

Joint Benefits Committee Report
CUCRA/CUCEA Joint Meeting at UC Riverside
April 25-26, 2018

This JBC report presents some comments and questions about the Huron Report on restructuring the Office of the President. We also provide some comments about Retiree Health Insurance. We finally return to Minimum Required Distributions to thank UC for the recent article in New Dimensions, and to ask UC to encourage Retirees to seek some financial advice to deal with the implications of the new Federal tax law. JBC believes that all three of these topics directly affect Retirees and Emeriti.

Restructuring UCOP may decrease its financial and employee footprint, but the University must demonstrate that value will be added with the transfer of UCOP activities to one or more campuses. Retirees and Emeriti have contributed to the University for most of their adult lives, and they have a real stake in the reshuffling of UCOP operations such as RASC and UC medical centers. The final plans for restructuring must also minimize the human cost of moving employees who may be near retirement or of causing valuable employees to leave UCOP because they cannot move to a new location. The goal of the restructuring must not simply be to make UCOP a smaller target for State audits and the Press.

1. **Huron Consulting Report** http://cucea.ucsd.edu/reports/documents/Huron_Report2018.pdf

This presentation about this study has generated considerable discussion and controversy. This is not surprising because of the scale of the proposed actions to move many units from Oakland. The debate will be greatly arbitrated with other reports from the Academic Council and the Regents themselves. We have not seen the latter reports, so we only concentrate on our reading of the Huron Consulting Report which is a 50 slide PowerPoint presentation.

We offer the following points:

- a. We support the Academic Council letters of March 9 and March 12, 2018:
<https://senate.universityofcalifornia.edu/files/reports/SNW-JN-Huron-Response-Principles.pdf>
- b. The presentation is incomplete and certainly not self-explanatory. We wonder what the “full report” which must contain a confidential appendix looks like. The complete report must exist to justify the expenditure and FTE information in the presentation.
- c. The choice of comparison institutions does not seem very useful for such a study, because many of the institutions are not very similar to UC. The report does not significantly use information about the comparison institutions.
- d. The purpose of the recommendation. It seems the most important goal of the study is to reduce the expenditures of UCOP by moving its functions to other units (including new ones).

There is little or no explanation about the cost of doing this. Why does the report not emphasize the importance of maintaining and enhancing the excellence of UC? There must be clear value added to UC with the restructuring, and broad cost/benefit analysis must be explicit. The costs and benefits are not just dollars and cents.

e. There must be vigorous discussion and consultation about the recommendations: particularly about phasing and about the cost of moving functions with the cost of maintaining parallel and duplicate programs while the change over occurs. The financial and FTE implications need to be better analyzed to determine if the change improves the UC mission, financial situation and work environment. As the Academic Council implies the human costs must be considered. Moving essential functions from Oakland will require relocation of many experienced people, and the stress of either moving or finding a new job must be considered as well as the possible necessity of finding skilled people.

2. Retiree Health

We cannot report much about Retiree Health Insurance. The efforts of the Working Group are still underway. The group so far has reviewed much information about the current state of Retiree Health Insurance, and the group has considered possible changes in both Medicare and non-Medicare plans, the group has also studied exchange based and dental plans. However, the Working Group has not started talking about actual recommendations. A set of summary slides with data about the present and potential plans is now available.

<http://cucra.ucsd.edu/meetings/2018-04Meeting/MeetingDocs/RetireeHealthBenefitsWorkingGroupSummary09-Apr-18.pdf>

We believe that realistic projections of University and Retiree costs must be generated for whichever plans are adopted. The Retirees need to know future costs that are generated by the general health care inflation and the aging of individuals. The “quality” of potential plans needs to be compared with present plans. The University must also consider whether it will have to make benefit cuts each year to keep the 70/30 funding ratio.

We also endorse the 4/5/18 report from the UC Berkeley Emeriti Association Health Benefits Working Group (<https://retirement.berkeley.edu/sites/default/files/letter.docx>). We also see advantages in delaying any University action until the future of Medicare and changes to the Affordable Care Act are clear.

Stay tuned.

3. Required IRA Distributions

We were very pleased with the thorough statement included in *New Dimensions* on the Mandatory Required Distribution (MRD), and we suggest that the same statement should be included each year with the announcement of the deadline for making custom withdrawals.

We also suggest that UC remind Retirees that they should talk to their financial advisors about Qualified Charitable Distributions and Donor Advised Funds. See Lee Friedman's article: https://retirement.berkeley.edu/sites/default/files/friedman_emeriti_and_the_new_tax_law.pdf .

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