

# Our University

A NEWSLETTER FROM THE UNIVERSITY OF CALIFORNIA PRESIDENT FOR THE UC COMMUNITY



May, 2010



## **Governor pledges to restore higher ed funding**

*By Donna Hemmila*

Gov. Arnold Schwarzenegger committed to restoring funding for California's public colleges and universities at a meeting with higher education leaders Tuesday, April 27, pledging that he won't sign a state budget unless it includes the financial support he has proposed for UC, CSU and the community colleges.

Schwarzenegger delivered the good news at a roundtable discussion in Sacramento commemorating the 50<sup>th</sup> anniversary of the California Master Plan for Higher Education. UC President Mark Yudof, CSU Chancellor Charles Reed and California Community Colleges Chancellor Jack Scott were at the Capitol to advocate for the restoration of higher education funding in the state's 2010-11 budget.

In January, Schwarzenegger introduced a state spending plan that would return more than \$848 million to the three public higher education systems following a year of drastic cuts that led to higher student fees, enrollment cutbacks and employee furloughs.

"I will not sign a budget without those increases in there," he said Tuesday, calling higher education the best investment the state could make. He also said he wouldn't sign a budget if funding for the state's Cal Grant financial aid program isn't included.

UC Regents Chair Russell Gould and the chairs of the CSU and CCC governing boards, as well as student association leaders and Mark Baldassare, president of the Public Policy Institute of California, also attended the roundtable. Schwarzenegger praised the three higher education systems for working together to protect access to education in California. He noted nearly 500 new businesses started in California during the last 30 years were founded on UC technologies,

and that 80 percent of the state's firefighters and 70 percent of the state's nurses are trained at public institutions.

"All of the people in this room need to make sure our colleges have the resources to serve the people of California," the governor said.

Yudof called the governor's promise to support funding in the state budget "visionary."

The three systems can work to be more efficient, Yudof said, and to build a better transfer pipeline between community colleges and four-year institutions. But to build the capacity of the state's public colleges and universities to erase the projected 1 million shortage of college-educated workers the state faces by 2025, he said, those institutions need funding support.

"We have to ask this generation of Californians, 'Are we willing to build the human infrastructure that will make the state successful?'" Yudof said. "I think the answer is 'yes.'"

More than 250 alumni and stakeholders from UC, CSU and community colleges joined the Tuesday advocacy efforts. They planned to visit all 120 legislative offices to ask lawmakers to make higher education a priority in the 2010-11 budget.

Chancellor Scott kicked off the effort Tuesday morning, welcoming supporters gathered in a tent pitched on the Capitol lawn. He called the day an historic celebration of the joint advocacy campaign and the 50-year anniversary of the Master Plan.

That document launched a golden age in public higher education support in California, but that support has eroded in recent decades. In 1960, UC received about 7 percent of the state's budget. Today it is slightly more than 3 percent.

"We're all here together because we're in the same business, the business of education," Scott said. "We're in the business of changing the lives of millions of students."

If just 2 percent more of California's population earned associate degrees and 1 percent more earned bachelor's degrees, the state's economy would grow by \$20 billion, Scott said, quoting a report from the nonprofit Campaign for College Opportunity. Those educated workers would generate state and local taxes of \$1.2 billion a year, and 174,000 new jobs would be created, the report concluded.

"We're not talking about something that is a cost," Scott said. "We're talking about something that is an investment."

Together, the three California higher education systems saw a \$1.7 billion cut to their state budgets this year. They are asking legislators to make funding higher education a high priority in the 2010-11 budget by supporting the governor's budget proposal. They also are asking for support for Cal Grants, which provide financial aid for California's neediest students, many of whom would be denied an education without them.

In January, Gov. Schwarzenegger introduced a budget that included a restoration of \$305 million in UC funds cut this year, plus \$51.3 million to preserve access for 5,121 students. The January budget included \$305 million for CSU and \$60.6 million to fund 8,000 students. For CCC, the budget proposed \$126 million to fund 60,000 students.

On May 14, the governor will present his revised spending plan for the state. The Legislature then must approve a budget for the governor to sign.

**Donna Hemmila is managing editor with the UC Office of the President Integrated Communications.**

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### **Track your UC Retirement Plan contributions**

All UC employees who are members of the UC Retirement Plan (UCRP) begin contributing to the retirement plan starting with May earnings. You can keep track of your contributions by signing in to your personal account on the At Your Service website <http://atyourservice.ucop.edu>



Just click on "Sign in to my account" at the top of the home page. Sign in with your username and password.

