I. Chair’s Announcements
John Oakley, UCFW Chair
Chair Oakley began the meeting by distributing the following handouts: 1) memo on the 2005 random audit of UC Health & Welfare Plan enrollees; 2) article from FundFire.com, “DB Supporters Unite to Battle Schwarzenegger;” 3) draft Statement of Core Values of the University of California; 4) Investment Performance Summary for the Fourth Quarter of 2004.

- Chair Oakley reported that the Academic Council had nominated him to serve as the 2005-2006 Academic Council Vice-Chair. The Assembly will be asked to approve the nomination in March.
- Chair Oakley asked UCFW Vice-Chair Russell to coordinate the development of the committee’s recommendations to the University Committee on Committees (UCOC) for the next vice-chair of UCFW.
  **Action:** Chair asked members to submit their recommendations for the next UCFW Vice-Chair to Vice-Chair Russell in advance of UCOC’s March 1 meeting. By agreement with UCOC, the committee will also be able to submit additional recommendations following UCFW’s March 11 meeting, when this issue will be discussed further.
- Chair Oakley reported that the revisions to the draft Statement of Core Values that have been proposed by the Regents’ Audit Committee are a matter of some concern.
  **Action:** Chair asked members to review the revisions proposed by the Regents, as well as the additional revisions proposed by Chair Oakley, and to email him their comments.
- **Action:** Working with Chair Oakley, HCTF Chair Simon and UCSF Representative Newcomer, Vice-Chair Russell agreed to develop an informational sheet on available long-term care options that can be included with the March agenda materials. The possibility of bundling a long-term care policy with the current disability plan offered by UC will also be considered.

II. Consent Calendar
1) **Action:** The minutes of the January 21, 2005 meeting were approved as amended.

III. Consultation with Senior Vice President-Business and Finance
Joseph Mullinix
Sr. Vice President Mullinix explained that, in his State of the State address, Governor Schwarzenegger proposed pension reforms that would move the state pension system from a defined benefit plan to a defined contribution plan. The Governor’s proposed reforms could be implemented through several Constitutional Amendments that are currently being considered.

- **ACA 5.** ACA 5 authored by Assemblyman Richman would establish the California Public Employee Defined Contribution Plan. The measure would provide that as of July 1, 2007, any person hired as a new employee by a public agency may enroll only in a defined contribution plan of a public pension or retirement system and is prohibited from enrolling in a defined benefit plan. The measure would limit employer contributions to a defined contribution plan to a percentage of employer payroll; the bill does not define these percentage limits nor specify required employee contributions. UC is not
specifically mentioned but may be included in the broad definition. Any changes in the amendment would require the Legislature to approve identical bills in two legislative sessions by a 3/4 vote.

- **The Special Session and ACAX1.** Assemblyman Richman authored a second constitutional amendment for consideration during the special session called by the Governor. ACAX1 contains all the provisions of ACA 5 but specifically includes both UC and CSU. For either ACA 5 or ACAX1 to be enacted, they would have to pass the Legislature by a 2/3 vote and then be placed on the ballot where they would need to receive a majority vote.

- **The Jarvis Initiative.** The Jarvis initiative is similar to ACA 5 and ACAX1 in that it would end defined benefit plans for new employees, and it specifically includes UC and CSU. A new feature is that it would limit employer contributions to no more that 6% of an employee’s salary. In addition, any employer providing more than 3% toward a plan must require the employee to contribute $1 for every $2 contributed by the employer, up to the permissible limit. It includes a requirement of a 3/4 vote of the Legislature in two consecutive sessions to make any changes. If the initiative qualifies for the ballot, it would require a majority vote to be enacted. UC has been unsuccessful in its efforts to be removed from this initiative.

- **UCLA Faculty Association Initiative.** The UCLA Faculty Association has submitted an initiative to the Secretary of State that is identical to the Jarvis Initiative except that it specifically excludes employees of UC and UC’s DOE Labs. If this initiative and the Jarvis initiative qualify for the ballot, the one with the most votes would become law.

