

## ACADEMIC COUNCIL

**Minutes of Meeting**  
**Wednesday, October 27, 2010**

**I. Announcements****▪ Daniel Simmons, Academic Council Chair****1. Appointments to Consultative Bodies**

- Pitts Monthly Budget Calls. Chair Simmons stated that last year Provost Pitts hosted monthly calls to discuss budgetary matters with administrators and Senate representatives. He plans to continue the budget calls this year. Chairs of UCPB, UCFW, UCEP will participate, and we have invited four divisional chairs, from UCLA, UCD, UCI and UCR to join. The calls are the third Friday of the month, just before Council.
- Academic Planning Council. The APC is a joint Senate-administrative body with Senate representation of the Council chair and vice chair, and the chairs of UCEP, UCPB, CCGA, UCORP and two division chairs. This year the divisional chairs will be UCB and UCSC.

**2. Protocol**

- Chair Simmons reminded Council members that according to Senate Bylaw 40, all communications to the President go through the Council chair. Communications to Chancellors go through the Council chair and then to the President, who communicates with the Chancellors. He noted that committee chairs should feel free to respond to press inquiries on topics that are within the committee's purview. In keeping with the new Senate policy of allowing committees to post approved documents to the committee web sites, chairs should be able to speak about matters within the committee's jurisdiction – but should represent the committee's opinion. If the committee has not taken a position, the chair should focus on questions that need to be answered. This policy is subject to change if we find that the Senate is being misrepresented to the press.
- Chair Simmons noted that letters to the chair in response to a systemwide review need not include resolutions/motions.

**3. Meeting with the EVCS.** Chair Simmons noted that the President's proposal on post-employment benefits will change the focus of our conversation with the EVCs from the merits of the various options to dealing with budget adjustments and program cuts resulting from redirecting operational funds to UCRP. We will discuss best practices of Senate-administration consultation in budgetary matters.**4. Professional Degree Fees.** In November, the Regents will consider 49 requests for professional degree fees, including 5 for programs that have not previously assessed PDFs. Chair Simmons stated that he will express concern at the Regents' meeting about this trend. The Senate should be able to monitor these requests and be consulted. He also noted that ad

hoc requests for higher fees add up to de facto privatization and ad hoc planning. This is of particular concern because differential fees were rejected by the Commission on the Future. CCGA is concerned about the degree to which PDFs diminish access if there is no requirement that a portion of the fees be set aside for return-to-aid to support financially needy students.

## **II. Approval of the Agenda**

**ACTION:** The agenda was approved as noticed.

## **III. Consent Calendar**

**ACTION:** The consent calendar was approved as noticed.

## **IV. UCAP/UCFW/UCPB Recommendation to Restore the Faculty Salary Scales**

**ISSUE:** Last year, a subcommittee of UCAP, UCFW and UCPB members made recommendations to restore the faculty salary scales in order to make faculty salaries more competitive and to strengthen the merit review system. At its September meeting, Council endorsed two of the three motions in the letter, and tabled the third. The three committees submitted a second letter offering two new motions as substitutes for the previous third motion.

**DISCUSSION:** Members discussed the need to define the terms in the proposed motions. A member suggested that the terms could be explicated in a cover letter to the president. Another member noted that the reference in the initial clause to a 2% range adjustment refers to one of the motions passed by Council at its September meeting, and stated that this is confusing. Council agreed to strike the first clause. A substitute motion was offered, as noted below, and was passed unanimously, as was the second motion. Chair Simmons clarified that the two motions passed in September and the first motion, below, will be presented to the Assembly for its endorsement.

**ACTION:** Council unanimously passed the two motions below.

**MOTION 1:** The Academic Council recommends a subsequent increase in the form of a 3% range adjustment in total salary (base plus off-scale) and market adjustments equivalent to 2% of the faculty salary budget. This partition is intended to continue the process toward a return to a viable salary scale.

