

UNIVERSITY COMMITTEE ON FACULTY WELFARE

Minutes of Meeting**September 10, 2010****I. Chair's Announcements***Joel Dimsdale, UCFW Chair*

SUMMARY: After welcoming new and returning members to the first meeting of the 2010-11 Academic Year, members introduced themselves. Chair Dimsdale also reported the passing of Colin Bloor, CUCEA Chair; he will be replaced by CUCEA Chair-Elect, Ernest Newbrun. Chair Dimsdale then stressed his goal to bolster two-way communication between UCFW and the campus counterpart committees, and he noted that morale should also be considered a welfare issue.

II. Consent Calendar

****None.****

III. Consultation with Academic Senate Leadership*Dan Simmons, Chair, Academic Council**Bob Anderson, Vice Chair, Academic Council**Martha Winnacker, Executive Director, Systemwide Academic Senate*

SUMMARY: Council Chair Simmons outlined some of the issues the Academic Senate will face this year, including issues that implicate the University's long-term quality, compensation, health and welfare benefits for faculty, staff, and students, as well as transfer and articulation issues. Other continuing issues within UCFW's charge on systemwide priority include post-employment benefits and UCRP contribution rates.

Executive Director Winnacker summarized new travel procedures, which are also explained on the Senate website: <http://www.universityofcalifornia.edu/senate/resources/>

DISCUSSION: Chair Dimsdale asked for clarification on confidentiality and other protocol procedures. Council Chair Simmons indicated his desire to the Senate invoke "confidentiality" less often to improve transparency. Nonetheless, protocol must be observed to prevent institutional loss of face and individuals being placed in awkward situations.

IV. 2010-11 Issues Overview**1. Alternate Compensation Plans***With Susan Carlson, Vice Provost, Academic Personnel*

ISSUE: The administration is exploring offering compensation plans similar to the Health Sciences Compensation Plan (HSCP) to other disciplines, such as biological sciences, business, engineering, and law. Concerns include faculty workload versus faculty fundraising; different campus cognizant agencies (NIH vs NSF); conflation of self-supporting programs with other soft-money support programs; and the appropriateness of the medical centers as a compensation model for the general campuses.

- ACTION:** Vice Chair Parker will represent UCFW on a joint Senate-Administration working group on this topic.
2. Salary Scales
With Susan Carlson, Vice Provost, Academic Personnel
ISSUE: Last year, UCFW joined with the University Committees on Academic Personnel and Planning and Budget (UCAP and UCPB, respectively) to update the now-abandoned faculty four-year salary plan. The group's recommendations are still pending before the Academic Council, but it is expected that further work will need to be done to develop an implementable plan.
ACTION: UCLA Representative White and Vice Chair Parker will continue to represent UCFW on this joint working group.
3. APM 670 Revisions
With Susan Carlson, Vice Provost, Academic Personnel
ISSUE: APM 670, which governs the Health Sciences Compensation Plan (HSCP) is undergoing revisions. Draft language has been developed by a joint Senate-administration working group, and it will be circulated this fall.
ACTION: UCFW HSCP participants will continue to serve as an ad hoc consultation group moving forward.
4. Post Employment Benefits (PEBs)
With Ravinder Singh, Chair-Elect, Council of UC Staff Assemblies (CUCSA)
ISSUE: Both internal and external circumstances dictate revisions to UC's post-employment benefits package, both to the annuity and retiree health provisions. UCFW interests were represented by immediate past chair Shane White, HCTF continuing chair Robert May, and TFIR immediate past chair Robert Anderson and current chair Helen Henry. Communicating the impacts of the proposed changes is challenging, and over the summer, Senate leaders joined with staff leaders to develop a unified position. See also Item VI below.
ACTION: UCFW members will contact their local staff assembly leaders to develop joint education and response mechanisms.
5. Health Sciences Total Remuneration Study
With Randy Scott, Executive Director, Talent Management and Staff Development, HR&B
ISSUE: Mr. Scott reported that this study will not be ready until next spring due to the complex nature of the topic. Human Resources Executive Director for Compensation Programs and Strategy Dennis Larsen will cooperate with Academic Personnel in the development of methodological parameters. A more complete roadmap should be available by the October meeting.
ACTION: UCDavis Representative Schaefer will serve as the committee's lead liaison to this group, and UCSF Representative Seago and TFIR Chair Henry will also join working group efforts.
6. Health and Welfare Benefit Renewals
With Robert May, UCFW Health Care Task Force Chair (via phone)
ISSUE: The HCTF is aware of the concerns surrounding Open Enrollment for 2011, and the task force is investigating courses of action.
7. Downsizing Resolutions
Note: See Item III above.

