

UNIVERSITY COMMITTEE ON FACULTY WELFARE

Approved Minutes of the Meeting

November 15, 2004

I. Executive Session

II. Consent Calendar

- 1) Minutes of the October 4, 2003 meeting were approved as amended.
- 2) The Proposed Guidelines and Procedures Governing the Academic Senate's Role in the Development of a New UC Campus and for Granting Divisional Status to a New Campus were approved as submitted.

III. Announcements by the Chair

John Oakley, UCFW Chair

Following introductions, Chair Oakley made the following announcements:

- Beginning with this academic year, the Systemwide Senate will be posting all committees' agendas and minutes on the web. UCFW meeting participants will be given the opportunity to review their remarks and correct any mischaracterizations before the minutes are made public.
- Human Resources and Benefits (HR&B) has agreed to fund an additional meeting of the UCFW Health Care Task Force (HCTF), which will enable that group to meet four times this year.
- UCFW will hold eight meetings this year. Referring to the meeting schedule included on page iii of the agenda, Chair noted that the meeting tentatively scheduled for July 18 would most likely be cancelled, and that the December 10 meeting will also likely be cancelled pending developments at the November 22 meeting of the Academic Council. UCFW members will be notified whether the December 10 meeting will be cancelled immediately following the Council's November meeting. [The December 10 meeting was cancelled.]
- To date, the Task Force on Investment and Retirement (TFIR) has conducted most of its work via teleconference. If an issue arises that TFIR believes would more effectively be dealt with in a face-to-face meeting, the chair of UCFW will seek the additional funding needed to permit such a meeting.
- UCFW worked for two years formulating a set of principles for the funding and administration of campus parking programs. These principles were approved in final form by UCFW on June 12, 2002, and adopted by the Academic Council on June 19, 2002. UCFW has been asked by the Academic Council Chair to evaluate how these parking principles are being implemented on the campuses.
Action: Campus representatives will be asked to make this assessment and report their findings back to UCFW. The responses will be compiled in a report to the Academic Council, which UCFW members will share with their campuses. The parking principles can be found on the web at:
<http://www.universityofcalifornia.edu/senate/reports/ucfwparking.pdf>.
- Another issue, which was raised in October by the UCSF representative during UCFW's discussion on 2005-06 budget priorities, is that of how faculty salaries and salary levels fit into the overall welfare of faculty and of the university at a time when higher salaries can be funded only at the expense of other important budgetary priorities at UC. This issue will be

on the committee's January agenda. The UCSF representative agreed to provide a set of alternative proposals to use as a basis for the discussion. [This discussion was deferred to the February meeting.]

Action: The issue of alternative funding for faculty salaries will be on UCFW's January agenda. The UCSF representative will take the lead on this discussion.

- Chair Oakley encouraged UCFW members to raise similar issues of concern that the committee might also want to explore.
- The Academic Council met on October 20 and the Assembly of Academic Senate met by teleconference on November 10. President Dynes and some members of the senior administration attended both meetings. The dominant theme of their message was UC's challenging fiscal environment.
- Chair Oakley distributed an article "Teamsters Find Pensions at Risk" that appeared in the 11/15/04 edition of the New York Times, and also noted an article, "For Pension Plans Like United's, a Healthy Glow That's Paper Thin," from the 11/6/04 edition of the New York Times that he had forwarded earlier to UCFW members. Both articles illustrate the lax regulatory standards applicable to private pension plans. Such articles, when read by faculty colleagues, could cause nervousness about the solvency of UCRP. This is why UCFW remains vigilant over UCRP assets.

IV. Report from Senior Vice President-Business & Finance

Joe Mullinix

Update on 457(b) Plan. When the 457(b) Deferred Compensation Plan was first made available in September over 4,700 people enrolled, and there continues to be significant interest in this plan from all pay categories. By July 1, 2005, the 403(b) and DC Plans will be converted to the Fidelity platform that was implemented for the new 457(b) Plan. Investment options for the 457(b) and the 403(b) will be enlarged to provide more investment flexibility. Possible options are currently being considered. When a decision on the options is made, there will be a competition for the educational portion of the new platform that is likely to take place in August or September of this year.

