

Minutes of Meeting**June 8, 2012****I. Announcements**

- *Bill Parker, UCFW Chair*

APM 670. The revision of APM 670, the Health Sciences Compensation Plan, has been issued by UCOP (the president has authority over the APM; the Senate is advisory). The revision is reasonably close to what the Senate advised. Senate opinion was particularly influential in revising the part of the policy on the Academic Program Unit advisory committees, including that no more than 50% of the committee be appointed by the dean, that all members must hold faculty appointments, and that all faculty (including clinicians) are able to participate in the elections and may serve on the advisory committee. This substantially increases the role of the faculty from the original proposal. Discussion: A member asked if there are any substantive Senate critiques that were not adopted. Chair Parker stated that the restriction on outside professional activity was deferred and will be taken up next year. The proposal, as written, is problematic for nurses and others who at times need to affiliate with outside entities in order to comply with licensing requirements. This was the only significant issue that is unresolved.

Changes in UCOP administrators. Randy Scott, Executive Director of Talent Management & Staff Development, is retiring. Shared governance benefited during his tenure. He understood that there was a lot to be gained from consultation with the faculty. Vice Provost Dan Greenstein has moved to the Gates Foundation; it is not clear what the implications for UC Online Education are.

Senate Membership. Chair Parker distributed the UCR&J draft ruling on UCSF's request to modify Senate membership. Council will have an opportunity to submit comment to UCR&J before they make a final ruling. UCOP's General Counsel issued a written statement saying that the Standing Orders are ambiguous. In addition, Chair Parker noted that he is chairing a small task force that is examining methods and administrative mechanisms that could achieve the San Francisco division's goals. Discussion: A member asked if UCSF can take this issue directly to the Regents via a memorial. Academic Council Chair Anderson replied that the Senate division can not, but UCSF's chancellor could request that it be put it on the Regents' agenda. He noted that memorials must be voted upon by all ten campuses. Chair Parker added that the task force recognizes the concerns of medical school faculty and aims to find a way to acknowledge the essential contributions of the clinical and adjunct faculty.

II. Consent Calendar

There were no items on the consent calendar.

III. Health Care Task Force (HCTF) Update

- *Robert May, HCTF Chair*

Dependent verification project. HCTF Chair May reported that the task force met this week and received a preliminary report on the dependent verification project. Vice Chair Hare drafted a set of questions to the administration from UCFW in response. 83% of employees have completed the process and their information has been verified. 5,000 people (approximately 5%) have not yet responded to the request; they and their dependents will be de-enrolled as early as September 1 if they do not participate in the audit. They can re-enroll during Open Enrollment, and benefits would be in effect on January 1. Efforts are being made to reach out to them. The remaining 12% have begun the process, but have not yet completed it. 2,833 dependents were dropped; 600 of them would have aged out. (1.6% of dependents were dropped.) The appeal process will be conducted through the summer, and then final data will be released. Chair May noted that this information is in line with past random audits. The University estimates that it is likely to save \$7 to 10M this year (the audit cost \$800K so far). Secova will continue to audit new employees and those who report a change in dependent status.

Wellness. The HCTF met with a group of wellness managers, including Trish Ratto from Berkeley. HCTF is concerned that StayWell is not integrated with various campus wellness programs and there is no oversight. UCOP seems to think that StayWell provides good results for little money. Dee Edington (University of Michigan professor and Director of its Health Management Research Center, known for his work on wellness) also visited with HCTF. He believes that targeted wellness programs do not work (e.g., 12 week weight loss programs). Instead, institutions should establish norms and create culture change from the highest leadership levels to set the tone for a healthy environment. StayWell will be reviewed next year.

2013 health care rates. The HCTF received an update on the health care rates for 2013, which are currently under negotiation in collective bargaining and hence are confidential; the final rates will be announced in August. HCTF will likely have two phone meetings to discuss the rates. It was noted that the HCTF is not a party to the negotiations, although it can have input into the design of the RFP, and UC policy, such as the pay bands to which the plans apply. Chair Parker noted that UCFW has been successful in protecting family friendly health care.

UC Cares. The joint Senate-administration Health Care Benefits Work Group will meet on Tuesday to discuss, among other things, UC Cares, a self-insurance option. UC Cares aims to provide UC employees with an option to use the UC medical centers for their health care needs. The plan is still in development. Some members expressed doubt that the plan would work, given that the medical centers' mission is to focus on cutting-edge medicine and research, not to provide primary care. A member countered that that if they subsidize primary care, over time, they will see more specialty patients.

