

Minutes of Meeting**April 8, 2011****I. Chairs' Announcements***Joel Dimsdale, UCFW Chair*

UPDATE: Chair Dimsdale updated the committee on items of interest from the Academic Council meeting of March 30, 2011: 1) The administration brought a proposal to bring faculty salaries to market over five years, but memories of the abandoned previous multi-year effort with the same goal are still strong. 2) Discussion in Sacramento now includes pension caps and mandatory DC plans or DB/DC hybrid plans. 3) The Council is worried that the state will be unable to fulfill its financial obligations to the University. 4) Cuts to centrally funded programs are being prepared for 2011-12; research will bear the brunt of these cuts. 5) The quality versus access debate continues, but a new dimension is that the physical plant is at capacity now, too, not just individual teaching loads and teaching assistant capacities. 6) The recommendations of the Task Force on Senate Membership continue to be debated along 4 axes: i) the future of incorrectly classified faculty; ii) the future of non-Senate faculty who have no avenue of redress; iii) the future of the Senate given that the number of non-Senate faculty continues to increase; iv) budget cutbacks, and the corresponding increased reliance on lecturers and adjuncts will only speed this trend. It remains unclear whether and what impact the pending revision of APM 670 (Health Sciences Compensation Plan) might have on this discussion.

Dan Simmons, Academic Council Chair

UPDATE: Council Chair Simmons updated the committee on 2 items of interest: 1) The administration has asked for advice on how to implement projected faculty salary increases, should they go forward: across the board, tied to merit reviews, phased in over time? 2) The upcoming implementation of the funding streams recommendations (that UCOP will be funded by campus remittance) leaves many unanswered questions since the underlying theory is that local administrations have discretion over their funds. Some have voiced the concern that this is a "slippery slope" and that differential tuition may soon follow.

II. Consent Calendar

1. Draft Minutes of Meeting of January 14, 2011
2. Draft Minutes of Meeting of February 11, 2011

ACTION: The consent calendar was approved as noticed.

III. Health Care Task Force (HCTF) Update*Robert May, HCTF Chair*

UPDATE: HCTF Chair May reported that the task force is still investigating several ideas to improve UC's benefits and/or save UC money through its benefits delivery. One idea is that the University should self-insure and further leverage its size by setting its own

rates; one drawback is that not all employees are proximate to a UC medical center. Another idea is to enroll UC in a Medicare exchange, which could give retirees greater flexibility in choosing insurance options, but would involve another external vendor in a still nascent insurance field. Other options being explored include changing subsidy rates for vision, dental, or dependents, or adjusting the pay bands. A full report on the impacts of the HealthNet Blue and Gold insurance option began in 2011 is not yet available.

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

Helen Henry, TFIR Chair

UPDATE: TFIR Chair Henry noted that TFIR expects to be involved in drafting language for the new UCRP tier plan documents as well as in possible changes to the recall policy. TFIR also expects to work closely with Human Resources (HR) in conducting the disability review endorsed by the Regents as part of the post-employment benefits package.

ACTION: Chair Henry will draft correspondence to HR regarding the disability review and to the Academic Council on the larger role shared governance should play in these processes.

V. Consultation with the Office of the President – Budget

Debbie Obley, Associate Vice President

ISSUE: AVP Obley reported that budget negotiations in Sacramento appear to have stalled, and that next steps are unclear at present. It is expected that all players will use doomsday scenarios as rhetorical devices. Multi-year proposals are also expected, in order to avoid crippling short-term cuts.

AVP Obley also reported that the funding streams changes are set for implementation on July 1; only a few mechanical issues remain to be resolved. Rebenchmarking, however, has just begun, and there are many strong and cogent arguments to be weighed. Developing shared principles will be essential for success.

DISCUSSION: Council Chair Simmons noted that if state funding falls to the \$1B level, UC fees could reach the \$20-25K/year range to maintain operations, but that quality of education does not seem to be part of the calculus being used. AVP Obley indicated that fees could only be used to off-set cuts, but most now recognize that to maintain quality, enrollment will have to be curtailed over time, barring a restoration of old and an influx of new money. It was observed that an institution that is fee-dependent can never cut enrollment. Members also asked whether the plans under development included the usual accounting shifts that do not realize actual savings. AVP Obley said that she did not expect such maneuvering on that front this year; straightforward, though difficult, changes lie ahead.

