

**Minutes of Meeting – April 11, 2008
UCOP Room 5320, Oakland, CA**

I. UCOP Restructuring Initiative, Including HR&B Redesign

- **Dan Greenstein, Vice Provost, Academic Information and Strategic Services**
- **Randy Scott, Executive Director, Policy & Program Design, HR&B**

ISSUE: UCFW requested an update on the UCOP restructuring process, and how it may affect the UCOP functions, departments, and personnel that UCFW interacts with and depends upon.

REPORT – Vice Provost Greenstein: Provost Hume and Executive Vice President Lapp presented the UCOP budget to the Regents in March. The budget document includes reductions in both the size and administrative budget of UCOP. The Regents endorsed the “continued forward progress” of the UCOP restructuring efforts as directed by Provost Hume and Executive Vice President Lapp. UC President-designate Yudof is now closely involved with this project, and has reportedly expressed his endorsement. The next milestone will occur on April 22, when the UCOP Steering Committee for the restructuring initiative will release their final report. Vice Provost Greenstein welcomed further discussion with UCFW about this report after April 22. He also assured UCFW members that he has been in close contact with the Senate leadership about all of the restructuring activities, and is working with them to determine how to best include the Senate committees. Senate Chair Brown (via teleconference) confirmed that he will set up briefing meetings for the Senate committee and divisional chairs in the beginning of May to entertain questions about how the work of the committees will be impacted by the restructuring effort. Senate Chair Brown also announced that he has recently been invited to join in the internal restructuring group meetings. Vice Provost Greenstein stated that due to the recent appointment of President Yudof, the UCOP organization chart that had been previously promised at the May Regents’ meeting will not to be discussed or acted on in May. Vice Provost Greenstein then reviewed with UCFW members all of the work teams, subcommittees and working groups that have been charged with various aspects of the UCOP restructuring initiative.

DISCUSSION: UCFW members repeated their concerns expressed in the past two months regarding the lack of close Senate involvement in the UCOP restructuring initiative since the project began in the fall. They also asked many questions and expressed concern about the planned “Institutional Research” division of UCOP, which could seemingly displace many of the analysts that UCFW currently relies on for salary scale data, and other information vital to UCFW. UCFW Chair Chalfant stated that it is crucial for committees themselves to communicate their views regarding the importance of the UCOP consultants and divisions that are essential to the Senate’s work.

REPORT – Executive Director Scott: HR&B has been working closely with the Monitor Group to begin the process of aligning HR&B’s functions with the roles of the UC President. Executive Director Scott will provide UCFW with additional updates as this project progresses in the upcoming months. Associate Vice President Boyette plans to present plans for the future of UCOP-HR&B at the Regents meeting in July.

DISCUSSION: UCFW members asked questions about the goals of the HR&B restructuring project, and requested information about cost savings and demonstrated efficiencies that UCOP expects to realize. Executive Director Scott noted that the UCRP RFP was designed to produce options for UCOP to consider; and whatever the outcome, the administration of UCRP will not exist in the same form as it does now. Some UCFW members expressed doubt about the implication that the administration of UCRP somehow detracts from the President's work. Senate Chair Brown then requested that UCFW explore further the value added by maintaining UCRP administration at UCOP in Oakland. UCFW Chair Chalfant stated that the issue is less about the location, and more about the quality of services that will be offered. One member noted that pragmatically, UCRP administration should be in Oakland due to space, parking, and personnel considerations. Overall, UCFW members expressed discontent regarding the suggestion that UCRP be administered somewhere other than in Oakland. Others pointed out that the campuses will be subject to a huge workload increase if UCOP transfers a majority of its administrative functions to them, and noted concern for the campuses' ability to handle this downward shift in responsibility.

ACTION: UCFW will continue discussion of these issues at its May 9 meeting.

II. Defined Benefit Plan Administration RFP

- **Mike Baptista, Director, Information Systems and Support, HR&B**
- **Judy Ackerhalt, Deputy to the Associate Vice President, HR&B**

ISSUE: UCFW is continuing its discussion of the release of an RFP to determine the future of UCRP administration.

REPORT – Director Baptista: The UCRP RFP was released on April 10. The RFP is advertised in a national pension magazine, and is also posted on the UCOP website for public review. The bid process will be managed by the UCOP Strategic Sourcing division, through an electronic bidding system. Director Baptista then reviewed the RFP timeline, and invited questions and comments.

