I. Chair’s Announcements

Bill Parker, UCFW Chair
UPDATE: Chair Parker updated the committee on several items of interest: 1) President Yudof recently issued a new policy requiring all UC locations to be smoke and tobacco free by 2014; some may consider this an impingement on personal freedom; 2) the researcher conflict of interest training module is being revamped; both UCFW and the University Committee on Research Policy (UCROP) have representatives on the drafting committee; 3) Chair Parker will speak at an upcoming Connexxus travel program conference; 4) several individual retirement calculation questions have arisen recently, and members should encourage constituents to contact the Retirement Administration Services Center directly for resolution.

II. Consent Calendar

**See UCFW SharePoint page**

III. Divisional Reports and Concerns

Members

Berkeley: The Berkeley divisional committee on faculty welfare (CFW) also discussed the salary equity study, but was similarly unable to reach consensus regarding its statistical validity.

Davis: Aftermath from the pepper spraying incident continues to unfold: a minority opinion calls for the chancellor’s ouster, while the majority opinion asserts that a better path forward would be to amend response protocols.

Irvine: The local CFW is investigating mental illness diagnosis and processes for faculty; they have been found to be comparatively inferior to student services.

DISCUSSION: Members noted that mental health services are only available upon request, and that many in need of such services do not self-select into the system.

Los Angeles: 1) Felony charges have been filed against a faculty researcher as well as the Regents in a case stemming from a graduate student’s death in an on-campus laboratory. (See also Item IX below.) 2) Even though the proposed campus hotel and conference center has been relocated, the decision-making process involved is still under scrutiny.

Merced: 1) Junior faculty mentoring has emerged as a theme for the local CFW this year; 2) the local CFW has also partnered with the local staff assembly in a post-employment benefits education and outreach campaign; 3) greater clarity regarding the proposed patent acknowledgement amendment is sought; 4) some on the local CFW have questioned the scope of the intellectual property clause in the online education proposal.

Riverside: 1) The felony charges at UCLA were discussed as a system defense of all scientists; 2) “Occupy UC” has arrived at UCR, and the administration-issued protest guidelines were not well received.
San Diego: 1) Some faculty have reported transactional difficulty with the new FSA vendor, Conexis, noting that slow response times preclude meeting deadlines.

**DISCUSSION:** HCTF Chair May inquired whether Conexis is comparatively better than the previous vendor, and most agree that it is, but that service could still improve. Members asked what happened to unspent FSA funds, and the answer is unclear;

**ACTION:** HCTF will investigate if unspent FSA funds become taxable, become vendor profit, or become fungible UC funds.

2) The local CFW is discussing how best to frame communications for the upcoming changes to UCRP; 3) CFW also continues to discuss how best to address non-Senate faculty needs.

San Francisco: 1) Many UCSF faculty and administrators have expressed concern over the expected impacts of “rebenching” on UCSF operations, and the chancellor will present on the topic at the Regent’s meeting next week; 2) Senate membership and non-Senate faculty needs are a recurring discussion; 3) “Operational Excellence” has begun, with an early emphasis on clustering and service centers.

Santa Barbara: 1) Faculty still decry proposed parking fee increases, even though Santa Barbara fees are comparatively low; 2) local faculty housing must soon be retrofitted or razed, and liability for expenses is unclear, as are impacts to retirees in residence; 3) the number of good teaching nominations received this year set another record high.

Santa Cruz: 1) Perennial issues of housing, child care, and health care continue to dominate the CFW agenda: a) relative housing affordability has changed in the market, but UC designations have not been correspondingly adjusted; b) UCSC remains the only UC campus without an on-campus child care facility; the local CFW is working with the EVC to explore solutions, but the tough fiscal climate delimits viable options; c) Blue & Gold access is still limited.

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

Shane White, TFIR Vice Chair

**UPDATE:** 1) TFIR Vice Chair White reported that defined contribution (DC) plans had been proposed for more medical center employees and faculty who participate in the proposed negotiated salary plan (proposed APM 668). The proposals’ interactions with extant plans and IRS regulations are undetermined as yet. Another concern is UCRP solvency and integrity. TFIR will press for demonstrations of strategic desirability and popular demand. 2) Administration remarks to the legislature regarding Governor Brown’s proposed 12-point pension plan struck the right notes. 3) TFIR continues to discuss the long-term employee contribution rate to UCRP and the trade-offs involved.

**V. Update: Health Care Task Force (HCTF)**

Robert May, HCTF Chair

**UPDATE:** 1) HCTF Chair May reported that a joint administration-Senate working group had recently been convened to discuss long-term health benefit strategies; 2) the HCTF will volunteer, if asked, to draft a white paper on self-insuring; 3) institutional subsidies to employees with family dependents enrolled are relatively generous, and HCTF recognizes the benefit this provides in recruitment and retention while recognizing the arguable “unfairness” of the practice to employees without family dependents enrolled.
The “value” for which HCTF should argue, should the two come into conflict, is unclear. A similar dilemma surrounds the inevitable pay band discussion.