**MOTION 2:** Recognizing that restoring the salary scales is of the same importance as achieving competitive salaries, that the Academic Council request that President Yudof appoint a joint Senate - Administration task force to resume the work of the abandoned Faculty Salaries Plan, to implement the proposed salary adjustments, and to develop a plan to restore UC's salary scales to competitive, market levels, and to restore the competitiveness of UC faculty salaries and total remuneration as soon as possible.

## **V. Post-Employment Benefits Discussion**

**ISSUE:** Council considered responses to the PEB review, including the UCFW motion tabled at the September 29<sup>th</sup> meeting.

**DISCUSSION:** UCFW's chair offered a substitute motion for the motion tabled in September, which was distributed to Council via email. He noted that the substitute encapsulates the divisional and committee feedback from the systemwide review and incorporates the substance of a second letter on PEB issued by UCFW. Members debated the value of the statement, given that President Yudof just released his recommendation. UCFW's chair responded that his committee's aim was to memorialize the reasoning and opinion of the Senate. Chair Simmons stated that Senate agencies should be given the opportunity to opine specifically on the president's proposal before Council takes a position on it. Another member stated that we can not predict the outcome of the proposal when it goes before the Regents and urged colleagues to reach agreement so that Council can make a unanimous statement. A member suggested establishing a subcommittee to draft a resolution on the president's proposal for consideration by Council at its November meeting. Chair Simmons concurred, and invited volunteers. Members also made several suggestions regarding the order and wording of the items in the resolution. Council approved a revision of the substitute motion. The final resolution stresses the need for a plan to implement competitive compensation for faculty and staff in light of increased contributions and benefit reductions, indicates that cost to current employees for continuing plan benefits should not exceed 7 percent of covered compensation, supports the recommendations of the Finance Work Team to fund the annual required contribution to UCRP, favors Option C, rejects Option A and B and integrated plans in general, recommends against separating faculty and staff in separate plans with either lower employer normal cost or lower age factors, and recommends the provision of adequate inflation protection for retirees.

**ACTION: Council approved the following resolution responding to the report of the Post-employment Benefits Task Force.**

**Whereas:**

- Agencies of the Academic Senate have carefully reviewed the recommendations of the Post Employment Benefits Task Force Report;
- Senate agencies have reached a substantial consensus on almost all aspects of the PEB Task Force recommendations;
- A competitive pension plan that allows employees a comfortable, secure retirement is a crucial element of the University's benefit structure;
- Adequate protection against the erosion of purchasing power by inflation is an essential aspect of retirement security;
- Retirement benefits are a significant component of each employee's total remuneration;
- The University cannot recruit or retain an excellent workforce without competitive retirement benefits;
- Current cash compensation is seriously uncompetitive across almost all groups of University employees;
- A pension plan's provisions must be clear enough so that employees can make informed choices in their retirement planning;
- The University's practice of providing identical retirement benefits to faculty and staff has made a substantial contribution to employee morale, recruitment and retention;

- Benefits accrued to date within UCRP cannot be reduced, and the University must eliminate the unfunded liability within UCRP over time;
- The choice among the three Options makes little or no difference to the cost of UCRP to the University's operating budget for the next twenty years, and a modest difference after twenty years; and
- Although President Yudof has announced a decision recommending a modified Option C, the Academic Council wishes to provide a complete response to the report of the President's Task Force on Post-Employment Benefits;

