

Minutes of Meeting**March 14, 2014****I. Chair's Announcements***Dan Hare, UCFW Chair***Update:** Chair Hare updated the committee on several items of interest:

1. Total Remuneration: UC's faculty salary lags are well known, so the real utility of the study will be in quantifying benefits and their relative value. The message to the administration should stress how much the value of UCRP to employees dropped with contribution increases. Also, the retiree health benefit will become less advantageous in the New Tier when UC will reduce their contributions for Medicare Part B. Short-term changes need to be framed in long-term contexts. See Item VIII below.
2. Academic Council Meeting of February 26, 2014:
 - Revised proposed revisions to Senate Bylaw 55 (Departmental Voting Rights) have been submitted (see Item VII below).
 - Professional Degree Supplemental Tuition (PDST) is in need of clarification; there seems to be no functional difference between this program and self-supporting programs. The Academic Planning Council will revisit the standards.
 - Faculty performance metrics, like those designed to measure educational outcomes for students, are just emerging as a topic in academia. UC faculty should be proactive and help set the terms of the debate.
 - Student success metrics were presented by the Provost, and the most determinative factor in student success seems to be academic preparation prior to arrival at UC. Working more than 15 hours per week was related to longer time-to-degree, but few students work that much. Feelings of belonging were also related to academic success, but colinearity was evident in many data points, yet causation could not be determined.
 - Moody's lowered UC's credit rating. See also Item IV below.
 - The deadline for a decision on Composite Benefit Rates is early April. The Senate is developing a letter to illustrate the impact to contracts and grants, and to graduate student support, if the proposed policy is adopted. The impact to Health Sciences Compensation Plan faculty will also be highlighted. See also Item IX below.

II. Consent Calendar

1. DRAFT Minutes of Meeting of February 14, 2014

Action: The minutes were approved as noticed.**III. Health Care Task Force (HCTF) Update***Bill Parker, HCTF Chair***Update:** Chair Parker updated the committee on several items of interest:

1. Out of state retiree health is being administered by One Exchange, a Medicare exchange management service. They are the successor company to Extend Health, which was

unfavorably reviewed by the HCTF several years ago. Extend was taken over by Towers Watson, and the stability of the company is no longer at issue. Nonetheless, quality and cost of service concerns remain.

2. The migration data from open enrollment are largely finalized. UC Care enrollment correlated highly with salary: higher income brackets saw higher rates of enrollment. Faculty comprise the largest portion, with 40% of enrollees. 40% of faculty have HMOs, where 78% of staff do. Among staff, HealthNet and Kaiser HMO enrollments are evenly split; among staff, HealthNet has double the enrollment of Kaiser.

Discussion: Members asked what the enrollment projections for UC Care were. Chair Parker indicated that plan sponsors anticipated about 20% enrollment; actual enrollment is 17%. Members speculated that faculty enrollment in HealthNet reflected access to better hospitals than offered in the top tier of UC Care. Members wondered if staff changed plans at greater rates than faculty, but the data supplied are not disaggregated in that manner. Also unknown at present are how many spouses dropped UC insurance.

3. To best expand the UC Care network, members should bring names of specific providers to be contacted; a consolidated list will be sent to the plan sponsors. Coverage gaps and weaknesses should also be identified. This should be done by the May UCFW meeting.

Discussion: Members wondered if some of the difficulty with UC Care is due to provider and participant unfamiliarity with the plan. It was noted that the participating provider list is not user friendly, even if it will be subject to frequent changes. It was also noted that the Blue Shield website is not intuitive. A services list should be added to the cost estimator, especially when preferred and select tier prices will be commingled for a single procedure or visit.

4. Performance metrics for UC Care will fall into three broad categories: i) financial, ii) quality of medical care, and iii) customer satisfaction. For the last, good benchmarks are available, and even though outcomes are more important, this is still an important aspect of plan performance. "Customer satisfaction" captures many of the complaints received to date, including clarity of communications, access to physicians, responses to billing questions, efficacy of the Blue Shield concierge, appointment delays, et cetera.

Discussion: Members noted that delays and other trackable data could also serve as proxies for quality of care measures. It was suggested that HCTF contact other subject matter experts to generate key indicators and identify survey best practices; they might also have suggestions for network expansions. Members suggested a longitudinal analysis to see if quality has degraded over time, or under new plan structures.

