

UNIVERSITY OF CALIFORNIA

ACADEMIC SENATE

**UNIVERSITY COMMITTEE ON FACULTY WELFARE
MINUTES OF MEETING
FRIDAY, MARCH 16, 2007
UCOP ROOM 5320**

I. Consultation with UCOP – Human Resources and Benefits (HR&B)

- **Judy Boyette, Associate Vice President, HR&B**
- **Randy Scott, Executive Director, HR&B**

A. 2007 Mercer Total Remuneration Draft Report

Executive Session

Note: Minutes, aside from action items, are not prepared for this portion of the meeting. [No action]

B. March Regents' Meeting Update

1. LANL Asset and Liability Transfer: Associate Vice President Boyette announced that the Regents authorized the University to enter into two agreements that will implement the transfer of assets and liabilities from UCRP to the LANS Plan, and confirm the DOE/NNSA's continuing commitment to fund any shortfalls attributable to the benefits of LANL employees retained in UCRP, as well as to make any amendments to UCRP that are necessary to carry out the intent of the agreements. She then expressed her appreciation for the support of UCFW and TFIR in helping secure the future of LANL retirees and ensuring UCRS is funded.

2. GASB Trust for Retiree Health Funds

- **John Plotts, Assistant Vice President, Financial Management**

REPORT: John Plotts reviewed with UCFW members two items that were presented at the March Regents' meeting: Regents' item F8 (discussion item: establishment of a trust to support new Governmental Accounting Standards Board reporting of annuitant health benefit obligations), and the accompanying slides detailing item F8. Mr. Plotts explained that the proposed GASB trust is an administrative conduit necessitated by the new GASB reporting requirements. He noted that he does not see a single negative to creating the trust, and future decisions will need to be made about prefunding the trust. Lastly, Mr. Plotts reported that the Regents will act on this item at their May meeting.

ACTION: The UCFW Task Force on Investment and Retirement (TFIR) will discuss this item at their next meeting, and report back to UCFW in April.

3. Revised HHMI/Ludwig Proposal

REPORT: Executive Director Scott reported that the revised HHMI proposal was a discussion item at the March Regents' meeting, and will be presented as an action item on their May agenda. He noted that the Academic Council still has outstanding questions, and he is committed to resolving these issues before action is taken.

DISCUSSION: TFIR Chair Anderson noted that the proposal should be discussed at the next TFIR meeting as well, for a full analysis. Associate Vice President Boyette reported that the revised proposal is not exactly what the HHMI faculty requested, but that it responds to their concerns in a reasonable way that was both cost neutral to UCRP and identifies the campuses as paying for the associated costs. She noted that some disagreement exists with the cost calculations, but that the actuary has performed the calculations in the same way that UC would request for any other change under UCRP. TFIR Chair Anderson then pointed out at least one instance where the cost is overstated in the proposal. Associate Vice President Boyette stated that they are still finding out the facts, and once that is complete, they will be included in the actuarial experience studies.

ACTION: The UCFW Task Force on Investment and Retirement (TFIR) will discuss this item at their next meeting, and report back to UCFW in April.

C. Consensual Relationships Policy

REPORT: Executive Director Scott reported that he is currently collecting comments from campus leadership on the draft policy, and that he would like informal input from the campus faculty welfare committees before the policy is distributed for formal review. He requested that UCFW members take the draft policy back to their local committees, collect comments without taking a vote at this time, and submit the comments to his office through Chair French. Executive Director Scott requested particular attention be paid to potential conflicts with the APM, if any. He noted that HR&B would like to receive all UCFW comments by fall 2007.

ACTION: UCFW members will commence their informal review of the draft policy, collect comments from local faculty welfare committees, and report back to UCFW at the June meeting.

D. 2007 UC Medical Program Bid Update

REPORT: Executive Director Scott reported that they will be receiving final responses from the medical plan vendors next week. Next steps include working with the UCFW Health Care Task Force, including participation by UCFW member Shane White, to review the vendor responses. Executive Director Scott also announced that next week, UC will release their human resources consulting RFPs, which go out each year for contracts held by Mercer HR Consulting, Deloitte, Aon, and others.

