**University of California Academic Senate**

**University Committee on Faculty Welfare**

**Minutes of Meeting**

**December 10, 2010**

1. **Chair’s Announcements**

*Joel Dimsdale, UCFW Chair*

\*\*NOTE: Item occurred in Executive Session; other than Action items, no notes were taken.\*\*

1. **Health Care Task Force (HCTF) Update**

*Robert May, HCTF Chair*

\*\*NOTE: Item occurred in Executive Session; other than Action items, no notes were taken.\*\*

1. **Consultation with the Office of the President – Human Resources & Benefits**

*Mike Baptista, Executive Director, Benefits Programs and Strategy*

*Mark Esteban, Director, Benefits Programs*

**Update**: Executive Director Baptista reported that the just-closed Open Enrollment period saw record traffic, in part due to the change in federal regulations which allowed more than 5800 adult dependents to be re-added to employee insurance plans. Another factor contributing to the high traffic was the onset of the Blue and Gold custom plan crafted in conjunction with HealthNet.

**Discussion**: Members noted that many who did not switch into the Blue and Gold program from HealthNet saw significant increases in their premiums. Mr. Baptista responded that remaining in a program with higher premiums was each employee’s choice, but members noted that such a limited choice was really no choice at all. Director Esteban added that without the new Blue and Gold program, status quo ante HealthNet would be unaffordable for many employees and that geographic limits in the Kaiser and CORE coverage areas further necessitated a change in health plan design options. Members rejoined that, in local contexts, as much as 48% of the employee population saw significant premium increases due to lack of participating doctors in the lower-cost plan option. Mr. Baptista emphasized that such rates are localized, and that overall, the Blue and Gold program prevented an additional $41M in employer premium costs. Director Esteban added that the Blue and Gold program was approved by the California Department of Managed Care, which evaluates access concerns, among other variables.

Members reported constituent confusion regarding doctor participation in the various plans, notably, that some specialty doctors were not participants in their hospital’s main plan. Mr. Baptista said that educating providers regarding the specifics of the new plan was an ongoing project, and that if any employees made choices based on erroneous information, they would be allowed to take corrective action, even though the official Open Enrollment period has closed.

Members also questioned whether the Alta Bates Medical Group would participate in Blue and Gold version 2012. Others noted that physicians groups, hospital groups, and insurance groups may be similarly named but have different memberships; a fact which seems to have added considerably to confusion surrounding the Alta Bates physicians. HCTF Chair May noted that the Anthem/Blue Cross plans would also need adjustment moving forward, in part to respond to any adverse selection from the Blue and Gold program; Director Esteban noted that the risk adjustment methodology should help keep the program affordable.

Members then suggested that benchmarking retiree rates on a program in which they cannot participate was a poor decision. Mr. Esteban noted that as a matter of policy, the statewide HMO, which is now the Blue and Gold program, is the target plan. Members wondered if the employee share of premiums could be presented in a manner more consistent with their actual percentage of premium: Retirees do not pay, on average, 13% of their premiums since that figure is derived from a plan in which they cannot participate. Mr. Esteban noted that the UC contribution rate of 87% of premiums is calculated on aggregate figures, not a particular type of employee.

Members asked how involved the UC medical centers were in the insurance negotiation process, and Mr. Baptista said they were engaged through most of the year, but they sometimes approach premiums from a different perspective: revenue, rather than cost.

**Action**: Representatives Braunstein (B), White (LA), and Vice Chair Parker will develop an alternate summary of costs.

**Action**: The Health Care Task Force will investigate UC’s risk adjustment methodologies.

1. **Consultation with the Office of the President – Budget**

*Patrick Lenz, Vice President*

**Update**: VP Lenz reported that calls for a special session of the state legislature to discuss budget issues have been largely ignored, as most players seem to be awaiting the new administration in January. Nonetheless, Governor-Elect Brown has scheduled town halls on the budget, ostensibly to educate the public on the need for drastic fiscal action. It is expected that Governor Brown will next year propose another set of ballot initiatives, even though Governor Schwarzenegger’s similar efforts failed. State Director of Finance Ana Matosantos is expected to continue in the Brown administration, which is good for UC as our SGR office has a good working relationship with her office. SGR is also actively lobbying and educating freshman legislators as to the utility of UC to the state economy.

**Discussion**: Members asked if the budget changes passed in the November mid-term elections would translate to mid-year adjustments for UC, and VP Lenz indicated yes. Members also asked how detailed the legislature’s discussions regarding UC had become. VP Lenz noted that many new members of the legislature have a steep learning curve, but that his office is experienced in orienting new members.

1. **Continued Consultation – HR&B**

*Dennis Larsen, Executive Director, Compensation Programs and Strategy*

1. Health Sciences Total Remuneration Study

**Update**: A steering committee has been formed, comprised of UCFW’s health science faculty, TFIR Chair Henry, and Paul Garcia. Mr. Larsen’s team has also met with representatives from a joint health sciences group and continues to work closely with Academic Personnel to ensure data consistency. The challenges facing the study are developing meaningful market comparisons due to the uniqueness of UC’s compensation structure. Mercer will help develop the cash compensation data, and Hewitt and Associates will help develop the benefits valuations; this will allow for the same tools and methodology to be employed as were used for the general campus total remuneration study. The goal of the study is to standardize how information is collected and analyzed in order to facilitate market comparisons.

**Discussion**: Members asked as to the time frame for the study, and Mr. Larsen said that preliminary findings should be available by early summer, depending on the availability of market data. Mr. Larsen added that this study is a customized undertaking, and as such will be labor intensive. Members also asked whether staff would be included in the study, or just faculty. Mr. Larsen answered that the study would cover faculty only.

