

UNIVERSITY COMMITTEE ON FACULTY WELFARE

Minutes of Meeting

January 9, 2015

I. Chair's Announcements*Joel Dimsdale, UCFW Chair**Calvin Moore, UCFW Vice Chair***Update:** Chair Dimsdale updated the committee on several items of interest:

- Campus Climate action plans are due shortly, and many tricky issues will need to be addressed: affirmative action and discrimination, civility and threatening behavior. Identifying problems and reading beyond talking points could be difficult.
- Total Remuneration discussions are shifting to out-year funding and closing the gap.
- The Health Care Task Force will meet with Optum, the behavioral health provider, to discuss mental health services. Topics will include better integration of mental health with primary care and geographical access problems. Members should send other topics of concern to Chair Dimsdale.
- All Senate committees are being asked to help draft talking points opposing proposed SCA-1 which would partially strip UC of its constitutional autonomy.

Vice Chair Moore updated the committee on the Academic Council meeting of December 17, 2014:

- Council Chair Gilly reported that the California Community Colleges have been approved to offer BA degrees not offered by CSU or UC. The program will be piloted at 15 CCCs.
- The "Stop the Clock" provision revisions were approved.
- The proposed changes to APM 210.1.d (Review and Appraisal Committees) were voted down. Another work group will be convened to revisit the issue.
- The Governor's proposed working group on UC now has only two members: the governor and UC President Napolitano. They will evaluate various white papers and consult with various experts.
- The Governor's January budget revisions will be released later today.
- UCOP will provide funds to the campuses for sexual assault survivor programs, but supplemental campus funds may be needed.
- There is a 6.5% increase in freshman applicants this year.

II. Consent Calendar**1. DRAFT Response to Proposed Presidential Policy on Open Access****Action:** The response was approved as noticed.**III. Health Care Task Force Update***Robert May, HCTF Chair***1. Sutter Hospital and Blue Shield**

Issue: The Sutter Hospital system and Blue Shield insurance company contract has expired, and a new contract is not yet in place. UC employees who access the Blue Shield insurance provider network (through UC Care) have received confusing messages about the status of the contract and what impacts could befall employees July 1, the close of the six month “grace period” negotiation window. It is important to note that brinksmanship is common, if not standard, in health insurance contract negotiations. UC experts and others expect resolution within the six month window. Should a new contract not be in place, HR will develop and disseminate care access/delivery guidelines.

Discussion: Members noted that the tone of the communications seemed more dire than previous disputes, and that the inclusion of some Medicare services is a new tactic. Members asked if a new Open Enrollment period would be made available if a new contract was not signed, and Chair May reminded members that anyone can make elections changes until the end of January. Questions about other contingency plans should be addressed to HR (see Item VI below). Members asked if this would have any impact on Medicare services, and Chair May indicated that prices should remain the same, but that access points could change. Members reported that the UC Care Blue Shield concierge and the campus Health Care Facilitators were giving inconsistent information.

2. UC Care

Note: Item occurred in executive session; no notes were taken.

IV. Task Force on Investment and Retirement Update

Jim Chalfant, TFIR Chair

1. UCRP Returns

Update: The 17% returns last year were net of costs. Investment house and brokerage costs are being studied by the Office of the Chief Investment Officer (OCIO). It is estimated that UC currently spends \$100M on money managers. If UCRP costs 80 basis points, and if in-house management would cost only 60-70 basis points, cost savings could be realized by managing more of UC’s investments in-house. The General Endowment Pool (GEP) costs about 160 basis points; in-house management would have to be as low as 120-130 basis points to save money.

The Regents UCRP funding policy calls for 28% of covered compensation to be deposited annually. Right now, UC is only contributing 22% (14% from the institution plus 8% from employees). To partially make up for the 6% gap, additional borrowing for UCRP will be proposed again in the spring. To help make the case for additional borrowing, TFIR will request additional modeling from the University’s actuary. The rate of return and inflation assumptions may be challenged this year, especially as a new experience study will be conducted this spring.

V. Proposed Senate Constitutional Amendment 1

Issue: UCFW is asked to help brainstorm talking points in opposition to proposed SCA-1 which would strip UC of its constitutional autonomy and give the legislature direct authority over certain aspects of UC operations.

Discussion: Members found the draft language to be open-ended and ambiguous; some sections were found to be self-contradictory or otherwise internally inconsistent. Members found the call to focus on educating California residents to be ill-informed of the facts, and ignorant of the distinctions between undergraduate and graduate education. Members objected to what would amount to a codification of the definition of academic freedom in legislative statute. Members noted that the Regents have long terms to insulate UC governance from daily political whims and to enable taking the long-view. Members noted that autonomy gave UC the freedom to pursue academic endeavors in a manner that gave rise to the premier public research university in the nation. Removing that autonomy would force UC onto the political whipsaw that is state governance. Removing UC autonomy would jeopardize the retention benefits of UCRP.

Action: Analyst Feer will draft a response for electronic approval.

VI. Consultation with Human Resources

Dwaine Duckett, Vice President

1. Open Enrollment Overview

Update: VP Duckett reported that migrations between plans were minor. Because there were fewer plan changes, there was less migration.

