

**Minutes of Meeting
November 14, 2014**

I. Announcements

Joel Dimsdale, UCFW Chair

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

- Next week's Regents meeting will feature a discussion over proposed tuition hikes and state support.
- The Office of the President is undergoing a strategic review, and the Senate is concerned that research and entrepreneurship may be commingled. The future place of graduate students in the bureaucracy is also unknown and of concern. Council Chair Gilly has sent a letter outlining the Senate's concerns.
- The University Committee on Committee (UCOC) is preparing a revision to Senate Bylaw 128.D.2 (Vice Chairs); it should be released for review soon.
- The bundle of proposed APM revisions in Item VII.3 below includes changes to how service and research related to diversity should be valued in CAP reviews and has received much comment from some divisions.
- UCOC has also asked about the UCFW workload and learning curve, especially in light of the fact that 80% of the committee turned over this year. Would service be easier if it is the divisional vice chair or another member? How can younger faculty be enticed into greater Senate service?

Discussion: Members suggested that greater course relief could incent more service. It was also suggested that the benefits to the individual faculty member of service could be better advertised, and that CAPs could give differential weight depending on the level of service. Another option to increase service is to better advertise Senate successes, both officially and unofficially. Some felt that that local chairs should serve as representatives to the systemwide committee because of issue complexity, but it was also noted that not all local chairs serve 2 year terms.

II. Consent Calendar

1. DRAFT Minutes of October 10, 2014

Note- Item not addressed.

III. Health Care Task Force (HCTF) Update

Robert May, HCTF Chair

Update: Chair May discussed several items of interest with the committee:

1. Open Enrollment

Open Enrollment for 2015 has begun, and UCFW will receive migration data when it is available in the spring. UC Care enrollment will be of particular interest since the premium increases were larger than for the other plans. The fate of UC Care is also tied

to the fate of PPO plans in the larger marketplace. Is there an alternate model for delivering PPO-type service that is more affordable?

2. UC Care at UC Santa Barbara

At Santa Barbara, there is no tier 1 hospital within 45 miles of campus, and ~700 faculty are in UC Care because their medical conditions require that level of care and support. Changes in the local health care market could exacerbate these problems. The HCTF will continue to discuss options regarding hospital access. Pricing concerns are deflected to the Affordable Care Act (ACA) rates.

Discussion: Members wondered if pay could be increased to off-set the high costs of UCCare in certain markets like Santa Barbara (see also Item IX below). Members noted that prescription costs and out-of-pocket maximums are also concerns that need to be addressed in UC Care, not just at Santa Barbara. UC's benefits philosophy has long been to provide equity in access and outcomes for comparable cost, but UC Care seems to be turning that core principle on its head. The unresolved conflicting goals inherent in UC Care continue to complicate these discussions. Santa Cruz endured 3 years of access problems under UC Blue and Gold before PAMF joined; maybe Santa Barbara will eventually be offered a workable solution, as well.

3. Pay Banding for Premiums

The theory behind pay banding is that all employees should pay a similar percent of their income for health care, but in real dollars, this negatively impacts faculty in the higher pay bands. UC will reach a contribution floor, which will re-open this conversation. There are continuing discussions whether pay banding should continue in its current form.

4. Benefits Budget

Since 2008, UC's benefits strategy has been to regress to the mean. UC remains the leader in two areas – support for retiree health and family policies – but both are vulnerable to future cuts. Family premium contributions are under attack from the campuses, who frequently site Stanford as a model (without addressing the cash compensation gap). UCFW has traditionally advocated for UC's family contributions, especially as they help younger and mid-career faculty. Retiree health is not guaranteed and could end at any time.

IV. UCPATH Update

Gayelea Allison, Production Director, UC Path Center

Jim Leedy, Executive Director, UC Path Center

Steven Engen, Co-Lead, UCPATH Payroll & GL Integration

Robert Holloway, Regional Manager, Equifax Workforce Solutions

Kevin Kuhn, Regional Manager, Equifax Workforce Solutions

Issue: Director Allison noted that UC practices for employment verification requests from creditors vary significantly by campus, are labor intensive, and are paper intensive. Instead, as part of its central HR function, the UC Path Center will now coordinate with The Work Number, a third-party group that has been the industry standard in the area. Employment verification does not include W-2 information or functional titles. The Federal Credit Report Act also has standards with which UC and The Work Number must comply.

Discussion: Members asked how inquirers were vetted by The Work Number, and Mr. Kuhn indicated that The Work Number database includes hundreds of pre-approved companies and that new companies can be vetted in 24-48 hours. He added that they are pursuing 27001-level security certification. Members noted that this item seems like a good idea, but there are many larger concerns about UC Path that remain to be addressed. Members pressed to learn how the savings from UC Path were being reinvested in academic quality. Mr. Engen noted that VCPBs are working on reinvestment trails.

