

UNIVERSITY COMMITTEE ON FACULTY WELFARE

**Minutes of Meeting
October 10, 2014****I. Chair's Announcements**

Joel Dimsdale, Chair UCFW

Calvin Moore, UCFW Vice Chair

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

- Hilary Baxter is the new executive director of the systemwide Senate office.
- A google chat with President Napolitano for faculty members is scheduled for October 14.
- Council Chair Gilly and Vice Chair Hare have secured a second monthly meeting with President Napolitano, in addition to the pre-Council briefing.
- Several vice presidents at UCOP are retiring, including Agriculture and Natural Resources VP Allen-Diaz, Budget VP Lenz, and External Relations SVP Dooley. The Office of the President is undergoing a strategic review, and not all VPs may be replaced, depending on the new office organization. SVP Dooley's responsibilities will be split between governmental relations, which will be led by Presidential Senior Advisor Nelson Peacock, and communications, which will be led by SVP Dooley's Chief of Staff Julie Henderson.
- President Napolitano is also expected to hire a senior advisor on entrepreneurship. The goals of UC's new entrepreneurial orientation have yet to be fleshed out.
- President Napolitano's Innovation Council is comprised of external people, most of whom are venture capitalists, but one of whom is a professor at Michigan. Academic Council Chair Gilly has been given permission to attend Innovation Council meetings as an observer. The Innovation Council is expected to meet only a few times, with most of its work being done by working groups, of which there are five: communications, creating an entrepreneurial climate, rewards and recognition, best practices/new approaches, and investing in innovation. The Senate has been invited to participate on the entrepreneurial climate and rewards and recognition working groups, and Council Chair Gilly has been invited to the communications groups as a marketing professor.
- The Total Remuneration study results have been made public, and the study refutes the myth that UC's benefits compensate for low cash compensation. UCFW will be asked to work with representatives of sister committees to develop a plan of action for submission to the Regents Compensation Committee. The Senate plan should be complete by the end of the calendar year.
- The Governor vetoed \$50 million one-time additional funds each for UC and CSU. The Regents discussed the lack of state support, but the Governor was absent.
- The Regents received the report of the sexual assault task force. The next phase will include faculty and staff as remediation strategies are developed. Faculty may be asked to undergo sensitivity training. "Academic accommodation" for victims was also mentioned as a possible stratagem that faculty may be asked to implement.

- UC Ventures was approved by the Regents, even though many voiced skepticism regarding the project.
- The Regents increased compensation for the four lowest-paid chancellors, and a glide path to the AAU median over three years was approved.
- 2015 health insurance rates should be posted soon. President Napolitano intervened to mitigate some of the premium increases, but the impact on the long-term financial viability of the programs is not known.

Vice Chair Moore updated the committee on several additional items of interest from the Academic Council meeting of September 24:

- President Napolitano will make a recommendation to the Regents on non-resident tuition in November, but it is not expected that a comprehensive enrollment plan will accompany it.
- The future of the Office of Research and Graduate Studies (ORGS) is in flux following the retirement of Vice President Beckwith and the strategic review of the Office of the President. How to balance research with entrepreneurship, and where to house professional and graduate students are expected to be items of much discussion.
- UC Ventures is not expected to launch until the end of 2015. Expectations regarding profitability vary among administrators.
- Provost Dorr conceded that online education is unlikely to make UC money and is unlikely to save UC money.
- President Napolitano's revenue outlook has a decreasing reliance on state support, and increasing reliance on philanthropy and other sources.
- President Napolitano did not like the new BOARS proposal to change eligibility to 7x7 from 9x9, citing possible differential impact among underrepresented populations.
- Regent Kiefer has asked UCOP to quantify the meaning of a UC degree. UCEP will work with UCOP on the project.
- The UC Care program has several competing internal interests: 1) to insure employees have access to quality health care, 2) to make money at the medical centers, and 3) to spend less institutional money on benefits.

II. Consent Calendar

None.