To see your contributions by pay period, select "Earnings Statement" under Income and Taxes on the upper right.



Click on the pay statement date on the left. You'll find the UCRP contributions for that pay period in the "Pre-Tax Reductions" section.

		Earnings Total	\$5,340.42
<b>Pre-Tax Reductions</b>			
KAISER NORTH		\$14.36 -	
PUB TRAN PTX		\$105.00 -	
UCRP		\$87.81 -	
		Reductions Total	\$207.17 -
<b>Taxes</b>			

If you want to see your UCRP contributions to date, go back to the main menu and select UCRP and CAP Balances under Retirement at the bottom right.

Pretax UCRP shows your total accumulations during your UC employment. Unless you worked for UC prior to 1990, you won't have a balance because you haven't made contributions until now. Your current contributions will be posted here beginning mid-June and are updated monthly, around the 10<sup>th</sup> of each month.

Your current balances in UCRP and CAP are below. For current balances in the DC, 403(b), or 457(b) plans in the UC Retirement Savings Program, contact Fidelity Retirement Services at 1-866-682-7787 or <https://netbenefits.fidelity.com/>.

Account	Balance as of Mar 2010
UCRP Pretax*	\$15,000.86
Capital Accumulation Provision (CAP)	\$4,438.16

\* Future benefits are based on your age, years of service, and your average salary, not on your UCRP after-tax and pretax balances.

If you have questions, contact UC Customer Service at 1-800-888-8267 or [customer.service@ucop.edu](mailto:customer.service@ucop.edu).

For more information about UCRP contributions, see the Future of UC Retirement Benefits website: [http://www.universityofcalifornia.edu/news/ucrpfuture/ucrp\\_restart.html](http://www.universityofcalifornia.edu/news/ucrpfuture/ucrp_restart.html)

## Systemwide News

### A first look at how health care reform affects UC's insurance plans

Since President Obama signed the Patient Protection and Affordable Care Act and the Health Care Education Reconciliation Act in March, UC faculty and staff have been asking questions about how the health care reform laws will affect their UC-sponsored medical insurance. We sat down with Mark Esteban, director of benefits programs in UC Human Resources, to talk about the health reform law and its impact on UC's benefits.

### Overall, what impact do you see the health care reform laws having on the medical benefits UC offers faculty and staff?

We've been ahead of the curve on many of the provisions in the law, so we will have to take relatively small steps to get into compliance. We are in a much better position regarding benefits that are mandatory under the law than a lot of other employers. For example, our HMO plans

already have no lifetime limits on benefits, and we already cover all of the mandated benefits. At the same time, some of the steps we will need to take - such as covering children up to age 26 - could have significant financial implications for the program.

**Faculty and staff are particularly interested in the provision extending medical coverage to adult children to age 26. How and when will employees be able to take advantage of this provision?**

UC will be implementing this provision for 2011, and all the details will be available in our Open Enrollment information in October. At this point, there are nearly as many questions as answers in terms of how "adult child" will be defined. All employers are waiting for regulatory guidance and definitions that will come out of the U.S. Department of Health and Human Services. This provision also has tax implications. The IRS has confirmed that coverage extended to an adult child to age 26 will not be treated as taxable income to the employee or the child.

We do know a few other details. For example, an employee's married child will be eligible for coverage, which is a change. But the child's spouse or domestic partner and/or children will not be eligible, which is consistent with current law. If the adult child is eligible for employer-sponsored coverage elsewhere, he/she would not be eligible for coverage under the parent's plan. Also, the adult child does not need to be a tax dependent.

It is still unclear when coverage of the adult child ends. The tax code says the child can get health care tax-free through the end of the year in which he or she turns age 26, but the health care reform law says coverage is required to last through the end of the month in which the child turns 26.

The cost of this provision for UC's plans is also unclear. Although this population is generally healthy, adding more people to the plan will increase our costs.

**The law mandates that medical plans include coverage for certain essential benefits. Will UC be adding benefits to its plans to comply?**

While these requirements may apply only to certain UC plans, this is one of the areas where we're ahead of the curve. Our plans already cover most of the mandated benefits, including mental health and substance abuse services, prescription drugs, rehabilitative services and devices, preventive and wellness services and chronic disease management.

