

**Minutes of Meeting – February 15, 2008**

**UCOP Room 5320, Oakland, CA**

**I. Chair's Announcements**

- **Jim Chalfant, UCFW Chair**

UCFW Chair Chalfant welcomed UCFW members, consultants and guests to the meeting. He then reviewed the meeting agenda and announced that the scheduled agenda items may require adjustment throughout the day.

**II. Consent Calendar**

- Approval of the January 18, 2008 Meeting Minutes

**ACTION:** UCFW members approved the consent calendar via unanimous consent.

**III. APMs 710, 711 and 080 (Sick Leave; Reasonable Accommodation; and Medical Separation): UCFW Response to the Academic Council**

- **Jim Chalfant, UCFW Chair**
- **Helen Henry, UCFW Vice Chair**
- **Jill Slocum, Executive Director, Academic Personnel**
- **Gregory Sykes, Acting Director, Health Sciences Compensation**

**ISSUE:** The Academic Council has charged UCFW with reviewing the comments submitted by Senate committees and divisions last month on the proposed revisions to APMs 710, 711 and 080, and submit a response to Council for further consideration. Academic Advancement has prepared a summary memorandum for UCFW's review this month, and UCFW will conduct a final review of this issue at its March 14 meeting. A subgroup has taken the lead on this matter, consisting of Chair Chalfant, Vice Chair Henry, Executive Director Slocum, and Acting Director Sykes.

**REPORT:** Executive Director Slocum reviewed with UCFW the Academic Council summary letter, and explained the parts of the APM policies that are still open for negotiation. UCFW Chair Chalfant then reported on the main issues raised during the Senate review process, including whether to specify the role of the campus Privilege and Tenure committees within the APM provisions, and whether issues specific to Health Sciences faculty should be included during this review period.

**DISCUSSION:** UCFW members agreed that it is unwise to dictate specific roles of Senate committees in the APM, and that Health Sciences faculty should not be treated differently or separately from the general faculty population in terms of benefits. Members, however, noted that although all faculty should have the same benefits, the issues raised by Health Sciences faculty, including retirement matters, should not prevent the substance of these APM policies from going forward. Faculty need to know their entitlements to sick leave, medical separation and reasonable accommodation benefits as soon as possible. Most then agreed that the Health Sciences faculty issues could be addressed in the upcoming review of APM 670.

**ACTION:** UCFW members will review the APM 710, 711 and 080 memorandum and submit comments to UCFW Chair Chalfant. A revised memorandum will be discussed at the March 14 UCFW meeting.

**IV. Consultation with UCOP – UC Budget**

- **Debora Obley, Associate Vice President, Budget**
- **Dan Greenstein, Vice Provost, Academic Information & Strategic Services**
- **John Barrett, UCOP Financial Management**

**REPORT – UC and State Budgets (Associate Vice President Obley):** Extensive consultations are being conducted regarding the state of the UC budget, including the Senate, The Regents, Chancellors, and other UC stakeholder groups. UCOP is in a process of collecting feedback and analyzing budget scenarios to present to The Regents at their March meeting. Budget decisions concerning UC priorities, including student enrollment, continuation costs for faculty and staff salaries, the faculty salary plan, and faculty merits, will create difficult trade-offs elsewhere in the UC budget since the only revenue coming in to UC will occur through unallocated cuts at the campuses. Campuses will need to carefully manage their enrollment figures this year and next because little UCOP support will be available due to the tight budget. The May budget revise will allow for a better understanding of the state's complete budget picture, including the full impact on the UC budget. The Legislature is focused on UC's actions related to student fees, as well as its restructuring initiative and whether efficiency and accountability measures will be realized.

