Thank you for the opportunity to opine on the Post Employment Benefits (PEB) Task Force recommendations. Immediately upon receipt of the materials, I asked the UCLA Council on Academic Personnel, Faculty Welfare Committee, Council on Planning and Budget, all Faculty Executive Committees, and the Executive Board (which speaks for the Division on such matters) to opine. I also forwarded to all opining bodies the PEB Dissenting Statement and the two letters from the UCFWC. As you know, we held a faculty town hall to help to educate faculty on PEB issues and proposed changes on October 14, 2010, and encouraged faculty to convey their opinions and concerns to their FECs, to Senate Committees, and through the UCOP web interface. And even though most bodies had completed deliberation on the issues prior to October 18, on that day we forwarded the modified proposals from UCOP to the relevant Senate bodies for further consideration. All responses from UCLA Senate bodies are attached.

On behalf of the UCLA Division, the Executive Board unanimously endorses Option C for the “New” Pension Tier as being the least detrimental to faculty interests, but with the following stipulations:

1. Option C should be modified to include a cap of 7.1% on employee contributions.
2. Although the Executive Board believes that Option C is least detrimental to the interests of the faculty, there is great concern that this option might not be the least detrimental one for staff, given its non-progressive nature. We believe that the University would be negatively impacted if we adopt a level of UCRP contribution that is perceived as onerous by lower pay band employees and thus makes the University non-competitive for hiring and retention of these staff. This notion is similar to a recommendation in one of the UCFW documents. Thus we endorse Option C with the proviso that UCOP extensively consult with staff on the options. Should it become clear that Option B is more desirable to staff, then in fact Option B would be an acceptable alternative to the
UCLA Executive Board. There was no support for Option A from any UCLA Senate body.

3. Regardless of which recommendation President Yudof and the Regents ultimately enact, the UCLA Executive Board is unequivocal in its belief that both Option C and B are uncompetitive without increases in faculty salaries. The University already lags behind its competitors in this regard, and steps must be taken to ensure that total remuneration generally, and salaries specifically, are made competitive.

There was no strong opposition to the following: 1) proposed changes to retiree health care contributions; 2) proposed increases in age requirements for pension benefits; and 3) proposed changes in age and service requirements for retiree health benefits.

Please do not hesitate to contact me should you have any questions.

Sincerely,

Ann Karagozian
Chair, UCLA Academic Senate

Cc: Martha Winnacker, Executive Director, Systemwide Senate
    Jaime R. Balboa, Chief Administrative Officer, UCLA Academic Senate
October 19, 2010

To: Ann Karagozian, Chair
   Academic Senate

From: Council on Academic Personnel

Re: CAP concerns about proposed changes in post-employment benefits

The Council on Academic Personnel recognizes that its deliberations do not involve post-employment faculty, and acknowledges that the university retirement system faces a major financial crisis. Nevertheless, we feel it is appropriate for us to express our concerns about the proposed changes in benefits for retired faculty.

As University of California faculty salaries fall further and further behind those of comparison universities, the University retirement benefits have been one of the most important factors in making us competitive in faculty recruitment. As the Council is particularly aware, the post-employment benefits package is even more important in persuading rising stars on the faculty, considering good outside job offers, to stay at UCLA.

As the University seeks ways of resolving the financial crisis, it is imperative that every means be found to minimize the reduction in benefits for retirees. The impact of proposed changes in post-employment benefits on the recruitment and retention of faculty should be a paramount consideration in evaluating such proposals. The future of the University is at stake.
MEMORANDUM

College Faculty Executive Committee
A265 Murphy Hall

October 20, 2010

To: Ann Karagozian, Chair
   UCLA Academic Senate

From: Raymond Knapp, Chair
      UCLA College Faculty Executive Committee

Re: College FEC response to “Systemwide review of the report of the Post-Employment Benefits Task Force”

On behalf of the College Faculty Executive Committee, I thank you for the opportunity to review the report of the Post-Employment Benefits Task Force (Options A and B), along with the Dissenting Statement (Option C). As part of our review process, we invited Mitch Wong, former chair of the Faculty Welfare Committee, to present the recommendations, and to lead our discussion of the three options the documents present.

