I. Executive Session
Note: Other than action items, no notes were taken.
ACTION: None.

II. Consent Calendar
ACTION: The minutes of the April 11, 2008, meeting were approved as amended.
ACTION: The committee elected not to opine on:
• Proposed amendment to APMs 220-85-b, 335-10-l, 740-11-c; and proposed rescission to APM 350
• Amendment to Senate Bylaw 337

III. Consultation with the Office of the President: Human Resources & Benefits: UCRP RFP
Judy Ackerhalt, Deputy to the Associate Vice President, HR&B
Mike Baptista, Director, Information Systems and Support, HR&B
Judy Boyette, Associate Vice President, HR&B
Randy Scott, Executive Director, Policy & Program Design, HR&B
Gary Schlimgen, Director, Retirement Planning, HR&B
ISSUE: As part of the potential outsourcing of the administration of UCRP, a bidders’ conference was recently held. Participation was mandatory for potential bidders.
DISCUSSION: Members queried as to the possible fate of campus personnel who would be made redundant if UCRP is outsourced and how their absence would affect participant advising, as opposed to plan administration. AVP Boyette indicated that there may be some facets of UCRP which should not be paid from the fund itself, but rather from the university’s operating budget. Members also expressed concern over whether the campuses would be able to absorb and maintain the quality of the functions devolving from UCOP.

Members then asked who would be scoring the proposals and how status quo administration, restructured OP administration, and private administration could be compared meaningfully and objectively. AVP Boyette noted that the comparative metrics had not yet been finalized and that it was not assumed that an outside vendor would be chosen to administer UCRP, as vendor capacities are not yet fully known. Further, most other public pension plans are administered in-house and for a similar cost (see Distribution 2), and the fact that UCRP is not an ERISA program, to which private vendors are tailored, complicates the question. AVP Boyette also indicated that OP would respond to the RFP by section, working with Deloitte to complete each part.

Finally, members voiced their opinion that a simple cost-benefit analysis should not be the decision rule; rather, a focus on meeting the needs of the plan’s constituencies should be weighted more heavily.
ACTION: UCFW will continue to monitor this process.
IV. Consultation with the Office of the President: Budget Office
Patrick Lenz, Vice President, Budget
Debora Obley, Associate Vice President, Budget Operations

ISSUE: VP Lenz provided an update on the current California budget situation: Projections run as high as a $20B deficit, but more likely, it will remain closer to $12-16B. The May budget revision is forthcoming, and if the legislature does not adopt it, the state could face bankruptcy by August.

DISCUSSION: Members emphasized the importance of illustrating to the legislature and the public UC’s contributions to the state economy. VP Lenz noted that advocacy strategies will adjust to the budget revise and be targeted to particular stakeholders. VP Lenz also reported that leaders of California’s higher education segments have been advocating jointly in Sacramento. Members then asked whether UC advocates had a comprehensive, long-term strategic plan and whether the current $700K project would be adequate to accomplish its goals. AVP Obley indicated that UC’s advocacy structure is also being reorganized, and Chair Chalfant noted that new AVPs for state and federal governmental relations and a VP for communications and overall government relations are being recruited.

Members sought clarification on the $24M difference between a 7% fee increase and a 10% fee increase. AVP Obley stated that the $24M is the difference in revenue between a 7 and 10% increase in education fees only.

V. TFIR Update
Note: Executive Session- other than action items, no notes were taken.

ACTION: HR&B will share the results of an internal audit on recalled retirees.

ACTION: Relevant sections of the PPSM and APM that have been undergoing review and proposed amendments will be sent to the Academic Senate for review.

VI. Consultation with the Office of the President: Human Resources & Benefits: Back-up Child Care
Chris Simon, Director, Policy & Program Design, HR&B

ISSUE: At the request of the Berkeley division last summer, HR&B initiated an investigation into the provision of emergency/back-up child care. Director Simon provided an overview of the proposals generated as a result of that investigation; highlights include that the Comp 8 have similar programs, that in rank-ordered surveys, back-up child care is placed relatively low, and that the Berkeley proposal included in the agenda is very generous.

DISCUSSION: Members debated whether such care should be framed as a new benefit, which would require Regental approval. Members also noted that such programs already exist at the medical centers. Most members agreed that the biggest selling point of this type of program is convenience, not low out-of-pocket cost, and they encouraged HR&B to investigate further concerning some less expensive models. Other members contended that the absence of a comprehensive systemwide family-friendly body of policies is a greater omission than that of only back-up child care. Within that potential body of policies, members felt that increasing current child care slots was more immediately needed than back-up child care programs.
ACTION: UCFW will continue to monitor this issue.

