

Minutes of Meeting**May 14, 2010****I. Chairs' Announcements***Shane White, UCFW Chair*

Chair White updated the committee on recent news of interest: The Academic Council will discuss systemwide responses to UCPB's Choices Report (see also Item VIII below) at its next meeting. The Regents are scheduled to approve the appointment of a new Vice Provost for Academic Personnel at the upcoming meeting.

Robert May, UCFW HCTF Chair

Health Care Task Force (HCTF) Chair May updated the committee on the task force's recent activities: The next HCTF meeting will focus on health and welfare benefit renewals for 2011. The HCTF received reports that potential changes to retiree health from the Post-Employment Benefits Task Force include both cutbacks in the employer contribution to retiree premiums and prefunding the retiree health trust. Some arms of the UC medical centers have been reluctant to agree to terms for the 2011 benefits renewals, which could force UC employees away from UC hospitals. For 2011, an 8-10% increase in premiums is expected across the board. Members with flexible spending accounts (FSAs) should monitor news of program changes resulting from the new health care legislation.

II. Consent Calendar**1. Minutes of Meeting of April 9, 2010**

ACTION: The minutes were approved as noticed.

2. UCFW elects not to opine on:

A. [Systemwide Review of Proposal to Expand the Area \(d\) Laboratory Science Admission Requirement to Include Earth, Environmental, and Space Sciences](#) (due 6/23/10)

B. [Systemwide Review of Proposed Revisions to Academic Personnel Policies relating to Faculty Administrators](#) (due 5/17/10)

C. [The Compendium: Universitywide Review Processes for Academic Programs, Academic Units, & Research Units](#) (due 5/28/10)

- [Review Transmittal Letter](#)

- [Revised Compendium](#)

- [Report from the Task Force on the Compendium](#)

ACTION: UCFW elected not to opine on the above items.

3. Compliance Memo

ACTION: The draft memo was approved for transmittal.

III. Mortgage Origination Program*Ruth Assily, Director, Office of Loan Programs, Financial Management*

ISSUE: Since January, \$150M in loans have been sold, and a new \$300M allocation for the next two years has been issued to the campuses. Overall, MOP liquidity has improved, and a reserve of \$220M has been retained.

DISCUSSION: Members inquired as to the usage distribution of recently issued loans. Director Assily indicated that ~80% of loans have gone into recruitment packages, and that ~98% of the loans issued have gone to faculty members. The maximum loan is \$1.3M, with the average amount \$650K.

Director Assily noted that the proposed changes circulated with the agenda have been updated in response to the feedback received at UCFW's January meeting: highlights include, the loan to value (LTV) ratio for loans over \$1.33M would be reduced to 80%; a floor interest of 3% will be established (currently there is no floor); the limit on limited purpose loans, such as for recently divorced, would be increased to allow for greater flexibility; the document history required of applicants would be shortened to the most recent five years; the changes would be effective July 1 for future loans. Members asked whether MOP was fully subscribed, and Director Assily responded yes, although sometimes the loans are not issued immediately. Members also questioned the wisdom of issuing variable interest rate loans, but Director Assily indicated that for the UC population of eligible borrowers, such loans have proved to be both good deals for the borrowers and safe loans for UC. This year, a loss of only \$500K is expected in a \$1.2B program.

ACTION: UCFW voted to endorse the proposed changes.

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

Pat Price, Interim Executive Director

1. Tenure Rates

DISCUSSION: Members inquired as to whether the distributed data indicated causality, or were merely raw numbers. Director Price noted that such conclusions would be premature, as much data still remains to be collected and analyzed. Members also asked whether exit interviews were tracked, and Director Price responded that only anecdotal reports exist. Members were reminded that the number of associate and full professors that leave each year has been provided previously. Director Price added that HSCP participant data should be easier to collect and analyze once the payroll system has been updated, and the title codes have been cleaned.

2. Compensation Plan Task Force Update

(with UCLA Representative Wong)

UPDATE: Dr. Wong reported that the task force had met twice by teleconference and once in person, with the goal being the generation of a framework similar to the HSCP that could be adapted to other academic departments, such as the biological sciences. Any final product is not expected to fix the problems of internal equity in faculty compensation, but to apply to a minority of individuals.

DISCUSSION: Members inquired whether the envisioned plan has been reconciled with OMB Circular A-21. Dr. Wong indicated that the task force was aware of the need to comply with A-21 and that investigations were underway. Members also asked whether APUs would be retained and how the plan would prevent abuse, such as the laundering of outside consultation fees. Director Price

responded that the task force had not gotten to that level of specificity yet; it is still in an exploratory phase. Nonetheless, the nature of the plan model suggests an increased incentive to put more salary on grants and soft-money sources. Other concerns to be addressed include the small-N problem and intradepartmental parity questions. Lastly, it was noted that this task force has subsumed ad hoc local efforts.

