

**Minutes of Meeting
October 10, 2008**

I. Welcome and Introductions

- Helen Henry, UCFW Chair
- Members

DISCUSSION: Chair Henry and 2008-09 UCFW members introduced themselves and their fields. Chair Henry then provided an overview of the day's agenda.

II. UCRP Update

- Helen Henry, UCFW Chair

Note: This item occurred during executive session; no notes were taken.

III. Consultation with Academic Senate Leadership

- Mary Croughan, Academic Senate Chair
- Harry Powell, Academic Senate Vice Chair
- Martha Winnacker, Academic Senate Executive Director

Chair Croughan updated the committee on several issues:

1. University of California Retirement Plan (UCRP) Administration Outsourcing: It is expected that President Yudof will render his decision on whether to outsource UCRP administration in the next couple of weeks.
2. Office of Human Resources and Benefits (HR&B): A search committee is being formed to recruit and hire a new vice president for the unit. Moving forward, the unit will seek to increase its analytical capacity.

DISCUSSION: Members noted their concern with a potential "brain-drain" from HR&B given Office of the President (OP) restructuring generally and HR&B restructuring specifically. The committee also stressed that bringing a "corporate" mentality to UC HR&B would not be appropriate. Chair Croughan indicated that incumbent HR&B personnel are well-versed with shared governance. Chair Henry inquired as to the timing of the new vice presidential search and the UCRP administration decision. Chair Croughan stated that the two were coincidental only.

3. University Budget: While there is not much good news to report as further cuts are expected, the most recent version of the president's budget retained \$10M for graduate student support and \$20M for faculty recruitment and retention. This latter funding is distinct from the Faculty Salary Plan endorsed by the Regents last year; funding for Year 2 of the plan has been deferred to the 2009-10 budget request. Also, so far there is no additional system funding for employer contributions to UCRP, which must begin next year if the program is to remain solvent. This year, there is a one-time \$5M infusion into the health and welfare budget to off-set increases in insurance premiums.

DISCUSSION: Representatives from UCFW's Health Care Task Force (HCTF) clarified that the \$5M off-set comes not from general funds in the university's

budget, but from fees and refunds collected under performance contracts with health and welfare providers. They also noted that recent press announcements touting the off-set were not as clear as they could have been in presenting the reality that premium increases have out-paced employee pay and will, even with the off-set, result in a net-loss in take-home pay for most University employees. Chair Croughan concurred, noting that OP is developing a strategy to help disabuse funding myths. Other members also observed that while redirecting employees' mandatory defined contribution (DC) plan payment into UCRP, a defined benefit (DB) plan, will not decrease take-home pay, it will reduce total remuneration.

4. Total Remuneration Studies: Hewitt and Associates will conduct the upcoming total remuneration study, and HR&B personnel are redesigning the study methodology to address concerns raised by previous UCFWs.
DISCUSSION: Members again emphasized their objection to retaining the Mercer methodology. Chair Croughan indicated that any involvement by Mercer would be limited to the provision of data, not to analysis.
5. Office of Academic Advancement: 1) Like HR&B, the Office of Academic Advancement is struggling in the face of significant personnel changes due to OP restructuring. 2) Revised personnel policies for deans and the senior management group (SMG) will be circulated soon for evaluation and comment.
6. Accountability: UCFW is asked to submit preliminary feedback to the Academic Council on the recently published draft accountability framework developed by OP. Council will vet systemwide responses and submit final recommendation to OP. Members were encouraged to include anecdotes to complement the statistic-oriented report.
7. Rehired Retirees: The policy on the agenda has been rewritten to exclude faculty-appointment recalls, although faculty may be recalled into staff or SMG positions.
DISCUSSION: Members sought clarification as to what time period the 43% employment limit pertained: per day, week, month, annum? Executive Director Winnacker indicated that usually such restrictions are based on annual salary figures, which would yield ~1000 hours of compensable work. Members also raised concerns about the 1-year limit, suggesting that such a limit may not be in the best interest of the University and noting that no justification for the restriction was presented.
8. Committee and Senate Protocol: Chair Croughan encouraged members to familiarize themselves with the documents on the Senate website which govern lines of communication and limits imposed on the Senate by the Regents and on committees by the Academic Assembly.

IV. Consultation with the Office of the President – Human Resources and Benefits

A. 2007-08 Total Remuneration Study

- Randy Scott, Executive Director, Strategic Planning and Workforce Development (via phone)

UPDATE: HR&B has contracted with Hewitt and Associates to conduct the next total remuneration study. Mercer will still provide the cash compensation data as

well as support for medical center remuneration analysis. HR&B asks for three UCFW volunteers to work on the remuneration study to ensure that the pitfalls of previous studies are avoided.