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

Susan Carlson, Vice Provost

1. Back-Up Care:

With Elly Skarakis, Director, Workforce Planning Programs, HR

ISSUE: Director Skarakis reported that a systemwide umbrella contract for both faculty and staff is being developed and will be sent to HR, who will conduct an open RFP. The selection committee will include the chair of the Systemwide

Advisory Committee on the Status of Women, Director of Benefits Vendor Management Kris Lange, Elizabeth Ozer (Professor of Pediatrics at UCSF), Karrie Frasch (Director of Faculty Equity and Welfare, Office of Faculty Equity, UCB), and Director Skarakis. A staff representative will be invited, too, and UCFW is welcome to nominate a participant, as well.

DISCUSSION: Members asked how much the program is expected to cost, and Director Skarakis indicated that the cost depends on the specific design features of the contract and the amount of the administration subsidy, if any. The RFP will ask for cost neutral options, but allow for local flexibility.

ACTION: Merced Representative Malloy will serve as UCFW's representative to the selection committee.

2. Faculty Profiles:

i. Part-time faculty:

ISSUE: Vice Provost Carlson reported that the joint UCFW-administration workgroup on this topic has identified its course of action: First, a thorough survey of current policies needs to be conducted in order to achieve the goal of aligning policy and practice. Second, phased retirement and recall options will be further explored. Moreover, the Office of Academic Personnel is preparing a white paper on this topic, and revised APM guidelines for recall are under development.

ii. Teaching-only faculty:

NOTE: Item not addressed.

3. APM 510 (Intercampus Recruitments):

NOTE: Item not addressed.

4. Faculty Salaries:

ISSUE: Vice Provost Carlson reminded the committee that a joint Senate-administration task force has been formed to advise on this topic, and that the Senate is represented by Council Chair Simmons, Vice Chair Anderson, and UCFW Vice Chair Parker. The task force is focusing its efforts on determining how best to implement the scheduled 3% salary increases for 2011-12. The task force will meet again next week, and its recommendations are due June 1.

DISCUSSION: Members noted that [the committee's position is a matter of public record](#) and has not changed over the past several years, but Council Vice Chair Anderson observed that many of the divisions have a different perspective on the matter. It was further noted that emphasis on short- or long-term goals also changes the most desirable course of action. Members wondered whether too many short-term, contingency steps had already been taken.

5. CPEC Data:

ACTION: Vice Provost Carlson will provide augmented data, with competitor increases plotted longitudinally.

VII. Consultation with the Office of the President – Human Resources

Dwaine Duckett, Vice President

1. HealthNet Data Breach:

ISSUE: During a file transfer, HealthNet's data stewards, IBM, noticed that some back-up tapes had been compromised. Impacted employees have been notified.

DISCUSSION: Members wondered whether the University was protecting itself and its employees to the maximum extent possible. VP Duckett replied that the current vendor vetting process is rigorous, but like all processes, it could be improved.

2. 2012 Design Options:

ISSUE: Possible design changes being explored on a preliminary basis include different subsidy rates for part-time employees, dependents, and ancillary benefits.

DISCUSSION: Members asked for more data on comparators' benefit offerings, and asked that benefits be evaluated as a whole, not on a piecemeal basis. Members also asked how the prospective changes would impact total remuneration competitiveness, and whether any potential salary increases are at risk of being redirected to benefits. VP Duckett indicated that total cash compensation is being emphasized currently, and that the core of benefits coverage would not be impacted. The exercise is to explore cost savings options.

Members also noted that there are many types of part-time employees, and that changes to their benefits could lead to drastic and devastating consequences, both personally and professionally.

VIII. Privacy and Information Security Initiative

Steve Lau, Director of Policy, Information Resources and Communications

ISSUE: Director Lau reported that this initiative was started by President Yudof, in part due to the need to upgrade UC policy as a matter of course, and in part in response to recent violations of both student and patient data. UCFW is asked for advice regarding how to balance academic freedom with the need for security and monitoring.

DISCUSSION: Members interpreted part of the proposed changes as a shift in presumption from one of user innocence to one of user malfeasance, and wondered why such a shift would occur. Director Lau indicated that users are still presumed innocent and responsible, but that the University needs to act in a pre-emptive manner. Thus scanning electronic communications for number codes suggesting social security numbers was one proposal. The logic is not that UC employees act with an intent to defraud, but that anybody's communications can be hacked, and UC would be responsible.

