

MINUTES OF THE JOINT MEETING OF THE COUNCIL OF UC EMERIT ASSOCIATIONS AND THE COUNCIL OF UC RETIREES ASSOCIATIONS UC SAN FRANCISCO

9:00 - 12:00 AM OCTOBER 27, 2005

ATTENDING:

CUCEA Officers: Dericksen Brinkerhoff (R) Chair; John Craig (SF) Past-Chair; Louise Taylor (B) Chair-Elect; Lyman Porter (I) Treasurer; Marjorie Caserio (SD) Information Officer; Larry Waldron (B) Secretary; Norah Jones (LA) Archivist.

CUCEA Representatives/Alternates: Alan Goldfien (SF); Errol Mauchlan (B, EA Chair); Jack Fisher (SD); Mary Corrigan (SD); Down Miller (SB); Dick Walters (D, EA V. Chair); Charles Hess (D, EA Chair); Kivie Moldave (I); David Sprecher (SB); Dorothy Rice (SF, EA Chair); Janice Corriden (SC)

CUCRA Officers: Dick Jensen (SB) Chair; Marian Gade (B), V. Chair, UCRAB Chair); Toni Sweet (B) Secretary; Bob Eernisse (D) Treasurer

CUCRA Representatives/Alternates: Mary Marriner (LANL); Joe Marriner (LANL); Charles Lacy (D, RA Chair); Hugh Pates (SD); Lew Leeburg (LA); Anne Gray Raventos (D); Barbara J. Nichols (D); Bob Becker (LLNL); John Pitts (LLNL); Jim Mackie (SF); Tom Beales (LBNL); Marilyn Cantlag (SC); Lee Duffus (SC); Lola James (B); Sandra Norberg (SF); Bob Oaks (SD); Don Wilkie ((SD);

Ex Officio CUCEA Members: Adrian Harris (LA) Chair Joint Benefits Committee; Charles Berst (LA), Chair Emeriti Biobibliographic Survey Committee

President's Office Representatives: Al Brugger; Stan Kowalski (HR Benefits); Randolph Scott (HR Benefits); Judy Ackerholt (HR Benefits); Michael Reese (University Affairs); Carl Klompus (HR)

Treasurer's Office: Mel Stanton, Interim Treasurer

Other Attendees: Shelley Glazer (B, Director Retirement Center)

Opening Remarks and greetings from UCSF

CUCEA Chair Dericksen Brinkerhoff opened the Joint CUCEA/CUCRA meeting at 9:00 am and introduced SFEA Chair **Dorothy Rice**. She in turn introduced **UCSF Vice-Chancellor for Academic Affairs Sally Marshall**, who welcomed us. Dr. Marshall's research in material science reflects the wide disciplinary range of a modern medical school. She expressed amazement that there were so many retirees willing to turn out and contribute to the University's welfare.

Vice-Chancellor Marshall reviewed current developments at UCSF. The Mission Bay Campus opens tomorrow, a 43-acre facility with 3 research buildings including living arrangements for staff, a community center and parking structures. It is now half-built serving about 1700 faculty, students, staff and post docs, so it is already a significant campus. QB3, a quantitative biology research project supported by San Francisco, Berkeley, and Santa Cruz now occupies a newly completed research building.

Marshall's office is concerned with faculty life issues and a task force has recommended three areas for particular attention: mentoring, leadership and welcoming. It is intended that every faculty member will have a mentor. Academic and professional leadership training is being organized. So far, welcoming social events have been satisfying only to very small numbers of new faculty, so different plans are being made. Vice-Chancellor Marshall was very pleased that one of her listeners (by asking) suggested that emeriti be used as mentors.

UC for California Alliance

CUCRA Chair Dick Jensen introduced **Michael Reese** (OP Director of University Affairs) who described the "UC for California Alliance", a new advocacy program launched and coordinated through the Office of the President (www.ucforcalifornia). We were told that new demands require new ways and this program is such a response. While enrollments have increased 19%, state appropriations for UC have decreased 15%, creating a \$1.5 billion shortfall. Term limits have eroded the former strong legislative understanding and support for the University. There is a growing disconnect between UC and California voters. A recent survey found that 59% of California middle-class voters reported that affording a UC education was difficult or impossible. These voters are crucial for UC support. Federal support is leveling off and will likely decline with the heavy expenditures for the Iraq war and hurricane Katrina. To make matters worse, California is political poison to the current national administration. Private support has been good for the last three years, but the gap between UC and private universities is growing, and UC is competing with the privates (Harvard, Yale, Stanford, et al) for faculty and top students. Maintaining UC's present trajectory will lead to one or all of the following: increasing student fees, limiting enrollments, changing the character of the institution. To avoid these consequences and for UC to continue to be a leading university we must broaden our support.

The grass roots approach to broadening support begins with our alumni, but that is insufficient. We must mobilize all those with a vested interest in the university, including parents of students, faculty, retirees, and business leaders. The latter are especially influential as they speak to the economy of the state. Reese quoted a businessman who said

that if the quality of higher education declines here, he would relocate his business to Massachusetts where there is a collection of fine universities. We must replace the fragmented, independent sources of support (“silos”) with an alliance, and go out into the legislative districts as President Dynes has been doing. We hope to develop legislative caucuses and begin to cultivate new and prospective legislators. An electronic advocacy group has grown to over 12,000 in the last three years.