**Be it Resolved that:**

- The Academic Council advises that increased employee contributions to UCRP require implementation of a plan for competitive faculty and staff salaries, with the understanding that prior to the implementation of benefit reductions or increases in employee contributions, there shall be offsetting or larger increases in cash compensation;
- The Academic Council opposes an employee contribution in excess of 7% for current employees who stay under the current plan terms;
- The Academic Council supports the recommendation of the Finance Work Team to quickly fund the Annual Required Contribution, using STIP borrowing and other appropriate means, to manage the negative impact on the operating budget of the amortization of the unfunded liability;
- The Academic Council supports Option C as the superior design for a new tier benefit plan for new employees;
- The Academic Council opposes Option A, on the grounds that it is severely uncompetitive across essentially all employee groups;
- The Academic Council recommends against adoption of any pension design integrated with Social Security, despite the theoretical merit of such plans in providing level income replacement, because the complexity of the plans and the uncertainty about the future evolution of Social Security prevents employees from making informed choices in their retirement planning; thus, the Council recommends against Options A and B;
- The Academic Council recommends against separating staff from faculty, in a plan with a lower employer normal cost, because of the risk to employee morale, and because there is no competitive justification for providing a lesser pension benefit to staff;
- The Academic Council recommends against separating staff from faculty, in a plan with lower age factors, because of the risk to employee morale, and because staff have clearly expressed a desire to have higher retirement benefits, with the cost born by higher employee contributions; and
- The Academic Council's support of a new tier pension plan is contingent on the provision of adequate inflation protection to retirees, either by adopting the reduced annual COLA and guaranteed ad hoc COLA provisions specified in Option C, or by retaining the full guaranteed annual and nonguaranteed ad hoc COLA provisions currently in UCRP.

## **VI. Consultation with the Office of the President – Senior Managers**

- **Mark Yudof, President**
- **Lawrence Pitts, Provost and Executive Vice Chancellor**
- **Nathan Brostrom, Executive Vice President, Business Operations**
- **Marsha Kelman, Associate Vice President, Policy and Analysis**

### President Yudof

The President highlighted the topics that will be addressed at the November Regents' meeting, including: a proposal for a fee increase, a discussion item on post-employment benefits, professional degree fees, a budget that will include \$87 million set aside for compensation increases for faculty and non-represented staff, and an augmentation of the Blue and Gold financial aid program (55% of all California families would not pay any fees). The President noted that higher fees will have an impact on the middle class (e.g., a family with \$120K in annual income), they do not necessarily limit access for lower and lower-middle income families. He commented that 47% of CSU students receive Pell grants, while 39% of UC students are Pell eligible, which is remarkable given UC's selectivity; it reflects a deliberate and progressive financial aid policy.

### EVP Brostrom

EVP Brostrom noted that he recently met with campus administrators about how to achieve efficiencies. He also stated that the University's return-to-aid program makes it quite affordable for many Californians. He noted that students' loan/work expectation has gone down by \$1000 nominal dollars since 2007-08, so lower income students are actually better off.

### Q&A

**Q:** What do you expect the main objections will be to PEB?

**A:** President Yudof stated that the initial reaction is relief that the proposed plan is not integrated with Social Security, but he would be shocked if there are no objections. Unions may ask for an earlier retirement age, particularly those that represent employees who do a lot of physical labor. That can be addressed in collective bargaining. He stated that he expects that union negotiations will result in lower contributions and lower benefits. Many union employees do not stay as long as faculty and senior staff, so that choice may make more sense for them.

**Comment:** I applaud you for heeding the Senate's advice on post-employment benefits; it will be good for the University. Also, as difficult as fee increases are, many faculty are supportive to preserve the quality of the University in the face of rising costs and reduced state support.

**Q:** What is your view on the recent Texas A&M profit and loss statement for every faculty member?

**A:** President Yudof responded that it is not the right approach or appropriate for UC. He noted that there is an accountability issue that we must resolve, i.e., how do we know when we are being effective. But the A&M approach is atavistic. It would squeeze the humanities and social sciences because they generally are not profit centers. But if not in the university, where would these endeavors survive?

**Comment:** On public relations, UCOP must make clear that renaming fees as tuition is solely a change in nomenclature and will not affect the total cost of attendance. Similarly, in discussing any fee increases, the University should emphasize that the fees students pay are only a fraction of the cost of attendance.

**Q:** Employees at some campuses are facing a choice between drastically higher health insurance costs or changing health plans. How will you address this in the future?

**A:** President Yudof stated that the new, lower cost network was an effort to contain costs. He stated that 60% of employees are able to keep their doctors and choose a lower cost option. If OP had not established this network, everyone would have been forced into the higher cost plan. He stated that UCOP negotiators will try to rectify the problem next year.

**Q:** Have you considered pre-funding retirement health benefits so that the burden does not fall on the state funded portion of the University?

