

Minutes of Meeting

February 12, 2010

I. Chair's Announcements

Shane White, UCFW Chair

Note: Chair White had no announcements this month.

II. Consent Calendar

1. DRAFT Minutes of Meeting of January 8, 2010

ACTION: The consent calendar was approved as noticed.

III. TFIR Report

Bob Anderson, TFIR Chair

1. Pension Obligation Bonds

ISSUE: TFIR Chair Anderson summarized the changes to the Assuring Adequate Funding for UCRP document that UCFW had previously approved. The changes focus on the inclusion of recommending that The Regents issue Pension Obligation Bonds (POBs) to begin addressing the pension plan's unfunded liability. Usually, POBs are issued at rates lower than their expected rate of return. Further, federal regulations which govern public entities like UC will accept POBs as a trigger for matching contributions from non-state of California funding sources, such as federal grants and medical center income. There is only a six-month window for capturing matching funds, following the close of the previous fiscal year. UC is required to make the full Annual Required Contribution (ARC)--normal cost plus an amortization of the unfunded liability--each year. Any dollar of ARC it fails to collect from federal grants and contracts in a given year cannot be recovered from those sources in future years. Professor Anderson stressed that regardless of future accruals, the unfunded liability must be addressed separately, lest those inescapable expenses cannibalize the University.

DISCUSSION: Interim Provost Pitts noted that the 2010-11 contribution levels to UCRP will be decided by the regents at their November meeting. Members were unclear, though, as to who would make the final contribution level recommendation: Is it one of the Post-Employment Benefit (PEB) subgroups, its steering committee, or are they just advisory, like the Academic Senate? The president will make the final recommendation based on input from various constituent groups.

Interim Provost Pitts also noted that there are internal funding trade-offs that must be considered when assuming new debt, and that setting a comprehensive plan funding strategy is complicated by collective bargaining processes and agreements. Members voiced their strong concern over the gag-rule implied by referring to represented employee groups, noting especially that their inability to provide specific information to campus counterparts undermined

their own credibility as well as the transparency of the process. Members then voiced their concern on the upcoming UCOP-sponsored campus PEB tours: members felt they were being co-opted to “sell” the proposals, even though many aspects are unacceptable to UCFW. Taken together with the information embargo, many members felt they were being forced into untenable positions. TFIR Chair Anderson added that a final choice between “least bad” and “completely unacceptable” would be damaging to morale and trust.

Interim Provost Pitts stated his intention to listen carefully to all constituent groups, especially the unified faculty voice, once all faculty members are able to make educated assessments of the complicated issues under consideration. To that end, Senate Vice Chair Simmons reported the still-emerging plan for a Senate budget summit with UCOP officials, to be attended by Council members and UCPB. This would enable divisional chairs and UCPB members to learn what UCFW has been evaluating and to put the entire budget situation into a single context. More information on the proposed summit will be shared as it is available.

2. Represented Employees and UCRP Contributions

ISSUE: TFIR has drafted a statement reminding the administration of their responsibility to contribute the employee and employer portions to UCRP for any represented groups that have not yet come to contribution agreements with UC.

ACTION: Both statements were approved for transmittal to the Academic Council for endorsement, posting online, and forwarding to the president.

IV. Consultation with UCOP – Budget Office

Patrick Lenz, Vice President

UPDATE: VP Lenz reported that there was no news from Sacramento on the budget. The legislature is examining both sides of the state’s ledger sheet, and so far, UC has been spared further cuts. Until the May revise, not much new information will be available.

DISCUSSION: Chair White asked if the UCRP funding trailer bill from the previous session would be resubmitted. VP Lenz indicated that the option was under investigation. CUCEA Chair Hess asked if VP Lenz thought the governor’s prison spending proposal would be enacted. VP Lenz responded that the proposal has not attracted any sponsors yet, so probably not.

