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Council of University of California Emeriti Associations (CUCEA)

Minutes of Meeting

April 30, 2014

UC Santa Barbara

**Attending:**

*CUCEA Officers:* W. Douglas Morgan (SB) Chair/EA President; Roger Anderson (SC) Chair Elect; Charles Berst (LA) Past Chair/Honorary Member/Biobib co-chair; Charles Hess (D) Past Chair; Ernest Newbrun (SF) Past Chair; Louise E. Taylor (B) Information Officer/Past Chair; Lyman W. Porter (I) Treasurer; Marjorie Caserio (SD) Web Manager/Newsletter Editor; William Ashby (SB) Secretary/Campus Representative; Ralph Johnson (LA) Archivist/Historian/Alternate Campus Representative.

*Emeriti Association Presidents:* Caroline Kane (B) EA President/Campus Representative; John Vohs (D) EA President/Campus Representative/Biobib co-chair; Cal McLaughlin (I) EA President/Campus Representative; Anthony Norman (R) EA President/Campus Representative.

*Emeriti Association Representatives and Alternates:* Ed Epstein (B); William Parker (I); David Lopez (LA); Richard Attiyeh (SD).

*CUCEA Representative to the Joint Benefits Committee and JBC Chair:* Adrian Harris (LA).

*Center Directors and Liaisons:* Patrick Cullinane (B); Susan Barnes (D); Jeri I. Frederick (I); Debra Martin (SB); Eddie Murphy (LA)

*Guest:* Anna DeVore (SB)

**Call to Order:**

The meeting was called to order at 1:20 p.m. by Chair Morgan. This was followed by introductions of members and guests present.

**Minutes of the November 5, 2013 Meeting:**

Copies of the minutes from the November 5, 2013 meeting at UC San Francisco were distributed. The minutes were approved unanimously and will be posted on the CUCEA website:

<http://cucea.ucsd.edu/meetings/minutes.shtml>

## Nominating Committee Report

Doug Morgan invited Louise Taylor, as Chair of the Nominating Committee, to present the following report:

Bylaws state that Officers shall be elected in even years and confirmed to continue in the odd years by the Council in the Spring; representatives shall normally succeed each other on July 1.

Council Officers include the Chair, Chair-Elect, Secretary, Treasurer, Information Officer, Web Manager, Archivist/ Historian. Per the Bylaws, the Secretary, Treasurer, Information Officer, Web Manager, Archivist/Historian are elected for two-year terms in even years, and are confirmed to continue in odd years. In practice, we are electing the Chair and Chair-Elect for two-year terms as well.

Doug Morgan appointed Charles Hess and Louise Taylor as the Nominating Committee. We recommend the following slate of officers be confirmed to serve in 2014-2016:

Chair	Roger Anderson (SC)
Chair-Elect	Richard Attiyeh (SD)
Secretary	William Ashby (SB)
Treasurer	Lyman Porter (I)
Information Officer	Louise Taylor (B)
Web Manager/Newsletter Editor	Marjorie Caserio (SD)
Archivist /Historian	Ralph Johnson (LA)
CUCEA JBC Representatives	Charles Hess (D) Julian Feldman (I)

The report was unanimously approved. Charley Hess expressed thanks to Chair-Elect Richard Attiyeh for accepting this office.

## Officers' Reports:

### Chair's Report:

Doug Morgan gave an update of deliberations at the Faculty Welfare Committee. UCFW works with two taskforces. One focuses on health care and one on investments and retirement. The first taskforce has been monitoring the UC Care program. This program will continue next year, and the goal is to make it work smoother. A benefit satisfaction survey is planned. As for OneExchange (formerly Extend Health), Doug gave a short history of our positions beginning in April 2011. The OP has been "very supportive" of dialog with the

Senate. Lori Taylor, Executive Director, Self-Funded Health Plans, and her team plan to visit campuses.

The UCFW committee working with HR is undertaking a new “total remuneration” study for faculty. This will include both cash salary and value of benefits to be compared with the comparison eight universities with whom UC competes. As for the unfunded liability of the retirement program, Faculty Welfare has proposed that UC borrow funds with a 10 year payback, rather than increasing contributions beyond the current 14%.

Doug noted that there are 61,000 UC retirees currently. He urged that campus associations use that number in their efforts to establish an emeriti/retirees center on all campuses.

