

**Minutes of Meeting – Friday, December 14, 2007  
UCOP Room 5320**

**I. Chair's Announcements**

- **Jim Chalfant, UCFW Chair**

UCFW Chair Chalfant provided an overview of the meeting agenda. He noted that the chancellors' salaries item is on the agenda due to a request from the Academic Council at its November meeting. Chair Chalfant also reported that the New Financial Programs Subcommittee of the UC Housing Task Force will meet for the first time in December to discuss alternatives to current Supplemental Home Loan Program (SHLP) loan offerings. UCFW can expect updates from the Subcommittee at future meetings this year. Lastly, Chair Chalfant reminded UCFW that a subcommittee has been formed to work with Jill Slocum, Executive Director of Academic Personnel, on APM 670 (Health Sciences Compensation Plan). The subcommittee includes UCFW members Shane White, Rick Kronick, Larry Pitts, and Helen Henry.

**II. Consultation with UCOP – Human Resources and Benefits**

- **Judy Boyette, Associate Vice President, HR&B**
- **Randy Scott, Executive Director, Policy & Program Design, HR&B**
- **Mark Esteban, Director, Policy & Program Design, HR&B**
- **Lily Pang, Director, Health & Welfare Administration, HR&B**

- A. **Senior Management Group Policy Review Update:** Executive Director Randy Scott reported that the policy review project, ongoing for a year, is focused on the governance structure at UCOP including compensation issues, development of a content management system for employee salary information, and other policies that the Regents' ultimately review. The Regents are expected to discuss the senior management group policies at their January meeting, focusing on nine key policies most often cited in UC's transparency and accountability reform initiatives. The Regents will decide in January whether to distribute the nine policies for formal review, which will include the Senate review process. The Regents will likely act on the policies in March.

**ACTION: UCFW will discuss the nine senior management review policies at its January 18, 2008 meeting.**

- B. **Open Enrollment Update:** Director Lily Pang stated that the activity volume for the November 2007 Open Enrollment period was high, with 47,000 actions confirmed by employees, and over 3,000 actions confirmed by retirees. All of the UC campuses and UCOP have reported successful Open Enrollment fairs and communication efforts. Employees enrolled in HealthNet will receive their identification cards a few days later than expected, however, the rest of the Open Enrollment process went smoothly.

- C. **HR&B Initiatives Related to UCOP Restructuring Efforts:** Associate Vice President Boyette updated UCFW members on current UCOP restructuring efforts, including recent initiatives developed with the Monitor Group that focus on increasing efficiency in various UCOP-HR&B functions. Associate Vice President Boyette will be asking for input from UCFW and TFIR regarding possible planning options for UC benefit administration in the upcoming months.
- D. **Employee Privacy:** UCFW members inquired about UC's electronic communications policy, with an eye toward possibly developing an employee privacy statement, or statement of principles, that could be posted on UC's HR&B website. Executive Director Scott and Associate Vice President Boyette expressed great interest in the idea, and will follow-up with UCFW at a future meeting.
- ACTION:** UCFW will discuss this issue further at its January meeting.

E. **UCRP Governance Structure – SCR 52 (Yee)**

**Note: This agenda item was conducted in Executive Session. Minutes, aside from action items, are not prepared for this portion of the meeting.**

**ACTION:** UCFW will discuss this issue further at its January meeting.

- F. **Retiree Health Accounting Requirements and Next Steps:** Executive Director Scott reported that the UCOP is currently evaluating UC's options in addressing retiree health accounting requirements in next year's annual reports. UCOP staff are also developing a set of recommendations on this matter in preparation for a Regents' meeting in spring 2008. HR&B will seek UCFW's input prior to bringing this issue to The Regents.
- G. **UCRP Funding Policy/Restart of UCRP Contributions:** Executive Director Scott provided a brief background on the issue, noting that UC requested extra money from the state in last year's budget request to fund employer contributions to UCRP. The state declined, and UCOP is now considering whether to renew its request in this year's budget proposal. The issue will likely be discussed further at the January Regents' meeting.

