

## UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)

**Minutes of Meeting**  
**Thursday, May 10, 2007**  
**UCOP Room 5320**

**I. Chair's Announcements**

- Susan French, UCFW Chair

UCFW Chair French reported on the following items of interest:

Academic Council Update: At its April 25 meeting, the Academic Council approved the following issues presented by UCFW: (1) recommended approval of UCOP plans to establish a trust to comply with new Governmental Accounting Standards Board (GASB) standards relating to annuitant health benefits; (2) recommendations on changes to the Mortgage Origination Program (MOP); (3) UCFW proposal to establish a Senate Task Force on Faculty Compensation Determination and Comparison; (4) and recommended approval of UCOP's HHMI/Ludwig proposal. The Council also received a full report from President Dynes on UCOP and Regental plans to hire an outside consultant, the Monitor Group, to review UCOP and UCOP-campus efficiencies.

Assembly Update: UCFW Vice Chair Chalfant attended the May 10 Assembly meeting. Assembly actions included a [vote against](#) The Regents' proposed policy (RE-89) banning University acceptance of tobacco funding; and passage of a [resolution](#) against stratification of the campuses.

**II. Update: 2006 Mercer Methodology**

- Bob Miller, Mercer HR Consulting
- Richard McEvoy, Mercer HR Consulting
- John Bruning, Mercer HR Consulting (via teleconference)

**Executive Session**

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

**III. Consultation with the Office of the President – Business Operations**

- Katherine Lapp, Executive Vice President

Executive Vice President Katie Lapp was invited to the meeting by Executive Director Randy Scott to meet UCFW members and acquaint herself with UCFW issues of interest. Following a brief introduction, Executive Vice President Lapp provided an overview of her new position at UCOP, which includes oversight of human resources, information technology, and facilities. She noted that she is working with Vice President Hershman on budget matters in the interim, while UCOP completes its recruitment of a Chief Financial Officer. UCFW Chair French thanked Executive Vice President Lapp for attending the meeting, and welcomed future consultations with the committee.

#### **IV. Report: UCOP Policy Review Project**

- Bob Miller, Mercer HR Consulting

**ISSUE:** Bob Miller has been invited to report to UCFW on the UCOP policy review project. Lynn Boland, noted in the agenda, was unable to attend the meeting today due to a scheduling conflict.

**REPORT:** The Regents selected Mercer Consulting to lead a review of all UC compensation policies affecting the senior management group, create a new, comprehensive compensation framework, and develop new policies and procedures to fit within this framework. Work began in December 2006, split among a parent committee (the President's Advisory Group on Policy Review), two project management teams, and four policy review subcommittees. They are evaluating policy framework: how policies are governed; policy infrastructure: where policies are housed, and where they should be housed; policy content: review processes, and how policies are evaluated and approved; and change management: the process of communicating this project, and compliance coordination. The Regents will receive a status update in May, and they may endorse certain documents, such as guiding principles and a governance model, at their July meeting. Mr. Miller reported that numerous policies are scheduled for drafting prior to the July Regents' meeting as well.

**DISCUSSION:** UCFW members identified numerous issues that are under the purview of the Senate, which require Senate review and advice. Acting Assistant Vice President O'Rourke noted that Council Chair Oakley has logged these concerns at past meetings of the policy review project. Mr. Miller referred to a 12 week review process that will involve the Senate; however, UCFW members observed that this review would not take place in time prior to the July Regents' meeting. One UCFW member noted significant concerns about the framing of the policy review project, which appears to not hold senior managers accountable for their conduct. Regarding the Senate review process, Executive Director Scott stated that the draft Guiding Principles will go to UCFW for discussion and review immediately following today's meeting. Mr. Miller also stated that he will report UCFW's feedback to Lynn Boland, as will Executive Director Scott. UCFW members repeated their appeal for early Senate consultation, preferably during the drafting stages, in order for the Senate to provide valuable input. Mr. Miller stated that Mercer Consulting did not develop the review procedures, which were instead developed by Council Chair Oakley and Acting Assistant Vice President O'Rourke. One UCFW member recounted the process normally followed when a UCOP policy is submitted for systemwide Senate review.

**ACTION:** Executive Director Randy Scott will submit the UCOP Policy Review Project's Guiding Principles to the Academic Senate with a request for review by UCFW following today's meeting.

