

UNIVERSITY COMMITTEE ON FACULTY WELFARE

**Minutes of Meeting
May 13, 2016****I. Chair's Announcements**

Calvin Moore, UCFW Chair

Update: Chair Moore reported that the April 27 Academic Council meeting was an abbreviated video conference focusing largely on governance issues at Davis, including senior managers' external commitments.

II. Consent Calendar

1. DRAFT Minutes of February 12, 2016
2. DRAFT Minutes of March 11, 2016
3. DRAFT Minutes of April 8, 2016
4. DRAFT response to proposed changes to APM 360 and 210.4 (Librarians)
5. DRAFT response to proposed changes to APM sections 278, 210.6, 279, 112 and new APM 350

Action: The consent calendar was approved as noticed.

III. Update: Health Care Task Force

Robert May, Chair, HCTF

Update: Chair May updated the committee on several items of interest:

1. Expensive Treatments and Ethics
HCTF is embarking on an on-going discussion regarding expensive treatments and ethical care protocols. Because UC is the payer in UC Care, the faculty may be able to lobby for different standards of care and pay thresholds. HCTF will work closely with HR and external consultants during this process.
2. Re-bid of Self-Insured Programs
The re-bid for the self-insured programs is complete, and UC will use a different third-party administrator, Anthem, starting in 2017. UC previously used Anthem, but replaced them with Optum, and is now switching back. As contract specifics are still being negotiated with UCOP, it is hoped that mistakes that led to the loss of the contract several years ago can be avoided this time. Specific concerns related to the transition include: A) A limited disruption to consumers (employees) is expected: the UC Care Tier 1 will see no provider changes. UC Care Tier 2 provider changes could impact up to 2% of the population, which is still several thousand employees. B) Anthem offers a better online interface, for a fee. C) One specific topic for negotiations this time includes reimbursement rates for and access to mental health providers. If a better rate than the incumbent can be secured, subsequent re-bids for other programs could request a similar rate. D) Depending on the outcomes over the next few years, UC may consider a hybrid HMO-self-funded program (California law prohibits direct self-funding of HMOs). There is mounting pressure in UCOP to slow the rate of health care

costs, and this could be one model. But because 1/3 of the UC employee population are Kaiser HMO members, significant changes in the external marketplace would be required. This change would be more than an “efficiency”, and would require careful and slow deliberation.

3. Mental and Behavioral Health Delivery and Outcomes

Many are concerned with the mental health care delivery model and outcomes under the current provider, Optum. HCTF hopes that pressure and outcomes from the self-funded re-bid will redound onto this program and bring a new discussion of mental and behavioral health with Optum and UCOP. Among the most pressing issues are low reimbursement rates which lead many providers not to accept patients on UC insurance, or to schedule them in an untimely fashion. HCTF re-issued its call for a working group dedicated to this area, and Dr. Stobo agreed to create one. The newly formed group includes faculty representatives, health center administrators, vendor representatives, and UCOP HR.

IV. Tuition Remission

Calvin Moore, UCFW Chair

Issue: Ways to augment non-cash compensation are being considered by UCFW, and a perennial option is the creation of a tuition remission benefit for faculty and/or staff. If such a benefit is available to faculty only, it would be taxable. Considerations include: cost- full or partial waiver; the number of eligible dependents is difficult to forecast – as is the expected “take” rate; breadth- would the program include any reciprocity schools; and public opinion.

Discussion: Members noted that many staff are eligible for the Blue & Gold tuition assistance program, which obviates the need for this type of program for them, unless it includes reciprocity schools. Blue & Gold eligibility, however, also minimizes the cost of including staff in the program, while keeping all employees in the fold. Members noted that CSU has this type of program, as do many competitors; the upcoming exit survey data should indicate how much of a role this type of program could be playing in retention decisions. Members also observed that any proposal will require comprehensive and up-to-date data, and it would need to be presented in a way that does not repeat previous efforts. Any proposals will also have to defend against calls for other uses of limited funds, such as early childhood education and care.

Action: Riverside Representative Lippitt, Academic Personnel, and analyst Feer will develop data for consideration in the fall.

V. Consultation with UCOP – Academic Personnel

Susan Carlson, Vice Provost

Janet Lockwood, Director, Academic Policy and Compensation

1. Childcare

Update: Director Lockwood reported that her office is still compiling data on comparator offerings. Comparators being evaluated include the Comp 8 as well as schools with available AAU data.

2. Salary Strategies

Issue: VP Carlson indicated this discussion is to devise long-term salary strategies, not to advise on how to administer the next 3% allocation. Some have called for a white

paper with philosophical guidelines to underpin a compensation strategy. UCPB representatives are also interested in exploring this topic, and a working group is being formed for a series of teleconferences.

Discussion: Members noted that administration of the 3% is not across-the-board, which is standard at most comparators; since half of the total was dedicated to specific purposes, many faculty lost ground after the most recent salary range adjustment. Further, the reporting on the cost of and impact on addressing those specific purposes is lacking, and is unlikely to improve. Specific complexities in the health sciences suggest that even less than 1.5% was applied ATB. Now that a multi-year funding deal is in place, hopefully a multi-year salary deal can be created and honored.