Discussion: Members noted that data on the number of employees with out-of-state dependents would be useful.

2. UC Care

a. Sutter/Blue Shield Negotiations

Update: VP Duckett reported that this type of contract dispute is fairly routine in the insurance realm. His office expects resolution in a timely manner. Nonetheless, communications from UC's industry partners here have been confusing and caused concern.

Discussion: Members asked if consumers would see changes to the price structure after July 1 if a new contract is not settled. VP Duckett indicated that prices to members would not change until next January.

Members also asked about pharmacy costs and whether expensive treatments were approved at different rates by different plans. VP Duckett will have to research this question. Members again noted billing trouble in UC Care- Tier 2 specialists only appear on the bill, and that information consistency still needs improved.

b. Alternate Delivery Options

Issue: VP Duckett reminded members that UC's health science enterprise has publicly stated their goal to scale to value. In part, this is in response to ACA regulations regarding consolidation of care, common billing, and the like. As a result, the medical centers are morphing from 5 systems into 1. A single system is expected to compete better with Kaiser and emerging managed care models. Purchasing, record keeping, and provider contracts may now all be shared. Most of these discussions were in place before the advent of UC Care. In the age of UC Care, these consolidating forces are having unintended consequences. Taken in conjunction with cost concerns, though, the consolidation movement forced the medical enterprise to consider models other than the traditional PPO structure to

remain competitive in the market. Some also want to keep UC's health care spending at UC, as much as possible. As a result, there is now exploration of a UC-managed HMO.

Note: The remainder of this item occurred in executive session; no notes were taken.

3. Long-Term Benefits Budget

Issue: VP Duckett reminded members that many options for health care delivery exist, including cafeteria plans, different rates of subsidy for dependents, and changes to the pay band structure.

Discussion: Members asked if there were plans to move in-state retirees onto One Exchange, and VP Duckett indicated no, but that the topic might arise again.

VII. Consultation with Senate Leadership

Mary Gilly, Academic Council Chair

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

- The governor's January budget revision includes the same 4%/\$119.5M as before, but now with conditions: a) tuition does not increase, b) non-resident enrollment does not increase, and 3) implementation is consistent with the findings of the new task force.
- Governor Brown appointed Gareth Elliott to the final vacancy on the Board of Regents. Mr. Elliott has previously worked with state senators and on the governor's staff.
- A security breach at Los Alamos National Lab incurred a fine to the management company. As a result, there are no fees for the lab fee research program this year. This may only be a one-year gap, but the loss is significant.
- UC Path has a new leadership team, but still no new go-live date for UCOP.
- SCA-1 is roundly opposed by UC administrators. The other segments do not like legislative oversight as it leads to many unforeseen consequences. UC also has responses to similar previous efforts. The irony of the legislature seeking more authority of UC even as it disinvests from UC is not lost.
- The Community Colleges approved a pilot program at 15 campuses to offer non-duplicative BA degrees.
- The January Regents meeting will include an update on Commission on the Future-inspired actions.
- Guidance for budget advocacy will be sent soon.

VIII. Consultation with Academic Personnel

Susan Carlson, Vice Provost

1. Negotiated Salary Trial Program

Issue: The final version of the Year 1 assessment has been distributed. Feedback about the findings, process, and methodology are welcome.

Discussion: Members noted that although there is only 1 year of data, the stated purpose of the trial is to improve recruitment and retention, but none of the survey questions asked about this aspect of the program. Were retention packages offered before and during the trial different? How can the cost of retention between

participants and non-participants be compared? Are outside offers tracked? Members also want to see the impact to non-participating departments and changes to their morale. Members asked how the program will be closed, if it is deemed unsuccessful or even of uncertain value? Since augmentations count toward summer salary, could this be considered “double-dipping”?

2. Culture and Climate

Issue: VP Carlson reported that there is much in motion in this area. Campus plans to address problems identified in the Climate Survey are being submitted to the Provost.

IX. Total Remuneration

Issue: The committee discusses how to close the remuneration gap, not just administer this year’s 3% salary funds.

Discussion: Some noted that inequities were successfully handled locally in the past, and perhaps they should be again. Others wondered if funds above 3% could be dedicated to specific redress targets, or if funds above 3% should only go to those on-scale. Some speculated that including more CAPs in salary decisions could help alleviate inequities. Most agreed that the scales are important philosophically and that they should be backed up monetarily. Most also agreed that leaving salary determinations and dispensation decisions to EVCs would not alleviate identified problems; instead, strong central guidance is needed to keep the campuses at relative parity. Some speculated that additional tax-sheltered options should be considered. All agreed that multi-year salary redress plans have an abysmal track record, but that finding funds to close the gap in one year is unlikely and it would be politically dangerous to give such a large raise at one time, especially in the current environment. Nonetheless, most agreed that the gap should be closed with all due haste. Self-governance and the salary scales with peer review are the core principles and they must be defended.

Action: Chair Dimsdale will revise the draft and circulate it for electronic approval.

X. New Business

None.

Meeting adjourned at 3:25 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Joel Dimsdale, UCFW Chair