

**Minutes of Meeting
March 9, 2012**

I. Announcements

- Bill Parker, UCFW Chair
- Dan Hare, UCFW Vice Chair

Updates: The final resolution of the recently [proposed revisions to APM 670](#) (Health Sciences Compensation Plan) address UCFW's concerns about the level of dean's control in the process of constituting and appointing Advisory Committees for medical school APUs. The policy now limits the dean to no more than half of the appointments and gives faculty equal representation on the committee.

Vice Chair Hare represents UCFW on the new joint Senate-Administration Task Force on a Negotiated Salary Plan for the General Campus. He said administrators on the task force are seeking a way forward for their proposed pilot project, which is motivated by a concern that UC's lack of competitiveness in the biological sciences is forcing life sciences faculty to seek split appointments in the medical school, draining faculty FTE from life science departments. Senate representatives encouraged the task force to address Council's [concerns](#) about APM 668 by collecting data about the extent of the problem as well as the implications and unintended consequences of implementing a pilot project.

Discussion: One member noted that a split appointment in the Medical School does not necessarily result in a net loss to the general campus if two life science FTE contribute half time to the department or if the medical school pays back a portion of the FTE to the department. It was also noted that broadening what is really a narrow problem to a larger group of faculty might have negative consequences for the compensation system.

II. Report from the UCFW Health Care Task Force (HCTF)

- Robert May, HCTF Chair

Update: Chair May reported that the Health Care Task Force will meet after the Healthcare Benefits Work Group meeting in late March. The HBWG has been asked to model scenarios for holding the University's per employee contribution for healthcare benefits to minimal increases over each of the next four years.

Chair Parker said that health care costs are projected to rise between 8-9% per year over the next four years, so the obvious implication of the charge is that UC must either cut benefits or transfer more costs to employees. Increased health care premiums, when combined with the approved increases to employee UCRP contributions, represent a significant pay cut, which would cause faculty to lose more ground in total remuneration even with concurrent faculty salary increases.

Chair May said that some of UC's competitor institutions focus on benefits for the employee only, compared to UC's focus on the overall well-being of families. He said many faculty

believe that UC's current family plan benefits should be maintained. They argue that faculty who benefit from the family plan tend to be mid-career and that supporting and retaining them is critical to the overall excellence of the university. There are others, however, who think it is unfair for older faculty and faculty without families to pay higher premiums to support those with families. He asked UCFW for guidance regarding trade-offs and the appropriate balance of cash compensation and benefits.

Chair Parker said UC offers more generous family benefits but significantly lower salaries than its competitors, on average. The HCTF is operating under the assumption that benefits will be reduced but that family benefits should be defended. He said UCFW should continue to focus on total remuneration and the need for faculty to make up competitive ground. UCFW members are encouraged to share perspectives and feedback, but they should present the issues and scenarios to their local committees as hypothetical options only, and emphasize that there is no proposal on the table.

Discussion: One member requested data quantifying the cost of each scenario to individual employees. Others noted that UC should look at creative solutions, and that it is not clear that increasing cash compensation should be preferred over maintaining or increasing health benefits. One member was concerned about changes that would make UC less family friendly, and it was noted that any comparison made between UC's and Stanford's benefits should account for Stanford's generous family tuition benefits. Council Chair Anderson noted that any major change to UC's healthcare benefits would require full Senate consultation.

III. Consultation with UCOP – Business Operations

- Mike Baptista, Executive Director, Benefits Programs and Strategy
- Tony Lo, Project Director – Payroll Personnel System Initiative

Updates: Director Lo joined UCFW to discuss the [UCPath initiative](#), which hopes to increase efficiencies by consolidating HR functions across the campuses. The project will include a new systemwide payroll system and human resources Shared Service Center (SSC). The latter will standardize and simplify transactional functions such as payroll processing, benefits administration, and core workforce administration. A “tier one” call center will provide basic information to employees. The first wave will be implemented at UCLA, UCSC, UCM, and UCOP in 2013. The 2nd and 3rd waves will follow in 2014 and 2015.

Chair Parker noted that some faculty are concerned that the project will eliminate local benefits counseling offices that advise faculty about retirement options. Faculty place a high value on the opportunity to sit down with an individual counselor to review their options.