DISCUSSION: UCFW members asked for a comparison of administrative costs for UC to deliver benefits versus costs of other comparators. Deputy Ackerhalt stated that they have performed a similar analysis in the past comparing UC to PERS, and could provide this information to UCFW. She recalled that the prior analysis showed that UC's costs were quite low. UCFW Chair Chalfant, Vice Chair Henry, and UCFW-TF Chair Pitts then indicated their plan to attend the April 30th bidders' conference. Director Baptista welcomed their participation. One UCFW member then asked whether UCOP is participating in the RFP process by developing responses to its own RFP, as if UCOP wanted to retain these business functions, in a similar manner to the vendors in terms of scale and resources. Director Baptista replied that they do not envision responding to their own RFP in that way. Instead, a team of UCOP employees are in the process of developing a presentation of UC's own vision regarding what their current operations look like, what operations at UCOP they believe are sub-par, and providing an estimate as to what extra funds UC would need to match the services that outside vendors could provide. One UCFW member requested that HR&B instead develop an internal proposal, responsive to the RFP, in order to make a knowledgeable decision about the outcome of the RFP. Other UCFW members echoed this request, emphasizing that UCFW has requested additional information in the past few months detailing the costs to maintain or upgrade UC's

administrative capabilities to compete with outside vendors. Director Baptista stated that they will provide this information to UCFW.

ACTION: UCFW will continue discussion of these issues at its May 9 meeting.

III. UCOP Restructuring – Academic Advancement

- **Nicholas Jewell, Vice Provost, Academic Personnel**

ISSUE: UCFW requested an update from Vice Provost Jewell concerning the impact of the UCOP restructuring initiative on the Academic Advancement unit at UCOP.

REPORT: Vice Provost Jewell reported that there are still a lot of unanswered questions regarding the restructuring initiative. One major impact on his unit will certainly result from the creation of a new Institutional Research division at UCOP, which is expected to draw from a lot of Vice Provost Jewell's current staff. He noted that the final outcome is impossible to predict because decisions are still being made.

DISCUSSION: UCFW members noted that this topic is a serious concern for shared governance in terms of the absence of information being provided to the Senate. Members also expressed concern for the Academic Advancement unit and its staff, who contribute much valued information and services to UCFW on a regular basis.

IV. 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: UCFW Chair Chalfant and Vice Chair Henry, in consultation with Executive Director Slocum and Acting Director Sykes of Academic Advancement, have drafted a final letter to the Academic Council in response to the comments submitted by the Senate committees and divisions regarding their review of amendments to APMs 710, 711 and 080.

DISCUSSION: Chair Chalfant noted that final resolution of this APM review is a welcome occasion, as UCFW and Academic Advancement have worked together on this issue for over three years. He then briefly reviewed with UCFW members the draft letter in the agenda packet. Hearing no comments other than loud applause from the membership, Chair Chalfant thanked Executive Director Slocum and Acting Director Sykes for their excellent work.

ACTION: UCFW unanimously approved the draft letter as written. UCFW Chair Chalfant will transmit the letter to the Academic Council, requesting endorsement at its April 23 meeting.

V. Consultation with UCOP – Budget Office; and Faculty Salaries Plan

- **Patrick Lenz, Vice President, Budget**
- **Debora Obley, Associate Vice President, Budget Operations**
- **Nicholas Jewell, Vice Provost, Academic Personnel**

REPORT – Vice President Lenz: The current focus in Sacramento is getting the public to understand the tradeoffs that will certainly occur in the state budget if the state receives no new

revenue. UC is continuing its advocacy efforts in gaining support for the University budget, emphasizing UC's contributions to the state and the economy. For the first time ever, UC has joined in a collective effort with CSU and the CCC system in garnering support for the higher education budget. Editorial columns and articles will be released in the next few weeks on this point, which they hope will have a significant impact with the public. The May budget revise could be two to four billion dollars worse than the eight billion dollar structural deficit that the state is currently facing. Turning to the UC budget, the Regents have expressed their budget priorities but the challenge will be finding the money to fund them. UC's enrollment figures will likely need to be adjusted next year if the state does not provide funding for full enrollment growth in the 2008-09 budget. Student fees next year could increase by seven to ten percent, and financial aid levels will be set at thirty percent for undergraduate students, and a net forty-five percent for graduate students. The Regents continue to maintain that their highest budget priorities are student mental health services and faculty and staff salaries. Other stated budget priorities have merit, yet are on the fringe of UC's budget because there is so little money available from the state.