V. Consultation with the Office of the President – Human Resources and Benefits: Bonus and Incentive Plans

Dennis Larsen, Executive Director, Compensation Programs and Strategy

ISSUE: Director Larsen began by noting that not all of the proposed programs are targeted at SMG, and that this item has been pulled from consideration at next week's Regents meeting for further evaluation. Nonetheless, the intent of the exercise is to itemize current programs and improve their efficiency and oversight: there are 39 separate programs currently, and the proposal would put all under one umbrella oversight mechanism. The current effort focuses on two programs: the Clinical Enterprise Management Recognition Program (CEMRP) and the Treasurers' Annual Incentive Plan (AIP).

DISCUSSION: Members inquired whether the CEMRP revisions included checks and balances, especially given recent press snafus, and Director Larsen noted that the triggers are revenue thresholds and qualitative goals as benchmarked against market data and developed in conjunction with the Office of the Senior Vice President for Health Sciences and Services. Members noted, however, that the market benchmarks are tied to reimbursement rates, not quality of care.

Members asked for more information on the history of the treasurers' incentive plan, and Director Larsen noted that the plan has been in effect since the early 1990s. In it, competitive cash compensation is tied directly to investment performance relative to predetermined benchmarks and based on a three year rolling average. Members questioned the program design, noting the uniqueness of UC vis-à-vis the general investment market. Director Larsen indicated that HR&B consultants (Mercer) agreed with the program structure, and added that the proposal would increase audit oversight to ensure ethical implementation. Lastly, it was noted that the Regents' investment committee would set specific terms once the program structure is revised as needed.

Members encouraged Director Larsen to avail himself of Senate expertise in this and other matters, especially as the perception of proposed changes is important in today's fiscal and political environments. For example, it was noted that many awards programs are drastically more generous as one's pay increases, rather than a flat percentage. Similarly, members voiced concern over the fact that some programs seem to reward the goals, not their attainment.

VI. Consultation with the Office of the President – Business Operations: Post-Employment Benefits

Nathan Brostrom, Executive Vice President

****Note:** This consultation took place in Executive Session; other than action items, no notes were taken.**

VII. Commission on the Future

DISCUSSION: Members voiced their concern over the work of the Commission to date, mentioning specifically the lack of a global vision in the recommendations, the lack of controversial recommendations, and the lack of data.

ACTION: The draft statement was approved for submission to the Academic Council.

VIII. UCPB's Choices Report

Peter Krapp, UCPB Chair (via phone)

DISCUSSION: Members lauded the work of UCPB in summarizing the current situation of the University, but were not convinced that the report indicated what choices should follow from this information. UCPB Chair Krapp indicated that, to the contrary, the document was crafted in the context of the trade-off laden budget process, not just as a list of preferences. Members also noted the increasingly apparent tension between UCFW goals and local campus goals. Several wondered whether the UCPB document was simply too subtle to accomplish its goals, suggesting instead a shock-value document calling for draconian cuts that might force debate to focus on hard choices that would have significant impact (in contrast to the small sum recommendations coming from the Commission on the Future, for example).

CUCEA Chair Hess proposed a resolution in response, rather than a memorandum. The resolution would call for 1) a freeze on all hiring, allowing only 10% of vacancies to be filled per annum by campus; 2) a freeze on all construction, allowing only safety upgrades to continue; and 3) a freeze on establishing new programs absent commensurate programmatic cuts elsewhere.

ACTION: Chair White, CUCEA Chair Hess, UCPB Krapp, TFIR and UCPB member Chalfant and TFIR Chair Anderson will work off-line to finalize the resolution and submit it to UCFW for an electronic vote.

IX. New Business

1. TFIR Chair Elect:

Given TFIR Chair Anderson's election to Academic Council Vice Chair, TFIR next year will be led by Helen Henry, immediate past UCFW chair and current TFIR member.

2. Child Care Cuts:

Yale Braunstein, UCB Representative

ISSUE: Following a recently completed external audit of UC Berkeley, the consultants reported that undergraduate students did not value on-campus infant care highly, so the facilities were recommended for closure. The Berkeley CFW is concerned that the wrong population was surveyed, and that the closure will have adverse impacts on equity, access, and gender and ethnic diversity.

DISCUSSION: Members suggested a letter in support of all family friendly policies, noting that this is but the latest cut targeting such programs. Members also asked how the Berkeley back-up care pilot, and Representative Braunstein indicated that, while the trial is continuing, anecdotal reports are favorable.

ACTION: Analyst Feer and Representative Braunstein will draft a letter in support of family friendly policies for electronic circulation and endorsement by the committee.

3. PEB Information Request

Suresh Lodha, UCSC Representative

ISSUE: The Santa Cruz CFW has submitted a request that the PEB task force generate projections indicating the impact of the proposed changes on faculty take home pay and other questions of immediacy.

ACTION: The committee will share the information request with HR&B, asking that such information be included in the final PEB report.

4. Severance Pay Policies

Lisa Tell, UCD Representative

ISSUE: The issue has arisen at the Davis campus that staff who were employed via external grants that are not renewed are entitled to severance pay, but the grants do not allow for such pay.

ACTION: Analyst Feer and Representative Tell will refine the inquiry and submit it to HR&B.

Adjournment: 3:55 p.m.

Minutes prepared by Kenneth Feer, Senior Policy Analyst

Attest: Shane White, UCFW Chair