Of the three options, Option C has an advantage over A in being more competitive, and over B in trying to align faculty and staff interests. That said, none of the options are actually competitive unless they are accompanied by a significant effort to raise salaries, and all three will cause considerable hardship to both faculty and staff in the absence of salary increases. As we emerge from our current economic crisis (assuming that we do), UCLA and the UC in general must remain competitive in its faculty's total compensation. This will require both that the UCRP be refunded, probably according to one of the Options currently on offer (or a near relative), and that UC salaries be aggressively raised, in order to alleviate the hardship of increased retirement contributions and so as to offer a total compensation package that will allow us to recruit and retain faculty in a more competitive market.

The College FEC did not vote on this issue, in part because the growing crisis regarding the UCRP threatens, in its proposed solutions, to provoke an even greater crisis for UC, if higher contribution levels are raised without also raising salaries.

We appreciate the consultative process and welcome the opportunity to review future proposals concerning post-employment benefits. You are welcome to contact me at knapp@humnet.ucla.edu with questions. Kyle Stewart McJunkin, Academic Administrator, is also available to assist you and he can be reached at (310) 825-3223 or kmcjunkin@college.ucla.edu.

cc: Jaime Balboa, Chief Administrative Officer, Academic Senate
    Lucy Blackmar, Assistant Vice Provost, Undergraduate Education Initiatives
    Linda Mohr, Assistant Chief Administrative Officer, Academic Senate
    Joseph Watson, Chair, Undergraduate Council
October 19, 2010

Professor Ann Karagozian  
Chair, UCLA Academic Senate

Re: Post Employment Benefits (PEB) Task Force Recommendations

Dear Professor Karagozian,

The Council on Planning and Budget discussed the PEB Task Force Recommendations and Dissenting Statement at its October 11, 2010 meeting and adopted the following position with regard to these recommendations:

Summary: For the new pension tier, CPB prefers C over B and B over A. We support the recommended changes in age requirements for pension and retiree health benefits and do not oppose the proposed increases in health insurance contributions by retirees. We urge the University to keep the member contribution rates as low as possible.

Discussion: CPB members had only one hour to discuss these momentous issues, but they came to the meeting well prepared and familiar with the documents provided prior to the meeting. The discussion was wide-ranging, and placed PEB issues squarely in the context of how the University can continue to recruit and retain the finest faculty and key staff. It is our consensus view that in both recruitment and retention, pension and other post employment benefits are substantially less important than salary and current benefits, including issues such as child care and schooling options. Indeed, some committee members argued that we would be better off if we minimized the resources devoted to distant promises of retirement benefits and concentrated instead on improving salaries and current benefits...perhaps to the point of simply shifting to the defined contribution/TIAA-style system used by most of our competitors. The majority recognized the competitive advantage of the University's defined benefit pension system and felt that moving to options A or even B could compromise its attractiveness.

Of the three alternatives being considered for the new pension tier, CPB believes that Option C would best serve the needs of the university and the faculty. We are mindful of the financial pressures that impel the University to reduce the costs of their post-employment benefits. However the estimated total cost of C is only about one percentage point higher than the cost of Option B, and C provides straightforward contribution and pension rates that do not vary across income bands. We understand that the differences between B and C largely affect employees at the lower end of the income scale, and may well affect only a small portion of UCLA's ladder faculty. Nevertheless we fear that B, and especially Option A, may open the door...
to dissatisfaction and the perception, if not the reality, of unfairness at both ends of the income spectrum. Highly compensated individuals may well be unhappy with their higher contribution rates, and those at lower income levels are likely to end up unhappy with their comparatively low pension levels, even taking into account that they have made comparatively low contributions to the pension system throughout their careers. CPB was skeptical that the supposed “integration” with Social Security would be viewed as adequate justification for these variations by income level.

With respect to member contribution rates for both the current plan and the new tier, CPB endorses the view that they should be kept at levels that are moderate and competitive with our comparison institutions. We support the call to peg the member rate for the current plan at seven percent, and about six percent for Option C. If total cost for either plan does rise in the future, we urge the University to absorb those increased costs or, at the least, maintain the current proposed proportionality between member and employer contribution rates. It was noted that some competitive institutions contribute as much as two dollars for every one dollar employees contribute to a defined contribution plan. In terms of competitive advantage, this proportion may be as important as the details of the pension benefit.