**Will UC faculty and staff be affected by taxes on the so-called "Cadillac" plans?**

The excise tax will be imposed if the value of UC's health coverage exceeds \$10,200 for individuals and \$27,500 for families. Given the current increases in health care costs and that the thresholds are in 2018 dollars, some UC plans could be subject to the tax. This tax is effective in 2018, so, while we have an eye on it, it is not currently our focus.

**What about the new Medicare surtax? Will some faculty and staff be subject to it?**

Currently, everyone contributes 1.45 percent of pay to Medicare. Beginning in 2013, those who make more than \$200,000 will pay 2.35 percent on any income over \$200,000. For married people filing a joint tax return, the threshold is \$250,000.

**The new law requires health plans to provide immediate access for people with pre-existing conditions. Has UC implemented that?**

Again, we're ahead of the curve regarding this provision. Our health plans have not excluded employees or their dependents with pre-existing conditions for many years.

**Do any of the Medicare provisions of the law affect UC or our retirees?**

Medicare benefits remain fully intact for retirees. That being said, we do need to assess how federal funding reductions for Medicare Advantage plans will affect premiums for UC's Health Net Seniority Plus and Kaiser Senior Advantage plans. Historically, UC has covered the full cost of these plans, so our retirees have not had to pay a premium. Many factors outside the health care reform law will determine UC's costs and contribution to the premium, and hence retirees' costs. More information about the rates and other impacts will be available in the coming months.

**Are there any other provisions that could affect costs for UC or employees?**

There are two areas that could affect UC: the elimination of lifetime benefit limits and provisions regarding flexible spending accounts (FSAs).

The elimination of lifetime limits on benefits could affect people enrolled in our Anthem Blue Cross Plans or the CIGNA Choice Fund Plan, which currently have lifetime limits. As we go through the renewal process with our carriers over the next few months, we will know the cost of eliminating the limits. It could have an impact on premium rates.

Our HMO plans (Kaiser, Health Net and WHA) don't have lifetime limits, so they should not be affected.

Other provisions of the law affect our Health Flexible Spending Account. Beginning in 2011, over-the-counter drugs will no longer be reimbursable. We're concerned that this will lead some employees to use more expensive prescription drugs, which could affect medical plan costs.

Also, the maximum contribution to a health FSA will be reduced from \$5,000 per year to \$2,500 per year beginning in 2013.

**When can faculty and staff expect to hear more about the law's effect on UC's plans?**

Anything that affects our plans for 2011 will be included in our Open Enrollment communications in the fall. We'll also continue to keep people informed through Our University, the At Your Service website and your local Human Resources and Benefits Offices.

**Related news: How UC Health helped shape health care reform**

<http://universityofcalifornia.edu/sites/uhealth/2010/04/22/uc-health-helped-shape-health-care-reform/>

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**Task Force considers options for retirement benefits**

*By Anne Wolf*

Pension and medical retirement benefits for UC faculty and staff will be much the same as those currently offered, but employees may have to pay more and work longer to get them, if options presented by the Post-Employment Benefits Task Force are implemented.

Members of the task force laid out the options under consideration at a series of forums at all UC locations during April and early May.

The task force has been charged with developing options for balancing the long-term costs of post-employment benefits with the need to provide competitive compensation to faculty and staff. The task force will present its recommendations to UC President Mark Yudof in June. Yudof will determine which recommendations to present to the Regents.

"Task force surveys conducted in February confirm that faculty and staff have made a conscious choice to work at UC because of the retirement benefits, and they place a high value on those

benefits," said Dwaine Duckett, vice president of UC Human Resources. "Our retirement benefits stand out among our competitors, and we want to keep that edge, but we must make some rational adjustments in order to sustain them."

While many of the changes being discussed will affect employees hired in the future, current faculty and staff could see a faster ramp-up of contributions to the UC Retirement Plan (UCRP) and higher premiums for retiree health insurance, especially for those who retire before they are eligible for Medicare at age 65.

Overall, the range of options the task force is considering is consistent with feedback from faculty and staff, Duckett said.

### **Options for pension benefits**

Gary Schlimgen, director of pension and retirement programs, said the task force will be recommending levels of employer and employee contributions to the UCRP for fiscal year 2011-12 and beyond, with a possible target of 5 percent or more for employees. The task force will also make a recommendation about how quickly employee contributions should rise to that 5 percent level, he said.

UCRP members and UC will begin making contributions to UCRP of roughly 2 percent and 4 percent, respectively, beginning next month.