8. Family Friendly Policies

a. “Tuition Remission”

b. Child Care Facilities and Policies

ACTION: UCMerced Representative Malloy will serve as the committee’s lead liaison on these issues.

9. Compliance and Risk Prevention

With Randy Scott, Executive Director, Talent Management and Staff Development, HR&B

ISSUE: Working in conjunction with the Senior Vice President for Ethics, Compliance, and Audit Services Sheryl Vacca and Systemwide Privacy Officer Russ Opland, a systemwide assessment of required training is planned.

DISCUSSION: Council Chair Simmons highlighted the intersection between these efforts and information technology security, and Chair Dimsdale noted that effort reporting processes are also being scrutinized.

ACTION: Chair Dimsdale and UCB Representative Braunstein will serve as lead liaisons for this effort.

10. Senior Management Group (SMG) Compensation and 415(m)

ISSUE: Chair Dimsdale framed the issue as one of university cost allocation priorities, noting that full restoration of the 415(m) provisions would impact funding sources and benefits outlays.

DISCUSSION: Council Vice Chair Anderson noted that UCFW has previously opined in favor of 415(m) restoration. Others observed that departments would also be impacted by changes regarding this provision, not just individuals. Council Chair Simmons added that those with long service would be helped by the provisions, not just the most highly compensated.

11. Morale

ACTION: UCFW will work with Academic Personnel to better articulate and measure faculty morale, as well as its stimuli.

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

NOTE: Item occurred in Executive Session; other than action items, no notes were taken.

VI. Consultation with the Office of the President – President’s Task Force on Post-Employment Benefits Steering Committee Members

Nathan Brostrom, Executive Vice President, Business Operations

Dwaine Duckett, Vice President, HR&B

Larry Pitts, Provost and Executive Vice President

1. Adapted Benefits Calculator

ISSUE: It is proposed that the [UC Retirement Plan Benefit Estimator](#) be adapted to reflect the possible changes to retirement income under each of the proposed PEB options to help enable faculty and staff understand the precise implications of each option.

DISCUSSION: Vice President Duckett agreed that if the formulae are available, it should not be difficult from a technical perspective, keeping in mind HR&B’s systems limitations, pending permission from higher administration authorities.

VP Duckett added that his office is working to refine its educational message to help address the implied information gap.

2. Total Remuneration Analyses

ISSUE: UCFW is concerned that the drastically uncompetitive nature of the PEB options will cause UC to suffer an irreparable loss in quality through increasingly unsuccessful recruitment and retention efforts.

DISCUSSION: EVP Brostrom stated his belief that each of the options is attractive, and Provost Pitts added that defined benefit (DB) plans typically do not fare well in total remuneration (TR) analyses. Provost Pitts also noted that it is widely agreed UC's largest remuneration challenge is competitive salaries, not retirement packages. Council Vice Chair Anderson asked how uncompetitive retirement would become if competitive salaries do not materialize, noting that the current TR analyses assume a 4% wage growth rate. VP Brostrom suggested that measurements based on aggregated data, such as the TR studies, are not ideal for individual retirement planning.

Members then asked when established TR methodologies and purposes were deemed invalid. Provost Pitts responded that the numbers for the options are so wildly uncompetitive, it could only be a methodological error. Council Vice Chair Anderson rejoined that UC status quo is overcompetitive due to the generous early retirement benefits and the absence of UCRP contributions; removing those, and lowering the benefits, leads inevitably to wildly uncompetitive remuneration packages.