DISCUSSION: TFIR Chair Anderson inquired whether the consultants would be investigating how different benefits design packages might impact recruitment. Executive Director Scott noted that Hewitt has modeling systems for generating choice estimations. Vice Chair White asked why different groups would be providing different pieces of the study. Director Simon indicated that Mercer already possessed the medical center data. Acting Associate Vice President Cammidge added that ensuring that data and software translation difficulties were dealt with efficiently was another reason to include UCFW volunteers in the study design and analysis. Several members expressed concern over the variegated approach to the remuneration studies, noting that different analyses of the same data or the same analysis of different data would be of limited utility. ED Scott rejoined that such methodological questions could be answered by the group and UCFW volunteers in a separate meeting.

ACTION: Chair Henry will solicit three volunteers to work with HR&B on this project and provide the names to ED Scott.

B. FSA and COBRA Vendor Update

- Kris Lange, Coordinator, Health and Welfare Administration

UPDATE: CONEXIS has won the bids for both FSA and COBRA administration. It will begin COBRA implementation in May 2009 and FSA administration in January 2009. In preparation for the FSA change-over from SHPS, explanatory Open Enrollment documentation is being prepared. Among other changes, FSA will now have two categories: a health FSA and a dependent care FSA. The transition may be confusing, especially since plan year 2008 receipts must be provided to SHPS, and the closing date for reimbursement is not until June 2009.

DISCUSSION: Members sought advice on how to navigate the confusing IRS reimbursement regulations, which are exacerbated by poor SHPS customer service. Coordinator Lange summarized IRS verification procedures, and she invited HCTF to join in developing clearer information packets for participants. She also invited UCFW and HCTF to submit names to her office for participation in a feedback survey and focus group process designed to improve the provision of this service.

ACTION: UCFW and HCTF members will solicit survey volunteers and provide the names to HR&B.

C. SMG Pay Policies Update

- Dennis Larsen, Executive Director, Executive Compensation and Performance Management

UPDATE: Executive Director Larsen summarized the policies approved by The Regents at their September meeting, including policies governing SMG appointment processes, new thresholds of Regental review, and the new “one-over-one” review schema. Policies for consideration in November will focus on adding more consistency to review mechanisms and updating sections governing hiring bonuses and relocation allowances.

DISCUSSION: Members noted an apparent lack of standardization at the various levels of review. ED Larsen indicated that improved monitoring and reporting should help coordinate review criteria and that his office will now serve as a clearing house to help guarantee compliance and transparency. Members also inquired as to the progress of developing “sunshine” policies for SMG deferred compensation and bonuses. ED Larsen stated that more frequent and more stringent reporting guidelines are in place and designed to catch and close loopholes.

D. HR&B Restructuring Update

- John Cammidge, Acting Associate Vice President

UPDATE: Acting AVP Cammidge provided an overview of the new organizational chart for HR&B (see Distribution 1). He noted that HR&B’s restructuring is still an iterative process and that further changes to the org chart may occur. Present efforts focus on matching employees’ competencies with new/adjusted requirements; some incumbent employees may not match up. Naturally, morale is an issue, and potential voluntary staff turnover will only add to the uncertainty in the department. Acting AVP Cammidge stressed, though, that frequent meetings of the executive directors of the four newly defined units in HR&B would promote communication and interaction between the units.

E. Open Enrollment/2009 Health Plan Changes

- Mark Esteban, Director, Policy and Program Design
- Rick Kronick, HCTF Chair

UPDATE: Overall, Director Esteban reported, the weighted average increase in health care insurance premiums for 2009 is 8.9% (see Distribution 2). UC will continue to pay 87.5% of premiums, and many workers in pay band 1 will see their premiums decrease, due in part, to the one-time off-set mentioned above (see Item III.3.). Director Esteban also outlined changes to the incentive structure for participation in the StayWell program.

HCTF Kronick noted that since most faculty are not in the lower pay bands, their premiums will increase. Further, absent pay raises, premium increases yield a net loss in take-home pay.

DISCUSSION: Members inquired as to data on the effect of the CIGNA transition. Director Esteban noted that it is still too soon to discern meaningful trends or impacts. Members also queried as to health benefit coverage during the transition from active to retired status. Executive Director Baptista noted that during the transition, members should stay with their incumbent plan and make changes during open enrollment, unless they leave the service area as part of their retirement.

Members also asked about the status of medical center contacting. HCTF Vice Chair Pitts noted that the negotiations are still proceeding, so no new information will be available until October 30.

F. UCRP RFP Update

- Katie Lapp, Executive Vice President, Business Operations
- Mike Baptista, Executive Director, Quality Assurance and Compliance, HR&B
- Bob Anderson, TFIR Chair

UPDATE: Executive Director Baptista provided an overview of the issue, including its genesis, goals, and prosecution, including the stakeholder groups consulted during the investigatory process. The investigation revealed that there are capable vendors who could provide a high level of service. It also revealed that while UC lagged in technological sophistication, it excelled in its handling special cases and its familiarity with UC culture. EVP Lapp added that she had requested some additional information and would present it to President Yudof and Acting Provost Grey. The president will then consult again with key stakeholders before announcing his decision, probably within the next few weeks.