The Budget and Fiscal Review Subcommittee is scheduled to hold hearings over the next several months on the budget implications of the Governor’s pension plan reform. If the Legislature does not back one or the other of the Richman bills, it is likely that the Governor will support the Jarvis Initiative. UC should therefore begin thinking about how it would structure a plan within the provisions of the Jarvis Initiative.

**IV. Faculty Salary Issues**

Robert Newcomer, UCSF Representative

**Issue:** At the October meeting, UCFW considered its funding priorities for UC’s 2005-06 budget. During that discussion, the UCSF Representative raised the question of whether UCFW might want to explore alternative funding for faculty salaries. It was agreed that he would lead an in-depth discussion on this issue at a future meeting.

**Discussion – Alternative Funding for Faculty Compensation.** UCSF Representative Newcomer noted that, in the past, efforts to advance faculty salaries have focused on a comparison-8 formula for income parity and on how to raise revenues from the state budget and student fees. He suggested that the time has come to begin thinking of constructive alternatives to the current salary structure system. One example that could serve as a model for generating the needed resources for faculty salaries and other uses is the clinical compensation plan that has been successfully used in UC’s Schools of Dentistry, Medicine, Nursing, and Pharmacy for more than 25 years. Among the virtues of this system are:

- It directly rewards productivity
- Rank and step are not inflated nor accelerated in order to generate higher salaries
- Salary increases for one individual or unit do not compete against other units for limited FTE base salaries
- Consulting and other outside income is tightly limited

Newcomer directed attention to a table on agenda page 9 that illustrates how this type of compensation plan generates savings, taxes, and reserves. He proposed that UCFW begin to
work with the University Committee on Academic Personnel (UCAP) and OP administrators on
the further development of this or a similar plan. He noted that UCFW and the Senate should
play a significant role in whatever plan is ultimately developed.

V. Proposal – New Directions in Faculty Compensation

Ellen Switkes, Assistant Vice President-Academic Advancement
Jill Slocum, Coordinator- Health Sciences Compensation

Compensation Plan Proposal. AVP Switkes reported that according to the CPEC methodology,
it is anticipated that UC will lag behind its comparison 8 by about 14% next year, and there is
little hope that the University will be able to close the gap in the near term. Because of this, it is
time to think of ways to augment faculty salaries. Switkes and her staff have been working on a
new compensation plan that would allow grant income to fund regular faculty salaries. A
concept proposal will be ready to present to UCFW at the March meeting.

Action: AVP Switkes will present a concept proposal on faculty compensation at the
March 11 UCFW meeting.

Academic Program Units (APUs). At the January meeting, a question about the possibility of
pension spiking at UCSD was raised by the UCSD Representative. In response, Coordinator
Slocum reported that last spring her group surveyed the APUs throughout the system, paying
particular attention to those with 10 or fewer members and the ages of the members, and no trend
toward pension spiking was detected. UCSD Representative Printz distributed a handout on the
distribution of APUs in the Health Sciences’ at UCSD and a discussion sheet on the APUs’
corrupting influence on academics. In his view there are three major issues: the potential for
pension spiking; the large number of APUs as a consequence of assigning fiscal responsibility to
departments and/or divisions rather than a larger unit; and inequities between faculty with
equivalent training and academic responsibility, some of whom are invited to become members
of the Health Sciences faculty while others cannot access the health sciences compensation plan.

VI. Consultation with Vice President-Budget

Lawrence Hershman

State Budget. Vice President Hershman provided an update the 2005-06 budget. He reported
that indications are that the budgets proposed by the Governor for higher education will hold.
UC will continue to lobby for restoration of funds for the student academic programs. Budget
hearings in Sacramento will begin at the end of February.

Federal Budget. A presentation on the federal budget will be made to the Regents at their March
meeting. In the President’s proposal, discretionary spending, which funds research, education,
financial aid and other programs, is down by 1% and will not keep pace with inflation.

Accrued Debt. UC has accrued a large amount of debt over recent years and is reaching a point
where it will no longer be able to take on additional debt. The University will need to begin
examining its spending priorities.

