

UNIVERSITY COMMITTEE ON FACULTY WELFARE

Minutes of Meeting

June 13, 2014

I. Chairs' Announcements*Dan Hare, UCFW Chair**Bill Jacob, Academic Council Chair*

Update: Chair Hare updated the committee on several items of interest from the Academic Council meeting of May 28, 2014:

- Some APM review items have been deferred to the fall (see Item VIII below).
- UCFW's feedback on the proposed changes to the Whistleblower and Copyright policies is reflected in the Council response; further review is expected. The Military Pay extension was approved.

Chair Jacob updated the committee on several items of interest from the May 14-15, 2014 Board of Regents meeting:

- The Transfer Action Team report has been posted online. It contains five recommendations, and Senate engagement on relevant issues is planned. The topic continues to receive significant interest from the legislature and the Governor, but their assumptions underlying enrollment and throughput are unrealistic.
- Senior Vice President Stobo from Health Sciences and Services reported that budget transparency in his area still needs improvement. Dr. Stobo also reported that the slate of UC Care providers is not expected to change unless action is taken locally. Chair Hare added that the Health Care Task Force will meet with UC Care representatives in the next few weeks to receive reports on the program to date.
- The UCOP budget presentation was cursory, and there were not any probing questions.
- Funds for the Innovative Learning Technology Initiative (ILTI) are to be moved out of OP. Cross-campus enrollments this year may total 100 students. \$1.19M has been set aside for cross-campus teaching, but those funds could be used to off-set other shortfalls. The cost of the "hub" is still not known, and program evaluation metrics are being defined "on the fly."
- The Composite Benefit Rates issue has largely been decided, but more work needs to be done to ensure that Health Sciences Compensation Plan (HSCP) members are not disadvantaged. A faculty workgroup is forming to develop recommendations for the campuses on how best to group HSCP members to minimize fund shifts.
- A conflict of commitment task force continues its work. UCSD Representative Dimsdale is the Senate representative to the task force.

II. Consent Calendar**1. DRAFT Minutes of Meeting of May 9, 2014**

Action: The minutes were approved as noticed.

III. Task Force on Investment and Retirement (TFIR) Update*Jim Chalfant, TFIR Chair*

Update: Chair Chalfant reported that TFIR has been focusing on how to address the fossil fuel divestment question. Other institutions have taken positions, and a literature review is underway. TFIR has decided that it will not engage in a discussion of climate science, but will instead focus on protecting

UC investments and returns. From that point-of-view, there are varying perspectives on TFIR regarding divestment. Some fear it could lead to a slippery slope, but others think the development of principles could be a positive outcome. Current Regental guidelines do not address divestment, nor do they address social responsibility. Previous divestments, such as tobacco and Sudan, were accompanied only by brief Regental statements; the gun manufacturer divestment was not commented upon at all. It is unclear how much public perception and media hyperbole, rather than financial analysis, will factor into the decision.

Discussion: Vice Chair Binion noted that an incremental approach could fit with standard practices of moving investments on a routine basis anyway. Members noted that the standard practice of using indexes complicates the issue, even though there are socially responsible indexes. Members agreed that a systematic approach should be developed, because a series of one-off decisions would lead to confusion and could last indefinitely. Similarly, the “distance” at which the stigma fades is unclear: Is the nature of the product determinative? The process of its creation? Its use by others?

Members had varying opinions on the moral obligation of the university in this area. If it is a moral issue, it should be done regardless of fiscal impact, but the University also has a moral obligation to its employees and retirees who rely on healthy returns for their livelihood. Since UC divestment is unlikely to impact corporate behavior, which moral obligation determines this question?

IV. Consultation with the Office of the President – Business Operations

Jagdeep Bachher, Chief Investment Officer

Nathan Brostrom, Executive Vice President

1. Introduction to Chief Investment Office Jagdeep Singh Bachher

Issue: New CIO Bachher provided an overview of his adjustment to UC and his investment and leadership philosophies. An analysis of the CIO office is underway, and new staff will be added to fill identified needs. UC’s investment strategy will be evaluated after a more thorough analysis is conducted.