There was interactive discussion centered on using emeriti and retirees as UC advocates by means of providing expert opinion in public discussions and op ed pieces. Berkeley Retirement Center Director Shelley Glazer noted that the activities of the Center provide an exemplary model of an integrated alliance for UC support. It was noted that alumni, especially those of UC, tend to lack a sense of continuing commitment to their schools. Private schools do better. From the floor an example was given of UC's almost negligible response to an appeal for colleges and universities to offer on-line courses to students whose education had been interrupted by hurricane Katrina. (Only a single UC course was approved.)

Break (10:06)

Human resources and Benefits (10:16)

Judy Ackerhalt presented the latest developments in the bidding processes for management of the National Laboratories. UC was awarded the contract for the management of the Lawrence Berkeley National Laboratory in April of this year. It is a 5-year renewable contract. The contract for management of Lawrence Livermore Laboratory was renewed to 2007.

In the bid for management of the Los Alamos National Laboratory UC has three partners: Bechtel, Washington Group International and WBX Technology. The winning contractor will be a stand-alone limited-liability corporation (LLC) governed by a 6-member board. Two pension plans have been proposed: one equivalent to the present one; the second a market-driven one. However, the UC bid did not include a benefits plan because the winning bidder will have 60 days to submit one. UC employees will have a choice among three alternatives: remain in current pension plan with assets transferred to the LLC, leave UCRP and join the market-driven plan, or retire. New employees will go into the second plan. A detailed communication plan is being developed. Current UCRP retirees will continue to receive their pensions, but health and dental benefits become the responsibility of the new contractor. It is hoped that current health benefits can be maintained through 2006, managed by the new LLC.

Randolph Scott, Executive Director for Policy & Program Development, is the successor to recently retired Michele French. He spoke warmly of his regard for both Associations and

promised to have a continuing consultative relationship with them.

Regents' item 61 contains much more than was reported in news accounts. There are 3 parts: (a) Total remuneration; (b) An administrative process for dealing with senior leadership salaries over \$168,000; (c) Supplemental executive salaries. Presently the regents are concerned with item (a), total compensation, which includes salary, health & welfare benefits, and retirement benefits. A recent independent survey found that with regard to the three components of total remuneration, UC is slightly below the market on cash compensation (-15%), above the market on health benefits (+60%), and slightly above on retirement benefits (+10%). Thus, in terms of total remuneration UC is about at market, and the regents will examine the three components in evaluating total remuneration. Director Scott urged his listeners to study item 61 on the regents' web site.

It is the intention of HR to have sustainable programs, something that has not always been done in the past. For example, according to the Government Accounting Standards Board (GASB) there is presently a liability of about \$10 billion attached to the health care of all active and retired UC employees. Current health plan costs for all active and retired UC employees are about \$130 million. Recognizing the huge liability, which will be required by law in January 2007, will raise this cost to \$850 million. This \$700 million variation cannot be put on the books and ignored. The regents have appointed a task force to deal with this GASB (ghastly!) liability.

The over-funded status of the retirement system (once 153%, last year about 118%) is declining and UC and employee contributions, which have not been made since 1990, must resume soon. Director Scott will interact with the Compensation & Benefits Strategy Task Force and the Joint Benefits Committee to keep Association members informed. He has been urging that the strictures on communications from Task Force representatives (noted by Adrian Harris) be relaxed.

The record-keeping contract RFP calls for financial education with in-line tools to assist with financial planning. (The contract is now held by Fidelity.)

There followed an interactive discussion about: how the UCRS got over-funded while many retirement plans were in disarray (prudent management); the gap in the COLA formula; ad hoc increases, in addition to the COLA formula, which have kept retirees at 85% of original purchasing power.

Open enrollment

Carl Klompis (HR) stated that the open enrollment booklets are in the mail. The plans are much like last year and you are encouraged to use electronic means to make your choices. You need do nothing if you are not changing your health plan. Regarding Medicare part D, you are advised not to sign up because UC provides better coverage, but if you were to elect another drug plan you would lose your UC coverage. There is a typo on p. 10 that will be corrected by postcard next week. The rates are very similar to last year because of hard negotiation with carriers.

On minimum required distributions (MRD's) Fidelity at present will only take 10% of Federal on State income tax deduction. UC is trying to make Fidelity more flexible on this issue.

UC Treasurer

Mel Stanton (Interim Treasurer) reported that the search for a new Treasurer is on going. He then turned to UCRP performance which has been very good and provided literature documenting it. The funding ratio on June 30 was 112%. Over the past 3 years and 5 years growth has exceeded the CPI by 2.7% and 2.5%, respectively. He discussed UC Pathway Funds that change to a more conservative mixture of assets over time.

Joint Benefits Committee

Adrian Harris (Chair JBC) noted that there was great difficulty convening the Committee, so that the written report he distributed was entirely his and Dick Jensen's work. The Committee has long been concerned with the plight of annuitants who retired before 1987 because their pensions were limited to 80% of their highest 3-year salary no matter how long their service, whereas those retiring after this date could go to 100%.

Flexible Spending Arrangements are available to active UC employees, but not to UC annuitants. Chair Harris suggested raising this issue with OP representatives in Washington since IRS regulations presently forbid offering such arrangements to annuitants.

The Committee is concerned that annuitants living outside California have more limited health care choices, but has not formulated a specific proposal.

ADJOURNED at noon

Respectively submitted,
Larry Waldron, CUCEA Secretary