Actuary's Report to the Regents. The Actuarial Valuation Report on the UCRP will be presented to the Regents on November 17. The purpose of the annual valuation is to disclose the Plan's funded position as of the beginning of the current Plan year, analyze the preceding year's experience and recommend contribution rates for the upcoming calendar year. The UCRP Actuarial Valuation Report can be found on the web at:

<http://www.universityofcalifornia.edu/regents/regmeet/nov04/513.pdf>

In a future action, the Consulting Actuary and HR&B, in consultation with the Treasurer's Office, plan to present information to The Regents in early 2005 regarding strategies for resuming contributions to UCRP and potential new retirement design options for new hires.

Action: UCFW Chair emphasized that UCFW wants to be involved, from the beginning, in any discussions having to do with strategies for resuming contributions to UCRP and in discussions/decisions on any alternative structures being considered for the retirement system.

V. Ellen Switkes, Assistant Vice President-Academic Affairs

Comparison-8 Salaries and Methodology

Issue: At the October meeting, AVP Switkes was asked to provide current data on faculty salaries at UC and its comparison institutions, and to explain the methodology on how these data are used to arrive at comparisons of faculty salary parity.

Report: AVP Switkes distributed the California Post-Secondary Education Commission's (CPEC) 2003-04 survey on faculty salary comparisons and a summary of the CPEC methodology. The survey shows the estimated projected difference in faculty salaries between UC and its comparison institutions, and the average salaries at comparison institution. (UC's comparison institutions are Harvard, Illinois, MIT, Michigan, Stanford, Virginia, Yale, and SUNY-Buffalo.) The results of the CPEC survey indicate that faculty salaries at UC would need to increase by about 10.7 percent for 2004-05 in order to achieve parity. This projection assumes that funding will be available for faculty merit salary increases effective July 1, 2004. If merit funds are not provided, the salary lag will be larger. Health sciences and law faculty salaries were excluded from the survey, and the methodology used by CPEC does not factor in employee benefits or housing costs.

Action: AVP Switkes was asked to provide UCFW with comparative faculty salary data across the UC campuses that *exclude* professional schools.

Action: Assoc. VP Boyette was asked to provide UCFW with information on how UC's employee benefits package compares with those of the comp-8 institutions.

VI. Report from the University Treasurer

David Russ

Treasurer Russ distributed the 2003-2004 Treasurer's Annual Report, the 2004 Wilshire Report on State Retirement Systems: Funding Levels and Asset Allocation, and the Third Quarter Investment Performance Summary, which will be presented to The Regents at their November 17 meeting. The investment report and presentation materials can be found on the Regent's website at: <http://www.universityofcalifornia.edu/regents/regmeet/nov04/512.pdf>. All investment-related information may be found on the Treasurer's website at: <http://www.ucop.edu/treasurer/>.

Highlights of the Treasurer's report:

- The quarterly return on all portfolios was 0.51% versus the 0.62% benchmark.
- The Wilshire Report is a comparative analysis of the status of 123 state retirement systems as of 2003. Of the 123 plans covered in the study, 93% are now under-funded, up from 79% in 2002 and 51% in 2001. Directing attention to page 5 of the report, Treasurer Russ noted that UCRP is one of the few plans that are still over 100% funded.
- At the November 9 meeting, the Regents' Committee on Investments approved item 603, a proposed investment policy statement for UCRP compiled by Treasurer Russ. The document consolidates all the investment policies that The Regents have approved over the years and articulates the responsibilities of The Regents, The Committee on Investments, and the Treasurer with respect to the development and implementation of investment policies. Since Treasurer Russ did not have enough copies to distribute to UCFW members, he referred members to the following website where the document is posted: <http://www.universityofcalifornia.edu/regents/regmeet/nov04/603.pdf>
- The Treasurer plans to follow up with investment policy statements for the General Endowment Pool and the other funds under his management.