V. Consultation with UCOP – Academic Personnel

Janet Lockwood, Associate Director

1. Compensation Joint Committee

ISSUE: AD Lockwood reported the joint Senate-administration committee to investigate modeling compensation plans for other disciplines based on the health sciences compensation plan has been populated and charged. UCLA Representative Wong is UCFW’s member on the joint committee, which is being chaired by Irvine EVC Gottfredson. The committee’s report and recommendations are due October 29.

DISCUSSION: Members asked how the APM 670 revision was progressing, and AD Lockwood noted that progress has been minimal pending the appointment of a permanent vice provost for academic personnel, which has in turn been delayed

pending the appointment of a permanent provost. Moreover, the previously identified sticking points, such as split appointments and other professional activity, have not yet been resolved. Members wondered how the previously enacted, but since deferred, four-year faculty salary plan was worth reviving. It was suggested that joint committee should also consider issues for faculty in self-supporting masters programs and perhaps professional degree fee programs.

VI. Campus Items

1. Sick Leave for Faculty

ISSUE: UCSF Representative Seago inquired of the committee how other campuses were implementing APMs 710 & 711, specifically, whether there was a campus-wide approach or a departmental approach.

DISCUSSION: Members reported that discrepancies could be an historical legacy dating back to medical school autonomy from some general campus guidelines. Chair White indicated that in previous APM 670 revision discussions, the topic arose and it seemed that implementation was highly differential.

2. Reduced Rate Sabbaticals

ISSUE: Previously, UCFW observed inequities in the furlough program, especially for faculty who had arranged to take sabbaticals at reduced rates prior to the implementation of furloughs. The response from the administration did not address the concerns head-on, but it is unclear what benefit further action may have.

DISCUSSION: Members were decided not to take further action on this matter, after considering the limited number of faculty impacted and the detailed efforts already made, both locally and systemwide.

3. Compliance Concerns

ISSUE: Vice Chair Dimsdale, UCB Representative Braunstein, and UCI Representative Parker have drafted a letter requesting greater Senate involvement in the development and roll-out of new compliance measures, as well as better central recordkeeping and other logistical improvements.

DISCUSSION: Members felt that the demands in the letter reached too far and that the language should be softened and the arguments presented through the frame of shared governance. Members also suggested that greater study be done to address the overly ad hoc nature of many compliance programs. Another suggestion was to clarify for each requirement the costs of compliance versus non-compliance, with cost considerations including both dollars and public opinion facets. Interim Provost Pitts noted that previous efforts have gone unfinished because the amount of work involved is so significant; as a result, the idea of a one-campus pilot program might be explored rather than a systemwide freeze and reorganization.

ACTION: The workgroup will revise their recommendations and present them at a later meeting.

4. Child Care Reductions

ISSUE: The Santa Cruz campus has closed its on-campus child care facilities, citing cost. The Santa Cruz divisional CFW authored a resolution opposing the closure and calling for greater emphasis on family friendly programs; UCAAD has submitted a letter of support. UCFW is asked for a letter of endorsement.

DISCUSSION: Members readily suggested supporting the Santa Cruz position, noting that family friendly policies have a long history at UCFW. Others noted, however, that other campuses have undergone similar closures, and many were surprised to learn that off-site private care is sometimes cheaper than on-campus subsidized care. Nonetheless, workforce diversity arguments and demonstrable institutional support for family friendly positions are important concerns.

ACTION: Analyst Feer will draft a letter of support for the Santa Cruz resolution and circulate it to the committee for endorsement prior to submitting it to the Academic Council.

VII. Consultation with UCOP – Human Resources and Benefits

1. PEB Survey

Randy Scott, Executive Director, Talent Management and Staff Development

ISSUE: Mr. Scott reported that UCFW's methodological concerns had been noted and taken into consideration. He also reported that to date, 10% of invitees had responded; the target is 15%, and the survey is open until March 1. A follow-up invitation will be sent, as well.

DISCUSSION: Members inquired as to the differences between the public survey and the invitation-only survey. Mr. Scott indicated that the invited survey has 17 questions and demographic profiles, while the public survey has only 5 questions. Retirees have a separate, targeted survey.