5. HCTF will contact HR regarding the planned health care benefits satisfaction survey to ensure Senate feedback is included in the drafting stage.

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

Jim Chalfant, TFIR Chair

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

Action: UCFW will coordinate with UCPB on how best to lobby for full UCRP funding as soon as possible.

V. Consultation with the Office of the President – Budget

Patrick Lenz, Vice President

Update: Internally, the Budget Office is working to develop long-term funding models for the challenges facing UC, such as mandatory cost increases, enrollment growth projections, and similar costs drivers. The “ask” to the State in advance of the May revise is being reviewed, with one goal being to illustrate to the Governor and the legislature that their tuition assumptions are not viable. The discussion around student performance outcomes in Sacramento continues to focus on defining relevant metrics for UC and adjusting expectations to reflect the time lag involved in education outcomes. Familiar distractions, such as defining the marginal cost of instruction, obscure issues where progress can be made; UC’s needs should be reframed and accompanied by specific suggestions for the legislature to adopt.

The Budget Office is also working to advance the University’s sustainability goals. Unfortunately, Prop 39 revenues seem tied up in the Prop 98 distribution formula. To reduce its carbon footprint, UC has asked for a block grant, so far unsuccessfully, but some headway has been made with cap-and-trade dollars. The partnership program with local municipalities and energy service providers for energy conservation and cost control has been successful, and expanding it is under consideration.

The successful closing of union contracts has UC in a favorable light in Sacramento. Labor stability is positively viewed, and the 4 year contracts now in place for most union represented employees has buoyed UC’s reputation. As a result, UC is in a good position to lobby for additional one-time funds for deferred maintenance, UCRP, quality reinvestment, and minor, pay-as-you-go capital outlay projects.

Lastly, the Budget Office is working to convince the LAO and others that because the University successfully weathered the budget cuts and took unfunded students, UC should be rewarded for its fiscal rectitude by receiving full funding for those and future students, not punished by having our budget frozen.

Discussion: Members noted that part of the problem with enrollment growth is not just funding from the state, but physical capacity to educate the students, especially lab capacity. The assumed rate of student growth of 1% would yield another entire campus every decade, but capital planning itself takes a decade. VP Lenz noted that UC does not want the state to micromanage its affairs, and a broad goal is preferred. UC already has 7600 unfunded students, which cost UC \$76M in expenses each year. Campus enrollment plans are lowering expected California students to match actual state funding, preferring to emphasize student quality over compounded growth. Members asked if new funds for previously unfunded students were likely, and VP Lenz thinks it could be.

Members also asked how online education was being viewed currently. VP Lenz suggested that some of the sheen has worn off, but calls to lower cost and increase throughput remain. Such goals cannot be achieved in the current environment, though, without cutting quality. Online education in itself does not lower cost, especially as the pedagogy and business models continue to evolve. VP Lenz also noted that UC’s cost and time to degree are already among the best.

Members asked how UC’s credit rating was viewed in Sacramento. VP Lenz said that it had not yet come up in his discussions in Sacramento, but that it will be a topic at the Regents meeting next week. In those discussions, credit and debt capacity are usually framed as tools to achieve certain strategic goals.

VI. Divisional Reports

Berkeley: Discussion has focused on how best to reflect the interests of emeriti- by a separate emeriti committee or through one large CFW? Berkeley currently has the former model.

Discussion: Davis, Los Angeles, and Santa Cruz have separate committees, but with cross-committee *ex officio* representation. Irvine and Riverside have one committee, but with several emeriti members; their institutional memory is frequently valuable.

Davis: 1) The transition to UC Care has been smoother than expected, but issues around access, prescriptions, and retiree services have arisen. 2) Benefits counseling has been centralized since January 1. They will follow the RASC quality measures. Last fall, a local HR survey was conducted, but participation was very low- only 122 staff and 13 faculty responded. CFW and the emeriti committee will work with HR to create a new survey and identify options for improvement. The survey will be shared when it is final.