2. UCRP Funding Strategies

Issue: EVP Brostrom reported that the administration will present a borrowing proposal to the Board of Regents in July that will ask for a \$700M loan from STIP to UCRP. This would keep the campus repayment rate to 1.32%, rather than 2%, yet still enable the University to meet the Regents guidelines and contribute 16% from the employer this year. Further, this would allow UCRP to reach 95% full funding by 2042. Further borrowing for 2015-16 will be considered in due time. There is still no final plan for how best to use the rest of UC’s liquidity, but external ratings agencies tend to view it harshly.

Discussion: Chair Hare noted that the variety of projections provided to TFIR to help evaluate different paths forward was very helpful, and he added that similar requests should be expected in the future. EVP Brostrom added that the Regents are expected to receive the recommendation positively, especially given the good previous experience.

3. State Budget Update

Issue: The state budget did UC few favors this year. Enrollment growth needs permanent funding, and the loss of one-time funds was disappointing. Overall, the general fund grew by 8% this year, but UC only saw a 5% increase, despite promises regarding tuition and non-resident enrollment. The Governor’s 5-5-4-4 plan is predicated on no tuition increases, which is unrealistic and cannot cover mandatory increases, let alone growth or quality expenditures. Prop 30 funds will phase out in 3-4 years, and the general funds’ reliance on the personal income tax places its – and our – fiscal futures on a whipsaw. Deferred maintenance costs are also starting to mount, but could be mitigated by energy efficiency efforts.

Discussion: Members asked if funds from Prop 63 would be dedicated to student mental health programs, and EVP Brostrom deferred to VP Lenz (see Item VI below). Members observed that the high

school graduation rate may be flattening, which could ease some of the budgetary demands. Nonetheless, Sacramento still needs to be better educated on enrollment and the cost of quality.

4. Fossil Fuel Divestment

Issue: Regents Chairman Varner has formed a task force to investigate fossil fuel divestment, which CIO Bachher is chairing. The task force will meet next week for the first time, and consists of three Regents, external advisors, 2 students, and Council Vice Chair Gilly. The CIO office has also formed an internal workgroup. Preliminary thoughts on the topic vary widely, but a negative economic impact seems inevitable. The student advocates list 12% of S&P companies for divestment, but their list omits the largest polluters in other areas.

Discussion: Members asked if framing the discussion as sustainable investment, rather than targeted divestment, could lead to a better long-term outcome. CIO Bachher suggested that such an approach may emerge as the preferred strategy. Regardless, the University will need to define the values its investment policy aims to reflect, but there are many best practices from which to draw. Members suggested one value could be local or state benefits from UC investments. CIO Bachher noted that decisions cannot be based on possible future negatives, such as the impact of pre-taxed carbon.

Members noted the complexity of the issue: Experimental or emerging technologies may not meet investment goals but could be good from a public relations perspective. The campuses also have foundations, but they have so far been excluded from these conversations. Some polluters out-spend the federal government in “green” research. CIO Bachher agreed, noting that comprehensive, long-term investment strategy will be needed, as will a similarly thorough media and education strategy.

V. Health Care Task Force (HCTF) Update

Bill Parker, HCTF Chair

1. Open Enrollment Extension

Update: Chair Parker reported that few employees made changes in the January 1-March 31 extension period. 250 employees, including 105 faculty, made changes. The changes were spread equally across campuses. UC Care was a net gainer with 50 new enrollees versus 20 de-enrollments, but the overall total is too small to allow for meaningful analysis. It is unclear if similar extensions will be offered in the future, especially absent similarly significant changes in the portfolio.

2. UC Care Evaluation

Update: Chair Parker noted that HCTF will meet with UC Care personnel on June 23 to receive a formal update. HCTF has been told that adding new providers to tier 1 will be difficult since participants must agree to certain discounts; leverage must be applied locally. In fact, it is likely that there will be fewer tier 1 providers in order to keep costs from rising too high too rapidly.