VII. Report from Vice President for Budget

Larry Hershman

Vice President Hershman reported that the University of California 2005-06 Budgets for current operations and for capital improvements, and the approval of proposed increases in student fees for 2005-06 would be brought before The Regents at their November 18 meeting. The budget is consistent with the Compact that the University negotiated with the Governor. The budget

includes a request for a general 3% increase to cover salary increases and funding for enrollment growth, and for fee increases of 8% for undergraduates and 10% for graduate students but with a return to aid more heavily weighted toward graduate students. The proposed budget is posted on the web at: <http://www.universityofcalifornia.edu/regents/regmeet/nov04/515.pdf>

VIII. Health Care Task Force (HCTF) Report

AVP Boyette reported for Executive Director French

Harold Simon, HCTF Chair

Update on Medical Plan Premiums. There will be no change in the net costs or benefits of the medical plan premiums for 2005, except for Medicare retirees who will experience a one-time only decrease in their rates due to Medicare reform and to credits that UC accrued last year. AVP Boyette cautioned that this was a temporary decrease and not a trend. In answer to a question about the status of the Definity Medical Plan being piloted at UCSF and UCSB, AVP Boyette said that, to date, enrollments were low from both campuses and that a few more years would be needed before a decision could be made about whether there was enough interest in the plan to make it generally available.

Action: Several members reported that there was a problem with faculty gaining access to their local UC Medical Center physicians, and questioned whether something could be done to address this issue. AVP Boyette encouraged members to forward the names of their colleagues who were having difficulty with access and HR&B would investigate further.

Open Enrollment. AVP Boyette distributed two charts: one showing confirmations of employees making changes in their plans through November 11 by year beginning with 1997 and the other showing total confirmations issued for employees open enrollment by year. For 2004, as of November 11, HR&B has received 6,781 confirmations. A large volume of activity is not expected this year because health care premiums and benefits have not changed from the 2004 levels. Since employees with health care reimbursement accounts are required to re-enroll each year, some of the confirmations are likely attributable to that activity.

Action: UCFW asked HR&B to provide information on what fraction of the confirmations over the past two years were health care reimbursement account confirmations.

Action: UCFW asked HR&B to provide information on the percentage of employees who switch from more expensive plans to less expensive plans.

Health Care Task Force Report:

Primer on Health Care Costs. Three appendices to the Primer were sent via email attachment to committee members prior to the meeting. HCTF Chair noted a correction to the Common Abbreviations Appendix, as follows: The first entry on page one – AAVMC, should be corrected to read AAMC – American Association of Medical Colleges.

Report on Delta Dental Insurance Company Practices. HCTF Chair Simon distributed several handouts related to Delta Dental Insurance practices. HCTF's inquiry into Delta's reimbursement practices was prompted by a UCSD faculty member whose dental care provider notified him that he was dropping his association with Delta in part because of the company's increasing practice of completely rejecting or only partially honoring payment for covered services, attempts to change or modify recommended treatment, and refusing payment of claims even though they were properly pre-authorized and accepted before treatment was rendered. In consultation with HCTF members and a group of dentists in the San Diego area, Chair Simon found these complaints to be well founded. This finding was further corroborated by campus Health Care Facilitators. Chair Simon suggested that as a first step in addressing this problem, the HCTF meet with representatives from Delta during its first meeting in January to explore

possible remedies. AVP Boyette added that it had been some time since UC had issued an RFP for dental insurance providers and that such action could also be considered.

Action: UCFW recommended that UC rethink the nature and kind of dental coverage it offers. For example, current plans do not cover catastrophic events. At the January meeting, UCFW will begin a critical evaluation of what kind of dental coverage UC should offer and whether a new plan could be made available in time for Open Enrollment next November.

Action: AVP Boyette will report back on how much lead-time is needed in order to issue an RFP for Dental Plans in time for implementation in 2006.

Health Care Savings Account Information. The UCR representative on behalf of the UCR faculty raised the issue of why UC does not offer health savings accounts. In response, the HCTF drafted a report on Health Care Reimbursement Accounts (HCRAs) and Health Savings Accounts (HSAs), which Chair Simon distributed to UCFW members. The primary reason that UC does not offer HSAs is that they can only be offered in conjunction with high-deductible health plans – one with at least a \$1,050 deductible for a single individual, and \$2,100 for family coverage. With the exception of the Core Plan, which is a high-deductible plan, UC health plans currently have deductibles significantly below these limits and would therefore not qualify. Chair Simon noted that the Definity Health Plan that is being piloted at UCSB and UCSF is similar to an HSA in that account amounts may be carried over to the next year. Chair Simon reported that the HCTF recommended against UC offering HSAs in part because doing so would have the potential of establishing adverse selection for the low deductible plans.