**III. Chancellors' Salaries Plan**

- **Judy Boyette, Associate Vice President, HR&B**
- **Dennis Larsen, Director, Resource Administration, HR&B**

**ISSUE:** The Academic Council, at its November 28, 2007, meeting, discussed The Regents' November agenda item regarding a possible increase in UC chancellors' pay. The Academic Council discussion resulted in a request to UCFW to consider this issue further, and report back to Council.

**REPORT:** Director Larsen distributed a confidential briefing paper to UCFW members regarding chancellors' market parity, and reviewed it with the committee.

**DISCUSSION:** UCFW members expressed strong views against the chancellors' pay plan as presented, knowing its reliance on doubtful methodology and unfortunate timing considering UC's recent executive pay scandal and the huge state budget deficit. UCFW members noted that at the very least, the plan requires additional detail, and its timing should be reconsidered since

the faculty salaries plan has not yet received a complete budgetary commitment from The Regents. Some members expressed their view that quality chancellors need to be supported with pay equal to their competitors, including increases if necessary, but that more work needs to be done to make this presentation more compelling.

**ACTION:** UCFW Chair Chalfant will report the outcome of today's discussion to the Academic Council.

#### **IV. UCFW – Task Force on Investment and Retirement (TFIR)**

- **Judy Boyette, Associate Vice President, HR&B**
- **Randy Scott, Executive Director, Policy & Program Design, HR&B**
- **Judy Ackerhalt, Deputy to Asc. Vice President Boyette, HR&B**
- **Barbara Clark, Office of General Counsel**
- **Gary Schlimgen, Director, Retirement Planning, Policy & Program Design, HR&B**
- **Richard Townsend, Coordinator, Policy & Program Design, HR&B**
- **Paul Angelo, Segal Corporation**

##### **A. UCRP/LLNL Transfer Update**

**Note: This agenda item was conducted in Executive Session. Minutes, aside from action items, are not prepared for this portion of the meeting.**

**ACTION:** UCFW will report the outcome of today's discussion to the Academic Council at its December meeting.

- B. PERS Plus 5 Plan Alternatives:** Director Schlimgen reported that this item, considered at UCFW's November meeting, was not approved by The Regents in November. The Regents instead requested additional options to consider at a future meeting. Director Schlimgen is working with the Office of General Council to develop options. A revised plan is expected to be presented to The Regents in the spring. One UCFW member asked for further information regarding The Regents' commitment to UCRP ad hoc COLAs, which will be discussed at a future UCFW meeting.

**ACTION:** UCFW will follow-up on this issue at a future meeting.

#### **V. Consultation with the Office of the President – Budget Office**

- **Debora Obley, Assistant Vice President, Budget Development and External Relations**

**ISSUE:** UCFW has requested a report on the UC budget, and next steps regarding the faculty salaries plan.

**REPORT:** Assistant Vice President Obley reported that The Regents approved a budget plan at their November meeting that includes a year-two increment in 2008 as part of the four-year faculty salaries plan. She noted that the state is headed for a very tough budget year due to a looming structural deficit problem. UC's budget request to the state is therefore modest, with a request for full funding of the Compact – including a four percent increase in UC's base budget, plus funding for scheduled enrollments growth – and an extra one percent increase for core budget needs. The Governor's budget will be released on January 10, 2008, but we will not

know the full impact of the states' budget woes until the May 2008 budget revision. In the meantime, UC will need to plan for likely budget cuts. Assistant Vice President Obley should know more about any budget impacts on the faculty salaries plan in January.

**DISCUSSION:** UCFW members discussed various budget scenarios for UC and the state, including how a ten percent cut from the state would impact UC's budget. Assistant Vice President Obley reported that a ten percent cut would mean approximately \$300 million in UC's budget, and would likely be covered by increases in student fees, cuts, and cost avoidance measures. UC will have to weigh its options once the Governor's budget is released next month. One UCFW member requested that UC's budget presentation concerning student fees and UC's strong financial aid program also be accompanied by a mention of the rising student debt problem. Assistant Vice President Obley took note, and thanked him for the suggestion.

## **VI. Faculty Salaries Plan**

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

**ISSUE:** UCFW is continuing its discussion of the four-year faculty salaries plan.

**REPORT:** Vice Provost Jewell repeated Vice President Obley's account of the bad budget news that is expected from the state in January. Currently, he is working on costing out various faculty salary plan scenarios. Final details concerning next steps in the plan will not be known until May 2008, when the state's revised budget is released. Vice Provost Jewell also reported that the Faculty Salaries Work Group will meet in January to consider several issues, including the UC budget situation, and implementation of the salaries plan.