III. Consultation with the Office of the President – Academic Affairs

Aimée Dorr, Provost

Susan Carlson, Vice Provost, Academic Personnel

1. Total Remuneration Study

Issue: Provost Dorr noted that the findings are clear: UC's faculty compensation package is no longer competitive, and is decreasing in all groups. But what actions are viable? President Yudof understood the theory behind the scales, but he rejected it in practice; President Napolitano's view is not yet known. The campus EVCs generally want as much discretion as possible to spend dollars sent to their campuses. Any plan for salary remediation must be approved by the Regents. To begin addressing the

problem in the July 1 paychecks, a decision will be needed by early spring. Vice Provost Carlson added that the same menu of options to address the problem remains, in addition to any new ideas the Senate can devise. Plans should reflect thinking on preemptive retention and salary equity, as well as the balance between salary and benefits. Previous efforts were multi-year plans because the gap was too much to address in a single year.

Discussion: Members asked how the Comparison 8 were trending, and VP Carlson indicated that the salary gap dropped last year, but remains between 10-13%. Members asked what salary actions were expected in the Comp 8, and VP Carlson said that the expectation of 3% annual increases continuing was widespread. Members then noted that the salary gap will persist over time unless UC's plan includes continued progress, not just the closing of a static gap. VP Carlson noted that her office has accounted for that in early cost estimates: In a 3-year plan, annual increases would have to total 7.4%; in a 5-year plan, increases would need to total 5.6% per year to close the gap and keep pace; benefits costs are in addition to these totals.

Members asked how Regents' action items are generated. Provost Dorr noted that the President usually takes a strong role in developing proposals. She added that the November Regents meeting should include approval of 15-16 faculty salary increases, including a 3% COLA and 1.78% for merits.

Members asked how other administrators viewed the findings. Provost Dorr indicated that there was some skepticism about undertaking the study in the first place, but that there is general acceptance of the findings. There have not yet been any critiques or attacks.

Members asked which strategies would be more likely to meet with success in other stakeholder groups. Provost Dorr reported that a few EVCs do not like across the board increases since they must then reward unproductive faculty; she added that EVCs cite matching retention offers as a viable alternative. It was noted, though, that using counter-retention offers as the standard could disadvantage several population segments because women and underrepresented minorities are less mobile than white male colleagues, but more data are needed to support that argument. It was further noted that pre-emptive retention is less expensive and better for morale than salary brinksmanship with third parties.

Finally, members asked if salary equity remediation funds were commingled with total remuneration funds. Provost Dorr indicated that salary equity would need to be solved from local fund sources, while total remuneration and the scales would be addressed from the center.

2. Negotiated Salary Trail Plan Update

Update: Vice Provost Carlson reported that her office is working on the annual report for the first year of the trial, which ended on June 30. Final information from all the participating campuses has been received, including workload data for participants and non-participants. The demographic data has not changed, but more details are now available regarding fund sources implicated and possible conflicts of interest or commitment. Additionally, a summer survey was sent to impacted departments, but that data has not yet been processed.

Discussion: Members asked if any diminutions in service commitment were being tracked, and VP Carlson said that the survey data suggests no changes, but it is still early in the review process.

3. Conflict of Interest/Conflict of Commitment

Issue: Provost Dorr noted that the working group investing this topic arose from a June Council of Chancellors discussion that included incentivizing entrepreneurial behavior and responding to legal settlements that followed from a 2010 sunshine law stipulating that doctors post publicly the sources of their salary funds; the overarching theme was conflict of interest, but reporting requirements and administrative burdens were also recurrent issues. As a result, President Napolitano convened a workgroup, chaired by Chancellor Katehi, to address three questions: Could a reasonable person 1) easily find the relevant policies, 2) easily understand the relevant policies, and 3) be confident that the policies are consistent and comprehensive? An ancillary question is: Who helps interpret the policies, if needed?

Many work group participants felt that Conflict of Commitment could be a bigger issue. Many policies are not UC's, and so UC cannot simplify them. In those cases, should UC's guidance focus on sticks or carrots? President Napolitano will determine some systemwide actions and make proposals for local adoption by Chancellors; these actions are expected in January.

Discussion: Members wondered how much more compliance and enforcement would be needed to achieve the goals of the working group, noting that such onuses on the faculty are already significant. Members speculated that better support and education would be more useful strategies.

Members asked if the Senate would have a chance to review the recommendations, and Provost Dorr indicated probably not. She added that Council Chair Gilly and Vice Chair Hare had reviewed the draft and reported no significant concerns. Vice Chair Hare noted that the process was successful, and that the recommendation to emphasize preemptive training was a more useful finding. This model may be helpful in other situations, such as for developing policies on fair use and copyright.