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

- Randy Scott, Executive Director, Policy and Program Design

**REPORT:** Executive Director Randy Scott provided a report to UCFW on the following items of interest:

Medicare Coordination/Social Security Issue Update: HR&B staff have further investigated options for UC employees who are not coordinated with Social Security and Medicare benefits.

It appears that many members of the affected population of UC employees are coordinated with CalPERS under certain reciprocity agreements. HR&B still needs to clarify the population, including those who do not have Social Security, or those who do not have Social Security through a spouse. HR&B must also determine how and whether these employees qualify with CalPERS, which will involve contacting the population and then transmitting their information to CalPERS.

Discussion: UCFW members suggested that HR&B ask for the consent of the affected employees to ensure they want to be coordinated with Social Security before transmitting their personal information to CalPERS. One UCFW member asked about the ability of domestic partners to coordinate with their partner's Medicare benefits. Executive Director Scott stated that he would take both suggestions under consideration.

May Regents Meeting: The following issues will be on the Regents' May agenda: action on the revised HHMI proposal; closeout of UC/LLNL activities; an item on the reduction of tuition and other fees for LLNL employees; and action to create the GASB trust. Executive Director Scott stated that The Regents expect to discuss prefunding the GASB trust at its July meeting, with significant input from UCFW and TFIR.

2007 Medical Bid: The bid process is underway, including HR&B's internal review and analysis of the submitted bids. After conducting a thorough review of the bids, Executive Director Scott expects to hold a meeting with a subgroup of the UCFW-Health Care Task Force in June to summarize the initial analysis and discuss options. Deloitte Consulting is involved in the review as well, looking at rate structures and financing issues.

UC Human Resources Consulting Bid: On May 8, HR&B closed the RFP process for the general HR consulting bid. They received many RFPs from firms UC currently works with, as well as other consulting firms, and are in the first stages of sorting through the RFPs. UCFW Vice Chair Chalfant is working on this project with HR&B, along with Elly Skarakis (HR&B), and former HR&B Executive Director Michele French.

UCOP Workgroup on Health Care Reform Principles: HR&B is working on developing a set of principles on health care reform along with HCTF Chair Larry Pitts. A draft has been developed so far, which they expect to consult and review with HCTF in the future. Executive Director Scott explained that there is a need for UC to develop policy in this area, which has never been addressed by UC in the past. UC's perspective on health care is unique in the following three ways: UC is the largest single-entity health care purchaser in the state; UC has a leading role in the delivery of health care; and UC contributes significant research and teaching in the health care arena. Executive Director Scott also noted that UC had not developed a policy statement in the past because of UC's diverse interests, an argument which can no longer be defended. Going forward, UCOP expects to communicate the principles to the Legislature first, then to other interested groups.

Discussion: UCFW members strongly noted that faculty, as the providers, researchers, and users of health care, must be incorporated into the drafting of the health care reform principles. HCTF Chair Pitts stated that he has seen a draft of the principles, and expects to send the document to HCTF members for further review. He also reported that there is ample time for faculty to comment on the draft, and that UCOP's effort is worthwhile and important in speaking

on such a significant political issue. Another UCFW member suggested that UCOP request input from UC economists, especially those who specialize in labor and business competitiveness. Executive Director Scott thanked UCFW members for their input.

Regents Advisory Group on Retirement Benefits (AGRB): The AGRB is meeting later today. Executive Director Scott expects that The Regents will develop an updated statement on the timeline for the resumption of UC employee contributions to UCRP following the full Board of Regents' meeting next week.

Proposed Adoption Benefit Development: Mona Litrownik and Chris Simon reported to UCFW that they have rewritten the draft adoption benefit proposal, which includes input collected from the April UCFW meeting. After further investigation, they have learned that the federal government offers a tax credit of approximately \$10,000. It appears that if UC implements the adoption benefit as currently proposed, the amount that UC reimburses an employee for adoption would be counted against the employee's \$10,000 federal tax credit.

Discussion: Mr. Simon requested UCFW's input on the current draft benefit, and whether UCOP should treat this as a priority and further develop the proposal. UCFW members requested further information on the exact impact of the UC proposal on the federal tax credit. Most expressed opposition to any UC reimbursement program that would appear to ultimately pay the IRS, and not benefit UC employees directly. Executive Director Scott stated that his office will resolve this issue, and distribute an email to UCFW with further information. He also noted that if the proposal is further developed, it would likely not be ready for review by UCFW until the 2007-08 academic year.