Director Baptista noted the SSC will not include high value strategic advisory functions, such as retirement counseling services. Those will remain on the campuses; however, campuses are now reviewing their continued ability to offer counseling services in the context of the UCPath model, and a centralized model is possible in the longer term if all campuses agree. One proposal is to offer face-to-face counseling via a roving team of counselors. He said the Senate's [concerns](#) were instrumental in UC's decision not to outsource UC's human resources functions.

Director Baptista said UC spends \$1.8 billion per year on health benefits, and that a 4% cost increase is equivalent to \$100 million. The Healthcare Benefits Work Group is considering a variety of scenarios for changing the design of health benefits to keep costs flat or to keep them from rising as rapidly—including reducing the amount of benefits UC covers, eliminating or adjusting specific coverage areas, and self-insuring a portion of the plan through a UC medical center network. The scenarios are intended for modeling purposes only. UC continues its efforts to negotiate better deals with providers.

Discussion: One member noted that several generations of UC employees have enjoyed and cherished retirement counseling services. Even if services are consolidated into a central unit, it should be possible for some fraction of personnel in that unit to be located on the campuses.

IV. Consultation with UCOP – Budget Office

- Patrick Lenz, Vice President for Budget and Capital Resources

Update: The State Assembly Budget Committee begins deliberations on the Governor’s proposed 2012-13 budget next week, although the legislature is unlikely to make final budget recommendations until after the May budget revision. The Assembly’s subcommittee on education finance has rejected the Governor’s proposed cuts to the Cal Grants program, and opposed using funds from the Temporary Assistance for Needy Families program to fund Cal Grants, which effectively creates an additional \$1 billion State budget problem.

UC is working with the Governor and Legislature on a framework for a multi-year funding agreement that will provide UC with more fiscal certainty and stability. The State is also attempting to tie accountability metrics to the UC budget, including higher graduation rates and transfer enrollment. UC already excels in these areas and believes it can meet the metrics, but the University is also concerned that ongoing budget cuts impair students’ ability to graduate on time. UC is also working to remove punitive language that would implement cuts to UC if the metrics are not met.

Chair Parker said the Academic Senate has been asked to comment on several bills proposing caps on compensation and salary increases, and cuts to pensions for State employees. Vice President Lenz said these efforts represent a general failure of the Legislature to understand the University’s competitive market and its need to maintain quality, and the Assembly Speaker recently issued a strong statement opposing the legislation. VP Lenz added that the State would do well to implement UC’s pension reform measures rather than the Governor’s proposed 12-point reform plan.

Discussion: Council Chair Anderson said the Assembly’s decision to reject cuts to Cal Grants mostly impacts students enrolled in private, for-profit institutions, and there is concern that the new \$1 billion problem could be directed to the general higher education budget.

V. Consultation with UCOP – Business Operations

- Nathan Brostrom, Executive Vice President

Update: EVP Brostrom said he asked the Healthcare Benefits Working Group to model a scenario for keeping employer health benefits contributions flat over the next four years to

examine possible options and trade-offs, but that UC is assuming 3-4% annual cost growth in its discussions with the State. He said he wants to examine areas where benefits may be overly generous and to root out inefficiencies. He said employees tend to undervalue health benefits compared to cash compensation and that certain design changes, such as raising the co-pay or changing the overall amount of coverage, may not have a significant impact on the majority of employees. He believes the University should also examine cross subsidies.

Chair Parker said UCFW is concerned about maintaining competitive total remuneration. Shifting more of the health benefits cost to employees is essentially a salary cut, especially in the context of rising UCRP contributions and inflation. These factors more than counteract the planned 3% salary increases. It is also difficult to objectively define the value employees place on cash versus benefits. HCTF Chair May added that the HBWG was charged with formulating a specific plan to keep the University's contribution to healthcare benefits flat over the next four years. He is concerned that many have wasted time and effort developing a policy the administration has already decided is unrealistic.

EVP Brostrom said UC's family health coverage far exceeds its comparator group and that UC intends to counterbalance any cuts to benefits with additional cash compensation. The intent is to develop a portfolio of options for cutting or flattening costs, and for returning to a steady and predictable approach to total compensation.