IV. UCFW Task Force on Investment and Retirement (TFIR)

- *Helen Henry, Chair*

DC Plan for UC Health Science Employees. Chair Henry stated that TFIR has written a response to the proposal to establish a DC Plan for UC health science employees. Its comments include: (1) the proposal lacks modeling on the effects of the plan on UCRP; (2) there are many unresolved implementation issues; (3) the timeline is highly unrealistic; and (4) the rationale and justification for the plan are not clear.

ACTION: UCFW unanimously endorsed TFIR's concerns and requested that Chair Parker transmit TFIR's letter to Vice President Duckett.

Potential for a Roth 403(b). Chair Henry reported that TFIR has requested that the administration explore the possibility of offering a Roth 403(b) as an investment vehicle. She noted that this is different from Roth IRAs in its tax implications (the money is taxed at the time of deposit, rather than upon withdrawal). It is also attractive to same-sex married partners, whose marriages are not recognized in the federal tax code. Chair Parker suggested putting the request in writing.

Discussion: A member noted that it is currently disadvantageous to use a brokerage account within the 403(b). The fees are too high and the brokerage window is not flexible enough so that faculty can manage their assets. A member countered that an employee can buy any fund through the brokerage window; options should not be added to the 403(b). The UC-generated funds, in combination with the brokerage account, provide a complete set of options. Chair Henry stated that TFIR will discuss these issues further at its next meeting.

Funding of UCRP. Chair Henry reported that the administration is considered extending the timeline for funding UCRP, reducing the employer contribution, including considering not contributing the modified Annual Required Contribution. The issue is whether the University can continue to borrow the money from STIP. CFO Peter Taylor is doing a liquidity study to see how much borrowing is possible and where the funds should be allocated. Chair Henry stated that if the University defers contributions, it will have to borrow later at 7.5%, as opposed to borrowing from STIP at 1.5%. She noted that there has been no mention of reducing the employee's contribution. TFIR should learn more at its meeting next week.

TFIR members in 2012-13. Chair Parker asked for approval of the list of potential at-large faculty that UCFW will recommend to UCOC for appointment.

ACTION: UCFW unanimously approved the list of potential at-large faculty for TFIR to recommend to UCOC for appointment.

V. Consultation with UCOP – Budget and Capital Resource

- *Patrick Lenz, Vice President, Budget and Capital Resources*

Q: Did the June primary elections have any impact on what is happening in Sacramento?

A: Vice President Lenz stated that progress was delayed until after last Tuesday's election. Yesterday, the full Senate Budget and Fiscal Review Committee met. The Assembly Budget Committee has not met. Next Friday (June 15) is the constitutional

deadline for the legislature to submit a budget to the governor. Yesterday the Assembly rejected any notion of a multi-year funding agreement for all higher education segments. There is no consensus on tuition levels or to what extent there will be an executive compensation cap. The Senate rejected the governor's suggestion to eliminate earmarks. They also rejected the governor's proposal to shift \$196M in general obligation bonds to the University's budget, thus reducing our base budget. \$5.2M was approved for health benefits for retired annuitants. He noted that there are two remaining issues: the potential for a tuition buyout, which is a priority for the legislative leadership and the governor, and the University's proposal for debt restructuring, which would provide us \$80M in additional funding annually for the next 3 to 4 years. He noted that the legislature thinks that the governor's recommendations on Cal Grants are too severe. He said he hopes that if they make cuts to Cal Grants, they will leave the implementation to a policy discussion with experts in order to minimize the impact on students while achieving the prescribed savings.

Q: Have the republicans made any budget proposals?

A: Vice President Lenz replied that they submitted a response to the May revise, which would have been better for higher education in that it eliminated any trigger reduction. However, the level of cuts to the social services are far greater than in the governor's proposal, so it is unlikely to pass.

Q: Do you think that the election results in San Diego and San Jose will lead to any action on pensions in Sacramento?

A: Vice President Lenz stated that he does not think any action will be taken on pensions until after the November elections, particularly since the governor recently proposed that state employees take a 5% pay cut.

Q: Is there any bright spot on the horizon?

A: Vice President Lenz commented that the University is in a better position than it was a year ago, and that if the governor's ballot initiative passes, the University will not experience further cuts and in fact, its budget will be higher than last year's.