**DISCUSSION:** UCFW members asked questions about the CPEC faculty salaries methodology, and the historical reasons behind UC's use of the CPEC data. Vice Provost Jewell reported that UC will conduct its own faculty salaries study this year, per usual, even though CPEC will not be doing its own study this year. UCFW members also discussed the structure of specific faculty salary scales. Some members expressed frustration with the plan and impacts on faculty morale, especially concerning the grave budget situation UC will likely face next year.

**ACTION:** UCFW will continue to follow this issue at future meetings this year.

## **VII. Continued Discussion: Consideration of Roth 403(b) Plan for UC**

- **Tom Morton, UCFW Member**
- **Bob Anderson, TFIR Chair**
- **UCFW Members**

**ISSUE:** Faculty members from UC Riverside have put forth a proposal requesting UC to consider offering UC employees a Roth 403(b) plan.

**DISCUSSION:** UCFW member Tom Morton provided UCFW members with a brief background of the issue and a summary of discussions at UC Riverside that led up to the proposal (see agenda enclosures 7 & 8). TFIR Chair Bob Anderson then provided his perspective as to why a Roth 403(b) plan offering would be advantageous for UC, including possible tax advantages, additional investment options for those employees who are constrained by the current 403 and 457 plan limits, and more favorable estate tax treatment for non-spouse beneficiaries in a Roth 403(b). HR&B Director Gary Schlimgen reported that UC has studied the Roth plans before, and such an offering would require robust financial education and advice resources from UC for its employees should it be adopted.

**ACTION:** UCFW members Tom Morton, Bob Anderson and Bob Newsom will draft a full proposal to frame UCFW's request regarding the Roth 403(b) issue, for further consideration by UCOP-HR&B.

**VIII. Consultation with the Office of the Treasurer of The Regents**

- **Melvin Stanton, Associate Chief Investment Officer**

**ISSUE:** UCFW has requested a report from the Treasurer's Office concerning the Treasurer's annual report, as well as the quarterly UCRP investment performance report.

**REPORT:** Associate Chief Investment Officer Stanton, via teleconference, reviewed with UCFW members both the annual and quarterly reports, distributed at the meeting.

**DISCUSSION:** UCFW members discussed issues concerning the impact of the declining subprime mortgage market on UCRP, and Short Term Investment Pool (STIP) funds. Associate Chief Investment Officer Stanton reported that the mortgage meltdown is not expected to impact UC's investments. He also noted that the UC Budget Office is studying the STIP fund pool, and possible new investment strategies that might be brought to The Regents for consideration this year.

**IX. UCFW – Health Care Task Force (HCTF) Report**

- **Larry Pitts, HCTF Chair**

**ISSUE:** HCTF Chair Pitts will report on the HCTF's December 10, 2007, teleconference meeting, and other items on the HCTF agenda this year.

**REPORT:** HCTF Chair Pitts reported that the task force discussed the new UC employee wellness plan offering, Staywell, which will begin in January 2008. HR&B Executive Director noted that the UC employee union leadership have made the decision to opt out of Staywell, but HR&B is working to resolve their outstanding issues. HCTF Chair also reported that HCTF is continuing its inquiry into a possible long term care insurance program for UC employees. More information will be reported to UCFW later this year. The HCTF plans to hold one or two in-person meetings in 2008.

**X. Consent Calendar**

- A. Approval of UCFW November 16, 2007 meeting minutes
- B. UCFW elects not to comment on the following items under systemwide Senate review: (1) Report of the Joint UC Ad Hoc Committee on International Education; and (2) Proposed UC Undergraduate Mission Statement

**ACTION:** UCFW approved the consent calendar via unanimous consent.

**XI. UCFW Executive Session**

- **Jim Chalfant, UCFW Chair**
- **UCFW Members**

**Note: This agenda item was conducted in Executive Session. Minutes, aside from action items, are not prepared for this portion of the meeting.**

**ACTION:** none.

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

Attest: Jim Chalfant, UCFW Chair

Prepared by: Michelle Ruskofsky, UCFW Analyst