E. Draft Adoption Assistance Program

- **Chris Simon, Director, HR&B Policy and Program Design**
- **Mona Litrownik, Coordinator, HR&B Policy and Program Design**

REPORT: Director Simon referred UCFW members to the draft policy included in the agenda packet, and announced that the next step in this process would be for his unit to coordinate with the health and welfare unit to commence administrative review of the proposed adoption benefit. This could potentially become part of the health and welfare bid for 2009. He noted that the draft policy provides reimbursement to employees who wish to adopt, at a suggested amount of \$2500, to at least show the University's commitment to the adoption benefit.

DISCUSSION: One UCFW member asked about a tax deduction option that may be available at the federal level for adoption. Director Simon noted that he is in contact with the University counsel on such tax issues, and will need to report back to UCFW. Another UCFW member expressed puzzlement regarding the apparent exclusion of adoption expenses for stepparents or other guardians, as well as concern for lesbian and gay couples in the requirements for establishing a legal relationship with a child. Director Simon acknowledged that the draft policy does not specifically address these issues, and his office will investigate and clarify these legal issues.

ACTION: Director Chris Simon will report back to UCFW at the April meeting concerning the questions raised above, and discuss policy implications for the proposed adoption benefit.

F. Other HR&B Updates

Collective Bargaining: Executive Director Scott requested that UCFW members try and dispel rumors circulating around the University concerning the medical plan bid this year. First, he clarified that the University is not reducing the number of plan choices available to employees, but the results of the RFP process might reduce the number of medical vendors; and second, that the University is not pulling back on its commitment to retiree medical benefits.

HR&B Visits to Campuses to Discuss Medical Plan Bid: Associate Vice President Boyette announced that her office will be contacting UCFW members and local Senate committees soon to request volunteers to assist them in visiting the campuses sometime in May. Their goal is to address the medical plan bid with campus leadership, staff, and faculty in appropriate forums, for a wide-ranging discussion of benefits and policy. She will have additional scheduling information once HR&B receives the medical plan bids.

Backup Childcare: UCFW Chair French reported that the committee is still working on collecting names of volunteers to work with HR&B on a backup childcare program, and will be in contact soon. She reminded HR&B that UCFW is still very interested in pursuing this initiative.

II. Consultation with UCOP – Budget Office

- **Larry Hershman, Vice President, Budget**

REPORT: Vice President Hershman reported on the following issues:

State Budget: Vice President Hershman reported that the state will experience a tough budget year due to reduced state revenues of \$1 billion since the original budget proposal. UC will continue to explore outstanding budget issues with the Department of Finance, including funding for student academic preparation and the restart of contributions to UCRP for the May revise. UC will also continue to oppose the Legislative Analyst Office's recommendations to cut UC's budget proposal, and its claims that UC's enrollment growth, marginal cost formula, COLA proposal, and student fee increases are all too high. Vice President Hershman expects a relatively difficult set of budget hearings to occur in the months leading up to the May revise.

UC Budget: Presentations were made to The Regents this month concerning the UC budget, including a proposal, consistent with the Compact, to raise law school fees ten percent overall, and raise undergraduate fees by seven percent systemwide.

DISCUSSION:

CPEC: Vice President Hershman discussed his views on the proposed new CPEC methodology included in the budget bill, noting that the budget office has fought against CPEC's desire to look at salary and benefits in their faculty comparability studies. It appears though CPEC might win this year, since the Department of Finance, Legislative Analyst and CSU are all proponents of the new methodology. If this happens, UC will comply in a way that makes the best case for its faculty. As for the budget bill language, the University is insisting that it be amended to include UC faculty representatives in the CPEC methodology discussions and planning. Vice President Hershman then requested that UCFW offer a volunteer to assist CPEC with this project, as the issue needs to be taken seriously.