**REPORT – UCOP Restructuring Initiative (Vice Provost Greenstein):** The \$68 million in expected UCOP administrative savings is a figure that has been released in the public realm, which does not have an exact source at this time in terms of cuts at UCOP or the campuses. UCOP is currently undergoing a restructuring effort split into four phases. Phase One includes the letter in fall 2007 from Regent Chairperson Blum concerning UCOP and President Dynes, followed by a diagnostic report from the Monitor Group, which describes the challenges faced by UCOP. These include UCOP's role as a gatekeeper and controller, and not an enabler; and that UCOP is slow, unresponsive and bloated. Monitor's report was based ultimately on interviews and surveys conducted both at the campuses and at UCOP. Phase Two ended in December 2007 with an extensive evaluation of UCOP-HR&B roles and duties; UC's capital planning processes; a systemwide group that determined the ultimate roles of UCOP and the President's role vis-a-vie The Regents and the Chancellors; developing an entirely new budget process for UCOP that had never been done before; and managing the new state budget crisis and corresponding vacancy control and voluntary separation efforts at UCOP. Phase Three is currently underway, evaluating data from UCOP's new budget process and the roles of UCOP as defined by the systemwide evaluation group to determine what UCOP has been doing vs. what it should be doing. The Monitor Group has determined that (1) the majority of UCOP activities do not support the President's key functions – that of guardian of the public trust, academic leader of the institution, chief executive officer, and primary external advocate; and (2) UCOP requires a new structure to consolidate UCOP's fragmented roles in order to reflect its new roles in support of the President. Phase Four will include implementation of the new UCOP organization as defined by the first three phases. The upcoming March Regents meeting will include a

presentation on the new UCOP structure and UCOP budget, with additional action expected at the May Regents meeting.

**DISCUSSION:** UCFW members expressed concern for the rapid implementation of the UCOP reorganization initiative, questioning the wisdom of encouraging a mass exodus of good UC employees with the potential to leave UCOP as a shell of its former self. Members encouraged Vice Provost Greenstein to support extensive communications efforts with current UCOP employees on this process. UCFW also expressed concern for the Senate consultation process during the entire restructuring effort, pointing out that only now during Phase Three is the Senate being consulted. The Senate had no apparent role in the diagnostic and analytic phases of this initiative in the fall. Members then discussed specific concerns related to current UCOP functions that are subject to outsourcing, and asked about any known cost savings and how they align with the restructuring principles as identified by the Monitor Group. Vice Provost Greenstein stated that such determinations will not be made on the basis of cost savings, but rather on the overall goals for the new UCOP mission. UCOP realizes the need to create better strategy development processes, which include the Senate, and is working to improve its service-oriented goals. UCFW members strongly emphasized the Senate's deep engagement in these issues, and requested an increased decision-making role as early in the process as possible.

**REPORT – Proposed UC Cell Phone Policy (Financial Management Analyst Barrett):** The proposed policy was developed as a result of two payroll audits at UCLA and UCSD, as well as new IRS reporting rules related to cell phones as personal and business use items. UCOP conducted surveys at other universities and institutions regarding allowance routes for cell phone use by employees, and developed the current policy proposal. The policy was seen by UCOP staff, Executive Vice President Lapp, and the Council of Chancellors, which approved the policy to be presented to The Regents in March. Recent proposed federal legislation, however, has put this plan on hold. The federal Mobile Cell Phone Act proposal, if enacted, would update current, outdated cell phone policy from 1989 that treats employee cell phones as luxury items. The new federal legislation would treat cell phones as a necessary part in employees' performance of their jobs, like a computer or land line phone, which would not require extensive documentation by the employee. UCOP is awaiting developments in the federal arena before moving forward with the proposed UC Cell Phone Policy. If federal action is not taken by November, however, the proposed UC Cell Phone Policy would need to be enacted by 2009 in order to comply with current IRS rules. Faculty and other interested UC employees should contact their campus controllers' offices for additional information.

**DISCUSSION:** UCFW members were pleased to hear the proposed UC policy is currently on hold, but emphasized that should the policy go forward, UCFW would assert that it undergo the regular Senate review process. Members also discussed the particular burden that the proposed UC policy would place on Health Sciences faculty, and noted that they should be heavily consulted. UCFW members agreed to consult with their divisional committees on the proposal, and report back any comments now, although they may be premature. Further, Chair Chalfant suggested that UCOP should seek early input with other Senate committees who have expertise in information technology matters.

