

**Minutes of Meeting****April 9, 2010****I. Chair's Announcements***Shane White, UCFW Chair*

Chair White updated the committee on news of note from recent meetings and events:

- Academic Council meeting of March 31  
This was a joint meeting between the Council and the University Committee on Planning and Budget (UCPB) designed to educate all members on the intricacies of the post-employment benefits task force process and budget matters writ large. Some of the presentations, however, did not seem germane to Senate interests and were not accompanied by hard data. Many felt the debt capacity presentation still overemphasized capital projects, and all agreed that should student fee monies ever be used to pay for faculty retirement income, a public relations disaster would ensue.
- Academic Council meeting of April 7  
This was a joint meeting with the Council of Chancellors, and the afternoon consisted of four co-presentations by a chancellor and her corresponding divisional chair or vice chair, in one instance. The topics were interesting, though not of critical import. It still seems that capital projects and new schools are the apples of chancellors' eyes.
- Stanford pension report  
A recent report from a Stanford graduate student was picked up by some of the state's newspapers. The report incorrectly stated that most of California's pension plans were drastically underfunded. Both CalPERS and CalSTRS responded in the media, and TFIR's analysis concurs with their statements: the student used poor methodology and would not have received a favorable grade on the report. Nevertheless, the headline alone was enough to have encouraged those who seek to reform public pensions.

**II. Consent Calendar**

1. Minutes of UCFW Meeting of February 12, 2010
2. Minutes of UCFW Meeting of March 12, 2010

**ACTION:** The consent calendar was approved as noticed.

**III. Campus Issues**

1. Compliance Concerns

**ISSUE:** The previous draft letter has been revised, and members are asked to evaluate this draft.

**DISCUSSION:** Members had several questions about compliance, generally, and about the newly mandated ethics training, specifically. Members noted that a successful participation rate is undefined, as is the purpose of the training. Additionally, members thought that identifying the mandating authority might

help improve participation rates, as would greater symbiosis between campus and systemwide compliance efforts. It was suggested that evaluating compliance efforts in the medical center context might require alternative approaches, to some degree. Finally, the overall culture of compliance should be shifted from one of onus to one of integrity.

**ACTION:** Vice Chair Dimsdale and Analyst Feer will present a revised draft at the next meeting.

2. Health Care User Concerns

**ISSUE:** The Health Care Task Force has asked members to investigate and report back constituent concerns regarding health care as end users.

**ACTION:** Members will investigate and report back to Analyst Feer and HCTF Chair May.

3. Draft Second Annual Accountability Report – Faculty Profile

*Note: Item not addressed.*

**IV. Consultation with the Office of the President – Academic Personnel**

*Janet Lockwood, Associate Director*

1. Tenure Rates

**ISSUE:** Previously, UCFW asked for tenure-granting rates, wondering if UC's expected high tenure-approval rate was harming its competitive position. Previous reports (see Distribution 1) have been discontinued due to lack of Academic Personnel personnel and methodological concerns, such as (1) the absence of a faculty member's reason for leaving UC (to transition to a private institution, private industry?) and (2) the common practices of pre- and self-screening mean that only those who are reasonably assured of success undergo a tenure review. Thus, tracking approval/denial rates is of little use.

**DISCUSSION:** Members asked about assistant and associate professor turnover rates as well as departmental funding levels during times of tenure denials. AD Lockwood indicated she would have to research these areas. Members anecdotally reported the denial of 2-7 tenure promotions by campus last year. Members felt that the investigation should continue.

2. Health Science Compensation Plan

A. Total Remuneration

**ISSUE:** HSCP faculty were excluded from the recent total remuneration analysis due to incompatible systems and local peculiarities. Since then, however, HSCP payroll systems have been adjusted so that remunerative data can be extracted, once the final conversion is in place; October is the target. Simultaneously, Academic Personnel will undertake a consolidation of HSCP title codes, which have ballooned to over 150, though many are no longer in active usage. The process continues to be labor intensive as the data must be re-entered carefully.