Faculty Salaries: Vice President Hershman reported that for the salary money that was distributed to the campuses this year, it appears that the campuses put in additional money on their own to increase salaries, most likely for retention cases. The decision regarding how the salary money was split among merits, COLAs, and retention funding was made by Provost Hume. As for next year's salary money, Vice President Hershman believes that if UC can get a 5% salary increase in the budget, much more must be allocated for COLAs. Further decisions must be made, however, regarding how to deal with faculty who are at market, or off-scale, versus those who are below scale. Discussions should begin concerning the possibility of allocating differential COLAs. Decisions will not be made until after the May revise, and salary distributions will not occur until October.

Parking: Vice President Hershman reported on the staffing difficulties in his office right now, and had difficulty in identifying someone who could assist UCFW in moving forward with the committee's parking principles. He suggested that UCFW member Shane White contact him for further direction, but noted that there are many more pressing problems that need to be addressed within UCOP than parking.

Childcare Facilities: Vice President Hershman reported that seven campuses already have approved projects under the President's matching funds program, where money has been allocated; however he does not know the current status of the buildings. Three campuses are still at the beginning phase of their childcare planning (Santa Cruz, San Diego, and Merced). A discussion was held at the March Council of Chancellors' meeting, where the chancellors were alerted to the availability of matching funds, as well as the faculty's interest in pushing forward with the program. UCFW members asked if additional funding will be available, and Vice President Hershman stated that there is no more money left in the matching funds program. He has learned that the number of children being accommodated at existing campus childcare facilities is alarmingly low compared to the amount of money being spent. Lastly, Chair French raised a suggestion that all new campus construction should include childcare facilities. Vice President Hershman noted that such a plan would be extremely expensive, and that for operating purposes, separate childcare buildings seem to work best. He also noted that childcare facilities at Berkeley cost a lot because they are tied into academic programs.

III. Childcare – Next Steps

- **Susan French, UCFW Chair**
- **UCFW Members**

ISSUE: UCFW is considering how to move forward with assessing childcare needs at the campuses, and securing additional funding for childcare facilities. Also, members were asked to identify colleagues to work with HR&B in designing a proposed backup childcare program.

DISCUSSION: Chair French recalled Council Chair Oakley's suggestion at the February UCFW meeting for UCFW to provide a detailed report that could eventually be presented for the Regents' consideration. Chair French then suggested that the campuses write a childcare needs assessment report similar to the one prepared by the Davis campus, which could be assembled and sent forward to the Academic Council and the chancellors. Regarding backup childcare, Chair French requested that members identify volunteers at their campuses who could assist HR&B in designing a program. In addition, she announced her intention to distribute a set of questions regarding childcare needs, for UCFW members to poll a targeted group of colleagues and report back at the next UCFW meeting.

ACTION: UCFW members are encouraged to prepare a childcare needs assessment report, using the UC Davis childcare report as a model. UCFW members will report on their progress at the April 13 UCFW meeting.

ACTION: UCFW members are asked to identify volunteers to assist HR&B in designing a proposed backup childcare program, and distribute a set of questions to appropriate colleagues concerning their childcare requirements and requests, which UCFW will use to assess the needs of the campuses.

IV. UC/TALX Agreement for W2 Download – Faculty Concerns

- **Susan French, UCFW Chair**

ISSUE: At the February Council meeting, Chair French volunteered to investigate the events leading up to the UC/TALX contract, and draft a proposal for Council to act on at their next meeting. Following the February Council meeting, Council members received a memorandum from Kris Hafner, Associate Vice President, Information Resources and Communications (agenda enclosure 4), which details the UC/TALX agreement, concerns raised about the agreement, provisions for protection of employees' personal information, planned changes for the TALX participation process, and the Office of General Counsel's opinion regarding the agreement. The memo appears to answer many of the faculty's questions and concerns, and UCFW is to decide whether to propose further action to the Academic Council.

DISCUSSION: Given the memo from IR&C, Chair French suggested that at the very least, UCFW recommend that UC publicize widely to employees the procedures for deleting one's W2 information from the TALX database. Some UCFW members also suggested that the Office of General Counsel should revisit its opinion, noted in the IR&C memo, that the transfer of employee data does not violate UC policy. A few UCFW members went further, and recommended that the TALX program be cancelled altogether, as the benefits of the program do not outweigh the hassle and expense.