Discussion: Members asked how much contractual detail was available to local leaders to use in local discussions, but such information is not available. Instead, it falls to employees to do research to find in-network providers. But in cases such as emergency hospitalization, such pre-work is not possible. Similarly, not all employees are aware of their health care facilitators and the role they can play. Nonetheless, the facilitators do have good relationships with the UC Care team, and local trainings are on-going. However, at some locations, support for the facilitators is flagging, and it is difficult to be certain that funds intended for them are being used for that purpose.

Members also noted that open enrollment communications should make clear that UC Care is a PPO plan, not a POS plan, and they should specify what is and is not included in out-of-pocket maximums. Additionally, it should be noted that no UC health care offerings directly substitute for the former Anthem Plus POS plan. The level, timing, and quality of information given to the UC medical centers regarding UC Care reportedly varied widely, leading to confusion regarding billing, referrals, and in-take. Some locations are reaching out directly to UC Care participants to solicit additional feedback.

Members asked how much of a discount UC Care requires of providers, wondering specifically if independent providers were being asked to match the UC medical center discount. Chair Parker indicated that the UC medical center reimbursement rates for UC Care are discounted more than would be expected from other providers. From the provider perspective, it is not clear that non-UC affiliated providers have an incentive to match the UC medical center discount rate: their businesses do not require the UC employee population for solvency. As arguably the same is true for the UC medical centers, the benefit to them of lowering their reimbursement rates is also unclear.

Finally, members noted that the lack of pre-identified success metrics for the program makes evaluating it challenging.

3. Medical Benefits Survey

Note: Item occurred in executive session; other than action items, no notes were taken.

VI. Consultation with the Office of the President – Budget

Patrick Lenz, Vice President

Update: VP Lenz reported that the final state budget's treatment of UC was disappointing, noting specifically that the spending incentives were punitive not aspirational. How UC will cover mandatory and high priority costs, as well as quality reinvestments and deferred maintenance, will be the topic of discussion going forward.

Discussion: Members asked if Prop 63 funds would be available to support UC's student mental health efforts, and VP Lenz indicated that he would have to research the issue as the language is somewhat broad. Members asked how capital projects and deferred maintenance were to be prioritized. VP Lenz stated that his office is working to identify top priorities and to clear the pipeline of delayed projects. Projects for 15-16 funding are due to the Department of Finance by September 1, so UC will have to work quickly on this area, too. Members asked about staff and faculty salary increases, and VP Lenz reminded members that a 3% raise for non-represented staff will occur on July 1 and that faculty merits will also occur on schedule. Members asked how online education was to be funded moving forward. VP Lenz indicated that some follow-up would be needed, but it does not seem to be the issue du jour anymore. Members noted that in addition to a better technical infrastructure for online education efforts, faculty input in program design is important for educational success.

VII. Executive Session

Note: Other than action items, no notes were taken.

VIII. Systemwide Review Items

1. [Proposed Revised Self-Supporting Graduate Professional Degree Programs \(SSGPDP\) Policy](#)

Action: The committee elected not to opine on this item.

2. [Proposed Revisions to APM 133-210-220-760](#)

Note: Review postponed until Fall 2014.

IX. Executive Session

Note: Other than action items, no notes were taken.

X. Consultation with the Office of the President – Academic Personnel

Susan Carlson, Vice Provost

1. Retirement Transitions

With Jean McLaughlin, American Council on Education

With Claire van Ummersen, American Council on Education

Issue: Vice Provost Carlson has been participating in a study of the faculty career arc, which is being funded by the Sloane Foundation and led by the American Council on Education. Their work has now reached retirement and retirement transitions, and UCFW is asked to provide input on UC's practices, faculty needs, and best practices regarding retirement transitions. Ms. Van Ummersen noted one trend is toward phased retirement, which allows retiring faculty to use their skills in new ways and with less of a time commitment. Many faculty find that they have too much free time after retirement and still enjoy and need camaraderie and intellectual pursuits.