DISCUSSION: Chair Henry inquired as to the nature of the additional information requested by EVP Lapp. EVP Lapp responded that she is seeking more specific data on the costs of external systems translations and internal infrastructural modernization. TFIR Chair Anderson noted that the Senate recommendation of co-sourcing was not included in the RFP, so even with the additional data, a full analysis may not be possible. ED Baptista agreed that a co-sourcing solution would not just be an exchange of software and hardware, but would involve both new personnel and new processes. Acting AVP Cammidge stated that he did not know how the co-sourcing implementation went at his previous employer, Stanford, as he left at the beginning of the process. Members suggested that a co-sourcing model could benefit UC overall by sparking a systemwide IT upgrade, especially in terms of payroll and personnel software modernization and compatibility; continuing to address these issues piecemeal will be increasingly expensive over time. Chair Henry asked what interim/transition plan was in place. Director of Client Relations and Diversity (HR&B) Lewis said that current UCRP staff are not subject to restructuring at present and that any transition is expected to take between 12-24 months, so continuity should not be an issue.

V. Restructuring in the Office of the President

A. Business Operations

- Katie Lapp, EVP, Business Operations
- Michael Reese, Associate Vice President, Business Operations

UPDATE: EVP Lapp outlined some of the changes recently or nearly completed in the business operations unit, including a new office of OP budget, a centralized payroll and transaction unit in OP, and an improved IT unit. The institutional research unit is currently recruiting a director, and a unit to steward legislative analysis and issue management is under development. The underlying goal of the latter two units is to provide useable data in order to conduct internal studies and provide coordinated and timely responses to Sacramento and DC. Also, a new communications and external relations unit is recruiting directors.

DISCUSSION: Members queried whether the new IT unit would be better able to track and share staff and faculty data to facilitate studies on remuneration, for example, and whether faculty experts would be consulted by the new legislative analysis unit. EVP Lapp stated that the new IT unit should have those expanded capabilities and that she hoped the new legislative unit would take advantage of internal UC expertise, as such would also help with advocacy and communications goals. Vice Provost Greenstein concurred that a master list of

subject experts should be compiled. Members questioned how the institutional research unit would be able to provide in-depth analysis of specific subject areas if it is peopled by data stewards. EVP Lapp indicated that the unit will be a service unit, not an analytical one; subject expertise and analysis will reside in thematic offices, such as Academic Advancement and Student Services.

B. Academic Affairs

- Daniel Greenstein, Vice Provost, Academic Information and Strategic Services, Academic Affairs

UPDATE: Vice Provost Greenstein observed that the Academic Affairs restructuring would proceed similarly to that undergone in HR&B and Business Operations, but on a smaller scale. Presently, the effort is focusing on four areas: developing an issues management and legislative analysis unit, extending planning and accountability, continuing the Office of Research and Graduate Studies (ORGS) and Division of Agriculture and Natural Resources (DANR) restructuring already underway, and devolving, where appropriate, some of the 30+ programs managed by Academic Affairs on behalf of the system to the campuses. In each case, OP will enhance its analytic capabilities because the units will be less concerned with stewardship.

DISCUSSION: Members noted the perennial pitfall of federalism: inconsistent local policies, practices, software, etc., as well as the propensity of change-resistant local officials to create shadow systems. VProvost Greenstein responded that recruiting and empowering key personnel could alleviate many of those concerns. Members also questioned how central services units would prioritize competing claims, to which VProvost Greenstein replied that open communication would be essential to effective operations.

VI. Consultation with the Office of the President – Academic Advancement

- Pat Price, Executive Director
- Janet Lockwood, Associate Director
- Gregory Sykes, Coordinator, Health Sciences Compensation
- Jim Litrownik, Coordinator, Data Management and Analysis

A. HSCP/APM 670 Status of Review

UPDATE: Associate Director Lockwood summarized the proposed changes to APM 670 (see Distributions 3 and 4a-b). She noted that addressing the many technical and editorial changes has gone relatively smoothly, but the more substantive proposed changes will require more cooperation. The target date to implement the revisions is July 1, 2009.

DISCUSSION: Chair Henry suggested that a working group of UCFW members could “green light” some changes and flag others for deeper deliberation; members supported this two-step process. Members raised several concerns and encouraged both Academic Advancement and the working group to be mindful of them: that pharmacy and nursing school employees are inconsistently on the health sciences compensation plan (HSCP), and that some changes could impact pension benefits.