Future UC employees could see changes to the minimum retirement age and the maximum retirement benefit. "Should we consider Social Security benefits when we look at the maximum UCRP benefit? Should we try to encourage faculty and staff to retire later? These are among the questions the task force is discussing as it studies options for recommendations," Schlimgen said.

The medical centers have also asked the task force to consider offering a defined contribution plan with an employer match, which is more commonly available at competing institutions. If the task force recommends that option, it will also consider whether or not to make that same choice available to current faculty and staff.

### **Retiree health insurance**

UC pays a larger percentage of retiree health benefits costs than many other California employers. Given the rising cost of health insurance and severe budget pressures, UC cannot continue with such high contribution levels.

The task force is discussing options such as phasing in a reduced employer contribution to retiree health premiums. Currently UC contributes, on average, 89 percent of the premium cost for retiree medical insurance.

Recent studies show UC's retiree health benefits are 200 to 300 percent higher than those for comparator institutions and markets.

"When we are that much above market, it makes sense to reallocate some of the resources to other areas, such as salaries where we may be behind," Duckett says.

The presenters assured faculty and staff that any recommendations would include provisions to mitigate the impact on those long-term employees who chose not to coordinate with Social Security and, therefore, are not eligible for Medicare.

The task force is also considering an Academic Senate proposal to issue pension obligation bonds as a way to finance a portion of the pension contribution shortfall, said Peter Taylor, UC

executive vice president and chief financial officer. Pension obligation bonds have pluses and minuses, which the finance work team of the task force is studying, he said.

For represented employees, any of the proposed options are subject to collective bargaining.

More information about the work of the task force is available on the Future of UC Retirement Benefits website: [http://www.universityofcalifornia.edu/news/ucrpfuture/emp\\_task.html](http://www.universityofcalifornia.edu/news/ucrpfuture/emp_task.html). The forum presentation and a report on the results of the task force survey on post-employment benefits will be available on the website in late May.

***Anne Wolf is systemwide coordinator in Internal Communications at UC Office of the President.***

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### **More Systemwide News**

**UC students mobilize for Haiti** <http://www.universityofcalifornia.edu/news/article/23272>

### **Startups move UC discoveries to market**

<http://www.universityofcalifornia.edu/news/article/23255>

### **New UC blog focuses on creation, consumption of food**

<http://www.universityofcalifornia.edu/news/article/23301>

### **8 UC campuses make green guide**

<http://www.universityofcalifornia.edu/news/article/23235>

### **UC Davis named to President's community service honor role**

<http://www.universityofcalifornia.edu/news/article/23252>

### **UCSD poet wins Pulitzer Prize**

<http://www.ucsdnews.ucsd.edu/newsrel/arts/04-12pulitzer.asp>

### **Read more systemwide news on UC Newsroom: [ucop.edu](http://ucop.edu):**

<http://www.universityofcalifornia.edu/news/>

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## *Solution:* **Sustainable Food Service**

Patrons accustomed to loading up their trays at UC Berkeley's residential dining halls have had to adjust their eating habits this semester.

In January, Berkeley joined other UC campuses and many universities across the country by eliminating the plastic trays in dining halls as part of an effort to reduce waste and make food service more sustainable.

For students, trayless dining is a tangible sign of UC's recently enacted sustainable foodservice initiatives that set goals for using products from organic or local sources, environmentally friendly practices and education on sustainability issues. Davis, Irvine, Riverside and Santa Cruz were the first UC campuses to go trayless in 2008. UC Santa Barbara began trayless dining last fall, and UCLA is testing it at one of its dining halls.

Already, the effort is paying dividends. At Santa Cruz, food waste is down by more than 30 percent, saving nearly \$500,000 in food expenditures and more than a million gallons of water a year, according to the UC annual report on sustainability. UC Irvine says food waste per person

is down 25 to 30 percent; Riverside says it saves 8,000 gallons of water per week; and Davis reports waste reduction of nearly 50 percent since trayless dining was introduced. Read more about UC's innovative sustainable food policy:  
<http://www.universityofcalifornia.edu/news/article/23223>.

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## Ask It

### Q: Why is it when one person yawns ... others follow suit?

A: There are lots of hypotheses about this widely recognized phenomenon, but no definitive answers. We offer one theory from Arnold B. Scheibel, M.D., a UCLA professor of Neurobiology and Psychiatry and former director of the Brain Research Institute, UCLA Medical Center, Los Angeles, CA:

"I am not an expert on yawning. However, one of the less quoted but nonetheless interesting theories of yawning is that it is a primitive 'threat display.' In other words, when the organism gets drowsy, it reflexively opens its mouth and shows its teeth (or fangs) as a warning to others that it would be a formidable adversary.