Discussion: Members reported on the various services that are available at their locations for retirees and for retirement transitions. For example, Davis has a retiree center for mixers, event promotions, and the like. Five campuses still have such centers, while other locations only have a coordinator that is not a full FTE. Emeriti and retiree associations frequently collaborate. It is accepted that retirees have more time for administrative/committee work. Systemwide, various preparatory seminars are offered, but they are optional; fiscal counseling is becoming centralized, but retiree health transition assistance is more available locally. Members noted that colleagues, not HR professionals, are counselors to colleagues nearing retirement. Spouses and other family members are infrequently included in transition seminars, especially given the centralization of services at the Office of the President.

Members noted that recall and phased retirement programs must be mindful that UC has a defined-benefit program. Others noted that in many cases, the daily routine of retirees changes little; only the source of their income changes. Changes to daily routines are usually the result of individual self-determination.

2. Total Remuneration

Update: No new results are available; a full report will be made in July.

3. Management Review Items

a. APM 080 (Medical Separation)

Issue: Vice Provost Carlson indicated that the impetus behind the review is a conflict between the APM and Regental policy regarding medical separations generally and those that impact tenured faculty. Other changes are designed to improve process clarity.

Discussion: Members asked how frequently this issue arises in practice, and VP Carlson indicated that there have been 4-5 cases since 2008. Chair Hare referred VP Carlson to the draft response included in the agenda, and highlighted the origination of the case as an additional factor in determining when and to what degree to involve campus disability officers. Members also sought additional detail on contact requirements, wondering how notice is given to someone in a coma or who cannot be physically located, and what extraordinary measures, beyond legal minimums from established case law, UC would take to make contact. Members also inquired what process was in place to specify an advocate for an individual not capable of acting on his own behalf, noting that disability officers could have a conflict of interest; members also suggested that faculty should be able to review their personnel file prior to it being sent for adjudication by the chancellor. Members noted that debarring assistant professors from P&T hearings needed a clear justification and that all Senate faculty already have the right to a hearing, so language empowering Senate faculty to request a right to a hearing should be clarified.

Action: Written feedback will be submitted following the meeting.

b. APM 330 (Specialists)

Issue: VP Carlson said the goal of this revision is to make clear the difference between post-doctoral scholars, staff research associates and specialists.

Discussion: Chair Hare referred VP Carlson to the draft response attached to the agenda, and noted specifically that not all specialists should have a service requirement in their contract or that service obligations might justifiably vary by funding source. It was also noted that research requirements can be met in many different ways, not just by publication. The role of Step V should be further explicated in this context.

Action: Written feedback will be submitted following the meeting.

4. APM 510 (Intercampus Transfers)

With Aimée Dorr, Provost

Issue: UCFW has previously called on the administration to amend or rescind APM 510 (Intercampus Transfers) which places limits on the step and salary increases available to faculty who move between campuses. The administration has declined to take up UCFW's request, and Provost Dorr gives the following reasons for her decision: 1) Ladder-rank faculty are largely paid by State general funds, so UC must use these funds prudently and in a publicly defensible manner. 2) The opportunity structure for internal recruitments is not as restrictive as it might at first seem. 3) Personnel action periods occur frequently, and corrective actions can be taken easily during those opportunities.

Discussion: Members asked if exceptions to the one-step rule are common, and Provost Dorr said they can be done as precedents do exist, but a compelling case must be made. Members also asked how the "indexed compensation level" was determined. Director Lockwood stated that the ICL is derived from Regental policy and is set annually by the president; specifics are outlined in APM 600 (forthcoming), and designate the amount above which a chancellor cannot approve exceptions. Members wondered how the needs of a department were advanced by a policy that seems to favor external candidates/offers. Provost Dorr suggested that departmental goals can be advanced by other methods, such as summer salary, lab packages, and graduate student support schema. Members noted that the policy encourages incumbent faculty to attain outside offers to receive competitive remuneration packages, but that "no holds barred" environment is not one that most think should be encouraged.

Meeting adjourned at 3:30 p.m.

Minutes prepared by Kenneth Feer, Principal Policy Analyst

Attest: Dan Hare, UCFW Chair