

UNIVERSITY COMMITTEE ON FACULTY WELFARE

Minutes of Meeting

May 8, 2015

I. Chair's Announcements

*Joel Dimsdale, UCFW Chair***Update:** Chair Dimsdale updated the committee on several items of interest:

- UCFW will meet in-person on June 12. The July meeting is still to be determined.
- At the Academic Council meeting of April 29:
 - The Council approved the two health care investigative task forces UCFW recommended. The request has been transmitted to President Napolitano.
 - Members of the Governor's staff visited, and their foci were on throughput and online education.
 - 3% of payroll has been made available for faculty salary increases, but President Napolitano did not follow the task force's recommendations. Instead, 1.5% will be allocated "across the board" and 1.5% will be allocated at campus discretion for equity, compression, and unusual excellence.
Discussion: Members asked if guidance for start-up packages would be forthcoming, and Chair Dimsdale indicated there may further guidance regarding the 1.5% for local discretion. It was also noted that members of the Health Sciences Compensation Plan (HSCP) could see a trade-off with their Y component. Members asked if equity adjustments would be retroactive to July 1, and Chair Dimsdale said President Napolitano will monitor implementation closely. He added that the task force has disbanded and will not develop recommendations for closing the total remuneration gap.
- Changes to the 403(b) brokerage link and fee structure have been met with consternation in some quarters. TFIR received regular updates from Human Resources on the funds menu project, but plan members report being taken by surprise. TFIR Chair Chalfant noted that the new fee structure only applies to new deposits in certain funds; if plan members want to continue to invest in a fund, they must pay the new fee. Chair Dimsdale noted that new FAQs are being developed.
- Irvine Representative Parker provided the Health Care Task Force (HCTF) update in Chair May's absence:
 - President Napolitano heard a presentation on UC Care's 2016 options; the presentation was led by David Kraus from UCSD, and EVPs Brostrom and Nava, VP Duckett, and HCTF Chair May were also present. The group recommended against forming a UC Care HMO for 2016 given that HealthNet was able to provide affordable service due to its low medical-loss ratio and agreements regarding annual inflation maximums. Nonetheless, there will be some minor programmatic changes to HealthNet Blue and Gold, as well as some funding and reimbursement changes in the insurance contract. As a result of the latter,

HealthNet B&G will now be “quasi” self-funded.” A full rebid will be considered as part of normal due diligence; the typical rebid cycle is 5-7 years.

- HCTF also learned that negotiations with Blue Shield are going well, so UC Care will be able to retain its network for the rest of the calendar year.

Discussion: Members noted that retire health concerns require constant attention, and Professor Parker noted that the \$3K premium allowance for out-of-state retirees is not expected to change, but the UC contribution for in-state retirees will continue toward the 70% floor (it is at 76% this year).

II. Consent Calendar

1. DRAFT Minutes of April 10, 2014

Action: The minutes were approved as noticed.

2. DRAFT Revisions to TFIR and HCTF charges

Action: The revisions were approved as noticed.

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

Jim Chalfant, TFIR Chair

Update: Chair Chalfant presented an overview of recent actions that have impacted the UC Retirement System and the University-sponsored defined benefit pension plan. This summer, UC’s actuary will conduct a regularly scheduled Experience Study; the findings may lead to changes in the expected rate of return. Any such changes, or to the inflation assumptions, could have significant impacts on the funding ratios and time lines for achieving full funding. During the 2010 Post-Employment Benefits investigation process, both the Senate and the administration agreed that the DB plan benefits the university in terms of faculty retention and faculty renewal (by encouraging timely retirements). When fully funded, DB plans have comparable operating costs to defined contribution plans.

IV. Consultation with Human Resources

1. Retirement Administration Service Center (RASC) Quality Assurance

Gary Schlimgen, Executive Director, Retirement Programs and Services

Michael Waldman, Customer Service Manager, RASC

Anne Wolf, Systemwide Coordinator, Internal Communications

Update: Mr. Waldman reminded members that year-to-date retirement elections data had been sent; as of May 4, the numbers are slightly higher than normal. RASC is updating its MediCare fact sheet.