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

Jim Chalfant, TFIR Chair

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

1. Consultation with CIO Bachher

TFIR met off-cycle with Chief Investment Office Bachher and members of his staff to discuss the Innovation Council and UC Ventures, and how environment, social, and governance (ESG) factors will be incorporated into UC investment practices. The Innovation Council and UC Ventures are still new, and best practices and parameters are still be identified and analyzed. One group of practices to analyze is that of the campus foundations and their firewalls. The goal is to keep as much revenue as possible in-house. The ESG metrics are still being investigated, and TFIR will receive updates as information becomes available.

2. UCRP and Retiree Health Valuations

The current valuations are available on the Regents website. Last year, changes to the out-of-state retiree health program lowered obligations, but there are no plans for similar changes to in-state retirees.

3. New UCRP Borrowing Projections

TFIR will continue to press for additional borrowing to help UCRP reach full funding faster than the current contribution trajectory will. The administration may be less receptive this year, though.

Discussion: Members asked if long-term deflation had been modeled, and Chair Chalfant indicated no, but considering low inflation is a good idea. Members also asked if 100% funding was really needed, wondering if there was a study or white paper to which to point colleagues. It was noted that the UCRS Advisory Board has a letter on the funding ratio and lost returns:

<http://ucnet.universityofcalifornia.edu/compensation-and-benefits/retirement-benefits/ucrsab/docs/20140620-letter.pdf>

VI. Mortgage Origination Plan (MOP) Update

Sandra Kim, Associate Vice President, Capital Markets Finance

Ruth Assily, Director, MOP

1. MOP Overview

Issue: The goal of MOP is to help recruit and retain faculty by offering better-than-market mortgage terms in expensive UC housing areas. An interest rate floor of 3% has been in place since 2010, but has not impacted loan volume. Variable loans have a cap of 10% over the initial rate, if externalities change that much. MOP is funded through

STIP, and so the MOP office is monitoring the liquidity analyses. Because MOP payments are taken through payroll deduction and MOP loans include guaranteed repurchasing if they are more than 90 days in delinquency, MOP loans are attractive to outside purchasers.

Discussion: Members asked how many loans were underwater, and Director Assily answered that there are no loans currently undergoing foreclosure. There are a few loans that are “distressed”, usually in instances where the faculty member is no longer at UC. Members asked how many loans were sold, and Director Assily noted that about 75-80% are sold. Members wondered if faculty could be given better terms, even if UC profits were lessened. Others noted that flexible recruitment funds are sometimes used to include housing in start-up packages. It was also noted that MOP funds count as taxable income.

Action: Director Assily will report back with more information on MOP usage by campus and recruitments impacted by MOP.

2. Delegations of Authority

Issue: UCOP seeks to move from the President to the chancellors approval for certain loans. The allocation of funds could change if the numbers of medical center personnel continue to swell.

Discussion: Members asked if process changes were anticipated given the rapid growth in medical center faculty. Director Assily noted that the impacts of any changes were being studied now; another option would be a separate allocation for clinical faculty. The allocation is currently determined by the local faculty size, number of open recruitments, local prices, usage trends, and similar factors. Members asked if approvals were expected to increase if the delegation is approved, but Director Assily could only report that EVCs are supportive of the proposal. Chair Dimsdale noted that more clinical faculty participants could increase risk to the program since job security in the clinics is less than on the general campus.

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

Susan Carlson, Vice Provost

1. Management Review Items

a. APM 279 (Volunteers)

Issue: Vice Provost Carlson noted that the proposed changes align UC practices with industry standard for appointment and verification of clinical volunteers.

Discussion: Members asked if the liability coverage would be limited to UC service only, and the answer is yes. Members also asked if there was an implied promise to hire or promote, and the answer is no.

b. APM 210 and 360 (Librarians)

Issue: Some librarians are represented, but others are not. UC’s tradition is to treat all librarians in parallel. Usually, the APM is amended first, but this time, the contract has already been bargained, so the APM is being amended to bring the two back into alignment. The librarians have expressed their support.

Discussion: Members noted several inconsistencies and vagaries in the current draft, including when librarians should request review, whether appointments are

temporary or permanent and how much credit moves when a permanent position becomes available, and what an abbreviated review consists of.

VIII. Systemwide Review Items

1. [Doctoral Student Support Recommendations](#) (Comments due November 21, 2014)

Action: The committee elected not to opine on this item.

2. [Proposed Revisions to APM 080 \(Medical Separation\) and 330, Specialist Series](#) (Comments due December 10, 2014)

APM 080- Representative Lubin, lead reviewer

Discussion: Members noted that language should be tweaked in order to make clear that different processes were being discussed on p7. Members sought clarification that no further recourse is available after a hearing and the issuance of the chancellor's opinion, which is correct- further action would be redundant. Members noted that "reasonable accommodation" lacks a standard definition; if the ADA definition is meant, it should be linked or otherwise defined. Members suggested that parallel language be used to describe the intent to separate for tenure and non-tenure faculty, but VP Carlson noted that tenured faculty do not have the same timelines for promotion and advancement. Members then suggested that additional language be included to make the intent clear. It was also suggested that all faculty have the right to a review, and that they should not have to request it. If it is requested, who grants or denies the request? Is it the immediate superior only, or can it be escalated?