1. **Systemwide Review Items**
2. Review of Policy on Self-Supporting Part-Time Graduate Professional Degree Programs

**Discussion**: Members voiced concern that the proposal could be interpreted as an end-run around Senate processes. Council Vice Chair Anderson noted that each now self-supporting program would diminish 19900 funds to that campus. Members also worried that faculty would be pressed into devoting more of their time to fundraising than to mission activities.

**Action**: Representatives Binion (SB) and White (LA) will draft a response and circulate it to the committee for endorsement.

1. Proposed Amendments to APM 010 and 015

**Discussion**: Members suggested a short note of endorsement, noting that shared governance would be enhanced.

**Action**: Analyst Feer will draft the memo and circulate it for endorsement.

1. Report and Recommendations of the Task Force on Senate Membership

**Discussion**: Council Vice Chair Anderson noted that Assembly apportionments could be impacted, perhaps increasing the percentage of health sciences faculty in the Senate. Members asked TFIR Chair Henry, who was a member of the task force, how the group arrived at these recommendations. Chair Henry reported that the task force spent considerable time and effort investigating the history of Senate membership, and that the analysis showed a consistent reliance on all three mission charges – teaching, research, and service – as the definitive line; not all medical center faculty fulfill all three rolls. Members worried that the caps in place on all campuses (and enforced on some) would preclude reclassification where appropriate. Others suggested that a one-by-one CAP analysis of all medical center faculty was unworkable, but that a less than across-the-board approach might lead to internal strife. Still others suggested that even if CAP recommended a reclass, many deans could not afford to implement such changes. Further issues to consider include OPA limits and teaching buy-outs from soft-money efforts, as well as the differing practices surrounding the use of adjuncts within and across the medical centers. CUCEA Chair Newbrun reported that he has observed, anecdotally, that most medical center reclassifications have been in the opposite direction: from Senate to non-Senate tracks due to inadequate research productivity. He also suggested that sabbatical leave might be a factor in many appeals for Senate membership. Chair Dimsdale summarized the problem: a large number of faculty have no voice and/or no seat.

**Action**: UCFW will return to this topic at its next meeting.

1. **Consultation with the Office of the President – Academic Personnel**

*Larry Pitts, Provost*

*Susan Carlson, Vice Provost*

*Pat Price, Interim Executive Director*

**Issue**: The November Regents budget included a placeholder amount of 3% for salary increases for faculty and non-represented staff, but there is a difficult political calculus involved. Current options packaging the raise include a merit raise, a partial scale bump/partial off-scale bump, or increasing the scales at the time of a faculty person’s next merit review.

**Discussion**: TFIR Chair Henry noted that the scales are inherently merit-based; indeed, that is their basic function, undergirded by UC’s unique system of peer review. She added that a phased-in option, such as over the next 3-5 year merit cycle would be unfair in terms of morale and life and career planning. Provost Pitts responded that only 1/3 of the faculty get merit reviews in any one year under the present system, and they plan well. Further, 76% of the faculty are already off-scale. Members noted that such a ratio was undesirable and enhancing off-scale incentives should not be encouraged. Members added that salary plans that rely on out-year funding have already been shown empty.

Provost Pitts noted that the money must be found, too, not just spent wisely. Members inquired about packaging the raise as overdue COLAs, but it is feared that such a move would be suggestive of an across-the-board raise, which the Regents fear would not receive public support. Council Vice Chair Anderson noted that funds designated for merit could be “funged” by deans into recruitment packages, which would further undermine the scales. Members noted that in absolute dollar terms per employee, the difficulty in framing seems disproportionate. Vice Chair Parker suggested that there were two issues: rewarding meritorious performance and an inflation off-set; after so many years of zero raises, especially for staff, the inflation off-set should get priority. Provost Pitts again suggested that such an across-the-board effort would be unlikely to receive support elsewhere. CUCEA Chair Newbrun suggested that the political difficulties do not focus on rewarding faculty via the established merit process but on clandestine executive deals. Members reiterated their contention that the scales are merit-based.

**Action**: Discussion will continue under Item X.

1. **Division Updates**

*Note: Item not addressed.*

1. **Task Force on Investment and Retirement (TFIR) Update**

*Helen Henry, TFIR Chair*

**Update**: If the employee contribution to UCRP is capped at 7%, rather than the 8% in the current models, the employer contribution will rise from 18 to 19%, regardless of STIP borrowing for ARC funding. The STIP borrowing proposal will go the Regents in March. The questions remaining focus on STIP liquidity requirements versus aggressive UCRP funding to lower out-year debt payments. UCOP leaders will copy TFIR on communications to contracts and grants officers outlining the new direct cost allowable, following the expected Regents action on Monday.

**Discussion**: Members wondered whether borrowing money from STIP was a legitimate business stratagem. Council Vice Chair Anderson noted that it is the Regents who would borrow from STIP and pay it back, not UCRP. Members persisted, since the Regents “own” STIP, too. Council Chair Simmons noted that the funds transfer is real, and the accounts are distinct; this is not legerdemain; STIP will be repaid with interest.

1. **New Business and Further Discussion**

\*\*NOTE: Item occurred in Executive Session; other than Action items, no notes were taken.\*\*

**Action**: The committee will recommend that the 3% raise be applied to the base scales.

Adjournment: 3:30 p.m.

Minutes prepared by Kenneth Feer, Senior Policy Analyst

Attest: Joel Dimsdale, UCFW Chair