Discussion: Members asked if there were penalties for those who do not enroll in MediCare when they turn 65, and Mr. Waldman indicated that there are penalties for those who do not enroll upon retirement if they are at least age 65. Members asked if additional guidance for Part D enrollment could be provided, and Mr. Waldman noted that some of the guidance comes from the federal government and cannot be edited by UC; nonetheless, the updated fact sheet is expected to help. Further, faculty-specific training for campus-based benefits officers and RASC staff is being developed with Academic Personnel; pre-retirement workshops will be offered on all of the campuses. Ms. Wolf added that newsletter reports and direct mailings are being drafted to help

spur those nearing retirement to begin planning in earnest, if they have not already. An online tutorial of 60 minutes is available on UC Net, and it is based on the workshops that are presented at each campus.

Members noted that implementing the return to active duty (RTAD) policy has caused confusion on many campuses. Director Schlimgen said that his office could investigate, and noted that staff and faculty recalls have different procedures that could be a complicating factor. The point person on each campus for recalls needs identified, and Director Schlimgen suggested the committee ask Vice Provost Carlson.

Action: Members should submit specific questions regarding retirement readiness information accuracy.

2. Retirement Savings Program Funds Menu and Brokerage Link Changes

Gary Schlimgen, Executive Director, Retirement Programs and Services

Michael Baptista, Executive Director, Benefits Programs and Services

Kris Lange, Director, Vendor Relations

Arthur Guimaraes, Associate Chief Investment Officer

Sabrina Daly, Mercer Consulting

Update: Director Schlimgen reported that UCOP and Fidelity met by teleconference earlier this week, and HR will be updating its FAQ. A letter with clarifications has been sent to the UCRS Advisory Board. The impacted plans hold \$20B in assets from 300K individuals. Only 1 in 6 people have invested in the funds that are being changed.

Discussion: Members reported that advance mailings were useful as an alert, but they did not contain enough specifics to help mindful investors make decisions. Specific information is available online, but it is sometimes contradictory; updates to one page are not reflected on other pages. Director Schlimgen referred members to the updated FAQ for additional information on the rationale behind the changes, and he noted that for 5 out of 6 plan members, the changes will make engaging with the brokerage window easier and simpler. Mr. Guimaraes noted that the removal of institutional class funds, for example, was supported because those funds were not strategically selected. Ms. Daly added that age cohort behavior suggested that too many choices were preventing some from making elections. Director Schlimgen noted that a decision guide is included in the communications, but members indicated that the language is not clear and suggested that a cost calculator would be helpful.

3. 2016 Insurance Plan Design Changes

Michael Baptista, Executive Director, Benefits Programs and Services

Update: Director Baptista reported that this year's design changes are intended to limit UC's exposure to market increases in health care costs. HealthNet and the UC Medical Centers are discussing risk sharing options for the HMO, but Blue Shield rates may increase more because PPO plans are inherently more expensive to run. UC is offering choice to employees.

Discussion: Chair Dimsdale asked about coverage for "medical tourism" and the emerging practice of "medical pharmacy tourism", and whether UC had a position on them. Director Baptista noted that Hepatitis C treatments are a new topic, and noted

that new drugs will soon be on the market that could impact the cost of treatment. Chair Dimsdale added that new oncology drugs may also soon be available. Director Baptista will investigate best practices in this area.

Members then asked why the dental coverage limits the number of cleanings to two per year for children. Mr. Baptista noted that all enrollees are limited to two cleanings per year, unless the doctor “prescribes” three.

Mr. Baptista noted that the UC Medical Centers are partially underwriting UC Care through the reimbursement discounts to which they have agreed; about 40% of UC Care delivery is at the UC Medical Centers.

