures only).

Chair Caserio reminded the members that there is a proposal on the floor that has been modified. She suggested that the motion could be split into two motions:

1. A motion that would support the ad hoc COLA,
2. A motion that would support the change in the COLA formula.

First Motion: CUCEA endorses the proposal that the cost of living adjustment plan should equal 100% of the CPI increase up to 3%, 75% of the CPI increase over 3% to a maximum COLA of 6%. (Proposal #3)

The members agreed that it was unnecessary to go back to the UC Emeriti Associations for their individual endorsements. CUCRA can speak for all nine campuses and the labs. Adrian Harris agreed to secure approval of the officers of CUCRA, supporting both proposals.

The above motion was seconded and unanimously approved. There were no abstentions.

Second Motion: CUCEA supports raising this year's ad hoc COLA to restore annuitants' purchasing power to 85% as approved at the April 26th meeting of the UCRS Board meeting. The motion was seconded and unanimously approved with no abstentions.

Director Ackerhalt requested a written copy of the motions so that she can present

CUCEA's endorsements to UCRS at the June meeting. It was further agreed that, with CUCRA's support, a joint CUCEA/CUCRA letter documenting the COLA motions would be forwarded to UCRS and President Atkinson.

Break for Lunch

Medical Plan Costs

Adrian Harris gave a detailed presentation on overall funding of health care and the copayment issue for Medicare HMO plans. PERS people have no copayments because PERS pays a higher premium to the HMO's. In contrast, Medicare people under UC health plans have the same copayments as non-Medicare people because of University policy. UC pays significantly less to HMO's for Medicare people and retains the savings from the State, and other funding provided, for other purposes. Thus, the true costs of such medical care is higher for annuitants than for those currently employed because older people generally need more office visits and prescription drugs. Harris commented that he sent a letter on behalf of the Joint Benefits Committee to the editor of New Dimensions addressing this issue after New Dimensions published an article stating that UC contributed the same amount to health plans for annuitants as it does to health plans for active employees. However, the letter did not appear in the most recent issue of New Dimensions. The editor said that she never received it.

Because of the importance of health care for retirees and the complexity of the Medicare/HMO coverage, CUCEA has requested representation on the UCFW Healthcare Subcommittee. There has been no response as yet from UCFW.

Harris also reported that although CUCEA and CUCRA representatives were welcome to attend UCRS Advisory Board meetings and had in the past been granted the privilege of the floor, a recent e-mail message from the Board Chair noted that guests may not participate in the meeting nor be recognized by the Chair unless pre-arranged. This is so stated in the Board's Handbook. CUCEA recommends that this policy be amended to continue the previously granted privilege of the floor, which was started when the request for formal membership on the board was denied.

Report of the Nominating Committee

The nominating committee recommended Julian Feldman (I) as Chair-Elect and Charles Berst (LA) as Secretary, effective July 1, 2000. The nominating committee also renominated CUCEA officers Levine (Information Officer), Schwartz (Treasurer), Nair (Historian), Jones (Archivist). The entire slate was approved unanimously. CUCEA will welcome the incoming Chair, Sheldon Messinger (B), when he takes over July 1, 2000.

Biobibliographic Survey Report. Moses Greenfield reported on the status of the reports that will cover time frames concluding with June 1999. He hopes to have all nine reports in hand very shortly. He was also pleased to report that Charles Berst (LA) has agreed to write the "Summary" of all nine reports when they are done. Since the reports

will now be "biennial", the next series will cover the time frame July 1999 to June 2001.

Report of Survey of Campus Emeriti Associations. Chair Caserio reported that all but one of the questionnaires on this issue have been returned. As soon as these have been summarized she will forward the results to CUCEA members. [This has since been accomplished].

Emeriti Housing Committee. Brief reports were made by Irvine and Davis representatives. The plan to form an ad hoc emeriti housing committee was reaffirmed.

Report on Emeriti Representation on Divisional Faculty Welfare Committees. John Craig (SF) gave follow-up comments to his report that was previously distributed with the agenda. The following resolution contained in his report was adopted unanimously. It is hereby resolved that on all UC campuses suitable input should be given at the appropriate time by the divisional Emeriti Association either to the Faculty Welfare Committee or to the Committee-on-Committees concerning an effective choice for emeritus representation on the Faculty Welfare Committee.

Joint Benefits Committee. The contents of the report from the JBC were formally endorsed by CUCEA and the motion to include the Chair of the JBC as a regular participant at future CUCEA meetings was approved.

Treasurer's Report. In the absence of the Treasurer (Leon Schwartz) who was attending his 50th College reunion, Julian Feldman distributed the Treasurer's report. Dues for the fiscal year are due May 1, 2000, but to date only UCSC, UCI and UCSD have submitted dues. The only new expenditure is a \$300 payment for the development and management of the CUCEA website.

Historian's Report. CUCEA Historian Ralph Nair distributed a report summarizing (in charts) the elected officers of CUCEA since its founding year in 1987. The only position that went unfilled was that of Secretary for the current year.

Archivist's Report. Norah Jones raised a number of issues in her report. She drew attention to the problem of maintaining an archive as we rely increasingly on electronic means of communication. A traditional paper archive can be maintained if the electronic material is printed out. The electronic records themselves, whether stored on hard drives or floppy drives, have limited life expectancy.

Jones has arranged for the CUCEA Archives to have an e-mail address (cuceaarc@humnet.ucla.edu). She urges that all communication that has archival value be sent to the archival e-mail address, and should be ID specific with subject lines to the point. Her comments regarding the website were critical about its not yet being on a UCOP web server, not being updated, not formatted properly, and stressed the need for a web-master or standing committee. [This matter, which may require a change in the Bylaws, will be taken up next year when the website is transferred from the UCSD web server. It should be noted that maintaining the website is greatly facilitated by

submission of material in electronic form. Re-keying everything or scanning documents is not practical].

Campus Reports. Written reports of the Spring activities of the campus Emeriti Associations were received from UCLA, UCD, and UCSD.

Honors. Congratulations to Eugen Weber of UCLA and Emmy Werner of UC Davis for winning the 2000 Panunzio Award. Also, congratulations to Adrian Harris who was named UCLA's Emeritus of the Year.

Future Meetings. The Fall meeting is scheduled for Thursday, October 26, 2000 at UC Berkeley. The Spring meeting is scheduled for Thursday, April 26, 2001, at UC San Diego.

Following words of appreciation for the hospitality provided by the Irvine campus, the meeting was adjourned at 3.00 p.m.