**ACTION:** UCFW asks HCTF to draft a white paper on self-insuring.

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

*Patrick Lenz, Vice President*

**UPDATE:** VP Lenz reported that the current budget from the governor does not cut UC funding for the first time in many years, but a significant budget gap remains, nonetheless. $90M was specified for UCRP contributions, which is less than UC requested, and based on state revenue assumptions, not UC costing needs. Bond programs and debt restructuring efforts are being examined in hopes of mitigating internal cuts and trade-offs. One question being discussed is how to weigh the relative benefits and pitfalls of lease-revenue bonds versus general obligation bonds. Both capital projects and annuitant health funds could benefit from these efforts. Other discussions focus on how UC can buffer itself from the state funding roller coaster and how the lower Cal Grant cap will impact UC admissions and return-to-aid funds.

**DISCUSSION:** Academic Council Chair Anderson asked what assumptions underlie the state costing projections, and VP Lenz indicated that the state assumes 4% annual growth in UC expenses, rather than the UC-anticipated 8%. Chair Parker asked how outlays saved through debt restructuring would be allocated internally, and VP Lenz noted that, while discussions continue, most of the impacted debt is for capital projects, but actual savings are hard to forecast given state fiscal vicissitudes. Members then asked whether last fall’s “8 by 8” budget plan would be revived, and VP Lenz said that Regental priorities would determine the budget strategy. Members then asked how many more “one time” events UC could survive, especially without sustained or even intermittent recovery; other members noted that external appearances of “business as usual” do not encourage funding restoration or growth.

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

*Susan Carlson, Vice Provost*

1. **Update on Faculty Salary Task Force**

   **UPDATE:** Vice Provost Carlson summarized the recommendations of the Faculty Salary Task Force, which is to maintain the salary scales, and continually raise the lower-cash compensation campuses by requiring that hires and promotions match the system mean at each rank and the campus median at each step.

   **DISCUSSION:** Members asked how off-scale awards were to be handled under the task force recommendations, and VP Carlson indicated that off-scales would be absorbed in the first phase of implementation while above scale awards would be retained. Members observed that the task force did recommend how the increases were to be funded and that since off-scales would still be permitted, the scales themselves remain in a perilous position. VP Carlson noted that the scales would now be self-adjusting upward, as the new benchmarks would include off-scales in the scale minimum calculation. It is expected that the recommendations will go for full systemwide review.

**VIII. Consultation with the Office of the President – Chief Financial Officer**
1. **Mortgage Origination Program (MOP) Update**  
*Ruth Assily, Director, Office of Loan Programs*  
**UPDATE:** Director Assily reported that the MOP reserve is superfunded, and so the Regents next week will consider a one-time reallocation of funds from MOP for general operations supplements. The reallocation would be of $15M, and would lower the MOP reserve from $58M to $43M.  
**DISCUSSION:** Members asked whether $43M would be sufficient to protect the program moving forward, and Director Assily noted that expected losses only total $1.5M, with possible unrealized losses of up to $100M; however, UC’s loss ratio is significantly below market: MOP currently has ~2700 active loans, and only 2 have been foreclosed, with just one other pending. Director Assily also reported that a revised hardship section of the MOP regulations is now online and consists of two parts: 1) those who experience difficult, and 2) those who lose program eligibility. Director Assily noted that MOP is on track to issue 200 loans this year, which is similar to previous years. Members inquired about SMG MOP utilization, and Director Assily answered that only 2 SMG took out MOP loans last year.

2. **Long Term Debt and Revenue Strategies**  
*Sandra Kim, Executive Director, Capital Markets Finance*  
**UPDATE:** Director Kim summarized the 2011 bond issuances as well as projected 2012 bonds. The bonds are issued to fund UCRP and ensure debt service solvency, among other uses. Many bonds are issued on short-term bases, often as little as six months, while others can be considerably longer: UC is investigating issuing Century Bonds, which as the name implies, would be 100 year bonds. Century Bonds have fewer restrictions and thus more potential uses.  
**DISCUSSION:** Members asked if more debt restructuring was foreseen, and Director Kim replied that the University would like to reduce its capital student housing debt, so early calls could be considered in that area. Members also asked about UCRP funding projections, and Director Kim indicated that the series Y bonds were being extended for that purpose. Members then asked about new borrowing, and Director Kim referred members to CFO Taylor.

IX. **Consultation with the Office of the President – Office of General Counsel**  
*David Birnbaum, OGC*  
**Note: Item occurred during executive session; other than action items, no notes were taken.**  
**ACTION:** Members may report that the University regularly retains independent counsel for indicted faculty.

X. **New Business and Further Discussion**  
**None.**

Meeting adjourned at 3:30 pm.

Minutes prepared by Kenneth Feer, Senior Policy Analyst
Attest: William Parker, UCFW Chair