VI. Consultation with UCOP – Human Resources

- *Dwaine Duckett, Vice President, Human Resources*

DC plan for health science employees. Vice President Duckett stated that the medical centers are interested in pursuing a DC option for their employees. The original justification for this option was cost savings, but it is now represented as a talent management issue. In addition, DC is the prevailing vehicle for retirement savings in both hospitals and universities. The medical centers sponsored a study outlining scenarios for implementing a DC option. He cautioned that it would be a lot to take on, given that the University is implementing a new tier in 2013. He also noted that the labor unions and UCFW are opposed to it.

Discussion: Chair Parker clarified that UCFW is not necessarily opposed to it, but would like to see a more careful analysis; the study is significantly incomplete. UCFW questions whether it addresses the recruiting goals that aims to address and also is not satisfied that

the implications of establishing a DC plan have been well thought out. For example, what happens if someone starts in the DC plan at a medical school and then moves to a general campus department? Vice Chair Hare added that TFIR has prepared a report that critiques the unknown cost of implementation, which was not addressed by the study.

Health care options in 2013. Vice President Duckett stated that the Health Care Benefits Work Group has had a productive discussion of the University's options for next year. Unfortunately, we will be in the same mode as in the past three years—looking for ways to reduce costs. The choices involve either a reduction of benefits or some sort of cost sharing among the offerings. He mentioned that the University is developing a self-funded option that would leverage our medical centers called UC Cares. However, he noted that the level of detail in the plan is not sufficient to roll it out in 2013. Discussion of UC Cares will be continued next year with the aim of implementing a plan in 2014 with preferred pricing for UC employees.

Discussion: Will the work group continue to meet? Vice President Duckett said he envisions a smaller group that would focus only on UC Cares, not on the rates for the other plans. A member commented that faculty experts on health plans and health economics and decision makers (such as COOs and physicians) at the medical centers should be represented on the work group, especially those who are in the position to decide to invest in primary care. A member expressed concern that academic medical centers achieve their excellence by creating innovative approaches, as opposed to an institution like Kaiser, which provides very effective care by non-academics, and has a different culture. Moreover, the medical centers would have to build capacity in order to do provide primary health care.

Dependent verification. Vice President Duckett stated that the dependent verification process is almost complete. Approximately 5% of our population has not yet responded and efforts are being made to ensure that they have received the information request. Secova will verify employees at the time of hire or changes, such as adding dependents, at open enrollment for the next three years. The University is also likely to continue spot audits?

Discussion: Some faculty are concerned about the amount of time and effort expended, given the prospective savings. Second, there is general concern about privacy. Vice President Duckett replied that in all University contracts where data is exchanged, there is a clause that states how the data can be used and stipulates measures that will be taken to secure the data. Still, there is a possibility of security breaches. He stated that they will do an evaluation, but that the primary goal was not to achieve savings. Rather, the University needs to know who is on its rolls in order to determine whether it should take the risk of self-insuring.

Comment: The UC American Federation of Teachers is concerned about the provision in the new tier that states if there is a break in service, the employee will be placed in the new tier. This is an issue for their members, since their contracts dictate a break in service. Vice President Duckett replied that UC will make sure that this population is treated fairly, given their circumstances. He stated that he is hopeful that the University can bridge this, as it is a structural issue in their terms of employment.

VII. Divisional Reports and Concerns

▪ Members

Berkeley: The Berkeley administrators' proposal to devolve the power of the Board of Regents to the campuses may presage a number of faculty welfare issues in the coming years. The unifying features of UC have been one president, one Board of Regents, and the state of California as the funding agent. As state funding diminishes, pressures for disaggregation mount. The Senate is the strongest unifying element in the University, which suggests that the Senate could become more prominent.

Davis: Faculty are concerned about privacy in the dependent verification audit, and the way in which the patent acknowledgement agreement was conducted.

Irvine: The Irvine division is working on better meeting the mental health needs of faculty. Campus efforts have focused on student mental health.

Los Angeles: The division reported no major issues, beyond the implications of the autonomy of the Anderson School.

Merced: Faculty are concerned about intellectual property rights related to UCOE.

Riverside: In the absence of improvements of salary and benefits, it would be nice if the administration supported other things that improve morale (such as better child care).

San Diego: The division is discussing how much parking pass holders should subsidize mass transit and why mass transit is free.

San Francisco: None.

Santa Barbara: The division resolved a dispute over parking pricing (a proposal to award parking stickers based on willingness to pay, rather than status).

Santa Cruz: none.