ACTION: Chair French will draft a letter on behalf of UCFW to the Academic Council reflecting the concerns and recommendations noted in the above discussion, for UCFW's review via email before presentation to the Academic Council in March.

V. Consultation with the UC Treasurer's Office

- Marie Berggren, Chief Investment Officer and Vice President, Investments

REPORT: CIO Berggren reviewed with UCFW members the Investment Performance Summary. She highlighted the non-U.S. equity column as experiencing extremely good performance. She reported that the Regents' Investment Committee sets the ranges of acceptable performance for each category, as well as risk parameters, and the Investment Office makes the actual decisions. All of the equities have been managed by external managers since 2002, who choose the stocks for their particular sectors. Last year the Regents decided to put real estate in UC's pension fund portfolio. Previously, the entire portfolio consisted of bonds and equity due to the Regents' assessment of their acceptable level of risk. As for venture capital, UC was compelled to disclose its portfolio to the public, which damaged its relationship with certain managers. CIO Berggren is confident that UC can eventually develop a structure to work with other venture capital firms in the future. In evaluating managers, CIO Berggren stated that they look at their managers' performance in meeting benchmarks over the long-term. They meet with the managers each quarter and evaluate their performance. Some managers' compensation is tied to performance, and some are not.

DISCUSSION: UCFW members asked about the equity portfolio, and discussed criticisms raised by many who believe that UCRP has underperformed. CIO Berggren responded by noting that in the short term, it is correct that 18 outperformed, and 22 underperformed; however these outcomes in the long-term are still within the risk parameters set by the Regents. UCFW members then addressed the Treasurer's Office public relations message, and the perceived lack of communication between that office and the general UC population, particularly concerned faculty. UCFW members hear concerns from their colleagues about UCRP performance, such as the questionable timing of employee contributions and the perceived lack of planning, as well as the fees paid to UC's outside managers, to which they do not have guidance on how to answer. Some UCFW members expressed concern for the lack of specific communiqués from the Treasurer's Office on such topics of great interest to faculty. CIO Berggren eventually acknowledged the problem, and offered to draft a statement for UCFW and TFIR to review and package for eventual distribution to a wide faculty audience.

VI. Consultation with UCOP – Office of Loan Programs

- Steve Mathews, Deputy Assistant Vice President and Director

ISSUE: UCFW invited Mr. Mathews to present and discuss the proposed revisions and modifications for the Mortgage Origination Program (MOP) and Supplemental Home Loan Program (SHLP), as discussed at the March Regents' meeting. The Academic Council has appointed UCFW as lead reviewer of the proposal, and UCFW is to report its findings and/or approval to Council as soon as possible.

REPORT: Mr. Mathews began by distributing and reviewing charts indicating SHLP and MOP distribution rates, and a housing program utilization report. He indicated that the Office of Loan Programs has approximately \$300-400 million of unused funds right now; that allocations are

made to the campuses according to number of qualifying members and recruitment projections provided by the campuses. Campuses are normally given a one- to three-year window to allocate the loans, depending on campus discretion, and extensions are available. UCOP allocates a lump sum to each campus, and it is up to each campus how the funding is allocated to schools or units, or held centrally. One UCFW member commented that his campus appears to allocate housing loans in a political manner, and Mr. Mathews replied that that particular campus does have a lot of unused funds on the books. He added that UCOP's policy is to allocate to all levels of faculty members. Historically, the assistant professor level has received the highest percentage of loans, although this has changed due to the different distribution of hires. Mr. Mathews added that data is available showing the distribution of borrowers by faculty rank. Further, campuses decide if they will allow MOP loans to be used for campus housing.