**A:** EVP Brostrom responded that to the extent that there is extra money, UC will begin to pre-fund retirement health, but it first must address the unfunded liability so that the hole in the retirement system does not become deeper.

**Q:** Regarding professional degree fees, in some cases there has been no Senate review. Can we do something to regularize the review process?

**A:** President Yudof affirmed that he would be open to a more regular review process. Provost Pitts stated that this year, requests for PDFs required a far more intensive process in reviewing the submissions, including data on student debt and return to aid, and a requirement that the programs consult with students. He noted that at least one program decreased fees after student consultation and in another, the students supported the fee increase after the discussions. He stated that the groups most specifically affected are the students and the individual schools, but that he met with several statewide student groups to inform the graduate student associations on the campuses. He stated that if the divisional Senates want to get involved, they are welcome to do so, noting that the process begins in the spring, before students and faculty disperse for the summer. He stated that proposals are made on a rolling three year plan, but approval for the fees is done annually.

**Comment:** In effect, these PDFs will result in significant differential fees.

**A:** Provost Pitts noted that he asked the Senate's opinion on what constitutes a profession, but did not get strong guidance. The rule of thumb is that if a program has a substantive research component, then it is not a professional degree. If it is practically applied, and is aimed at professional, rather than academic pursuits, then it qualifies as a professional degree. For instance, the MFA program at UCLA proposed a professional fee that was supported by the students because it will provide extra money to improve their education by enabling them to hire visiting artists and improve the facilities. He noted that PDFs originally were instituted to replace state money when the state reduced the amount it provided for business and law degree programs.

**Q:** How can an MFA be a professional degree? Is it a slippery slope? Simply because the students feel they need more money does not justify calling it a professional fee.

**A:** Provost Pitts responded that the MFA is not a research degree. It is practical training providing a credential that allows one to move forward in a commercial fashion. Provost Pitts commented that CCGA opined on this issue last spring, but that he would be willing to continue the conversation if the committee has further thoughts.

*At this time the Executive Vice Chancellors joined the meeting. No minutes were taken of that discussion.*

## **VII. Renaming Fees as Tuition**

**ISSUE:** Council received comments on the administration's proposal to rename certain "fees" as "tuition." It discussed a resolution to approve the proposal, subject to changes to the language regarding "Professional Supplemental Tuition."

**DISCUSSION:** Council supported the proposal to rename the Educational Fee "Tuition" as more transparent and consistent with other higher education institutions. It recommended that a public outreach campaign should accompany the new policy, emphasizing that this is a change in terminology, only, and will not result in further costs to students or affect student aid, or relieve the state of its responsibility to adequately fund the University. Council members found that renaming the fees for professional programs is more complex, as the meaning of the term "professional program" is imprecise and could apply to a broad range of programs. Members expressed concern that the proposed term does not make clear that "professional supplemental tuition" should apply only to select professional degree programs. CCGA's chair noted that his committee is currently working to define more precisely the distinction between professional and academic programs. CCGA may invoke its delegated authority to require review of programs not previously designated as professional programs before they may charge professional tuition. A member stated that there is a distinction between programs that aim to generate knowledge and those that aim to apply knowledge. Council also concluded that the term "Supplemental" appropriately describes these fees, because they are in addition to the underlying educational fees (tuition) assessed on all graduate and undergraduate students and applicable only to specified degree programs.

**ACTION:** Council adopted the following resolutions.

- **The Academic Council endorses the UC administration's proposal to rename the Educational Fee "Tuition."**
- **The Academic Council advises that fees applied to professional schools and professional programs be named "Professional Degree Program Supplemental Tuition."**
- **The Academic Council recommends that renaming Educational Fees as Tuition not affect any advisory role now exercised by Student Fee Advisory Councils**

**VII. Executive Session.** *Minutes were not taken for this part of the meeting.*

**IX. New Business.** *No new business was brought to Council.*

Meeting adjourned at 4:30 p.m.

Attest: Daniel Simmons, Academic Council Chair

Minutes prepared by Clare Sheridan, Senior Policy Analyst