Discussion: It was noted that other campuses are also losing their personal interface. Preretirement counseling involves irrevocable choices, and so decisions must be made with full information and only after full consideration; for many, this level of discussion occurs best in a face-to-face interaction. Chair Hare noted that local lobbying will be necessary on this issue, but UCFW will compile a list of similar concerns for sharing with HR.

Members observed that without the health care facilitators the transition to UC Care would have been even more difficult. Chair Hare added that funding for the health care facilitators is protected, and the program is funded by OPEB and retiree funds from OP. Any diminution in quality should be reported.

Irvine: (absent during this item)

Los Angeles: 1) The impact of UCRP contributions on the operating budget of medical center departments has been under discussion lately. CFW met with local senior leaders, and it is being viewed as a dean's problem, not something that individual faculty need to worry about. It seems that patient revenue is being used to cover costs for now. 2) Both the retirement counselors and the health care facilitator received praise this week for their important work. 3) A full discussion of composite benefits is scheduled for next week.

Discussion: Chair Hare noted that benefits are usually taken "off the top"; how much the EVC is collecting should be known. Representative Kominski observed that it was unclear who should be asking these questions in the local context; it is also unclear how widespread this practice is.

Merced: (absent during this item)

Riverside: CFW conducted a local health care survey, but only received 131 responses. Half made a change and expressed frustration with the process. Cost increases were the most frequent complaint, and loss of access was also prevalent. Faculty want Riverside Community Hospital and Loma Linda Hospital added to Tier 1, especially as the UCR Medical School has a teaching contract with the former.

San Diego: No report.

San Francisco: 1) The search for a new chancellor has begun. The CFW submitted input to the search committee. 2) People are anxious to see what happens with Composite Benefits.

Santa Barbara: 1) The search for a new executive vice chancellor is making slow progress. 2) UC Care is still a hot topic on campus. 3) Presidential Policy 035 (Sexual Harassment) has been officially issued, but we are told the revision process will continue.

Discussion: Chair Hare noted that Presidential Policies apply to all employees and that the revision process is iterative- the first issuance was to meet federal deadlines, but both internal and federal reviews continue.

Santa Cruz: 1) There is less urgency around online education as the MOOCs' trajectory is in question. 2) Faculty recruitments have begun again, but the local cost of housing is a significant obstacle. There has been no planning for a new campus development.

VII. Systemwide Review Items

1. APM Management Review:

With Susan Carlson, Vice Provost, Academic Personnel

Issue: Four sections of the APM are under review.

Discussion:

- i. 133-17-g-j (Limitation on the Total Period of Service with Certain Academic Titles)
Members inquired how “significant circumstances or events” was to be interpreted- natural disasters, a construction accident – on or off campus? VP Carlson indicated that a broad interpretation will be stipulated.
- ii. 210-1-c & d (Review and Appraisal Committees)
Members noted that there were some vague pronoun references in the first paragraph of subsection d, making it unclear what diversity is to be counted the same as- research? Other service? It was suggested that “due”, rather than “equal”, consideration and recognition be given, or that activities be judged “by the same criteria”.
- iii. 220-18-b (Professor Series)
The committee had no comments on this section.
- iv. 760-30-a (Family Accommodation for Childbearing and Childrearing)
The committee had no comments on this section.

2. Proposed Amendments to Senate Bylaw 155 (Departmental Voting Rights):

Issue: The intent of the proposed revisions is to address perceived “voicelessness” among certain faculty populations, most notably those in the clinical series. The emeriti voting procedures were used as a template, and the proposal would have no impact on actual Senate membership. The proposal purposefully does not address how votes should be reported, and it should be remembered that all departmental votes are only advisory to the relevant CAP.

Discussion: Members sought clarification if the vote to extend the vote would be 2/3 of respondents or of the total eligible voting population, and the answer is the latter. It was noted that Academic Federations could complicate interpretation and implementation. Some wondered if assistant professors had been asked if they want this voting privilege or if they had adequate information and experience to cast informed votes. Chair Hare noted that his department has benefited from expanded informal voting. Others speculated that only a handful of departments would adopt this policy, but that they should be free to do so, if they desired. The committee took non-binding votes on the two versions before them: version 1, limited only to HSCP, was found favorable by a vote of 8-1-2, and version 2, a broader, general campus alternative, was found unfavorable by a vote of 4-6-1.