DISCUSSION: UCFW Chair Chalfant began the discussion by asking how UCOP plans to fund year two of the faculty salaries plan. Associate Vice President Obley reported that UCOP is labeling the continuation costs that it funded in year one of the plan as "must fund" costs in year two, however the campuses will need to fund the continuation costs, not UCOP. The only question left open is whether UCOP will tell the campuses how to proceed in allocating this money. All of UCOP's budget scenarios include funding for continuation costs of the faculty salaries plan, as well as funding for faculty merits and health benefit increases. One UCFW member asked about the status of the CSU faculty contract that reportedly includes faculty pay raises for next year. Vice President Lenz reported that the contracts were contingent upon receiving a certain amount of money from the state, and the contracts will likely have to be renegotiated. Some UCFW members then discussed UC's enrollment policy, and expressed concern about the impact of campus over-enrollment on the UC budget. Some members noted that unabated enrollment growth without corresponding levels of state funding sends a dangerous message about declining educational quality at UC (though UCFW did not take a formal position on enrollment growth for 2008-09). Vice President Lenz agreed, and stated that UC would greatly benefit from an enrollment management plan that is consistent with the funding UC receives from the state. UCFW then asked whether the increase in student fees next year could be interpreted as UC's method of funding increases for faculty salaries. Associate Vice President Obley assured UCFW that the two issues are not linked – UC needs \$84 million to fund year two of the faculty salaries plan, and the difference between a seven and ten percent increase in education fees is only \$24 million.

VI. Consultation with UCOP – Human Resources & Benefits

- **Randy Scott, Executive Director, Policy & Program Design, HR&B**
- **Mark Esteban, Director, Policy & Program Design, HR&B**

Executive Session Item – UCRP Funding Policy

Note: Minutes, aside from action items, are not prepared for this portion of the meeting

ACTION: none.

Senate Concurrent Resolution (SCR) 52 – Next Steps: The Regents discussed this issue and considerations regarding the UCRP governance structure at their March meeting. HR&B leadership have been given the authority to discuss the matter further with interested UC employee constituencies, and the author of SCR 52, Senator Leland Yee. Executive Director Scott is continuing work on a draft response to Senator Yee concerning SCR 52.

Senior Management Group (SMG) Policy Review Update: HR&B will bring forward a series of policy recommendations concerning the Senior Management Group to the Regents in their next few meetings. UCFW reviewed most of these policies earlier this year, most recently regarding proposed changes to the SMG transitional leave policy.

OPEB Assumption and Draft Valuation Report: Director Esteban reported that the Regents discussed this issue in March with a plan to take action at their May meeting.

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

- **Bob Anderson, TFIR Chair**
- **Gary Schlimgen, Director, Retirement Planning, HR&B**

Staff Academic Reduction in Time (START) Program: TFIR Chair Anderson conveyed the following statement: “TFIR supported the concept of allowing employees to take voluntary, temporary reductions in percentage time, while maintaining full benefits, as one way to help UC manage its current budget problems. However, START participants will earn the full UCRP service credit appropriate to their normal percentage time appointment, while it is anticipated that if UCRP contributions are restarted, START participants would contribute based on their reduced percentage appointment. Given the current small UCRP surplus, TFIR was opposed to funding any part of the START benefit by drawing down that surplus. TFIR recommends that UCFW support the START program, but only on the condition that, once employee or employer contributions resume to UCRP, then UCRP receive the full contribution that would have been made on the unreduced percentage time appointment. Thus, the employer would have to cover the full employer contribution on the employee’s unreduced percentage employment plus the difference between the employee contribution on the unreduced percentage employment and the actual employee contribution, calculated on the reduced percentage employment. The UCRS Advisory Board had a consensus in favor of this recommendation.”

DISCUSSION: Executive Director Scott reported that because the campuses are interested in making the START program available to their employees by July 1, he would like to take the START item to the Regents in May. UCFW members then expressed support for the TFIR position as stated above.

ACTION: UCFW members unanimously approved the TFIR recommendation regarding the START program. UCFW Chair Chalfant will transmit this position to the Academic Council for action at its April 23 meeting.