### **Secretary’s Report:**

William Ashby had no report apart from the minutes.

### **Treasurer’s Report:**

Lyman Porter distributed copies of spreadsheets showing CUCEA’s net worth and cash flow as of March 31, 2014. He also distributed information on meeting costs over the past several years. He reminded the membership that CUCEA had approved increasing dues charged to campuses from \$1 to \$2 per member, effective May 2014 at the 2012 meeting at Santa Cruz. The net worth shown on the spreadsheet does not reflect this change. Consequently, the balance should improve once this increase takes effect. Of concern is the rise of meeting costs over time, currently averaging around \$3500 per meeting.

Adrian Harris asked Doug Morgan whether he had approached the Academic Council about a reinstatement of its contribution to CUCEA. It was noted that the initial annual contribution was \$5000 year. This was later reduced to \$1500 and currently is nil. Doug reported that the Academic Council was unresponsive to his request.

As to the audit of CUCEA’s books that was agreed at the Fall 2013 meeting, Doug Morgan will ask a faculty member of UCSB’s accounting program to audit the books after the August 31 closing.

*ACTION:* Doug Morgan will arrange for the audit, to be completed by the October 2014 meeting.

*ACTION:* Doug Morgan and Roger Anderson will continue efforts to convince the Academic Council to restore its contribution.

### **Information Officer’s Report:**

Louise Taylor presented the following report:

The Information Officer is responsible for maintaining the CUCEA Roster of Officers, EA Presidents, Representatives and other members, and for circulating information concerning meetings and other topics of interest to CUCEA's members.

There are three Information Officer's spreadsheets included in a Workbook, entitled "CUCEA Spreadsheets". The Workbook opens to a spreadsheet, and at the bottom of that sheet in the left hand corner are three tabs. The tabs are labeled: Meeting Locations (and dates), Elected Officers and Campus Reps. These have been updated as of 3.29.14. A copy is attached to this report.

It is important to note the Meeting Locations; dates are included through April 2017. In recent years, the dates have gotten off-track, due to inability to schedule meeting rooms, in town conferences taking hotel space, etc. Please check the dates for your campus and plan ahead. CUCEA members are used to the schedule shown in our Bylaws, which directs that we meet on the last Thursday in April and the last Thursday in October. Many members plan accordingly for research, teaching obligations, etc.

Thanks to all the CUCEA Representatives who send me their new Emeriti Association Presidents and changes in CUCEA representation as soon as the new academic year is known.

### **Web Manager/Newsletter Editor's Report:**

Marjorie Caserio distributed copies of the April, 2014 CUCEA Newsletter. The Newsletter can also be found on the CUCEA website:

<http://cucea.ucsd.edu/reports/documents/April2014NewsletterRev2.pdf>

Marjorie then presented an oral account, based on the following written report:

The April 2014 issue of the CUCEA Newsletter is now posted on the CUCEA website. Printed copies are to be distributed at the April 30 meeting. [Please note an error in the printed copy in the list of CUCEA offices. The web version is correct.]

The newsletter features an interesting account by Bill Ashby of "The Coursera Experience" or what it is like to take a "massive" online course.

There is also an article on UC's Health Care Facilitator Program, about which more will be said at the CUCEA meeting.

Regarding the future of the newsletter, it is important to sustain content of interest and an effective distribution method. Neither is secure at present. To help with the content, it is proposed to send an e-mail to CUCEA representatives soon after each CUCEA meeting soliciting topics and authors for future issues of the newsletter. Authors often need at least 3-4 months lead time to prepare articles, and even this is not always possible—so it is important to have backup options for content.

The distribution issue is difficult to solve. The Center Directors are very helpful, but not all Directors alert their campus constituents to the newsletter and not all campuses have Centers. The key question is whether the campus Emeriti Associations have the database of members that they can use or are willing to use to inform members when a newsletter issue is

available. Most EA's have newsletters, so it might seem relatively simple to use the same database for the CUCEA newsletter—provided they use electronic distribution. Some discussion of this point would be helpful in evaluating future options.

The status of the Dickson Awards is a topic for the next newsletter (October 2014) depending on the input received from the CUCEA campus representatives on the status of these awards on their own campuses. This was a topic at our last meeting (November 2013). As requested, the UC fund numbers for the Dickson Emeriti Professorship Endowments were sent to each representative (courtesy of Charley Hess) to track on their own campuses. There are ten fund numbers, including Merced, even though the campus probably has few or no emeriti. Hopefully, each of the representatives will report on the status of the Dickson awards at the April meeting.