V. Consultation with Senate Leadership

Mary Gilly, Academic Council Chair

Dan Hare, Academic Council Vice Chair

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

- Faculty salaries: President Napolitano has directed that 1.5% of the 3% available for faculty salary increases be spent “across the board” and the other half be spent on locally identified issues of equity, compression, inversion, and exceptional merit. There is to be a report on how the campuses spend the discretionary salary increment.

Discussion: Members sought clarification as to which aspects of total compensation the “across the board” portion was to be applied to, and Chair Gilly noted that while final implementation guidance is still forthcoming, the local funds are to be restricted from being used for recruitment packages or retention bonuses.

- State budget: Representatives from the Governor’s office visited Council, BOARS, UCEP, and UCPB. There was little interest evinced by them in graduate education or research or faculty. The third meeting of the Committee of Two, which was to have focused on research and graduate education has been canceled; it is not expected to be rescheduled.

SB 15 is now out of committee. It would give UC and CSU additional funds, but with significant strings, such as for aggressive undergraduate enrollment increases. Other conditions would be increases in non-resident tuition of up to 17.5%, but this could drive away applicants. Physical capacity limitations seem not to be considered, and enrollment increases would still be funded through the block grant practice now in use.

Higher than expected state returns are earmarked for Prop 98 distribution.

- ICAS update: ICAS held a legislative day, and met with many new staffers and aides.
- Transfer Initiative: Twenty-one majors have been identified, and work on the first 10 has been completed. The remainder will be covered in the fall. Some discrepancies between UC paths and the CSU transfer degree remain to be smoothed.
- Sexual Harassment and Sexual Violence Policy: The faculty raised many significant concerns, but the deadline is July 1.

VI. Council of UC Emeriti Associations Update

Roger Anderson, CUCEA Chair

Issue: Emeriti remain valuable members of the UC community, leading courses, conducting research, mentoring junior faculty, and providing other services. CUCEA as an organization, however, receives little institutional support and is primarily dues-funded. The recent budget crisis saw support for CUCEA further eroded as Academic Senate support was discontinued. CUCEA has reduced its meeting frequency and is considering other programmatic changes designed reduce expenditures, such as limiting the host locations. Revenue increase options are more limited, and UCFW is asked to help make the case for supporting CUCEA.

Discussion: Members asked for more information on how each CUCEA chapter functions, and how much funding would be needed for CUCEA to function at its optimal level. Members debated whether it would be appropriate for the Academic Senate to resume support for CUCEA, and since Senate membership does not lapse upon retirement, many thought it was a good idea. Nonetheless, where the Senate could find such funds is not known.

Action: Discussion will continue off-line and in future meetings.

VII. Consultation with Academic Personnel

Susan Carlson, Vice Provost

1. Faculty Exit Surveys

With Kiernan Mathews, Director, [COACHE](#)

Issue: The reasons why faculty leave remain anecdotal, but use of a faculty exit survey could yield useful information regarding recruitment and retention, climate and diversity, and other issues that impact faculty welfare. One-time year-end funds have been made available by the provost to investigate faculty exit surveys. A one-year pilot survey is being developed with COACHE and was discussed with the campus Vice Provosts for Academic Personnel earlier this week. Director Mathews has experience with satisfaction surveys and works in the School of Education at Harvard. The survey will be adapted from prior designs and informed by comparative administrative data. The survey will try to assess the perceived investment by the institution in the faculty member and vice versa. UCFW is asked what questions the pilot survey must include.

Discussion: Members asked what the response rate is for current exit surveys, and Director Mathews noted that they vary widely; generally, UC campuses see return rates in the 50-60% range. Members asked how departing faculty could be incented to respond, and Director Mathew suggested that targeted communications using various media would be important. Members asked if the survey would include professional and personal reasons for departure, such as administrative burden or lack of child care. Director Mathews indicated that the survey would be wide ranging and could cover topics such as tuition remission programs and partner appointments, but noted that not all possibilities could be covered due to space considerations. Members also asked about confidentiality concerns, and the anticipated likelihood that respondents might be those with a vendetta, thus skewing the feedback negatively. Director Mathews said that IRB approval would be sought, but that several years of data are needed before meaningful analysis can be undertaken.