Draft Proposal for Buyback of Service Credit for Time Spent on Leave Without Pay: TFIR Chair Anderson conveyed the following statement:

“The draft proposal on buybacks contains two main components:

- “Adding additional mechanisms for funding the buyback, such as transfer from an existing tax-deferred account. This does not seem to pose problems, and it will be

important to provide alternative funding mechanisms so that UCRP will be prepared in the event that the IRS restricts the use of pretax contributions to fund buybacks.

- “Liberalizing the buyback provisions, to allow buybacks of service credit for more than two years of leave without pay, and to allow buyback of service credit more than three years after the employee returns from the leave.

“Most of the discussion at TFIR focused on the liberalization of the buyback provisions, and concerns that adverse selection in these multi-year buybacks, elected long after return from the leave, could adversely affect UCRP’s funding status, despite the provision that the cost of the buyback in these situations would be based on an individual actuarial calculation. TFIR will consider these questions further at its next meeting. TFIR recommends that UCFW take no action on the buyback proposal at its April meeting.”

DISCUSSION: Director Schlimgen noted that TFIR is correct in stating that the IRS may impose additional changes to the rules regarding the use of pretax contributions, and that he is pleased to continue consultations with TFIR and UCFW on this issue. The Regents will probably see this item in fall 2008.

ACTION: UCFW will revisit this issue in the June or July.

VIII. Report: UCFW Health Care Task Force (HCTF)

- **Larry Pitts, HCTF Chair**

Oliver Johnson Award Announcement: UCFW Chair Chalfant reported that HCTF Chair Pitts is one of this year’s recipients of the Oliver Johnson Award. The award is given to Senate members who have demonstrated stellar service to the Academic Senate. UCFW members congratulated HCTF Chair Pitts on this well-deserved honor.

Update on the February 29 HCTF meeting: HCTF Chair Pitts provided UCFW members with an overview of the February 29 HCTF agenda, which included discussion of a faculty-HR&B joint research initiative; updates on the UCRP RFP process; a report from HR&B on the rollout of the Staywell Wellness Program, and the unions’ pullout from the program due to privacy concerns; and retiree health cost considerations. The HCTF’s next meeting is scheduled for a teleconference on May 30.

HealthNet – Enhanced Decision Power Program Presentation: The HCTF participated in a presentation on April 2 via teleconference to review HealthNet’s Enhanced Decision Power Program. The program involves a pilot study on the financial benefits related to disease management, comparing an active approach to a passive approach in contacting employees who require additional care. The study documented great improvements with the active approach, and the HCTF looks forward to learning more about possible cost savings available. The HCTF also plans to explore privacy concerns with this type of approach to disease management.

Executive Session Begins – Agenda Items IX - XI

Note: Minutes, aside from action items, are not prepared for this portion of the meeting.

IX. Consent Calendar

- **Minutes of the March 14, 2008 UCFW Meeting**

ACTION: UCFW approved the March 14, 2008 UCFW minutes, with amendments, via unanimous consent.

X. New Issues for Discussion

A. Cost Recovery of Faculty Salaries from Grants at UCD

- **Jim Chalfant, UCFW Chair**

ACTION: none.

B. Lobbying Reporting Requirements Under the “Honest Leadership and Open Government Act (HLOGA) of 2007”

- **Jim Chalfant, UCFW Chair**

ACTION: none.

C. IRS 415(m) Plan Concerns

- **Carlos Waisman, UCSD Representative**

ACTION: UCFW Member Waisman will contact HR&B Director Schlingen to explore issues concerning the IRS 415(m) plan, and report back to UCFW with any further developments.

XI. Proposals Under Systemwide Senate Review

- Proposed Revisions to the Health Sciences Code of Conduct
- UCAAD Proposed Amendment to Senate Bylaw 140 (UCAAD Name Change to “University Committee on Equity and Diversity”)

ACTION: UCFW Chair Chalfant will submit a letter to the Academic Council expressing UCFW’s support for UCAAD’s proposed amendment to Senate Bylaw 140.

ACTION: UCFW has elected not to comment on the Proposed Revisions to the Health Sciences Code of Conduct.

Meeting adjourned at 4:00 p.m.

Attest: Jim Chalfant, UCFW Chair

Prepared by: Michelle Ruskofsky, UCFW Analyst

Distributions:

1. UC Retirement Administration Expenditures – Executive Summary, Michael Baptista, HR&B.
2. UCRP Restart of Contributions and Related Funding Policy, Segal Corp. Presentation.