Action: Analyst Feer will circulate information for the upcoming teleconference.

3. Exit Survey

Update: VP Carlson reminded members that the pilot includes six campuses and included identifiable retentions and departures, for a total of about 200 this time. The response rate was about 60%. A round table discussion is being planned for June 28, and will include not only UC administrators and faculty participants, but also officials from other universities. UC's partner on this project, Harvard's Collaborative on Academic Careers in Higher Education (COACHE), is still tabulating the data. Outstanding questions include how to handle involuntary separations, different types of retentions, and how to reflect framing data such as start-up packages. Also outstanding is the determination of out-year funding; the provost only agreed to a one-year pilot, so it hoped that campuses will fill the gap moving forward.

4. UC Recruit

Update: VP Carlson reported that her office is evaluating equity in STEM recruitments as part of a 3-year NSF-funded study, with Davis, Berkeley, and UCOP serving as co-PIs. Other participants include experts from Kansas and Michigan, as well as UC Academic Senate representation and UC administrators. The study has been IRB-approved, and a data set is being constructed. At the recruitment level, marketing, search committee composition, departmental characteristics and the pipeline are some of the factors being considered. At the application level, recommendation letters, vitae composition, and similar variables are being considered. The data should be coded by the end of the summer.

VI. Consultation with Academic Senate Leadership

Dan Hare, Academic Council Chair

Jim Chalfant, Academic Council Vice Chair

Update: Chair Hare reported that relations with Sacramento continue to be somewhat contentious; differing goals for and expectations of the University have led to competing paths forward. Legislative and gubernatorial involvement in the setting of enrollment targets has raised many concerns. Other negative headlines regarding the University have precluded the University from addressing systemic concerns. The need to re-educate leaders at all levels on basic UC issues, such as competitive pay, the role of graduate education, and shared governance, makes meaningful gains more challenging. The cost versus quality debate is coming to a head.

VII. Update: Task Force on Investment and Retirement

Avanidhar Subrahmanyam, TFIR Chair

Update: Chair Subrahmanyam reported on several items of interest: 1) TFIR has asked HR for clarification on the justification for the UAAL surcharge that is to be assessed for enrollees in the DC plan. 2) TFIR asked HR whether Roth IRA conversions are possible, and was told that it may be possible once UC Path is fully functional. 3) TFIR asks that UCFW encourage HR to closely track data regarding new pension tier elections and behavioral trends, with a focus on the impact to recruitments and retentions. 4) TFIR has asked HR to adjust the retirement income calculator to reflect risk and volatility for expected DC-plan value, or to include language indicating that such risk and volatility are not reflected by the calculator but should be considered by employees when making their elections. 5) Similarly, TFIR has HR to revise written materials to illustrate more clearly the impact of employee choices at the time of hire on their long-term financial security. Many new employees, including faculty, will not be equipped to make sophisticated choices in this area, particularly on a time-limited basis; the University should make available internal and external resources, as well as carefully crafted materials, including online interfaces.

VIII. Consultation with UCOP – External Relations and Human Resources

Julie Henderson, Senior Vice President, External Relations

Paul Schwartz, Director, Internal Communications, ER

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

Gary Schlimgen, Executive Director, Retirement Programs and Services, HR

Issue: As UC prepares to launch the 2016 Pension Tier, UCFW is helping to review materials that will be given to new hires. Other stakeholder groups are also providing input, and the guidance materials should be considered as “living” and thus amendable on a rolling basis, especially the FAQs. The main decision guide will serve as the basis for text for other platforms and media content. The UC Net website is the clearinghouse for all new tier-related resources, including an orientation video and an upcoming new video on making pension elections. Targeted materials will be developed for rehires, grandfathered employees newly eligible for retirement, and grandfathered reciprocity hires. Workshops and webinars will be made available to new hires. The retirement income calculator uses three basic pieces of information: track, salary, and age; and provides two general curves – one for projected DB income and one for projected DC income. In most instances, the short-term will favor the DC curve, and the long-term will favor the DB curve. Both local and systemwide retirement counselors and planners are available. New hires will be sent three reminders, and after the 90 day election period, will be defaulted into the DB plan, if no affirmative action is taken.

Discussion: Members asked how the costs associated with launching the new tier were being tracked, and how the costs of any future changes would be assessed. ED Schlimgen indicated that tracking mechanisms were in place, but added that usable data would take time to come in. Members asked if the retirement income calculator would be updated to reflect significant market changes, and ED Baptista noted that sophisticated investors could get additional information from Fidelity, the University’s external partner for pensions. Prospective hires,

however, will receive more useful information from UC's Retirement Administration Service Center (RASC); local recruiters have been made aware of this fact.