It follows that the response yawns it stimulates in others are simply a reactive threat display, i.e., 'I'm pretty tough myself.' This would be a quite primitive social reflex and particularly amusing to see in young infants before they have a single tooth. I don't know how valid this is, but my students enjoy this as an alternative to the usual 'getting more oxygen theory' of yawning, which doesn't seem to provide any reason for the 'infectious response' that follows."

## HRbriefs

### Grab your sneakers for first UC Walks Day

On May 19, remember to grab your trusty sneakers, a reusable water bottle and your favorite sweatband as you leave for work.

In celebration of National Employee Health and Fitness Day, UC wellness coordinators at all ten campuses have organized UC Walks day. UC Walks will be the first systemwide health and wellness event targeted specifically for faculty and staff.

So what are some campuses doing? UC Berkeley will host a walk with four separate starting locations throughout the campus, with each walk ending at the center of campus, where there will be other organized activities. Down south, UC Irvine will tie the event to their 4th annual health and safety fair, and UC Riverside will hold a 30-minute walk led by the Associate of the Chancellor.

"The idea behind UC Walks is to raise awareness for fitting 30 minutes of walking or general fitness into your day," said Trish Ratto, manager of Health\*Matters at UC Berkeley and one of the event's coordinators. "It is also a great way to build community."

StayWell and Kaiser Permanente, wellness program providers for UC, are providing free t-shirts to participants at each location.

Even though this is a systemwide initiative, each location will host different events and celebrate in different ways, so be sure to check your campus' or location's wellness website for specific

### TIP OF THE MONTH

#### Planning to retire in June or July?

Now is the time to talk to your Benefits Office to begin the retirement process.

details.

### **Related Links**

- List of websites for UC Walks events at each location: <http://uclivingwell.ucop.edu/ucwalks.html>
  - National Employee Health and Fitness Day: <http://www.physicalfitness.org/nehf.html>
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### **Tips for using health benefits while vacationing**

Going on vacation? Your UC health benefits travel with you. While we hope you do not need medical care, here are a few tips to help you, just in case.

#### **Before you leave on vacation**

- If you take medications, make sure you have enough for your trip. You may want to request an additional supply for your vacation or check whether you can use your plan's retail or mail order pharmacy while you're away.
- Carry medications in their original container, and keep them with you - not packed away in a suitcase that could be lost.
- Keep your health insurance card in your wallet and put a copy in your suitcase, in case your wallet is lost or stolen.
- Visit your plan's website for travel information; some medical plans have travel kits.
- Check with your medical plan about an urgent care center in your vacation area. Many centers have doctors, nurses and x-ray facilities on site, and they cost less than an emergency room visit.

#### **While you are away**

- In the U.S., always call 911 if you need immediate medical care.
- Medical plan nurse advice lines are available 24 hours a day, seven days a week; call them for medical advice and guidance.
- UC's dental plans cover the cost of emergency and office visits for pain relief.
- All of the medical plans have toll-free numbers you can call if you have questions; the number is on the back of your health insurance card.
- If you're in Health Net, Kaiser Permanente, Western Health Advantage or the Anthem Blue Cross PLUS plan and you get emergency treatment, call your plan or primary care provider as soon as possible to report the emergency.

#### **If you travel outside the U.S.**

- All UC-sponsored medical plans cover emergencies. Generally, you will need to pay for the care at the time you receive services and then file a claim for reimbursement. Be sure to call your plan as soon as possible to report the emergency care.
- Be sure you know how to contact your medical plan. Depending upon your vacation site, UC plans may have international toll-free numbers or you can call collect.
- Visit your plan's website and booklet for information on coverage while traveling overseas.

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## **UC and Fidelity launch online catalog of free financial education classes**

UC and Fidelity Retirement Services are making it easier than ever to find the financial education you need, when and where you need it.

In April, UC launched its new online Guide to Financial Education Classes for UC Employees. It's a complete guide to retirement planning and financial education classes that can help you make the most of your UC Retirement Savings Program: your 403(b), 457(b) and DC Plans.

You'll find all the details you need to decide which class is right for you, including what you'll learn, how to attend a class and what other UC employees are saying.

To view the Guide to Financial Classes, visit [www.ucfocusonyourfuture.com](http://www.ucfocusonyourfuture.com) and select "Read Class Guide."