IV. **New Member Orientation**

1. Orientation

Issue: Chair Dimsdale provided an overview of committee activities, work load and work flow, and participation expectations.

2. Total Remuneration

Note: See Item III.1 above.

3. Entrepreneurial University

Note: Item not addressed.

4. Campus Updates

Berkeley: 1) The divisional CFW and emeriti committees have merged. A new focus this year will be on beginning and end of career transitions. 2) Housing for younger faculty is an emerging issue. The MOP interest floor has been frozen, and it is having unintended consequences. 3) Child care facilities remain prohibitively expensive, but how to

improve the situation remains under investigation. 4) Accessing care under UC Care continues to be problematic for many Berkeley faculty, given the geographic distribution gaps. 5) Out of state retirees have contacted colleagues with concerns about the diminution of University support for them. 6) Emeriti access to research and other facilities has come under scrutiny recently.

Davis: 1) The divisional CFW continues to discuss strategies to address salary and salary equity issues. 2) Accessing care under UC Care continues to be an issue. 3) The competing priorities of commercialization, compliance, and research are receiving more attention. 4) Retirees are concerned about the quality and level of service available through the systemwide Retiree Administration Service Center (RASC) as opposed to that previously available at local offices.

Irvine: 1) The campus has a new chancellor; hopes are high for positive changes. 2) Child care access needs to be improved. 3) The faculty housing program is changing, and the local CFW will closely monitor them.

Los Angeles: (not available)

Merced: 1) Access to care in UC Care is problematic; for example, an absence of Tier 1 radiologists has been reported. 2) Diversity in recruitment and retention is being investigated. 3) Faculty mentoring needs to be improved. Best practices and alternative strategies are requested.

Riverside: 1) A campus-by-campus analysis of the Total Remuneration study is requested. 2) Campus advancement practices vary, and it is unclear what impact this has on promotion and pay. For example, the role of service is valued inconsistently across campuses, and differential appreciation for books, chapter, and articles is common.

San Diego: In addition to many of the topics above, how best to communicate the work of CFW to campus colleagues is under discussion.

San Francisco: 1) Access to care under UC Care is challenging, as is billing. 2) The impacts on recruitment of the 2013 UCRP Tier are still unknown. 3) Follow-up to climate surveys is needed.

Santa Barbara: 1) Access to care under UC Care continues to be a struggle; indeed, accessing health care in Santa Barbara is a challenge exacerbated by UC Care. 2) Improving the Isla Vista community is a priority. Many stakeholder groups are involved in discussions, including the UCSB Foundation, neighboring landowners, and public offices. Faculty welfare is impacted when students and faculty and staff do not feel safe; service is to the community, not just the institution.

Santa Cruz: 1) A campus by campus analysis of the Total Remuneration study is requested. 2) Accessing care under UC Care continues to be difficult. 3) A housing shortage is looming, and construction costs are prohibitive. 4) Child care remains absent on campus.

CUCEA: 1) There is not yet an emeriti association at Merced which impedes facilitating mentoring. A broader call will be encouraged. 2) Solvency during retirement in the face of decreasing University support for benefits is a significant concern. 3) The affordability of health care and prescriptions is of particular worry.

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

Dwaine Duckett, Vice President

1. Open Enrollment 2015

Issue: Vice President Duckett reported that there were no major changes to the benefits options offered by the University this year. Last year's changes, though, did help to avoid large increases this year. This year's cost increases will be the same dollar amount for all pay bands, per insurer. This increase pattern is at President Napolitano's request and was helped made possible by additional bargaining with the UC medical centers.

Discussion: Members noted that UC will bear more of the premium this year, not less. VP Duckett indicated that internal funds were made available for this expense at the President's request. Members wondered if another benefits "road show" would be scheduled for this year. VP Duckett said no; his office's briefing of benefits officers combined with the lack of substantial changes obviates the need. The dental and vision plans are relatively unchanged, and the HMO health plans are adding chiropractic and acupuncture. Members noted that the dental expenditure cap will not cover a single crown, and but others noted that the benefit's strength is in covering preventive care.