**DISCUSSION:** Members congratulated AD Lockwood for fighting the good fight, but cautioned that the process be a comprehensive and conscientious one. Members also asked if the October deadline was realistic, given the amount of work to do, and whether comparator data will also be available. AD Lockwood indicated that her office was aware

of these concerns, and noted that AAMC reporting requirements are also being standardized as much as possible to allow for meaningful comparison. It is expected that data down to the APU level will be accessible. HR&B Executive Director Scott added that the HSCP comparator pool consists of 12 institutions, with some from the Comparison 8; the Comparison 8 data is general campus equivalent. Mr. Scott also noted that the final methodology of the study is still to be determined, and Senate input would be welcome. AD Lockwood suggested reconvening the UCFW medical center members subgroup, and the committee agreed.

**B. APM 670 Revision**

**ISSUE:** The revision has been on hold pending the appointment of a permanent vice provost for the unit. Provost Pitts, however, wants to move forward immediately, and has contacted UCSF professor Dan Bickle to chair a working group.

**ACTION:** AD Lockwood will circulate draft materials to the UCFW HSCP work group and TFIR.

**3. Tax Form Preparation**

*John Barrett, Tax Services Coordinator, Financial Management*

*Mike O'Neill, Manager, Financial Management*

**ISSUE:** For employees who have not elected to receive their W-2s electronically, the process of stuffing and mailing tax-preparation documents has come under review. Campus controllers have asked for an RFP for outsourcing this job (see Enclosure 5). Status quo efforts are managed on a campus-by-campus basis, via campus print shops, which is thought to be both inefficient and potentially unsafe. A successful outsourcing is expected to cut costs by as much as half while increasing security. UCFW is asked for their support of this effort.

**DISCUSSION:** Members reminded the guests of the TALXX snafu previously and inquired how the present effort would meet with more success. Mr. O'Neill indicated that the TALXX was an optional program, whereas this is a business decision. The security precautions in mind are similar to those employed for the transfer of health insurance premiums. The RFP also requests as references other academic institutions. In a parallel arrangement, the 1098-T has always been outsourced, successfully.

**ACTION:** Members supported moving forward with the RFP and asked to kept abreast of developments.

**V. Consultation with the Office of the President – Human Resources & Benefits**

*Dennis Larsen, Executive Director, Compensation Programs and Strategy*

**1. SMG Policies**

**ISSUE:** The processes whereby the senior management group (SMG) jobs are evaluated are being revised. This process began several years ago under a Regental investigation into stratification issues where it became clear to some that the SMG were not evaluated at market parity. The current effort aims to align better UC's SMG job evaluation practices with market benchmarks and bands.

Mr. Larsen emphasized that no individuals are being evaluated through this process, merely the positions and their comparators.

**DISCUSSION:** Members supported the concept, but cautioned against changes that could be misconstrued in the press as improving the compensation and standing of SMG members, noting that they serve as a lightning rod in the media and the public. Members inquired whether any of the SMG might be demoted as a result of this exercise, and Mr. Larsen indicated that job responsibilities are the focus of this analysis, not performance by individuals. Members also asked why these changes would be moving forward at this time, and Mr. Larsen noted that there not many other personnel actions. TFIR Chair Anderson asked if any outside consultants were assisting with the analysis, and Mr. Larsen said that Towers Watson is. He added that the expected outcome is a further flattening of the organization by addressing issues of internal equity, such as slotting all vice presidents in one band.

Members then asked whether SMG perquisites would also be under investigation, noting that the value of UCRP is greater for SMG than for faculty. TFIR Chair Anderson added that the supplemental pension benefit exacerbates the situation and allows SMG to retire at full base salary – also an issue of internal equity. Mr. Larsen indicated that the supplemental benefit was also under review, but through separate processes.

Mr. Larsen stated that the process has just begun, and is expected to take 1-2 months, suggesting a September action by The Regents.

**ACTION:** Mr. Larsen will keep the committee updated on this process.

2. Bonus and Incentive Plans

**ISSUE:** Mr. Larsen noted that most bonus and incentive plans were frozen last year with the onset of the furlough program, and he added that most are not for SMG, but for mid-level staff. Still, the programs are being reviewed to ensure that the bonuses are paid for extra and exceptional work, not as a shadow raise. Additionally, amendment language is being drafted and the process will involve closely medical center leaders.