Action: Chair Hare and Analyst Feer will draft a response to the Council for consideration at next month's meeting.

VIII. Total Remuneration

Issue: As the update study is being concluded, UCFW reviews the findings of the [2009](#) study. In it, health and welfare benefits were highly valued due to low employ premium contributions and free vision and dental. However, the value of these benefits to faculty was distorted by the inclusion of other employee groups: For example, the value of retiree health benefits for staff was significantly greater than their comparators, but not for faculty. As a result, the relative value of fringe benefits to faculty can be difficult to assess. Moreover, other employee groups have different comparators, which further distorts the comparative lens in the 2009 study. If benefits to other groups are cut to match their market, since UC has one benefits program, overall faculty competitiveness could be disproportionately cut. Retiree medical benefits were over competitive due to UC's paying of the Part B premium, something that will not occur in the 2013 Tier. A 5% contribution to UCRP yields a 2% decrease in faculty competitiveness overall and a 35% decrease in retirement value; UCRP contributions will reach 8% July 1, 2014. The calculation for dependent benefits is not known; 3 private and 2 public comparators provide such benefits, but sometimes as a percentage and sometimes as a flat dollar amount. Utilization data for dependents has not been provided, which is needed since participation rates are not known so the rate of subsidy cannot be determined. The 2009 study used actual demographic information, not "straw men", since averages disguise variation and the average person does not correspond to any actual person. Retiree values rely on general usage statistics, but since retiree health is not prefunded, the weighting of retiree health is a subject of debate.

A [2010](#) analysis updated findings for the 2013 UCRP Tier. Because it takes longer to realize the full benefits, they are of less value today. The 2013 ("New") Tier value compared to the 1974 Tier value shows a 30% decline. For retiree health alone, a nearly 80% decline in relative value occurs under the new provisions. The value of the 2013 Tier was modeled using 2013 provisions on the extant employee population, so it is only hypothetical. As predicted, reducing other employee groups' retirement benefits to a level that is merely competitive from over competitive, made faculty non-competitive, both for pension and retiree health.

Discussion: Members wondered what would happen if faculty salaries actually increased to competitive levels of cash compensation. If the value of benefits has decreased, the only viable option to restore competitiveness is to increase salaries. It was noted that the 3% July 1 salary adjustment will be insufficient on a go-forward basis to maintain, let alone restore, competitiveness. Differential, ad hoc increases will also be insufficient; a multi-year plan is needed.

Members wondered how DC plans were compared to UC's DB plan, and employer contributions are usually measured. This practice is only an approximation, though, and since DB plans are guaranteed, the psychic value is difficult to quantify. A complete discussion on this topic is in Appendix S of the 2009 study.

IX. Consultation with Academic Senate Leadership

Bill Jacob, Academic Council Chair

Mary Gilly, Academic Council Vice Chair

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

1. Composite Benefit Rates:

The Senate will continue to press for two rates for faculty. Berkeley and Davis representatives are asked to provide information on the process and outcomes of those campuses' experiences with CBR in the recent past. All members are asked to explore the impact to graduate student funding from any cost shifts. The impact the Health Sciences Compensation Plan (HSCP) also needs to be better understood. The Z salary component is not covered compensation and so is off the table. How the Y component and the X-prime component should be handled are under discussion: together under the federal limit of \$245K? Most feel the Y component should be treated like summer salary. Members are encouraged to lobby their chancellors and division chairs on this matter.

2. Faculty Salary Increases:

A 3% increase will be implemented July 1, at the President's direction. It should be applied as close to evenly across the board as possible.

3. Transfer Action Team:

The Transfer Action Team report was submitted yesterday; it may go public at the May Regents meeting.

4. Innovative Learning and Teaching Initiative (ILTI):

So far, 40 proposals have been funded, and final budgets are being determined. The provost has allocated each campus \$100K for this project, but more can be requested. The online course hub is still in the planning stages.

5. Academic Planning Council:

How to define, differentiate, and regulate self-supporting programs and supplemental tuition programs continues to be under discussion.

X. Faculty Performance Metrics

Note: Item not addressed.

XI. New Business

None.

Meeting adjourned at 3:30 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Dan Hare, UCFW Chair