COLAs: The University could implement the 1.5% COLA July 1 or wait until October 1, which
would result in a slightly increased COLA. What is faculty’s preference?

Action: UCFW recommended deferring implementation of the COLA until October 1.

VII. Draft Excess Units Fee Policy

John Oakley, UCFW Chair
Lawrence Hershman, Vice President-Budget

Issue: Provost Greenwood and Vice President Hershman have asked for Senate comment on a
proposed fee policy that would apply to California resident undergraduate students who enter as
freshmen or transfer students beginning Fall 2005. The proposed policy was drafted in
accordance with provisions in the Compact related to state funding for undergraduate students who begin a term with more than 110 percent of the UC units required to earn a degree. The Academic Council has requested committee responses by February 15.

**Action:** Given that UC will implement this or a similar policy on excess units, UCFW voted to endorse the proposal provided that by expressed or implied exception, the following categories of students are not unduly prejudiced by this policy:

- Students who have accumulated units through participation in UC’s Education Abroad Program, the UCDC Program and/or the UC Sacramento Program
- Students who needed to change majors because of initial academic difficulty in their original course of study
- Students who have accumulated units in courses primarily consisting of directed research
- Students who were unable to gain timely access to courses due to enrollment crunches in some majors

It was noted that the last category raises serious questions about faculty workload and there needs to be a careful assessment by the campuses to determine the actual extent of this problem.

**Action:** UCFW will raise the issue of over-enrollment in core courses with Provost Greenwood, who has expressed an interest in attending one of UCFW’s meetings.

**Action:** Chair asked Vice-Chair Russell, UCD Representative Chalfant and UCI Representative Haynes to develop an agenda item on over-enrollment for discussion with the Provost at either the March or April meeting, depending on her availability.

**VIII. Update on January 31 UCFW Health Care Task Force Meeting**

**- Auditing False Claims of Dependent Status for Health Insurance**

**Harold Simon, Chair**

HCTF Chair Simon briefed the committee on the issues discussed by members of the UCFW Health Care Task Force during their January 31 meeting.

**Audit of UC Health & Welfare Plan Enrollees.** In May 2005, the HR&B will conduct a systemwide random audit of the eligibility of family members who employees have enrolled in their UC health and welfare plans. The audit is conducted to verify that only those who are eligible are enrolled. About twenty percent of all UC employees and retirees enrolled in medical plans will be audited. UC will de-enroll an employee and all family members for 12 months from any plan in which an ineligible person is enrolled. The University will be strictly enforcing this rule in 2005, because plan coverage for ineligible people drives up the costs paid by employees, the University and the UC-sponsored plans. It is estimated that between 8% and 20% of dependent health care enrollees are ineligible. The process will be designed to inform people a number of times in advance about the audit and to clarify who is eligible.

**Action:** There will be a follow-up discussion of the actual audit process at the March 11 meeting. Joe Lewis, Director of HR&B Communications and Customer Service will be invited to lead the discussion.

**Action:** Chair Oakley will take the lead, with the help of HCTF Chair Simon and Vice-Chair Russell, to formulate a UCFW policy statement in support of the audit in time for discussion and approval at the March meeting. The statement will emphasize the cost of the employee abuse and the need for UC’s strict enforcement. If the committee can agree on a statement, it will be submitted to the Academic Council with a request for its endorsement.

**Dental Insurance.** The HCTF addressed the issues that were raised by UCFW at the February meeting, which were catastrophic coverage, the Delta Network, implants and increasing the
annual amount of the insurance. The committee raised these issues with Delta Dental representatives who were invited to attend the HCTF meeting. Their responses were:

- **Catastrophic Coverage.** Catastrophic coverage is not offered because most dental problems are preventable and catastrophic incidences are often covered by medical insurance. It was suggested that the Campus Benefit Managers should be consulted if there is a disjunction between the dental coverage and medical coverage.
- **Provider Relations.** Delta works hard with dentists who express any dissatisfaction and the majority of those remain in the network.
- **Implants.** If the cost of implants falls within the $1,500 maximum allowed, then that portion of the cost will be covered. Most implants are in excess of $4,000 to $6,000.
- **Increases in Annual Coverage.** According to Delta’s estimates, increasing the annual coverage would benefit about 1.2% of Delta’s UC enrollees.