Backup Childcare Program Development: UCFW Chair French announced that UCFW members have submitted names of volunteers to serve on a task force to develop a backup childcare program. She expects to submit the final list to HR&B staff following today's meeting. Chris Simon suggested that a first meeting of the task force should be held via teleconference in June, where they can agree on a charge and plans for going forward.

Medical Plan Design Changes: UCFW Chair French strongly noted that the committee expects ample time for review of any plan design changes that will be or currently are under consideration. Executive Director Scott stated his agreement with this expectation, and said discussions will not begin with UCFW or the HCTF until July at the earliest.

## **VI. Childcare/Back-up Childcare: Follow-up Reports**

- Susan French, UCFW Chair

**REMINDER:** UCFW Chair French requested that UCFW members continue to work on their campus childcare needs assessment reports in preparation for discussion at the June UCFW meeting. She reminded members of the importance of this project, which will eventually document the unmet needs of faculty for communication to the campus Chancellors, Executive Vice Chancellors, and the President.

**VII. Faculty Salaries – Update on the Faculty Salary Scales Work Group, and Systemwide Senate Review of Proposed APM 620: Policy on Off-Scale Salaries**

- Susan French, UCFW Chair

**REPORT:** UCFW Chair French reviewed with UCFW members Enclosure 2 of the agenda – Provost Hume’s communiqué to faculty regarding UCOP’s strategy to increase faculty salaries to competitive levels. Acting Assistant Vice President O’Rourke noted that the Budget Office is developing the cost information for implementation of the plan, and she is working on the following four recommendations developed by the Faculty Salary Scales Work Group: (1) amend APM 620, the policy governing off scale salaries; (2) change the faculty salary scale system from a point to a “range” system; (3) pay a smaller COLA for all faculty this year (across-the-board increase); and (4) increase the percentage salary scales for those faculty who are below market (differential increase).

**DISCUSSION:** UCFW Chair French asked whether salaries will be raised to the average or the median, to which Acting Assistant Vice President O’Rourke replied that is an open question under review by the Budget Office. She emphasized that Provost Hume is focused on “smoothing the progression” between salary scale steps that might remain skewed after the salary plan is implemented. UCFW members then focused on the change to a “range” system. Some members observed gender inequality issues that could result, as well as continuing stratification of rich versus poor campuses. Some members also expressed a preference to see a UCOP systemwide policy expressing the task force recommendations in a formal way, prior to completing the review of APM 620. A majority of members were concerned with the process and suggested that UCOP should work first to reduce the number of faculty members whose salaries are off-scale and then increase faculty salaries to competitive levels. UCFW Chair French noted that the Faculty Salary Scales Work Group would like to see both actions occur at once. One UCFW member expressed concern for the merit evaluation process, which the faculty salary plan does not appear to address, and which appears to exacerbate existing problems. UCFW members appeared to agree that they see concerns with the “range” proposal, that equity problems could exist, and that these issues require further study. Members also agreed that it would be helpful to have a justification statement appended to APM 620, as Senate agencies embark on this review.

**ACTION:** UCFW will continue discussion of APM 620 at its June 8 meeting.

**VIII. Consultation with the Office of the President – Budget Office**

- Larry Hershman, Vice President, Budget

**REPORT:** Vice President Hershman reported to UCFW on the following items of interest:

May Revised Budget. The revised budget is expected to be released by the Governor on Monday. The good news is that the state has collected higher tax collections than originally projected in January. The state continues to have problems with its property tax revenues, which will impact Proposition 98 funding and general fund money for education. The Governor appears anxious to close the state’s structural deficit problem, which could result in program cuts, but UC expects the Compact to be honored in full. Currently, chances are slim that the state will include funding for UC retirement in the budget given the state’s revenue outlook, but

UC is pressing for language to be included in the budget that commits the state to contribute to UC retirement in the same manner as CalPERS (11% employer/5% employee contributions).

Legislative Hearings. UC has fared well in the regular budget hearings in Sacramento. The Governor's research proposals face funding challenges ahead, and may be vulnerable. Also, certain campus growth and enrollment plans are under close scrutiny by the Legislature.