Action: Analyst Feer will draft a response for approval.

APM 330- Representative Parker, lead reviewer

Discussion: Members noted that the number of specialists on the campuses is increasing, so it is wise to clarify their protections. Members asked how salaries were to be determined, and VP Carlson replied that it is covered in the APM 600 revisions adopted last year. Members suggested an internal footnote to refer readers to the appropriate section.

Action: Analyst Feer will draft a response for approval.

3. [Proposed Revisions to APM 133-210-220-760](#) ("Stop the Clock" and Other Provisions) (Comments due December 15, 2014)

Vice Chair Moore, lead reviewer

- "Stop the Clock"

Discussion: Members asked if the clock could be stopped when acquiring a blended family, and VP Carlson said yes.

Action: Analyst Feer will draft a memo of support for approval by the committee.

- APM 210.D (Diversity in CAP Reviews)

Discussion: Members were unclear what diversity activities were to be weighed the same as. Members were unclear how diversity activities were to be weighted – in physics, for example, is having a diverse research team as important as having academically valid research? Is diversity in a discipline evaluated on a

relative basis? Members wondered if the language is too vague to enforce even-handedly.

Action: Discussion will continue at the December meeting.

4. [Proposed Presidential Policy on Open Access](#) (Comments due January 15, 2015)

Action: Representative Lippit is the lead reviewer.

5. [Proposed Amendments to Senate Regulation 682](#) (Masters Residency) (Comments due January 16, 2015)

Action: The committee elected not to opine on this item.

IX. Total Remuneration

Issue: Given the results of the Total Remuneration study, UCFW is asked to help develop a plan to make UC compensation competitive once more. The committee could consider COLAs, steps, promotions, benefits balance, retiree health, anything. The Academic Council has asked the Chairs of UCAP, UCPB, UCAD, and UCFW to coordinate their responses, preferably in the form of principles for remuneration redress. A specific plan will be developed and taken to the Regents in January.

Discussion: Members noted that the faculty should not take the bait that the solution should focus only on cash compensation or benefits- both can be addressed at the same time. Members noted that the prescription will change depending on the time frame for successful redress, as well as the definition of success. Members noted that the compensation gap cannot be closed by changes to benefits alone, and that UC is near the “Cadillac” tax (for health benefits) already. Members wondered if “no further deterioration” was an acceptable remuneration principle. It is unclear what is most valuable to new recruits. Many cautioned that increases to faculty salaries would be presented as diversions of quality reinvestment funds or as the cause of tuition hikes. Some suggested a moratorium on new buildings and programs until this problem is fixed. Are there specific programs that can be defunded to help augment faculty remuneration? If so, is doing so politic?

Members discussed the scales and the steps. Some noted that the scales are so far behind market, that adequately funding a fix would be cost prohibitive. Some feel that the steps are relevant, but that the scales are not, especially given differences in disciplines. Is it possible to separate the steps from the scales and retain the integrity of the system?

Some suggested that any new funds be spent on mid-career faculty and new hires only, asserting that those already bound by the golden handcuffs stand to gain little. Others suggested that improving the general welfare of faculty could have significant impacts; ideas included rebuilding staff support, and improved physical plant and IT maintenance. Many housing markets have irreparably out-paced salaries, so enhanced programs in that area could also help. Should purchasing power be used as a metric?

Members agreed that the merit review process should be retained. Most agreed that the scales help under-represented minorities and female faculty keep a semblance of pay parity. It was again noted that securing outside offers for leverage in internal negotiations is thought to benefit mobile white men more than other groups. At one campus, the ten-year, or mid-career, mark is more determinative of retention trouble than demographic factors.

Another idea for redress included a significant bump upon a rank promotion.

Action: Discussion will continue next month.

X. New Business

1. Out-of-state Retiree Health

Issue: Members reiterated their concern that out-of-state retirees could be in difficult situations if their plans cost more than the \$3K UC now offers them. Also, the exchange plans into which these retirees have been forced are not portable, so any who move are subject to background health assessments.

Discussion: Members wondered whether a white paper would help decision makers. Chair Dimsdale will refer the question to HCTF for additional consideration. It was noted that HR will report to the new COO following the OP strategic review; that position has not been filled.

2. President's and Chancellor's Fellows

Issue: Questions about faculty interviewers and waivers should be referred to Susan Carlson.

Meeting adjourned at 3:20 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Joel Dimsdale, UCFW Chair