Members then asked when cash compensation would be competitive. Provost Pitts said that both administration and The Regents are aware of the crisis and the need for action, but absent new funds, both are awaiting Senate suggestions for internal funding redirection or for defenses of fee increases. UCFW Vice Chair Parker noted that the goal for all University constituents is to maintain UC's quality during a time of fiscal crisis, and he asked for the administration's integrated strategy to address the problems in a comprehensive manner, rather than a piecemeal one. Alternatively, he asked for the locus of that discussion and its participants. Provost Pitts responded that decentralization is increasing and that in many instances, the salary scales are increasingly irrelevant as local leadership values divisional fiscal flexibility over faculty salary constancy. Council Chair Simmons suggested that the Senate voluntarily undertake this type of strategic planning.

3. Concerns Regarding Specific Aspects of the Proposals

a. Incorrect Statements

ISSUE: Public documents have factual or typographical errors.

ACTION: Members should submit errors to provost@ucop.edu for correction.

b. Additional PEB Options

ISSUE: Members noted that there were two integrated options under consideration, but only one non-integrated option, and felt that this would lead to added confusion.

DISCUSSION: Provost Pitts noted that other non-integrated options had been costed out and deemed not viable for lower wage employees and so removed from the table. Council Chair Simmons stated that the other non-integrated

option did not receive faculty support. Members also asked whether a separate plan for staff, such as a defined contribution (DC) plan, might be developed and offered. EVP Brostrom stated that such ideas had been floated, and in the case of the medical centers are still supported, but it was ultimately determined that a unified DB plan was in the best interest of the university.

c. “Choice”

ISSUE: It is proposed to offer current employees the option of enrolling in the new tier in 2013, should the IRS allow. UCFW asks when the IRS decision will be known.

DISCUSSION: EVP Brostrom said that UC is in discussion with the Department of the Treasury, and that UC is not the only institution making this plea. The time frame cannot be guessed, but if the IRS disallows the choice, current employees will continue in UCRP current at a contribution rate to be determined by The Regents.

d. COLAs

ISSUE: UCFW is concerned that the wording in the proposed COLA provision has been weakened to the point of superfluity.

DISCUSSION: EVP Brostrom indicated that including a floor in the provision is industry standard. Council Vice Chair Anderson responded that the new language enables administration to opt out of the COLA entirely, but that the negotiated trade was for a guaranteed COLA provision. Provost Pitts stated that the matter was under consideration by the president.

e. Integration

ISSUE: UCFW seeks clarification on the concept of integration with Social Security, and why it is good for employees.

DISCUSSION: EVP Brostrom noted that both integrated plans have progressive contributions and so are prima facie fair to lower-paid employees. VP Duckett indicated his belief that not all constituencies would be pleased by the final outcome, no matter what the provisions. Members suggested that public confusion regarding the future of Social Security solvency would make the administration's education and communication tasks more difficult. Other members noted that Social Security histories are highly individualized and that relying on straw-man portrayals was problematic. TFIR Chair Henry agreed, stating that Social Security histories are as idiosyncratic as personal savings accounts. Provost Pitts posited that UC should consider probable total income replacement in plan design, not just the UCRP percentage, across a corpus, as the measure of the plan's success.

4. Impact on Academic Quality

ISSUE: UCFW put forth the argument that a cutting edge research university should have a cutting edge pension plan, not one that is industry standard, suggesting that an average pension plan would lead to an average university with an average faculty and staff.

DISCUSSION: EVP Brostrom and Provost Pitts reiterated their arguments that the options were competitive and sustainable.

VII. Follow-Up Discussion

NOTE: Item occurred in Executive Session; other than action items, no notes were taken.

ACTION: Analyst Feer will draft correspondence requesting that an adapted UC Retirement Plan Benefit Estimator be developed and made available to faculty and staff.

ACTION: Members should send edits to TFIR Chair Henry regarding the background document TFIR prepared and circulated. UCFW will then conduct an e-vote on endorsing the document.

ACTION: Analyst Feer will draft correspondence conveying UCFW's endorsement of the Dissenting Opinion, including the committee's opinion dissenting from that endorsement.

VIII. New Business and Planning

****None.****

Meeting adjourned at 4 p.m.

Minutes prepared by Kenneth Feer, Senior Policy Analyst

Attest: Joel Dimsdale, UCFW Chair