**DISCUSSION:** Members were concerned that this issue has been framed as one of business practices only and that no Senate faculty appear to be on the review teams. Members were also concerned about the practice of incentive plans, writ large, in the current environment.

**ACTION:** Mr. Larsen will share draft language as it becomes available.

## **VI. Commission on the Future**

**DISCUSSION:** Members were underwhelmed by the first round recommendations. Specific concerns, inter alia, included: the accuracy of cost estimates for online education; the possibility of zero-sum Facilities and Administrations costs; the emphasis on soft-money compensation plans; the emphasis on enrollment growth; the emphasis on non-resident enrollment growth; practice doctorates and self-sustaining programs vis-à-vis general education needs; and calling for multi-year fee plans absent multi-year fiscal operating plans. Overarching concerns included: the recommendations are not strategic but reactive; all recommendations are given the same weight; there is an absence of real

long-term thinking/there is the assumption that if we can just muddle through for a while, things will turn out all right.

**ACTION:** Members should send additional concerns to Analyst Feer for collation.

**ACTION:** TFIR Chair Anderson and UCI Representative Parker will draft an umbrella statement discussing the overarching issues for consideration at the next UCFW meeting.

## **VII. Task Force on Investment and Retirement (TFIR) Update**

*Bob Anderson, Chair*

**UPDATE:** The President's Task Force on Post-Employment Benefits has continued its work. There is no new information on the pension front, but there are significant changes proposed to retiree health benefits. Members are asked to report on their own briefings to counterpart faculty welfare and planning and budget committees.

**DISCUSSION:** Most members reported that their constituents reacted with shock that the problem was so much worse than anticipated. Equally shocking was the lack of viable alternatives, especially for pension funding, other than the Senate's idea. Moreover, many constituents seem to have a defeatist attitude and think that this process is an exercise in futility. Others reported that minor differences are now being blown-up and could threaten faculty unity on the matter. It was agreed that the complicated nature of the issues is best handled in in-depth, small-group presentations, although the likelihood of such meetings is slim.

## **VIII. President's Task Force on Post-Employment Benefits**

*Peter Taylor, CFO and SVP, PTFPEB Finance Group Chair*

**ISSUE:** CFO Taylor presented an analysis of UC's debt capacity and indicated that a holistic approach to finance would serve the University best. He also noted that discussions so far on the Size and Shape working group of the Commission on the Future have omitted the possibility of a smaller institution and that revenue streams are still in flux.

**DISCUSSION:** Members voiced the concern that, because many administration leaders are either new to UC or new to academe, their perspectives on the best business practices for UC could be based on erroneous assumptions. Members also voiced the concern that not all decision-makers have taken ownership for the crisis – or at least not for their responsibility to end it; many feel that both local and systemwide leaders, on both the administration and Senate sides of the aisle, either expect UC to “wait it out” or seem to think that they are not required to solve the problems since the crisis pre-dates and will post-date their tenures at UC.

Members observed that much of the University's planning processes are still on auto-pilot, despite the magnitude of the current crisis. For example, proceeding with capital projects was cast as impolitic. The same indictment was made on faculty recruitments and enrollment growth. It was noted that The Regents' stated priorities are not internally consistent.

Members also observed that UC's largest expense is payroll, and that any long-term cost savings must come from a smaller workforce, but that no one is seriously considering that option or its implications. Council Vice Chair Simmons then challenged the committee to develop specific recommendations for crisis mitigation, perhaps a hard hiring freeze? Members compromised with a 10% replacement cap per campus for

faculty vacancies, theorizing that attrition through retirement could shrink the workforce. It was also suggested that a moratorium on new buildings be presented and that no new academic programs be approved without compensatory off-sets elsewhere. An exception for the Merced campus was discussed, but not approved.

**ACTION:** Members will vote on final wording for these three ideas and circulate them to UCPB for endorsement and joint submission to the Academic Council.

#### **IX. New Business and Planning**

**ITEM:** Academic Council Chair Powell reported that Provost Pitts has convened regular off-cycle meetings for Office of the President vice presidents and the systemwide Senate leadership.

Meeting adjourned at 4 p.m.

Minutes prepared by Kenneth Feer, Senior Policy Analyst

Attest: Shane White, UCFW Chair