Faculty Salaries. Vice President Hershman is working on a multi-year plan right now with Provost Hume. He has discussed the faculty salary plan with the Chancellors so far. Their goal is to close the faculty salary gap in three to five years, and hope that a four-year plan will succeed. Exact funding questions remain, as UC needs an average 20% increase over four years to close the salary gap and bring salaries to market levels. Expected employee contributions to UCRP must be added in to the salary gap as well. Funding decisions will likely result in reallocating money around UC, and possibly removing money from other priorities. Another difficult consideration is how to treat the campuses equally when certain campuses have a much higher proportion of off-scale faculty than others.

CPEC Methodology: This is a hot issue in discussions with the Legislature right now. Vice President Hershman does not expect a beneficial outcome for UC, but this can change. Many parties in Sacramento want the methodology to factor-in UC benefits, but there are numerous unanswered questions about how exactly to do this.

**DISCUSSION:** UCFW Chair French reminded those present that the Academic Council adopted at its April meeting UCFW's recommendation that it make a formal request for Senate faculty to be included in any discussions about a change to the CPEC methodology. Vice President Hershman was pleased with this news, and added that he will know more about how to incorporate faculty in the discussions once the May revised budget is announced. UCFW members stressed that they are ready and willing to assist UCOP in this endeavor. UCFW members then discussed the funding necessary to produce 26% salary increases over four years. Vice President Hershman reported that per year, the Compact provides an extra 4% funding, as well as student fee increases of approximately 7%. UC will need to find an extra 1 or 1.5% on top of the Compact funding to fully fund the plan for faculty salaries.

**IX. Update: Progress on Proposed Revisions to APMs 700, 710, 711 and 080: Paid Sick Leave, Reasonable Accommodation, Medical Separation, and Constructive Resignation**

- Jim Chalfant, UCFW Vice Chair
- Jill Slocum, Director, Academic Advancement

**ISSUE:** UCFW Vice Chair Chalfant, and UCFW members Bob Anderson, Helen Henry, Brenda Bryant and Shane White have reviewed the APM 700 et al. packet of comments from the Senate's 2005-06 formal review, and are to present recommendations for UCFW to consider today.

**REPORT:** UCFW Vice Chair Chalfant reviewed with committee members the subgroup's findings, including its recommendation against the Senate's pursuing the proposed policy on presumptive resignation. As for the remaining three policies, the subgroup recommends that

UCFW report to the Academic Council that the other proposed revisions meet the Senate's concerns, and are ready for another round of Senate review. They especially wish to emphasize that the Senate's support to codify the sick leave policy is needed as soon as possible to support the welfare of the faculty.

**DISCUSSION:** UCFW members asked questions about UCOP's amenability to distribute only three of the proposed APM policies for formal review – removing the proposed presumptive resignation policy because it is extremely contentious among some of the Senate committees. Director Jill Slocum suggested that the Council of Executive Vice Chancellors wishes to move forward with all four policies, as originally proposed in one review packet, for formal review. Most UCFW members expressed agreement with the UCFW subgroup's original proposal, to remove presumptive resignation from further consideration for now. One UCFW member requested that a provision of the disability accommodation policy be amended, to which Director Jill Slocum agreed. Director Slocum noted that she feels compelled to distribute all four policies as a package to UCFW, and it is up to UCFW to make its own recommendations to the Academic Council. She also noted that UCFW should at least include the medical separation policy in its final recommendations, if the EVCs are to agree.

**ACTION:** Director Slocum will submit final versions of APMs 700, 710, 711 and 080, as amended today by UCFW, to UCFW Chair French. UCFW Chair French will draft a letter including UCFW's recommendations on these policies for eventual submission to the Academic Council.

#### **Begin Executive Session – UCFW Members Only**

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

#### **X. Consent Calendar**

- UCFW April 13, 2007 minutes of meeting

**ACTION:** The April 13, 2007 UCFW minutes will be set for approval on the June 8, 2007 UCFW agenda.

#### **XI. UCFW Business**

**ACTION:** UCFW members will finalize committee comments via email regarding the draft proposed Policy on the Relationships Between (Pharmaceutical) Vendors and Clinicians, and the draft proposed Open Access Policy, for submission to the Academic Council.

**ACTION:** UCFW Chair French will communicate to CUCFA President Meister in response to his requests at the April UCFW meeting.

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

Attest: Susan French, UCFW Chair

Prepared by: Michelle Ruskofsky, UCFW Analyst