The Panunzio awards for 2013-2014 have recently been announced and will be more fully reported in the October newsletter. UCLA's Office of the Vice Chancellor for Academic Affairs is now the responsible administrative venue for the Panunzio Awards. Eddie Murphy, Director of the UCLA Retirement/Emeriti Center, is our contact regarding these prestigious awards. CUCEA is responsible for the nomination of a member of the Panunzio Selection Committee—usually a former Panunzio awardee—although, apparently, no nominee has been appointed recently.

In subsequent discussion, Marjorie acknowledge the help of the campus Health Care Facilitators in providing information and perspective on the lead article. One finding that emerged from her interviews with them is that there is sometimes inadequate and untimely consultation with the campus HCFs when changes are under consideration.

In regard to obtaining content for future issues, it was decided that the Information Officer would solicit suggestions from Campus Representatives following each meeting.

*ACTION:* Louise Taylor will request suggestions for articles for Newsletter.

John Vohs commended Marjorie on the Health Care Facilitator article. Marjorie again thanked the campus HFC's for their help and praised their professionalism.

## **Archivist/Historian's Report:**

Ralph Johnson presented the following Historian's report:

UC Santa Barbara has its origins in a private school founded in 1891 with the name Anna S. C. Blake School. In 1909 the State of California took it over, renamed it Santa Barbara State Normal School of Manual Arts and Home Economics, and located it in the Riviera neighborhood. Over the years the name changed. In 1944 it became a campus of the University of California. In 1954 the college moved to the former World War II Marine air base on Goleta Point.

The CUCEA meeting held at UCSB on April 28, 1988 was its second after its founding on the Berkeley campus on October 27, 1987. As a result, there were many concerns to discuss such as its relationship with the statewide and local academic senates, the statewide and local administrations, and the UC Faculty Welfare Committee (UCFW). Other concerns included campus space, services, maintenance of income level and emeriti rights and benefits. There was a need by CUCEA to make concrete and detailed proposals. There was the matter of funding--the Academic Senate gave an initial \$5,000 to launch CUCEA.

There was considerable interest in emeriti centers on each campus like the one at UCLA that was established in 1969 only two years after the founding of the UCLA Emeriti Association and is now celebrating its 45th anniversary. The minutes include Recording Secretary Ralph Nair's very detailed presentation of his three year struggle for the establishment of an emeriti center at Santa Barbara that was slated to open on July 1, 1998, two months after this meeting. Santa Barbara would then become the second campus to have a center. UC Berkeley and UC Riverside reported that there were plans on their campuses for a center.

Morley Walker from the Office of the President made a report of an emeriti survey made by his office in 1987 that chiefly was on campus office space but also included responses on what would make emeriti retirement experience more rewarding. Answers included financial planning including tax annuities. There was even advice to marry a wealthy spouse!

This report, and a longer version which includes highlights of the second biannual meeting of CUCEA, held at UCSB on April 28, 1988, will be posted on the CUCEA website.

### **Bio-bibliographic Survey:**

John Vohs noted that "bio-bib" is an "insider's term," not readily understood by the larger community. Moreover, the term may be off-putting to emeriti who were required to complete an annual "bio-bib" during their years of active University service. John proposed a new name for the survey, "Emeriti Productivity Survey." Some discussion followed. Following the scheduled break in the agenda, discussion resumed. John moved that the name be changed, but that the specific name change be decided later. This motion passed unanimously.

### **Joint Benefits Committee:**

Adrian Harris presented the following report:

CUCEA and CUCRA function, among other things, as partners and advisors to the Office of the President on matters relating to retirees, annuitants, and retirement benefits. JBC, as an agent of both Associations, advises CUCEA and CUCRA by providing insights and information to aid in their partnership with the Office of the President.