Members asked if the new FSA roll-over was available to UC employees. VP Duckett indicated that this year, the standard 3-month grace period would apply, and that unspent funds up to \$500 may roll-over into the next plan year starting with 2015 balances. Members asked if the benefits satisfaction survey results were ready to be shared. VP Duckett said the analysis was nearly complete and that the largest surprise so far is that reported access problems were greater under HealthNet Blue & Gold than under UC Care. Overall, though, satisfaction with plans was good.

VP Duckett noted that ACA "Cadillac" taxes begin in 2018, and UC offerings are near the limit. As a result, less generous plans may be offered in the future. Nationally, Health Savings Accounts, catastrophic coverage, and HMOs are the trends; PPOs are disappearing from the national market.

Members asked if provider changes were expected for UC Care, and VP Duckett indicated no. Providers can opt in or out of the plan. Members asked how UC Care was encouraging new providers to join, but the UC Care marketing plan is not HR's responsibility. Nonetheless, UCLA medical center expansion northward does help to open new markets. Members inquired if UC Care would change its internal billing practices or rates, and VP Duckett indicated they would remain the same so far as he knew. Members will see some rate reductions in ambulance and emergency services under UC Care. Specialty drug coverage remains unchanged, but a new out-of-pocket maximum should help many enrollees. Members wondered if UC Care required the same rates from all providers, and VP Duckett said the rates depend on markets and in-house practices.

Members asked if retiree Medicare supplements would be bolstered similar to actives' premium contributions. VP Duckett said that the retiree contribution would decline another 3% per policy, even as plan costs increase. He added that final rates have still to be determined. Members asked what is causing the cost of retiree coverage to climb so steeply, given that preliminary figures show a doubling of costs to some

retiree population segments. VP Duckett noted that there was a utilization oddity last year and that changes to prescription coverage are behind the increases. Data will be shared for evaluation.

Members asked how much inter-plan migration was anticipated this year. VP Duckett speculated that Kaiser might see some growth, but other migrations could not be anticipated. Members inquired if Kaiser has plans to expand its service areas, and VP Duckett indicated that his office has no information on that.

2. Health Care Overview

Note: See above.

VI. Health Care Task Force Update

Bill Parker, Immediate Past HCTF Chair

Joel Dimsdale, UCFW Chair

1. UC Care

Note: See Item V.1 above.

2. Retiree Coverage

Note: See Item V.1 above.

3. Rates for 2015

Note: See Item V.1 above.

4. Pay Bands

Note: Item deferred.

5. Optum and Mental/Behavioral Health

Note: Item deferred.

VII. Task Force on Investment and Retirement Update

Jim Chalfant, TFIR Chair

1. UCRP Returns and Liquidity

Issue: Last year's borrowing of \$700M was a good step, but more borrowing needs to be taken. TFIR requested some additional modeling of the UCRP funding ratio, and it seems to have helped persuade the administration that additional borrowing was good business in this case. Last year's UCRP returns of 17% were exceptional, and are not expected to be repeated year over year. As a result of unusually high returns, the UCRP unfunded liability is down to \$6.9B from around \$10B.

2. Sustainable Investment

Issue: Chair Chalfant noted that TFIR will soon meet with Chief Investment Officer Bachher to discuss strategies. The first step is to determine a framework.

VIII. Systemwide Review Items

1. Proposed Changes to "Stop the Clock" Provisions APMs 133, 210, 220, 760

Action: Vice Chair Moore will serve as lead reviewer and report back next month.

2. Proposed Changes to Medical Separation (APM 080) and Specialists series (APM 330)

Action: Davis Representative Lubin will serve as lead reviewer for APM 080 and report back next month.

Action: Irvine Representative Parker will serve as lead reviewer for APM 330 and report back next month.

3. Management Review Items

a. APM 279 (Volunteer Clinical Faculty)

Action: San Francisco Representative Rehm will serve as lead reviewer and report back next month.

b. APM 360 and 210 (Librarians)

Action: Berkeley Representative Gergen will serve as lead reviewer and report back next month.

IX. New Business

None.

Adjournment at 3:30 p.m.

Minutes prepared by Kenneth Feer, Principal Analyst

Attest: Joel Dimsdale, UCFW Chair