Members then asked if UC could be subject to a FOIA request, similar to that made by the Wisconsin legislature to the University of Wisconsin. Director Lau noted that UW only sent redacted copies, following FRPA, HIPAA, and other regulations. Members inquired where University "possession" ended in such requests: are flash drives and personal email accounts searchable? Director Lau indicated that such questions were still under investigation. This area of privacy law is still emerging, and case law and precedents are slim.

Other members noted that various UC affiliates, like the Veteran's Administration, routinely mine communications, but they also preemptively encrypt them.

There was a brief discussion of "who watches the watchers", but discussion turned to what types of communications, if any, might reasonably be monitored. IRB permissions are now closely monitored, as are many messages regarding animal researchers. Members wondered, then, how these considerations were relevant to the

general campus faculty. Director Lau concurred, noting that one option being explored contains two tiers of users, for two levels of scrutiny.

Members also wondered why only the sender needs monitored, but not the recipient. Finally, members inquired how the Senate could gain broader representation on the project planning committees.

ACTION: Members should consult with their home CFWs and send nominees through channels.

IX. Consultation with the Office of the President – Finance

Peter Taylor, Chief Financial Officer

1. Mortgage Origination Program (MOP) Update

With Dan Sampson, Associate Vice President

With Ruth Assily, Director

ISSUE: The CFO's office proposes to sell some loans to bolster UC's liquidity.

DISCUSSION: Members asked who would be likely to buy in the current environment. AVP Sampson indicated that UC would only offer the adjustable rate portion, thus giving buyers growth potential. CFO Taylor added that since UC MOP recipients have a low default rate, UC loans are considered safe purchases.

Members then inquired how many UC loans had been defaulted on recently. Director Assily reported that 2 foreclosures and a few short-sales had occurred during the past year. Members reported anecdotal concerns that some short-sales were due to inflexibility on the part of the loan holders, not default by recipients: significant life changes sometimes necessitate a residence change. Current regulations do not seem to allow subletting, etc. AVP Sampson noted that current policy does allow for exceptions, and he encouraged members to have concerned borrowers contact the Office of Loan Programs directly for assistance.

Members also asked how many of UC's MOP loans were underwater. Director Assily indicated that approximately one-third of loans were in trouble, but that the loans to be sold were hand-picked for their strength. Members asked how common short-sales were, too. Director Assily noted that short-sales only started around 2007, and are most likely attributable to employees who have separated from the University.

Members asked whether a geographical pattern was discernable among the troubled loans. AVP Sampson indicated that the market was depressed as a whole, and that no single area showed disproportionate stress. Members then asked if a loan could be transferred to a new property, but Director Assily answered no, and neither could a new loan be given, since that would put the University at undue financial risk through "double dipping."

Members then asked what the short-sale borrower profile was, and AVP Sampson indicated that all eight short-sales, six faculty and two senior managers, were all from separated employees at the Riverside campus.

Members noted that MOP was still attractive in terms of recruitment and retention, but that the program's flexibility and policies could be better advertised and explained. Moreover, first-time homebuyers might perceive MOP as being

“endorsed”, and not know that another option may be more appropriate for their situation.

ACTION: Chair Dimsdale will draft a letter asking that new guidance and disclaimer language be developed and disseminated.

2. UCRP Funding Update:

NOTE: Item not addressed.

X. Campus Updates

Members

Berkeley: Anecdotal reports suggest a decline in quality in the services offered by the local health care facilitator.

Action: HCTF will discuss the health care facilitator program in the fall.

Davis: None.

Irvine: None.

Los Angeles: Many UCLA faculty are displeased with current plans to construct and hotel and conference center on campus.

Merced: The divisional Senate continues to develop. Many faculty are concerned about MOP health.

Office of the President: Council Vice Chair Anderson reported that the online pilot project would be funded in part from an internal loan from STIP to be paid back from non-resident tuition.

Riverside: A HSCP for the proposed Riverside medical center has been drafted. A private first grade is available on campus; plans may extend to develop an entire primary school.

San Diego: The proposed law school has been deferred.

San Francisco: The local committee on planning and budget submitted suggestions for a revised APM 670 (Health Sciences Compensation Plan (HSCP)), emphasizing the need to protect outside practices, among other topics.

Santa Barbara: None.

Santa Cruz: None.

Adjournment at 3:30 p.m.

Minutes prepared by Kenneth Fee, Senior Policy Analyst

Attest: Joel Dimsdale, UCFW Chair