Mr. Mathews then distributed the talking points he presented at the March Regents' meeting, and reviewed with UCFW the set of proposals that are scheduled for action at the May Regents' meeting. He noted that the goal of proposals is to update policy because of changes made in last year and half regarding compensation, and the need for the Regents' approval for senior management compensation, or employees paid over \$250,000; to increase the \$1,000,000 MOP threshold to \$1,250,000; and to enact two program enhancements, as recommended by the UC Housing Task Force, to offer an interest-only MOP product and a targeted 100% SHMP loan. Mr. Mathews reported some concerns expressed by Regent Hopkinson, as well as Council Chair Oakley, regarding the SHLP loans and his desire to learn the Senate's needs and what to do with this program. He also requested feedback and approval of the proposals from UCFW so that the Regents can act on these items in May.

ACTION: UCFW will discuss the MOP and SHLP proposals at its April meeting and report its findings to Council, for eventual communication to the Office of Loan Programs and Deputy Assistant Vice President Mathews.

VII. Report – Academic Advancement – Inactive COLAs

- **Jill Slocum, Director, Academic Advancement**

REPORT: Director Slocum reported that she is working on the Inactive COLA issue, including drafting a letter to the campus administrators that will assist faculty in receiving the inactive COLA for 12-month appointees. There had been some hesitance last year in issuing such a statement to the campuses, indicating that this is a permissible practice, when indeed it is permissible. The letter should be issued soon from Provost Hume to the Executive Vice Chancellors. Director Slocum will have an updated report for the April UCFW meeting.

VIII. Chair's Report

- **Susan French, UCFW Chair**

REPORT: Chair French reported that the Academic Council had a productive meeting with the Executive Vice Chancellors on February 27, especially regarding their discussions of the University budget and childcare. On the following day, February 28, the Academic Council held its regular meeting. Pertinent to UCFW, the Council agreed to draft a resolution on stratification, which was prompted by a resolution passed at the Irvine campus objecting to the job slotting proposal from Mercer. The Council also discussed the Regents' proposed RE-89 policy, which would ban the University's acceptance of funding from the tobacco industry, as well as a letter

written to Council Chair Oakley from Regent Moores. A subcommittee of Council members has been formed to address the questions posed by Regent Moores, with the goal of releasing the subcommittee's final letter to all Senate committees and divisions for use in their own deliberations over RE-89.

IX. Consent Calendar

- **Minutes of the February 9, 2007 UCFW meeting.**

ACTION: UCFW approved the minutes of the February 9, 2007 meeting with amendments.

X. Update: APMs 700, 710, 711 and 080: Paid Sick Leave, Reasonable Accommodation, Medical Separation and Constructive Resignation

- **Jim Chalfant, UCFW Vice Chair**

REPORT: Vice Chair Chalfant provided a brief history of the issue, noting his inclination to move forward on a compromise set of policies that would be acceptable to the EVCs, UCFW, and the Academic Council. He consulted with the UCPT Chair concerning presumptive resignation, and will work with Academic Advancement, as planned, to revise the set of policies. Vice Chair Chalfant stated his intention to work with Director Jill Slocum on rewriting the sick leave and reasonable accommodation policies, at a minimum, so that some progress can be made in codifying these important policies for the faculty.

ACTION: Vice Chair Chalfant will report back to UCFW in April regarding his progress on rewriting the APM policies on paid sick leave and reasonable accommodation.

XI. Follow-up: UCFW Position Papers on the Future of UC Benefits, Retirement Plans

- **Bob Anderson, TFIR Chair**
- **UCFW Members**

ISSUE: TFIR Chair Anderson reported on a recent UCB Faculty Association meeting, where it was apparent that many faculty were not aware of the Senate's work on issues such as UCRP and the LANL asset transfer. He suggested that UCFW consider asking the Academic Council to address the lack of communication between the faculty and the Senate, and how to improve the Senate's public relations message.

DISCUSSION: Some UCFW members noted their own experience at the campuses in dealing with the faculty association, including a general lack of direction concerning how to deal with their concerns and the relationship between the Senate and the faculty union. Chair French reminded members that the CUCFA President, Bob Meister, has been invited to attend the April UCFW meeting to explore collaborative efforts between the two groups. Members agreed to continue this discussion at the April UCFW meeting.

Meeting adjourned at 4:00 p.m.

Attest: Susan French, UCFW Chair

Prepared by: Michelle Ruskofsky, UCFW Analyst