CPB supports the proposed increases in age requirements for pension benefits and in age and service requirements for retiree health benefits. They pose little or no hardship for faculty and both faculty and staff should be encouraged to retire in their sixties, not fifties, especially considering the changes in life expectancy.

We were able to have only a brief discussion of the proposed changes to retiree health benefits. Reactions varied from support to resignation. CPB understands that, unlike pension benefits, retiree health benefits are not vested or guaranteed. We also understand that these changes need to be seen in the context of general changes to health insurance nationally, and the near-universal availability of Medicare for recent and future UC retirees. No strong opposition to these changes was expressed.

Sincerely,

\[Signature\]

David Lopez
Chair, UCLA Council on Planning and Budget

cc: Andy Leuchter, Vice Chair, Academic Senate
    Robin Garrell, Immediate Past Chair, Academic Senate
    Jaime Balboa, Chief Administrative Officer, Academic Senate
    Linda Mohr, Assistant Chief Administrative Officer, Academic Senate
    Members of the Council on Planning and Budget
October 19, 2010

To: Ann Karagozian  
Academic Senate, Chair

From: Shane White  
Faculty Welfare Committee, Chair

Re: Senate Item for Review: Post-Employment Benefits

The Faculty Welfare Committee reviewed the Senate Item for Review: Post-Employment Benefits at their meeting on Tuesday, October 12, 2010. The committee unanimously approved the endorsement of the following memorandums: (1) UCFW to the Academic Council re: Report of the President’s Task Force on Post-Employment Benefits (PEBTF): UCRP, dated August 27, 2010, and (2) Post Employment Benefits Dissenting Statement by Staff and Academic Senate Member of the Work Groups of The President’s Taskforce on Post-Employment Benefits, dated August 25, 2010.

We thank you for the opportunity to participate in this process.

Enclosures (2)

Cc: Jaime Balboa, Chief Administrative Officer, Academic Senate  
Dottie Ayer, Assistant to Chief Administrative Officer, Academic Senate  
Brandie Henderson, Policy Analyst, Academic Senate
Jaime -

The SEAS FEC met last week and discussed this item. A quorum was present, but no direct vote was taken. After a discussion, all the committee members were requested to respond officially by email as to their opinion.

The SEAS FEC response is: The committee supports this proposal's Option C only.

COMMENTS:
The overall response from the committee was unanimous support of Option C. There was an 8 to 1 against Option A. And Option B was not considered by most members.

Yours,

Oscar Stafsudd
SEAS FEC Chair
M E M O

Date October 16, 2010

From Andrea Fraser
Chair, Faculty Executive Committee
School of the Arts and Architecture

To UCLA Academic Senate
Jaime Balboa, CAO

RE SOAA FEC Response to the Report of The President’s Task Force on Post-Employment Benefits

The Faculty Executive Committee of the School of the Arts and Architecture reviewed the Report of The President’s Task Force on Post-Employment Benefits (PEB). At our October 15 meeting we voted that we cannot endorse the proposals in the PEB report until and unless it is revised in accordance with the objections raised in the “Dissenting Statement by Staff and Academic Senate Members of the Work Groups” dated August 25, 2010. We voted to endorse this Dissenting Statement and agree with its assessment that the task force failed in “letting the desire to cut costs dominate the far more important objective, providing benefits that are competitive and designed to support the preservation of the University’s excellence.”

While the SOAA FEC voted to endorse the Dissenting Statement as written, and thus all of its objections to and recommendations for the PEB report, we specifically want to make note of the following objections to the PEB Task Force recommendations:

- with regard to recommendation #4, if current UCRP members are to be presented with a “choice of current UCRP at a higher cost or a New Tier” the “higher cost” of continuing with current benefits must be specified and should not exceed an employee contribution of 7%;

- with regard to recommendation #8, we feel that eliminating the lump sum cashout does not go far enough and that the entire 415(m) Restoration Plan should be discontinued;

- with regard to recommendation #10, we strongly disagree with raising the compensation cap to the grandfathered employee level of $360,000.