**V. Consultation with UCOP – Human Resources & Benefits**

- **Randy Scott, Executive Director, Policy & Program Design, HR&B**
- **Gary Schlimgen, Director, Retirement Planning, HR&B**
- **Mark Esteban, Director, Policy & Program Design, HR&B**

**REPORT:** Executive Director Randy Scott reported on the following topics of interest to UCFW:

- A. UCRP Shared Oversight Structure: UC senior leaders are continuing efforts to develop a proposal to respond to the Legislature on this issue, for eventual approval of The Regents.
- B. SMG Policy Review Update: The Regents will discuss SMG governance policies at their March meeting. Once the policies are aligned, they will be released for full review with final approval by The Regents in May at the earliest.
- C. Clinical Enterprise Workgroup Update: This work group was developed out of a UCFW-Health Care Task Force initiative to create an ongoing dialogue with the UC medical centers concerning medical services and health plans. The group includes representatives from UCOP HR&B, UCOP Clinical Services, and the medical centers, and have held a couple meetings this year. They have begun to identify potential initiatives to pursue in the future, which seek to possibly leverage the influence of the five medical centers together.
- D. Potential New START Program: The START program is yet another UCOP cost-saving initiative being discussed, along with the voluntary separation program, in light of the pending state budget crisis. Cost analyses and other data are being collected from the campuses in preparation for potential budget cuts. The START program proved successful in saving a huge amount of money for UC in prior difficult budget years. UCFW will continue to hear updates on this issue at future meetings this year.
- E. Roth 403(b) (Director Gary Schlimgen): HR&B staff have taken the lead in exploring a potential Roth 403(b) investment option for UC employees, upon the suggestion of UCFW members. Preliminary discussions with Fidelity note that implementation of a Roth 403(b) plan appears feasible at this time for UC. HR&B will continue to explore this issue and report back with further developments.
- F. HealthNet – PacifiCare Co-Pay Grandfathering (Director Mark Esteban): During fall Open Enrollment, HR&B undertook a large transition effort for employees formerly enrolled in the PacifiCare plan, which was terminated as a plan option. Most employees elected Health Net, and during the transition period at the end of December/early January, differential co-pay rates resulted and formulary changes were not implemented as originally scheduled. Most of the problems have been resolved, and co-pay refunds are being distributed to effected employees. Faculty are encouraged to contact their local benefits offices for additional assistance and information if necessary.

**VI. Report: UCFW Task Force on Investment and Retirement (TFIR)**

- **Bob Anderson, TFIR Chair**
- **Randy Scott, Executive Director, Policy & Program Design, HR&B**
- **Gary Schlimgen, Director, Retirement Planning, HR&B**
- **Tim O'Beirne, Deloitte Consulting**

**REPORT:** TFIR Chair Anderson led the discussion of the following issues of interest to UCFW:

- A. UC Retiree Health Liability Assumptions – GASB Disclosure Rules  
Note: This agenda item was conducted in Executive Session. Minutes, aside from action items, are not prepared for this portion of the meeting.
- B. UCRP Funding Policy / Amortization Schedules – Next Steps: UC has yet to restart employer and employee contributions to UCRP, and is awaiting reassurance from the state regarding recognition of the state's obligations to fund UCRP. UCFW continues, however, to endorse the view that UC should work to restart contributions to UCRP as soon as possible, in order to start contributions at a lower, manageable level for employees and the University than will eventually be required.
- C. PERS Plus 5 Plan COLA / Plan Termination Options: Last fall, UCFW supported a plan to give a COLA to PERS Plus 5 Plan participants, but the plan was rejected by The Regents in January. HR&B has since been working on a revised proposal that addresses The Regents' concerns. UCFW expressed its view that a COLA should still be implemented for those in the PERS Plus 5 Plan, out of justice and fairness principles. The Office of General Counsel is reviewing HR&B's revised proposal, and they plan to return to The Regents later this year for approval. UCFW noted that the larger issue implicated here is the future of UC's historical commitment to provide COLAs for all UC retirees. UCFW will continue to follow this policy question at future meetings.
- D. UCRP RFP: UCFW has identified many concerns with the planned release of the RFP for possible privatization of UCRP administration, including that the timeline for releasing the RFP is not adequate for full Senate consultation and review. UCFW has drafted a letter to Council Chair Brown conveying this message, which will be considered during Executive Session later today. A second set of concerns involves follow-up issues resulting from the potential transfer of UCRP administration to an outside entity. UCFW will continue to stay involved in this matter, and work to create an acceptable review timeline with UCOP leadership.