IX. Security Upgrades for On-line Web System

Mike Baptista, Director of Information Systems Support

Issue: UCFW was provided with an update on the latest security upgrades to the HR&B on-line web system.

Report. A handout was distributed showing the most recent round of security upgrades that were implemented at the end of September 2004. These are:

- Replaced the 4-digit Personal Identification Number (PIN) with a 6-12 alphanumeric Password.
- Security Word added in response to Customer Service needs. Customer Service can use the Security Word as one of the identification tools before releasing personal information to callers.
- Personal email has been added to supplement the UC work email address. When a transaction is completed, confirmations are emailed immediately to the individual's email address.
- Option added to update security preferences at any time.
- New Forgot Password Routine added. Temporary passwords are sent immediately to individual's email address(es).

The site continues to evolve to comply with industry practices on security.

X. Report – “Systemwide Strategic Directions for Libraries and Scholarly Information at the University of California

Issue: The Provost has asked for Senate comment on the Systemwide Library and Scholarly Information Advisory Committee's Report. Since this report affects faculty's access to scholarly information, it is appropriate for UCFW to review and offer its comments on this report. The committee's response is due to the Academic Council Chair by December 3.

Comments:

- Digital scholarly resources are mainly in the “deep web.” These deep web resources may be housed in other universities, non-for-profit institutions, or public sector cultural institutions. The report does not adequately acknowledge the difficulty of accessing these resources. The tools, standards, and best practices have not yet been developed.
- The major changes that have taken place in the past with respect to libraries came about because of the direct leadership from systemwide. It is unrealistic to assume that the kind of forceful strategic changes towards a unified UC system described in this document will happen without strong central enforcement.
- This is an inward-looking document. It omits collaboration with other institutions, and does not take into account some of the national and international changes that have occurred in how information is produced and accessed.

Action: Chair Oakley asked the UCB representative to draft the committee’s response. When completed, the draft will be circulated to UCFW members for review and comment before it is finalized and sent forward to the Academic Council Chair.

XI. UCP&T’s Proposed Revisions to Senate Bylaw 336.B.4

Issue: UCFW was asked to review and comment on an amendment proposed by UCP&T that attempts to clarify the statute of limitations for disciplinary cases. The committee’s response is due to the Academic Council Chair by January 10, 2005.

Comments: The UCB representative reported that the Berkeley Division was of the view that, while the proposed changes are an improvement over the current language, they are incomplete in that they do not protect faculty from having to defend themselves against charges for events taking place in the distant past, i.e., there is nothing in the current wording that prevents the commencement of disciplinary action 10, 20, or even 30 years after the event if no administrator acquired actual knowledge at the time of the alleged occurrence or if the administrator who did have actual knowledge had since died (see agenda page 50). UCFW members agreed that while they were not against the changes being proposed, those changes still leave faculty vulnerable.

Action: UCFW Chair will convey UCFW’s concerns to the Academic Council and recommend that the Council ask UCP&T to further amend the bylaw to specifically address the limitations period.

XII. University-wide Statement of Core Values – Draft

Issue: The Regents have expressed an interest in the development of a University-wide Statement of Core Values. In response, administration drafted a statement, which was sent to the Academic Council for review and comment in September. At that time, the Academic Council Chair asked UCFW to take the lead in making any needed modifications to ensure that the proposed policy would intersect well with existing university policy.

Overview. Chair Oakley reported that part of the university’s motivation for developing a Statement of Core Values had to do with concerns about compliance with federal regulations and granting agencies. He noted that it is a common practice among corporations to have such statements. From the faculty perspective, the major concern will be that this university-wide policy is not seen as a modification of the Faculty Code of Conduct. Chair Oakley reported that it was the unanimous opinion among Council members that this draft was not appropriate for a university community. Chair Oakley met with University Counsel and the University Auditor to discuss modifications to the draft. University Counsel is working on a proposed new draft that will be more reflective of faculty’s concerns. It is the Chair’s hope that a document will evolve

which will satisfy the Administration's need to provide a document to the Regents, but will not have the implication that it suspends or amends the Faculty Code of Conduct.

Action: Chair will continue to provide UCFW with updates on the progress of this issue.

The meeting adjourned at 4:00 p.m.

Attest:

John Oakley, UCFW Chair

Minutes Prepared By:

Betty Marton, Committee Analyst