

University of California
San Francisco



Academic Senate
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December 8, 2009

Lawrence Pitts, MD
Interim Provost and Executive Vice President, Academic Affairs
Office of the President
University of California
1111 Franklin Street
Oakland, CA 94607-5200

Re: The Future of UC Retirement Benefits Task Force

Dear Interim Provost Pitts:

This is a critical time for the University of California Retirement Program and Retiree Health Insurance. We appreciated the opportunity to hear from Randy Scott and the other members of the Task Force during the October 2009 Post Employee Benefit Listening Fora. UCSF faculty members are concerned about the management of the PEB programs and the potential for changes in the future.

We recognize that the California economy is in crisis and we hope that the faculty and other affected employee groups will have ample opportunities to be engaged in the process as the options and alternative solutions are formulated. To promote efficient communication of the concerns of faculty and staff, I invite you to San Francisco on January 4, 2010 to meet with our Senate leadership and discuss how UCSF faculty could be more involved in the process.

The Listening Forum at UCSF succeeded in raising the visibility of the financial jeopardy of the PEB programs. We understand that our next opportunity to participate in the process is planned as a presentation of the Task Force's final recommendations. However, we would prefer to be engaged in the process throughout the entire period.

In preparation for the Listening Forum, we submitted several written questions to the panel but relatively few were addressed in the prepared remarks or the question-and-answer session. To address the questions and concerns submitted in advance by the faculty and staff, we are requesting a formal response to our questions. The specific questions and concerns are:

1. Transparency and necessity of efficient communications between the Task Force and System-wide and Senate committees.

In addition to the financial liability slides which were presented, we would like an analysis of the costs associated with state FTE employees and faculty as well as those employees and faculty who are funded by grants/contracts, clinical revenue, and other state resources. We believe that the presentation, which did not make these distinctions, may bias the Task Force process toward PEB cuts and employee reductions rather than other solutions.

It is our understanding that a trust fund has been authorized for retiree health benefits. We are conceptually supportive of a trust fund as a mechanism to reduce the future unfunded liability of PEB. Please provide us with a status report which includes the total amount deposited in the trust fund and the sources of the funds which have been and/or are being used to support the trust fund. If the trust fund does not yet exist, please provide us with the proposal and/or information regarding funding mechanisms and projections.

In addition, we requested specific details about the following topics: the possible discontinuation of a defined benefit plan, the alternative plans if the UCRP investment fund's rate of return is below the assumed levels or if the state elects to not appropriately fund its contribution, whether members of the Senior Management Group (SMG) have the same PEB as all other UCSF employees, and if so, how the SMG's benefits are financed.

We would like to know the directions being considered by the Task Force and what actions are being taken to assure that such deliberations will influence the decisions made by the Regents, the President, the legislature and the Governor. We would also like to know which options are being considered by UCOP to finance the restart of contributions in case the legislature or Governor decides not fund this action. As part of this, please describe the efforts that are being undertaken to assure cooperation of the bargaining units in the development of the options. The communication between the Divisions, the System-wide Senate committees, and the Task Force needs to be more open and interactive. Our engagement in this process will create an opportunity for UCOP and the Senate to engage the faculty at each campus in the political and public relations efforts which are needed to influence the state budget and UCOP. We are eager to be involved in the process at all stages and to provide input and comment, which could avoid the problem of unwelcome surprises at the conclusion of the process.

2. Full insight into models and methods used to evaluate the performance of the current and potential alternate PEB plans.

We request information about how the recommendations already made by consultants regarding PEB may influence the options that are being considered by the Pension Benefits and Finance work teams work groups.

We are concerned that there are many assumptions and methodologies built into the models that are used to develop the PEB alternatives. The assumptions and methods need to be made explicit and carefully evaluated for their effects on projected outcomes. We would prefer to see evidence-based analyses specific to the effects of the PEB options on current as well as future employees, particularly faculty. Comparisons of UC to the comparison eight institutions may not be sufficient or appropriate to fully assess the effects of changes in PEB on recruitment/retention, adequacy of retirement income, and other unforeseen consequences.

3. Official support for the establishment of political action.

Based on Randy Scott's comments that faculty advocacy will be an important means toward gaining budgetary support from the Regents, legislature, and Governor, it seems that each campus (perhaps in conjunction with UCOP) should consider organizing political action to lobby legislators and the Governor for meaningful action to secure the State's contribution to fund the UC Retirement Program. To accomplish this goal, the faculty may need to build a coalition with other employee groups within the UC community. Please clarify if there will be UCOP leadership or support for these efforts.

Thank you for your attention. We would like to invite you to discuss these issues at our next Coordinating Committee meeting on January 4, 2010, from 2:00-4:00 pm in room S 118. We look forward to your response by December 16 and to welcoming you to UCSF in January.

Sincerely yours,

A handwritten signature in black ink that reads "Elena Fuentes-Afflick, MD, MPH". The signature is written in a cursive, flowing style.

Elena Fuentes-Afflick, MD, MPH
Chair, UCSF Academic Senate

cc: Randy Scott, Executive Director, HR Strategic Planning and Workforce Development, Office of the President
Henry Powell, MD, Chair, Academic Council