- 1 - **Extend Health/OneExchange**: Since the first interaction in 2011 with Extend Health (recently re-branded as OneExchange) representatives from the JBC, CUCEA, and CUCRA have repeatedly expressed concerns about outsourcing health benefits with Extend Health. Those concerns continue, bolstered by numerous complaints received from out-of state, Medicare-eligible retirees who were forced into this Medicare exchange provider this year. A preliminary report (through 12/31/13) from University administrators indicates that at least 20% of the affected population was "dissatisfied" or "very dissatisfied" with their experiences in enrolling with a new insurance provider via Extend Health/OneExchange. **This level of dissatisfaction is unacceptable.**

We are pleased that OneExchange is required to follow up with each dissatisfied retiree to identify the issues and resolve any continuing problems, and report its findings to UCOP. OneExchange is required to conduct another survey on July 1 to recognize any new issues that may arise (e.g., reimbursements, prescription drug providers). We also have been informed that a periodic evaluation of OneExchange's performance will be an

ongoing activity. Of course, only those dissatisfied individuals who participated in the survey would be contacted in their follow-up. If those not responding to the survey have similar views as those who responded, that would leave more than 700 dissatisfied individuals without such contact.

In addition to anecdotal feedback from retirees, similar negative evaluations of Extend Health have been noted on a variety of websites. Consistent with UC retirees' feedback, most complaints focus on customer service quality and the delay in reimbursement for out of pocket costs to care providers and pharmacies. **We recommend continuous monitoring of retirees' experiences with OneExchange and the associated insurance providers.**

In a discussion of the insurance exchange model at the November 2013 Regents Meeting, University administrators stated that this program is not a pilot program, but it is estimated that the program will reduce the University's actuarial liability for health care costs by \$718M for out-of-state retirees. The administration also believes that most Medicare-eligible retirees will be better served by insurance that is tailored to the health providers in their respective locations. Moreover, this program provides a tax-advantaged funding arrangement that retirees and covered family members can use to pay for premiums and eligible medical expenses. What this analysis fails to take into account is the fact that the costs of the program are paid for by the health care provider organizations. They would clearly have to cover these costs by increasing their premiums, which would ultimately be paid for by annuitants, since the University contributions are fixed.

- 2 - **Retirees Who Move Back to California:** We also maintain the view that those who move back to California in the future should be granted the same health care benefits as those living in California continuously, and not be forced to continue to use OneExchange.
- 3 - **CalPERS Model:** Again, we suggest that it may be possible that major benefits could accrue to UC retirees living outside California if their health care were combined with the similar group of CalPERS participants. CalPERS handles enrollments itself, and annuitants are offered a choice between an HMO or a PPO. We have been informed that CalPERS members are generally satisfied with this arrangement. **The University should explore a combination with CalPERS.**
- 4 - **University Investment Policies and Annuitant Concerns:** The University of California's endowment has produced the worst investment returns of any of the 10 richest colleges in the country over the past decade, an analysis by The Center for Investigative Reporting shows. From the 2004 through 2013 fiscal years, the investment payout for the UC endowment ranked last among the 10 U.S. universities with the largest endowment funds. The university earned an average of 7.3 percent on the combined endowment of the system and individual campuses, while the other nine colleges – which include the public University of Michigan and University of Texas – averaged 10 percent. Responding specifically to the report, it was claimed that the restrictive nature of earlier Regental policy hampered 10-year returns and more recent comparisons show progress and steady improvement. Further, it was justified by a statement from the UC Chief Financial Officer, who was quoted as saying: “the University of California has to invest more conservatively than its peers because it is a public institution.”

The University has taken a less aggressive approach to investing funds than our peers, which has materially reduced yields over a ten-year period. UC's more conservative investment policy was a reaction to the rather dramatic adjustments in the equity markets and to lawsuits involving alternative investments; these materially impacted negatively the value of University funds. While conservatism makes sense for older individual investors, the University invests for the long haul. However, the University's investment policies govern both UC retirement funds and certain investments in individual annuitants' investment accounts [403(b), 457(b) and DC plans]. Results are couched in terms that compare our results with various benchmarks, but this approach eliminates the comparison of our results with those of our peer institutions.

Policies that befit one of the leading universities in the world need to be among the leaders and not in the lower performance ranges. We believe that **investment conservatism is not a requisite for "public institutions."** and we hope the newly hired chief investment officer shares that view and is able to bring about a shift in investment policies approved by The Regents.