VII. Consultation with the Office of the President: Academic Personnel
Nicholas P. Jewell, Vice Provost, Academic Personnel
Jill Slocum, Executive Director, Academic Personnel

ISSUE: VP Jewell provided a provisional overview of the impact of year 1 of the faculty salary scale plan (see Distributions 3a & 3b (confidential)). The data, which are still pending verification, suggest that after year 1, the market lag has decreased from 9.6% to 7.2%.

DISCUSSION: Some members asserted that differential implementation of year 1 required full funding for all four years of the plan, lest inter-campus equity issues arise. Members asked what contingency funding plans were being developed given state-funding uncertainty. VP Jewell stated that his office is exploring various fallback options in the event that there are insufficient funding for the original version of year 2 of the plan, noting that funding the merit increases is non-negotiable. He also cautioned members that, rightly or wrongly, faculty salary increases may be portrayed as trade-offs with other funding priorities for the campuses. Chair Chalfant noted that UCFW could suggest priorities based on partial funding totals. VP Jewell added that the approximate year 2 cost estimate of $64.5M does not include health sciences faculty, ANR, law and business schools, etc.; neither does it include ripple effects on compensation programs for other academic appointments (e.g. project scientists) or staff.

ACTION: Chair Chalfant will draft a memo indicating the committee’s partial-funding priorities for transmittal to the Academic Council.

VIII. Housing Task Force Report
Note: Item not addressed.

IX. Consultation with the Office of the President: Human Resources and Benefits, continued

Executive Director Scott updated the committee on several issues:

- A recent wellness summit enjoyed broad attendance, and it is hoped that the summit will encourage greater participation in UC’s wellness programs. Also, there is a new Lester Breslow Award for programmatic wellness achievement.
- HR&B’s response to Senate Concurrent Resolution 52 was delivered to Senator Leland Yee’s office, and HR&B await his response.
- Next week, The Regents will meet and consider two HR&B-related issues: the START program and the assumptions underlying retiree health and rates of return. Both items are on The Regents’ website.
- Distribution 4 is a summary of the costs associated with HR&B’s outside consultants. In several instances, however, performance guarantees offset the list price. In most cases, the outside consultants are necessary due to the specialized nature of the work they do. Nevertheless, a priority list may need to be generated to respond to questions following HR&B’s restructuring.
- The restructuring of HR&B is proceeding: Internal OP HR support will be moving to the UCSF HR unit. Systemwide services are still being evaluated as to
where they can be most effective—centrally at OP or at one or more of the campuses. This is an iterative process.

- As part of the restructuring process, a new unit focusing on institutional research is being developed. It is unclear yet whether that means that HR&B will have to share analysts with other OP units.
- At the close of 2007, there were 2371 employees who had not opted into the Social Security plan or retired, a decline of approximately 1200 from 2006. An investigation into their interplay with retiree health benefit system continues. The process of opting-in is an elective one and has SSI-expenses that are also still under investigation. HR&B will explore posting additional information on the issues/processes on its website.
- The medical centers are negotiating with health care insurers as a bloc this year. Faculty and staff health care benefit plans may diverge this year.
- The 2006 total remuneration data has been finalized, and Mercer is starting a staff study. HR&B looks forward to receiving from UCFW a memo outlining desirable criteria for subsequent remuneration studies.

X. Executive Session

Note: Other than action items, no notes were taken.

**ACTION**: Members will be e-polled for their preferred July meeting date: the 11th or the 18th.

**ACTION**: Asking the Budget Office for a presentation on the workings of block grants either this summer or at an early meeting of the 08-09 committee will be explored.

Adjournment: 4:00 p.m.

Distributions:
1. UCLA Faculty Association Newsletter, Spring 2008
2. Comparison of Administrative and Other Expenses of TRS and PERS Retirement Systems
3 a-b. Impact of New Salary Scales on Ladder and Equivalent Rank Faculty Above, Off- and On-Scale Status by Campus and Rank, General Campus *Confidential*
4. Consulting Agreements with Human Resources and Benefits

Appendix: UCFW 2007-08 Attendance Record

Minutes prepared by Kenneth Feer, Senior Analyst
Attest: Jim Chalfant, UCFW Chair