Director Mathews expects to have draft questions in the fall, and added that exit surveys often include a qualitative component and that findings will be cross validated with other inputs, such as retirements. Open-ended answers will be possible, and the

study, once defined, may include an interview component. Vice Provost Carlson added that the goal is to establish an on-going process that can be used for all separations.

Members noted that drawing conclusions across locations could be difficult given the uniqueness of each campus. Director Mathews agreed, and added that he had met with Chair Knapp from UCAP recently to solicit his feedback. Members wondered how feasible it would be for the Comparator 8 could join the pilot.

Director Knapp noted that he has a special tool to adapt the survey for clinical faculty, but it may not be possible to include it in year one.

2. Salary Equity

Issue: The campuses are working on action plans to address the issues identified in the study. All but one have been completed and are under review by UCOP.

Discussion: Members asked if the multiple methodologies involved hampered the study, and VP Carlson indicated that to the contrary, it led each campus to take ownership of its study and its findings. Methodologies were adjusted, and further tweaks will occur, not least because the administration will require the addition of rates of advancement discrepancies on a formal basis. Members asked if the reports were useful for salary allocation decisions, and VP Carlson said the data showed areas for more individual investigation. More information will be available in the fall after campuses have begun their remediation efforts.

3. Total Remuneration

Issue: VP Carlson noted that the campus-by-campus data contained no surprises. The age of the faculty shows that the value of benefits increases over time.

Discussion: Members observed the growing gap between housing costs and salaries and speculated that it would be increasingly difficult to grow the assistant professor corps. VP Carlson said there is no long-term salary plan at this time, noting again that the work group assigned this process has disbanded.

VIII. **Systemwide Review Items**

1. Proposed Amendments to Senate ByLaw 182 (University Committee on International Education)

Discussion: Members noted that the proposal was overreaching and seemed to duplicate the duties of UCORP in regards to oversight of research activities. Other members noted that the EAP director's portfolio may grow, and UCIE's charge should keep pace. It was observed that more formal oversight of non-EAP programs would be beneficial. Whether UCIE could oversee the status and welfare of participating students was unclear.

Action: Analyst Feer will circulate a revised draft for electronic approval.

2. Proposed Amendments to APM 210.1.d (Review and Appraisal Committees)

Action: Analyst Feer will draft a memo of endorsement for electronic approval.

3. Draft Guidelines for Pilot Program to Accept Equity for Access to University Facilities or Services

Discussion: Members voiced concern over the concentration of oversight in the hands of too few people. Members also opposed the prohibition of university employees from

serving on the boards of companies that participate in the program; while conflict of interest issues may arise, wholesale prohibition is not a workable solution. Others noted that many campuses already have such programs in place, so feedback here may be futile. Whether success is more likely to result from a “fix as you go” approach or from a “defer launch until a better pilot can be devised” one is unclear.

Members noted that other proposals on similar topics contain much better firewalls and checks. Similar proposals also require outside evaluations of viability. Some countered, though, that UC might have a social obligation to undertake this, regardless of the profitability of the program.

Other concerns focus on the omission of warrants from the program, how accessible the plan will be to the public, and how to correct course once the program is underway.

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

IX. New Business

1. Long-term planning: Members noted that austerity seems to be the new normal in higher education. Incrementalism is not a successful practice for achievement and greatness. Issues such as housing, retirement, and workforce refresh require careful, advanced planning that is lacking in the current environment.
2. Faculty salaries: Members wondered how feedback critical of the president’s decision regarding faculty salary increase allocations should be sent. Members should work through their campus committees to educate their chancellors on the value of UC’s compensation practices.

Adjournment: 3:30 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Joel Dimsdale, UCFW Chair