VIII. Santa Cruz Salary Recommendation

Discussion of this item was postponed to a future meeting.

IX. Online Education and Faculty Welfare

The San Diego division has raised concerns about intellectual property rights of faculty who participate in the UCOE Pilot Project and must sign an agreement that seems to waive their rights. San Diego representative asked: Is it true that one does not have to sign it? If it is enforced, what role does the Senate have to influence it? Where was the faculty input into this agreement template? How does it compare to similar agreements at other universities? A member clarified that the University holds a non-exclusive license to use course materials on a royalty-free basis that are copyrighted by a faculty member teaching a regular course. Another instructor of record in that department may use or update the materials; this guarantees continuity in the curriculum. The UCOE agreement reflects the 2003 revision to the copyright policy, which states that course materials created with the use of exceptional University resources shall be governed by a written agreement entered into by the originators and the University and shall specify how the revenues should be divided. The difference is that UCOE is motivated by goals and wants to ensure that the financial investment they made in developing the courses is not sold to a competitor. Also, since they are offering courses to non-matriculated students, there

must be business protections. Committee members debated the comparison to UC Extension courses. A member objected to the commodification of intellectual output.

Chair Parker noted that UCEP raised several additional issues in their letter to UCFW, including concern that there will be pressure on faculty to teach UCOE courses as a result of revenue sharing with the department. They ask if this could influence decisions by the faculty chair to offer revenue generating courses, rather than upper level graduate classes, and how to assign instructors. Chair Parker noted that this conversation raises important issues that Vice Provost Carlson will have to address. The Senate controls the curriculum and should have a voice in how course materials are used. He suggested inviting the head of UCOE to discuss these issues and disciplinary differences with UCFW in the fall.

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

- *Susan Carlson, Vice Provost*

Year in review. Vice Provost Carlson expressed satisfaction that the revision to APM 670, the Health Sciences Compensation Plan, will officially be policy on July 1, although HSCP units will have a year to rewrite their implementation plans. Academic personnel staff across the campuses are collaborating on the plans. The recall policy also was approved and is in place. She noted that the conversation about the proposed APM 668, Negotiated Salary Plan, is continuing. A small task force will release a recommendation soon. There are a number of unfinished items that we have worked on this year, including distinguished faculty and intercampus transfers.

Projecting ahead, two policies will take a lot of effort next year—a section of the HSCP on outside professional activities and the companion conflict of commitment policy (APM 025) on the general campuses, and revisions to the APM 600 series to align it with changes in the payroll system. The APM 600 series describes how we compensate people and will need to be changed because of the effort to standardize the payroll system. There will be a meeting later this month the Academic Council Chair and Vice Chair, UCFW's chair and vice chair, and UCAP representatives to begin discussions. The new payroll system is supposed to go live in January of 2013. She noted that the payroll system is being revamped because it is obsolete, there is no way to get meaningful data on employees because there are no common definitions and data, and as a cost savings measure.

Negotiated Salary Plan. The proposal for a negotiated salary plan for the general campus will be released shortly. It proposes a trial program for three campuses (UCI, UCLA and UCSD) beginning in July 2013 and sets metrics to evaluate if it is meeting its goals. It will not be limited to certain disciplines, but participating departments will be self-selected because it is dependent on whether funding is available. The proposal will include a detailed template of an implementation document (who would approve, deadlines, how the accounting should be handled, etc.). We estimate that a small number of faculty would participate initially.

Faculty recruitment. Vice Provost Carlson stated that her staff has been collecting faculty recruitment data. Next year, UC Recruit, an Irvine program, will be in place on six campuses. She noted that Council expressed interest in strengthening the President's Post-doctoral Fellowship program, and her office will work on that.

Discussion: A member asked if the faculty UC hires are the best people we can hire? He noted that his department does not even consider some of the best candidates because they realistically can not afford to recruit. The compromises begin with decisions about the job description and area in which to hire. For example, they may avoid a cutting-edge area if it has large start-up costs. Departments can not engage in strategic planning or build new programs if they have no sense of the resources available next year. Vice Provost Carlson asked how the University can deal with this without new money. Members suggested downsizing or closing programs in order to free up resources, or adding non-resident students, which is a counter-incentive to downsizing. A member noted that while some programs will be successful, the University of California will no longer be the best.

XI. New Business

There was no new business.

Meeting adjourned at 3:30 p.m.

Minutes prepared by Clare Sheridan, Senior Policy Analyst

Attest: William Parker, UCFW Chair