

**University of California and UPTE RX and TX  
Settlement**

- I. Article 4 University Benefits revision (Attachment A)
- II. Side Letter – Process to Begin PEB Negotiations (Attachment B)
- III. Side Letter – Committee to Assess Retiree Health Benefits Funding (Attachment C)
- IV. Side Letter – Joint Benefits Committee Special Meetings (Attachment D)
- V. Confidentiality Agreement (Attachment E)
- VI. In exchange for the union’s withdrawal of UPTE-CWA 9119 Unfair Labor Charge filed on February 23, 2011, (SF-CE-976-H) , the University provides the following information requested by UPTE:

- A. Provide the request for renewals issued in 2011 for the 2012 health benefit plans.

**Response:** Those documents will be presented to UPTE at the meeting scheduled for February 2012.

- B. Provide a copy of the 2011 Health Net Contract.

**Response:** Attached please find the 2011 Health Net contract, which incorporates the terms for the Health Net Blue & Gold and the Health Net HMO. You will note the contract has been redacted and removes all items noted proprietary. (Attachment F)

- C. After UC sets the gross premium, does the University send the health care vendor an amount over and above the gross premium (EE contribution + UC contribution)? Or, phrased another way, what portion of the employee contribution is retained by the University?

**Response:** UC receives no monies as a portion of the health care premium. Both the employee contribution and the University contribution to the premium go directly to the vendors; there are no “loads” or “fees” added on to the health care premium for the University’s cost in administering the program.

- D. Are market surveys used to determine comparisons for health benefits and pensions plans.

Response: UC does not conduct market surveys in determining health care benefit costs or plan design. UC does however, keep up with industry trends generally and we consider modifications that make sense for our population more specifically. UC participates in various surveys and receives comparison health and welfare benefits information, but does not apply organizational comparison data in determining UC benefit costs. UC also does not typically use surveys to compare UCRP to other pension plans. The President's Task Force on Post-Employment Benefits (PEB) used surveys in developing their recommendations for UCRP benefit changes effective July 1, 2013. Survey information can be found by accessing the latest [Total Remuneration Study Final Report](#) and the [PEB Overview Regents Item](#) (with comparator plan attached) from September 2010.

- E. Are there administrative costs paid out of the pension plan?

Response: Administrative costs are paid of the assets of the pension plan ("UCRP"). The administrative fees are less than 10 basis points and compare favorably to recent samplings of other large state PERS and TRS plans in California and other states. The annual total administrative costs for fiscal years ending June 30, 2010 and June 30, 2011 are disclosed in the UCRP 10/11 Annual Financial Report on page 19 with a description on page 22.

- F. Is there a listing of UPTE-CWA TX and RX members that are currently vested in the UCRP?

Response: See attached list. (Attachment G)

- G. Provide an explanation of how UC tracks service credit for employees. Is the information derived from the payroll system?

Response: Service credit is tracked monthly based on appointment percentage and information transmitted through the payroll system. For salaried members, the service credit for a month is calculated as the ratio of working days on pay status divided by the total number of possible working days in that month. The ratio is then multiplied by the appointment percentage and then divided by 12. For hourly members, the service credit for a month is calculated as the ratio of actual hours worked in a month divided by the total number of possible working hours in that month. The ratio is then multiplied by the appointment percentage and divided by 12. There are slight variations to this for those on 9-, 10- and 11-month appointments, but the concept is basically the same.

- H. Costs paid to Fidelity to manage the DCP, CAP, 403(b) and 457 plans for UC employees.

Response: As CAP is a component of UCRP, it is administered internally and the costs are included in the totals provided in the response to (4) above. We are not able to carve out the

portion of those totals that pertain to CAP only. The management fees paid to Fidelity for the Retirement Savings Program plans (DCP, 403(b) and 457(b)) for the 2010-2011 Fiscal Year are approximately \$1.6 million. Additional detail on this amount is provided in the attached general ledger page. (Attachment H)

- I. Provide a list of health care providers in the Health Net Blue and Gold Plan.

Response: That information can be located at the following link:

<https://www.healthnet.com/portal/member/custom/content.do?companyName=uc&companyPage=start.html>

- VII. The four (4) day trial scheduled for January 24-28, 2012 will be cancelled pursuant to the withdrawal of the ULP charge (SF-CE-976-H).
- VIII. At the January 2012 union coalition meeting a pension expert will present information regarding the University's decision-making process and administration of the pension plan, including how consultants are involved, and the role of fund managers.
- IX. The University will provide a non-base building, non-retirement eligible lump sum payment of one-hundred dollars (\$100.00) to those eligible members of UPTE RX and TX on the payroll as of the date the University receives notice of ratification and who remain on the payroll when the payment is issued. The lump sum payment will be included in the employee's regular paycheck. The lump sum shall be included in the first full pay period 90 days following ratification.

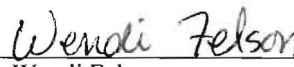
For the University



Linda Ashcraft

date 12-27-11

For UPTE



Wendi Felson

date

12/27/2011