ACTION: Chair Henry will send “green lighted” items to Academic Advancement next week, following subgroup consultation.

B. Upcoming APM Reviews

UPDATE: AD Lockwood indicated that revised policies governing deans will be proposed soon and that she would offer UCFW an opportunity to pre-review the proposals.

C. Year 2 of the Faculty Salary Plan

UPDATE: Coordinator Litrownik said that the report summarizing the impact of Year 1 excludes faculty on the HSCP and the law schools. Year 1 had two goals: to begin the four-year process of reducing UC faculties' salary lags vis-à-vis the Comparison 8 and to reduce the use of off-scale salaries.

DISCUSSION: Chair Henry noted that the report captures a time when funding for Years 2-4 of the plan was anticipated, but since that funding is now in jeopardy, a new picture with a different frame might be more useful. Members observed that differential campus implementation of Year 1 may have exacerbated lingering inequalities which now cannot be addressed due to fiscal constraints. Others suggested that postponing Year 2 would result in an increase in the use of off-scale salary packages, thus undermining the work of Year 1. Members sought clarification on the distinction between decoupled faculty and those who are off-scale. Coordinator Litrownik answered that "decoupled" faculty are paid at a rate that falls within a range at a step above their named title, while "off-scale" refers to those who are paid more than the published base rate for their step, but still less than the next step's minimum. Members also suggested that future reports indicate how great the lag is between UC's highest paid in a step and the Comp 8's average pay in that step. Others added that including non-cash aspects of remuneration would enhance the report.

VII. Accountability

ISSUE: See Item III.6. above.

DISCUSSION: Members were unclear as to whom UC is being accountable. Analyst Feer noted that the intended audience is the general public and the legislature and that the goal of the report is to illustrate to them how well UC is succeeding in educating their students and how well UC is doing in strengthening the state economically. Members wondered whether the presented data was strategically selected or if it was what was readily available; members should suggest specific metrics. Others suggested that the report would be strengthened by including explanatory text and impact statements, such as "The faculty has shrunk over the past 20 years, and now we are struggling to educate an increasing number of students." Still others suggested that one goal could be to debunk the myth that UC faculty receive exorbitant salaries; another could be to illustrate clearly the value added by UC faculty to the state. Members wondered if pie charts and bar graphs were the best media to illustrate these contentions.

ACTION: Members should send specific suggestions to Chair Henry, who will collate and circulate them prior to the November meeting.

VIII. Rehired Retirees Policy

ISSUE: Chair Henry summarized the development of the policy and its unusual timeline and review sequence, noting that the policy as approved by The Regents at their

September meeting included text mentioning possible revision to address concerns raised during Senate review.

DISCUSSION: TFIR Chair Anderson noted that public perception of double-dipping is not something easily countered. Other members noted that adjusting the recall policy for SMG and staff could set a negative precedent for faculty-position recalls.

ACTION: UCFW will submit a revised version of its August 2008 letter on the matter, bringing specific attention to the confusion surrounding the lump-sum exception.

IX. Consent Calendar

A. Minutes of July 19, 2008

ACTION: The minutes were approved as amended.

B. UCFW 2007-08 Annual Report

ACTION: The Annual Report was approved as noticed.

C. Systemwide Review Items

1. Report of the Subcommittee on the Professional Doctorate of the UC Task Force on Planning for Professional and Doctorate Education (PDPE)

ACTION: The committee elected not to opine on this item.

2. Proposed Amendments to Senate Bylaws 125.A.4, 128, and 130

ACTION: The committee elected not to opine on this item.

3. Proposed Revisions to Academic Personnel Policies 110-4(10); 230-17; 230-18; 279-20; 360-80-a; 520-4; and 710-14-b, 710-14-l, 710-38, and 710-46; and Proposed New Academic Personnel Policy 765

DISCUSSION: Some members expressed concern over the sections implicating the hiring of domestic partners of current employees, as well as the sequence of hiring versus registration.

ACTION: Berkeley representative Braunstein will share his division's draft response to serve as a model for the committee's feedback.

X. Executive Session

A. Campus Updates and Issues

B. Total Remuneration

C. Report: UCFW's Task Force on Investment and Retirement

D. Report: UCFW's Health Care Task Force

Note: This item occurred during executive session; no notes were taken.

Adjournment: 4:00 p.m.

Distributions:

1. "The Evolving Role of UCOP Human Resources & Benefits"
2. "2009 Health & Welfare Benefit Results: Medical Plan Cost-Sharing Alternatives and Budget Implications"
3. "Recommendations for Revisions to APM – 670"
- 4a. "Headcount and Percent of Health Sciences Faculty by Primary Class Title Outline (CTO), by Campus"
- 4b. "FTE and Percent of Health Sciences Faculty by Primary Class Title Outline (CTO), by Campus"

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Attest: Helen Henry, UCFW Chair