**Action:** The UCFW draft letter regarding concerns for the possible privatization of UCRP administration will be considered over email with UCFW members, and submitted to the Academic Council for consideration at its February 27 meeting.

**VII. Consultation with UCOP – Academic Personnel**

- **Nicholas Jewell, Vice Provost, Academic Personnel**
- **Jill Slocum, Executive Director, Academic Personnel**

**REPORT – APM 670 (Health Sciences Compensation Plan) (Executive Director Slocum):**

Executive Director Slocum distributed a handout to UCFW members regarding possible changes to consider in this pre-review of APM 670. She reviewed the document, noting that retirement issues are not included in this APM policy revision, and requested specific feedback from members. Going forward, a working group consisting of UCFW and UCAP representatives, other Health Sciences faculty, and Academic Advancement staff will work towards developing a draft policy by the end of spring 2008.

**DISCUSSION:** UCFW members agreed with the plan as outlined by Executive Director Slocum, and suggested that the draft document include the prior list of Health Sciences Compensation Plan (HSCP) issues identified by Council Vice Chair Croughan, and UCFW members Larry Pitts and Shane White in the fall. UCFW Chair Chalfant reported that he will work with Council Chair Brown to form the APM 670 working group, and also begin to work out a plan to address HSCP retirement issues.

**REPORT – Faculty Salaries Plan (Vice Provost Jewell):** Vice Provost Jewell stated that there is little news to report to UCFW on year two of the faculty salaries plan. The Faculty Salaries Workgroup met on January 24, and will not meet again until May. He emphasized that UC maintains its position to restore faculty salaries, in light of the budget constraints UC now faces. UCOP senior leadership is committed to this principle as its first priority, and is looking to implement year two of the faculty salaries plan. The structure of the year two plan is still under development, and could result in any number of funding scenarios. Salaries data requested by the Workgroup will not be available for review until mid-April. Lastly, Vice Provost Jewell reported on the issue of non-advancing faculty, first raised by The Regents in the fall. Campuses have submitted reports on so-called non-advancing faculty, and analyses show that the number of faculty at issue is too small to be concerned about.

**DISCUSSION:** One UCFW member reported hearing of faculty at some campuses who have mentioned possibly filing grievances with their privilege and tenure committees regarding their off-scale salaries under the implementation of year one of the faculty salaries plan. Others noted that no details or evidence of actual grievances are known yet, so it is difficult to comment at this time. Members also discussed plans at UCB to explore formalizing its half-step salary scale system, which would create 18 steps in the UCB professorial scales. Vice Provost Jewell stated that this proposal would create difficult timing problems in UC's efforts to implement the faculty salaries plan. He would rather urge campuses to support current efforts to overhaul the salary scales system instead of making smaller ad hoc changes. One UCFW member noted that campuses should instead prepare themselves to implement alternate salary scales plans should the UC budget not be able to support continuation of the faculty salaries plan this year. Vice Provost Jewell strongly emphasized that formal changes to the scales, such as the UCB half-step proposal, should be discouraged at the campuses because they already have the flexibility and authority to provide salary increases to individual faculty as needed. UCFW then held a general discussion concerning ways to improve communication of these matters to faculty in a way that is not confusing, and which does not offer false hope. Members agreed that a broad communication piece providing an overview of the faculty salaries plan and process would be very helpful to inform the general campus faculty.

## **VIII. UCFW Executive Session**

- A. UCPB “Cuts Report”
- B. TFIR Items, Continued

Note: These agenda items were conducted in Executive Session. Minutes, aside from action items, are not prepared for this portion of the meeting.

**ACTION: none.**

## **IX. UCFW Business: Proposals Under Systemwide Senate Review**

- Proposed Transitional Leave Policy for the Senior Management Group
- CCGA/UCEP/ITTP ‘Dialectic’ Paper on Remote/Online Instruction
- CCGA/UCEP Report on the Role of Graduate Students in University Instruction
- Reports of The Regents’ Task Force on University Diversity
- Internal Review of Draft Report from the UC Workgroup on Undergraduate Affordability

**ACTION: Consideration of the above items was postponed to a future UCFW meeting.**

**Meeting adjourned at 4:00 p.m.**

Attest: Jim Chalfant, UCFW Chair

Prepared by: Michelle Ruskofsky, UCFW Analyst