Members asked if prospective hires could use the modeler, and ED Baptista said yes, as there is no log-in required to use the tool. Members then asked if the modeler showed different rates of return, and ED Baptista stated that the most recent 3 quarters are used by the modeler for projections. Members noted that a difference of 3 percentage points in returns would yield a significant difference when compounded over time. ED Baptista indicated that the tool would use a 6% return assumption for DC calculations, and a 4.25% discount rate for lump-sum cash-out calculations. Inflation assumptions are programmed at 3%. Segal and Fidelity cooperated to reach these rates. Members encouraged HR to publish the assumptions underlying the modeler. Members asked how the modeler would help those who change their pension election at the 5-year (or tenure cut-off) mark, and ED Schlimgen noted that such modeling is not yet available; HR and OGC are conferring to determine what caveats need to be presented and how.

Members asked how long it was expected to take the IRS to issue its ruling regarding UC's new pension tier and the option to switch tracks. ED Schlimgen indicated that UC could file its petition within the next 3 months, and the IRS is expected to take between 12-18 months to issue its ruling.

Members wondered whether the modeler presented too simplistic an image, especially considering the apples to oranges nature of the comparison between DB and DC plans. Members also speculated that the 90-day from time of hire could be confusing since faculty new hires are unlikely to be on campus over the summer, when their clock is ticking; allowing 90 days from the "effective date of appointment" might be a better alternative.

IX. Consultation with UCOP – Human Relations

1. Health Care Facilitator Program

Kris Lange, Director, Benefits Programs Vendor Relations Management

Issue: Director Lange shared the HCF program annual report, and noted that unrelated duties are still being assigned to facilitators at many locations. Securing adequate funding for an assistant or data-tracking remains a challenge.

Discussion: Members reported difficulty scheduling consultations with their local HCF, and Director Lange suggested working with HR leads. She added that negative feedback on the program is rare, but usage is not correlated with any specific variables as yet. Hopefully greater reporting requirements will provide data in this area. Members noted that the aforementioned mission creep erodes the ability of facilitators to compile and submit data. Director Lange noted that a single web portal for reporting was being developed to facilitate information collection. Members asked if facilitators would be provided additional assistance given the upcoming TPA change for UC Care enrollees, and Director Lange indicated that providing additional assistance during open enrollment is a standard practice.

2. Domestic Partner Benefits

Richard Coates, Manager, Health and Welfare Vendor Relations Management

Issue: Manager Coates reported that the website should be updated over the summer to reflect the clarifications that this conversation has brought to light. Any current

retirees who may need to complete additional paperwork will be contacted by direct mail over the summer. Revised policy and associated communications verbiage are being reviewed by HR and OGC, but launching the new tier has taken priority in the short term.

Discussion: Members asked if it had been determined when the 31-day sign-up window began, given the confusion regarding Open Enrollment only messaging and the conflation of survivor benefits enrollment versus health and welfare benefits enrollment. Manager Coates indicated that the final response is still pending.

X. Campus Updates

Berkeley: Affordable housing for new recruits is an increasing concern. Sexual harassment investigations and due process concerns remain. Angst regarding the impact of the new tier and the new TPA for UC Care are widespread.

Davis: There is much concern regarding the chancellor's performance; an assembly meeting on the topic will be held next week. The Senate has yet to be consulted regarding new standards for administration and SMG salary setting.

Irvine: (absent during this item)

Los Angeles: Admission procedures for the new campus-proximate middle and high school are being developed. An ad hoc committee to oversee school-related development may be appointed.

Merced: (absent during this item)

Riverside: The local committee is pressing for the development of a tuition remission policy.

San Diego: Tuition remission, parking, and child care are continuing concerns. A new faculty climate report will be presented next week; early findings indicate confusion regarding salary determinations.

San Francisco: Local funding for an expanded exit survey is being sought; recent retirees and departures may be included.

Santa Barbara: The campus is struggling to accommodate the enrollment increase foisted upon it from above; bottleneck courses are a particular concern. Affordable housing for faculty is a continuing concern, despite the availability of a new campus housing: \$580,000 and up is simply too expensive for a junior faculty member. A working group on child care is expected to be formed soon.

Santa Cruz: Classroom space for undergraduates is a growing concern; late night classes, shorter classes, less time between classes are options being considered in the short term. Long-term plans include new construction, but these include multi-year horizons. Child care is a continuing concern; a faculty-only option may be explored for the time being. Parking rates are spiking.

Meeting adjourned at 3 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Calvin Moore, UCFW Chair

Attendance:

Calvin Moore, Chair

Lori Lubin, Vice Chair

Caroline Kane, Berkeley (alternate)

Charles Hess, Davis

Jean-Daniel Saphores, Irvine

Megan Sweeney, Los Angeles

Sean Malloy, Merced

Victor Lippitt, Riverside

Sheila Gahagan, San Diego

Roberta Rehm, San Francisco

Stan Awramik, Santa Barbara

Jim Zachos, Santa Cruz

Roger Anderson, CUCEA Chair

Henning Bohn, UCRS Advisory Board Faculty Representative

Robert May, HCTF Chair

Avanidhar Subrahmanyam, TFIR Chair