I. Announcements

Joel Dimsdale, UCFW Chair

Update: Chair Dimsdale updated the committee on several items of interest from the Academic Council meeting of June 24, 2015:

- The sexual harassment and sexual violence prevention policy is interim for now.
- There was considerable debate about whether to accept the enrollment growth funds from the state, especially as the funds and the students have been packaged as “all or nothing”.
- Significant progress on transfer pathways has been made.
- Revised committee guidelines are now available.
- After a difficult year with Sacramento, the sense is that academic quality is not important to the legislature; instead, their sole interest appears to be California undergraduate enrollment at this time.
- Four Senate members have been named to the Retirement Options Task Force (see also Item V below).

Action: San Diego Representative Eggers will participate in the Clery Act working group.

II. Update: Task Force on Investment and Retirement

Jim Chalfant, TFIR Chair

Update: The UCRS experience study should be concluded soon. Preliminary findings suggest a recommendation to lower the assumed rate of return from 7.5% to 7.25%. This change would increase the actuarial value of the unfunded liability. How such a change would be reported in the media is unknown.

The Lawrence Berkeley National Lab has proposed further isolating their segment of the UCRS investment so that they can lower contributions more quickly. The campus and medical center segment would not be eligible to follow suit. The LBNL segment of UCRP is nearly fully funded, and the Department of Energy restricts is funds payouts to DOE employees, even though the funds are commingled for some accounting purposes. The Office of General Counsel is also reviewing the proposal. How quickly and by how much contributions could be lowered requires further study.

III. Consultation with Chief Financial Officer

Nathan Brostrom, EVP and CFO

Issue: UCRP is expected to borrow again from STIP/TRIP to close the gap in contributions and the level required by policy. Previous borrowing and the resumption of contributions have kept the plan at 85% funded, rather than at 64%. With anticipation of the additional $436M from the state over the next 4 years, the amount to be borrowed to reach policy will diminish each
year. It may be possible to borrow further in order to help the campuses buy down their contributions. Projections will be adjusted following completion of the experience study, but current trends suggest full funding by 2033. CFO Brostrom will meet with ratings agencies later today, but ratings agency metrics are not tailored for university or medical systems.

IV. Consultation with Academic Personnel  
Susan Carlson, Vice Provost  
1. Separation Data  
   Issue: Vice Provost Carlson reported that there is a lot of data from which to draw. Hirings and separations have been steady over time. Footnotes report equivalent status groups, acting, PE, SOE, PSOE, agronomists and astronomers. Gradual progress is being made regarding diversity, and international faculty total ¼ of the total professoriate.  
   Discussion: Members noted that including the medical centers in the data would change the picture dramatically. The additional data could be reported in parallel-general campus alongside medical center, and would show volatility and other trends. Failed retentions are not reflected explicitly. Retention offers are not tracked; previous efforts to do so were haphazard and burdensome to the campuses. Exit surveys should help inform this subject in the future, though. Members also felt that a better way of identifying and reporting on international faculty was needed, but such indicators are taken from tax filing status, so a creative approach would be needed.

2. Total Remuneration  
   Issue: Given the unlikelihood of closing the cash compensation gap, the committee considers tax advantaged strategies that could help increase faculty net pay, such as housing assistance, tuition assistance, day care assistance, etc. The findings of the 2014 Total Remuneration study will be presented to the Regents at this month’s meeting, and the presentation will stress that benefits no longer off-set lagging cash compensation.  
   Discussion: Members speculated that significant faculty flight might finally persuade the Regents that rapid and serious action is needed in this area. Members noted that defending the Comparison 8 might again be necessary since inclusion of private schools bends the curve upward. But since 40% of UC faculty who leave are recruited away by private schools, UCFW thinks the comparison is valid. Members wondered if a multi-year compensation plan could be generated, not that a multi-year funding plan exists. Others noted that previous multi-year agreements were abandoned after years 1 or 2.

V. Consultation with Senate Leadership  
Mary Gilly, Academic Council Chair  
Update: Chair Gilly updated the committee on several items of interest:  
- The new iteration of UCRP will feature “options”, not “tiers”. COO Nava will lead a task force, and the Senate has been asked for four nominees.  
- The state budget includes $25M for enrollment growth, provided UC enrolls 5000 new California undergraduates in Fall 2016. The funds are only half what UC projects as the cost of instruction, but the state thinks that the gap can be made up by steep increases in non-resident tuition. The administration suggests UC play politics at this point, and
not emphasize the logistics involved in housing and educating that many new students. There may be changes in the next legislative cycle to this negotiated point.

- Enrollment numbers for Fall 2015 show little movement regarding diversity. Systemwide, about 12% of undergraduates will be from out of state. Many more students enrolled off the wait-list this year.
- The streamlined transfer pathways were well-received by the other segments and the press. The remaining majors will be addressed in October.

VI. Update: Health Care Task Force

Robert May, HCTF Chair

Update: Chair May reported that the advisory group to the president being led by David Kraus (UCSD) will meet again next week to discuss the possible buy-out of HealthNet by a St Louis, MO-based company.

Chair may also reported that the HCTF has considered requesting an academic strategy summit for UC health. It is felt that greater sunshine is needed for system planning, and that absent such a summit, the Senate will continue to be in a position of reacting to piecemeal information.

Discussion: Members suggested that a health summit would also need an administration and/or medical center champion.

VII. Consultation with Human Resources

Dwaine Duckett, Vice President

Issue: The Retirement Options Task Force is expected to have 12 members, with Human Resources serving as support staff this time. Unions will not participate at this stage since this project is exploratory only at this time; union stakeholders will be kept abreast of significant events, and any final deals will be negotiated when the time is appropriate. Any new Option must continue to cover normal cost.

Discussion: Members noted that the previous pension tier exercise took nearly two years, and wondered if a 5-6 month horizon is realistic. Members asked if retiree health was on the table, and VP Duckett said no, but there could be domino effects in time – such as how DC plans interact with disability guarantees. The stated goal of the task force is to incentivize recruitment and retention of targeted employees in the modern market; the overt purpose is not to save money or lower expenditures. Members asked if the new option would provide equal value as the 2013 Tier, and VP Duckett said that it is up to the task force to determine and design the benefit. Members noted that some expect DC electees will subsidize the current liability by having a portion of their contributions directed to it, and VP Duckett indicated there may well be such a legacy tax as part of the new option. Members asked if the charge to task force was available, and VP Duckett said it should be finished soon. Members cautioned that precise language must be used (normal cost versus ARC, for example) by the task force lest the process derail. VP Duckett reminded members that it would be the task force that would determine what options are made available, such as whether a hybrid plan is offered or a DC plan only. If only one plan option emerges, new hires will not have a choice; they will have only one option. Members asked how workforce behavior and adverse selection could be anticipated. VP Duckett suggested that if you like the UC of today, you need a DB plan; it is
useful for recruiting luminaries at the cusp of the second half of their career. DB plans may be too generous for staff, though, as they can encourage coasting.

VIII. **New Business**

*None.*

Call ended at 1:30.

Minutes prepared by Kenneth Feer, Principal Analyst
Attest: Joel Dimsdale, UCFW Chair