Discussion: One member noted that a healthy society involves cross-subsidization, and that faculty want to work at an institution with a family friendly reputation. Moreover, it will be difficult for faculty to discuss and support choices that would cause them to remain at their current of total remuneration and competitive disadvantage. It was noted that if meritorious faculty know that they will not have additional purchasing power in four years they may see less reason to remain at UC. It was also noted that the possible 3% increase does not benefit emeriti and retirees, and that UC needs a Kaiser presence in Santa Cruz.

VI. Report from the UCFW Task Force on Investment and Retirement (TFIR)

- Shane White, TFIR Vice Chair

Updates:

1. The UC Retirement System Advisory Board is studying a proposed voluntary Defined Contribution Plan option for new medical center employees who are neither faculty nor union-represented. The final proposal will be ready in late March. All policy covered clinical enterprise staff could be included in the proposal, with the exception of nurses, and 8,000 employees could have access to the option in a few years. Proponents say a DC option is necessary for competitiveness; that giving employees a choice is fair; and that provisions could be built into the plan to encourage long term employment. They claim a DC plan would have no effect on the health of UCRP and that employer contributions to UCRP will be maintained even for employees on the DC plan. Union representatives spoke against the plan at a recent UCRS Advisory Board meeting. TFIR Vice Chair White said proposal could drive a wedge into UCRP, and that a smaller UCRP will not be healthier. The plan may cost the medical centers more money than it saves them. The Senate may have limited time to review and comment on the report before the Regents act.

2. The proposal for DC plan contributions on additional negotiated compensation is on hold. Only 16% of health sciences employees with a “Y” component “max out” on contributions to their 403(b) and 457 plans.
3. TFIR reviewed this first map of the disability benefits review. The benchmarking results will be released in mid-March for review by the Regents in May.
4. TFIR is concerned that UC is not working hard enough to exempt the University from the Governor’s 12-point pension reform plan or to build allegiances with others who want out of the plan. Council Chair Anderson added that the Plan has not secured any Democratic support, but if the Governor is able get bi-partisan support or to place a similar proposal on the ballot, in his opinion, a preferable plan would be equivalent to the plans offered by UC’s competitors, rather than the Governor’s proposal.

Action: Add to the April agenda an update from human resources on the disability study.

VII. Campus Faculty Welfare Committee Reports

Berkeley wants to opt out of the recommendations in the Faculty Salaries Task Force report, noting that there is little indication about how the plan will be funded or enforced. Several outside providers are being dropped from the Blue & Gold health insurance plan in the middle of the plan year, which is affecting a small number of employees, and the D.A. has brought charges against several November protestors, including one faculty member... **Davis** is discussing an academic freedom conflict regarding boating safety in the pursuit of research; faculty requests that a Roth IRA option be added to the benefits package; and concerns raised by computer science and engineering faculty about the new patent acknowledgement form revision... **Irvine** is discussing ongoing concerns expressed by clinical faculty in the School of Medicine that they are not Senate members, as well as the lack of support systems available to faculty with severe emotional health issues... **Los Angeles** is discussing a new conference center that will involve destroying one of the parking structures on campus, and has found problems with the campus climate survey instrument... **Merced** is discussing trade-offs between salary and benefits, and unanimously supports emphasizing the importance of benefits. The committee has also noted a lack of awareness on campus about family-friendly policies such as active service modified duties, and is considering ways to improve communication about the policies. Spousal employment is also a major issue at Merced... **Riverside** is concerned about maintaining face-to-face interactions as benefits services are centralized... **San Francisco** is reviewing the Faculty Salaries Task Force report, the campus’ efforts to consolidate campus services to save money, and the chancellor’s proposal for an alternate governance plan... **San Diego** is discussing the new campus climate survey and issues raised about how the patent acknowledgement form applies in special employment cases... **Santa Barbara** is discussing parking costs, the lack of a five-year academic review for administrators, and an expensive project to retrofit faculty housing to address poor construction... **Santa Cruz** is discussing the rebenching project.