We agree with the Dissenting Statement that increasing employee contributions and curtailing benefits must be accompanied by salary increases to restore and maintain competitive total remuneration at UC, and join its authors in urging the President to prepare a credible plan for salary increases. We also agree that it is “unseemly to provide a large ‘restoration’ of pension benefits to highly compensated employees at the same time that pension benefits of other groups are being curtailed.”
From: Sarna, Linda  
Sent: Wednesday, October 20, 2010 3:53 PM  
To: Balboa, Jaime  
Subject: Post Employment Benefits

The FEC of the School of Nursing appreciates the significant budgetary circumstances of the unfunded liabilities of the University of California that have resulted in the proposed changes to Post-Employment Benefits. However, we do not endorse any single plan (i.e. A, B, or C) over another. We are concerned that none of them may be competitive. We understand that negotiations continue. We share our colleagues concerns about the changes diminishing health care coverage while increasing the cost. We caution the Regents to place the highest value on assuring that whatever plan is in place will be a competitive plan for the recruitment and retention of stellar faculty in the future. We hope that state funding for this effort will be rigorously pursued. The excellence of UC is at state. Merely cutting benefits will not address this problem.

Linda Sarna, DNSc, RN, AOCN, FAAN  
Professor and Lulu Wolf Hassenplug Endowed Chair  
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Post Employment Benefits Task Force Recommendations

Vote of the School of Public Health FEC to the UCLA Academic Senate, October 20, 1010

The Faculty Executive Committee of the UCLA School of Public Health both solicited opinions of Academic Senate faculty school wide and independently considered the merits of the recommendations, and voted 4-0 (one not voting) to: Oppose Option A of the proposal; endorse a full analysis of Option C, as was conducted with Options A and B, and the final choice of benefit design being delayed until that occurs; and endorse Options B and C contingent on salaries increasing enough to prevent “total remuneration” from declining.

Overall, our faculty and FEC found the presentation of the issues very technical and difficult to follow. The analysis of most faculty is based on general principles and our understanding of the impact of the proposals.

Our opposition to Option A rests largely on the regressive nature of the benefit cuts that disproportionately fall on lower-waged workers.

Our support of a full costing out of the costs and benefits of Option C is based on the desire to have full information about a plan that appears to be administratively simpler and potentially more valuable to the lowest paid employees.

Our contingency is based on that fact that over a period when UC salaries have been consistently on the low side of competitive with the “comparison 8,” it was UC benefits that allowed us to both hire and retain faculty. That is supported by the survey that was conducted. All of the options presented reduce UC benefits and, hence, reduce our competitiveness in the absence of any increase in salaries.
October 20, 2010

Ann Karagozian, Chair
Academic Senate

Dear Ann,

Below are the responses from the FEC of the School of Theater, Film and Television to the four proposals from the Academic Senate.

**Proposal Post Employment Benefit Task Force Recommendations:**

The committee endorsed the Dissenting Statement by the minority of members of the PEB Task Force, including the adoption of Option C. We believe that Option C is fiscally responsible while still maintaining competitive Post Employment Benefits for UCLA faculty and staff. The committee believes that the dissenting statement was clear, comprehensive and cogent.

The vote was unanimous.

Sincerely,

Joe Olivieri
FEC Chair
School of Theater, Film and Television
October 20, 2010

To: Ann Karagozian  
Academic Senate, Chair

From: Lawrence Kruger  
University Emeriti and Pre-Retirement Relations Committee, Chair

Re: Senate Item for Review: Post-Employment Benefits

The University Emeriti and Pre-Retirement Relations Committee reviewed the Senate Item for Review Post-Employment Benefits at their meeting on Friday, October 1, 2010. The committee unanimously approved the endorsement the Letter from UCFW to the Academic Council re: Report of the President’s Task Force on Post-Employment Benefits (PEBTF): UCRP, dated August 27, 2010.

Cc: Jaime Balboa, Chief Administrative Officer, Academic Senate  
Dottie Ayer, Assistant to Chief Administrative Officer, Academic Senate  
Brandie Henderson, Policy Analyst, Academic Senate