Before the April meeting of the HCTF, HR&B will provide more information on coverage for implants, increasing the maximum yearly coverage level, the coverage gap between the medical and dental insurance, and provide data on catastrophic coverage.

**Health Savings Accounts (HSAs).** With respect to the HSAs issue, the HCTF formally adopted the draft memorandum, with some further elaboration, that UCFW received in January.

**Pilot Program for Prescription Drugs.** There is a pilot program at three UC medical centers – UCD, UCI and UCSD - that permits Blue Cross members to pay a two-month co-pay amount for a three months supply of prescriptions drugs. This price would ordinarily only be available through mail order. According to reports from several of the participating campuses, this is a highly successful program. The intent now is to work with the other health plans to develop a similar program.

**HCTF Meeting Minutes.** The draft minutes of HCTF’s January meeting will be distributed to UCFW members as soon as they have been reviewed and approved for circulation.

IX. **Proposed Amendment to Senate Bylaw 128-Subcommittee Membership**

**John Oakley, UCFW Chair**

**Issue:** The proposed amendment to SB 128 would require that the Committee on Committees (UCOC) appoint all members of a subcommittee or task force formed by a standing committee who are not currently members of the standing committee. The Academic Council has requested committee responses by March 14.

**Action:** Because UCFW wanted more information on why this amendment was being proposed, action on this item was deferred to the March 11 meeting.

X. **Executive Session**

XI. **Campus Implementation of Parking Principles**

**UCFW Campus Representatives**

**Issue:** In June 2002, UCFW formulated a set of campus parking principles that were unanimously approved by the Academic Council and sent to OP administration with a request that they be forwarded to the chancellors. Campus representatives were asked to provide an update on how these parking principles are being implemented on their campuses.

**Overview.** Chair Oakley noted that the two most important principles were principle #4 on replacement parking, and principle #5 on the equitable distribution of parking costs. This discussion will be a running item on UCFW’s agenda for the remainder of the year. The goal is to ascertain how much progress, if any, has been made since the parking principles were distributed and to identify areas where further improvement is needed. Depending on the
findings, UCFW will draft a memorandum to OP administration asking for better implementation of this policy.

**Campus Reports:**

- The UCSB Rep will report back at the March 11 meeting, since his meeting with the UCSB Parking Services is scheduled to occur one week following this meeting.
- The UCSC Rep reported that although UCSC has a transportation advisory committee with representation from faculty, student and staff, the Senate feels that it has not been fully consulted on recent parking issues. The UCSC FW is planning to form a subcommittee on parking because of difficulties obtaining information on parking issues.
- At UCD, parking is also a shared governance issue. There is an Academic Senate committee and there is also a chancellor’s advisory committee on transportation and parking services that was formed in response for repeated requests for more information that was not forthcoming.
- The UCLA Rep requested that the Parking Principles be issued as an official document of the Academic Council. She plans to send that to the parking services administration, and ask them for a report based on the principles.
- The UCB Rep reported that the UCB faculty committee on parking disbanded because it could not get the information that it asked for. The former chair of that committee is now the co-chair of the chancellor’s committee on parking, together with the Asst. Vice Chancellor of Business Services. The joint committee has been much more successful in getting information.
- The UCSF Rep reported that there is a joint staff/senate committee on parking. The campus receives a detailed report from the parking division every couple of years. Parking at UCSF is not a major issue at present.
- The UCR Rep noted that in her survey of parking services staff and parking committee members there appeared to be a low volume of complaints about parking on the UCR campus. She could not find any direct evidence of violations of the parking principles, though the parking committee members who were consulted reported that they had never seen the principles.

**Action:** Committee Analyst will redistribute the UCFW Parking Principles as an official document of the Academic Council.

The meeting adjourned at 4:00 p.m.

Minutes prepared by:
Betty Marton, Committee Analyst

Attest: John Oakley, UCFW Chair