Council Chair Anderson noted that the Budget Rebenching Task Force reached agreement at its March 7 meeting on a set of recommendations that follow closely on the Senate’s advice from last year. A final report will be circulated.

VIII. Consultation with UCOP – Academic Personnel

- Susan Carlson, Vice Provost
- Janet Lockwood, Manager, Academic Policy and Compensation

APM 200: Faculty are concerned that revisions to APM 200 issued by UCOP on February 24 include language permitting chancellor s to exempt academic deans from the mandatory five-year academic review, despite the Senate’s [strong opposition](#) to that exemption in its fall 2011 [review](#) of APM 200 and 205. Vice Provost Carlson said the intent was to preserve the status quo exempting members of the “executive program,” now referred to as the Senior Management Group, from five-year academic review. Deans used to be part of the SMG, and the language was unintentionally retained in the final revision.

Action: The Senate chair and vice chair will discuss next steps for APM 200 with Vice Provost Carlson.

Report of the joint Senate-Administration Task Force on Faculty Salaries

The Task Force report recommends a multi-year plan based partly on the system used at UC Irvine. It would first move the official systemwide scales to the median of the nine general campus averages for each rank and step. Then, when faculty advance to a new rank and/or step, they would move, at a minimum, to the average salary of their peers at the new rank and step on that campus. Vice Provost Carlson said the option of implementing across the board market adjustments to the scales in a way that is not tied to merit was unpopular with administrators and is seen as less saleable to the general public.

Discussion: Several members noted concerns with the plan: it is too complex; the motivations are ambiguous; it is unclear how the recommendations would help maintain the salary scales and faculty quality; and the plan could become an unfunded mandate without additional funding. It also creates new incentives to ignore the step system in response to outside offers, opens up the process to gaming, and leaves the process of awarding off-scale salaries unchanged.

Council Chair Anderson said the plan is complex, but a good first step. The report makes clear that new funding will be needed to implement the plan. The plan is intended to reward loyalty. Berkeley says it is successfully addressing retention under the current system and would not choose to direct money available for salary increases via the mechanisms in the plan. However, Berkeley does not mention it has salary inequity problem and its faculty salaries lag other UC campuses. Council Vice Chair Powell added that campuses will remain free to take actions that move faculty beyond the recommendations in the report.

Chair Parker noted that the report is a compromise. It establishes a floor that campuses are required to meet. But it also allows some of the wide salary disparities across campuses to continue, and even institutionalizes some of those differences, but it makes progress toward a common scale, helps restore the integrity of the published salary scales by moving the scales up and eliminating some off-scales, and moves UC closer to the one university concept – all of which are longstanding UCFW objectives. He added that the Senate has said it would like to increase faculty involvement in local salary and off-scale decisions.

APM 430 (Management Consultation)

APM 430 proposes a new title code, Visiting Scholar, to address a request from campuses who want to accommodate a population of domestic or international students, academics, or other visitors who come to UC for a short time to participate in an academic or research project. Manager Lockwood said several campuses already use the title, and others would like to use it to regularize a disparate population. The Post-Graduate Researcher title used to fill this role before it was abolished. Visiting Scholars would not receive compensation from UC.

Discussion: One member noted that campuses have mechanisms in place to accommodate visiting students or scholars, and it is unclear what problem the new APM section would solve, or what proponents have in mind for the title. One member noted concern about lumping together students from other universities with individuals from basically anywhere, and there was concern that the policy could be used in inappropriate ways—for example, rewarding campus donors with an honorary title. It was noted that Berkeley uses the title for international visitors with Ph.D.s, and that it helps with the visa process in some cases.

Action: UCFW will send comments to the Office of Academic Personnel.

Negotiated Salary Plan Task Force

Vice Provost Carlson said the Task Force includes four administrators and four faculty representatives. It has held one teleconference meeting so far to discuss the information it needs to gather in order to move the conversation forward.

IX. Systemwide Review Items

1. [BOARS Proposal for Major Based Transfer Admissions](#)

Action: UCFW decided not to comment.

X. Executive Session

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

Minutes prepared by Michael LaBriola, Senior Policy Analyst

Attest: Bill Parker, UCFW Chair