2. Family Member Verification Project

Dwaine Duckett, Vice President

Mike Baptista, Executive Director, Benefits Programs and Strategy

Mark Esteban, Director, Benefits Programs

Chris Simon, Director, HR Compliance

ISSUE: VP Duckett introduced the topic, saying it is another effort at costing efficiency to guarantee that only eligible family members and dependents receive benefits through the University mechanism. Director Esteban added that upwards of 40% of companies with more than 10,000 employees regularly initiate similar verification audits. Moreover, other institutes of higher education have adopted the practice. Director Simon referred members to the corresponding agenda enclosure for data on the frequency of enrollment errors.

DISCUSSION: Many members raised questions of participant privacy and the oddity of having to prove one's marriage, for example, to an auditor. Members also pressed for data showing how much this effort would cost, both in dollar terms and further morale decline. VP Duckett noted that the cost savings numbers were not available since no similar project has been undertaken; but as a concept, is UCFW supportive? Most members thought that a large-scale audit, absent costing data, would be too costly and inconvenient. Perhaps a smaller population could be piloted, and then expanded, if the results are compelling. Members also suggested changing some of the language, should the project go forward, to accommodate cultural sensitivity issues.

3. UCRP Update

Gary Schlimgen, Director, Pension and Retirement Programs

ISSUE: Mr. Schlimgen reported an accounting discrepancy to note during the upcoming resumption of contributions to UCRP: Employees who receive a monthly check will see the redirection that is effective April 15 on their May check, which is issued June 1. There are software issues, not finance issues, behind this move.

VIII. Consultation with UCOP – Health Sciences and Services

John Stobo, Senior Vice President

ISSUE: Dr. Stobo presented an overview of the Health Sciences and Services division, including workforce descriptions, funding streams, and short-term challenges.

DISCUSSION: Members asked why wages were reported separate from operating costs and where premium increases really go. Dr. Stobo indicated that the different fund sources of payroll monies requires that wages be reported separately and that premium increases almost entirely go to meet inflationary costs as UC is both a payer and a provider. TFIR Chair Anderson noted that the medical center share of UCRP's unfunded liability is \$4B and inquired how the medical centers were going to meet that obligation. Dr. Stobo referred to expense trimming and programmatic changes intended to reduce operating costs and thus allow for those monies to be repurposed. TFIR Chair Anderson also sought clarification that the expected \$274M contribution figure is based on the current slow ramp-up of contributions, and what the contingency plan is if the contribution plan changes. Dr. Stobo indicated yes, and that the medical centers would meet their contributions, regardless. Members asked, how, though, given the warning signs surrounding the "days of cash on hand" status and restrictions on the use of much medical center income, e.g., Medicare reimbursements. If no new fund sources are found, UCRP contributions will drive employees to other employers. Dr. Stobo agreed with this assessment, and noted that some job flight has already begun.

Members then asked about efficiencies being sought by the medical centers, such as conversion to electronic records. They also noted, however, that absent more staff, there is not much more efficiency that can be squeezed out of medical center faculty, especially given their compliance onus. Dr. Stobo stated that the record conversion is behind schedule everywhere, but progress is being made in overcoming the technological difficulties. For compliance, he noted that a concerted effort is being made at UCOP to address this issue. Academic Personnel directors are meeting with HSS personnel to develop best practices, which will be shared when it is ready. Members noted that part of the difficulty with compliance issues is that different aspects of compliance are housed in different administrative areas by campus. Dr. Stobo agreed that getting all the relevant players to the table was an important first step.

Finally, Dr. Stobo asked members to think about what type of retirement benefits are most appropriate for medical center employees, and whether this is different from general campus employees. Members noted the population differences, but they also noted potential problems with differential benefits and the fact that nearly 80% of medical center staff employees are members of collective bargaining units.

IX. New Business

None.

Adjournment at 4:10 p.m.

Minutes prepared by Kenneth Feer, Senior Policy Analyst

Attest: Shane White, UCFW Chair