- 5 - **Financial Reporting**: In our last report, we called attention to the wide disparity in the quality of financial reporting on retirement investments between UC annuitants and CalSTRS members, and recommended that the University include in regular reports to UC employees and annuitants easily understood details about their investments and returns, which are similar to reports produced by the CalSTRS.
- 6 - **MRD Process**: From reported experiences, it would appear that the MRD process went according to plan, and was highly successful. Again, we thank those from OP who were responsive and responsible for making it work!
- 7 - **Wellness Program**: As a follow-up to our recommendation about the Wellness Program made six years ago, and our comments made three years ago, we request comments from OP representatives with respect to how well it is meeting its goals, and the design of a survey that could lead to positive changes for future years. In addition, has the existence of the program brought about cost savings through reductions in premiums paid to our health care provider organizations or otherwise, as envisaged by the Health Benefits Task Force?
8. **Consultation**: In response to our voiced concerns about the lack of consistent and adequate consultation on issues that affect UC's retirees, we are pleased to learn that Ellen Lorenz, director of the Retirement Administration Service Center, has established a bimonthly consultation forum with the chairs and vice chairs of CUCRA and CUCEA. Beginning in May, these every-other-month telephone conferences are intended to provide a two-way communication channel between the two associations and key staff in the RASC. We applaud this UCOP initiative.

We continue to look forward to cordial and cooperative relations with OP staff with whom we deal, for the mutual benefit of the University and its family of annuitants.

Adrian Harris, Chair, UCLA,



Julian Feldman, UCI; Jack Fisher, UCSD; Charles Hess, UCD; Richard Jensen, UCSC & UCSB; Larry Pitts, UCSF; Louise Taylor, UCB; *Ex-Officio*: Roger Anderson, UCSC; Lee Duffus, UCSC; Doug Morgan, UCSB; Marianne Schnaubelt, UCI

Adrian Harris offered some additional comments about the “unfunded liability” of the University of California Retirement program. In Adrian’s view, this is not a crisis requiring immediate action. He opined that the problem has been created over a 40 year time period and that the problem could be fixed over time. Bill Parker noted that the Faculty Welfare Committee does not entirely share this view.

Adrian Harris moved that the JBC Report be “accepted, adopted as its own, and distributed to appropriate individuals within and outside the University of California” by the CUCEA membership, hopefully in concert with CUCRA. The motion was approved unanimously.

Caroline Kane then shared the results of a survey among UC Berkeley’s emeriti and retirees living outside California concerning their experience with Extend Health. Ninety-eight of 300 surveyed responded. In response to a question comparing Extend Health to their previous UC health program, 51% reported Extend Health to be worse, and 17% somewhat worse.

It was felt that this level of discontent was unacceptable and that the Extend Health experience needs to be monitored carefully.

Bill Parker said that the Faculty Welfare Committee is “deeply concerned” that UC may want to outsource all retirees and emeriti to Extend Health, not just those residing outside California. The Academic Senate is on record as not supporting this concept.

Adrian Harris stated that the purported cost savings to the University under this scheme are exaggerated and not accurate. Outsourcing would in fact represent a shift in costs to the retirees: as health care and administrative costs rise, Extend Health would inevitably raise the premiums.

Discussion returned to the Health Care Facilitator program. It has been proposed that the local Health Care Facilitators might in the future serve active employees only, with retirees and emeriti services being transferred to the RASC.

Bill Parker urged each EA to urge their campus administration to supplement the money coming from the Office of the President, so than more than 1.0 FTE be allotted to the Health Care Facilitator program. On some campuses, HCF positions have been cut.

Charley Hess noted that the Health Care Facilitator program was on the agenda for the Joint Meeting discussion with representatives from the Office of the President on May 1. CUCEA should press the OP representatives on what the intention of the OP may be as regards the HCF program.

Marjorie Caserio made the point that there is currently no HCF at the OP or in the RASC. The rationale for centralizing the program in the RASC may be based on data that are inaccurate.

## **Campus Reports:**

Caroline Kane (B), John Vohs (D), Cal McLaughlin (I), David Lopez (LA), Tony Norman (R), Richard Attiyeh (SD), Ernie Newbrun (SF), Bill Ashby (SB), and Roger Anderson (SC) each presented a summary of Emeriti Association activities on their campuses. Copies of the reports were distributed and all will be posted on the CUCEA website (<http://cucea.ucsd.edu>).

**Respectfully submitted,**

William J. Ashby, Secretary

First draft: May 18, 2014

Second draft: May 28, 2014

Third draft: May 29, 2014