

UNIVERSITY OF CALIFORNIA

ACADEMIC SENATE

UNIVERSITY COMMITTEE ON FACULTY WELFARE

MINUTES OF MEETING

FRIDAY, APRIL 21, 2006

UCOP ROOM 5320

I. UCFW Announcements

- **Rusty Russell, UCFW Chair**
- **Susan French, UCFW Vice Chair**

Academic Council Update: Chair Russell reported that Council, at its April 19, 2006 meeting, approved a letter to President Dynes that incorporates the recommendations made by UCFW and UCPB on senior management pay. Also, at its April 5, 2006 meeting with the campus chancellors, Council discussed faculty off-scale salaries, including a report and presentation by Davis Divisional Chair Dan Simmons which is also enclosed in today's agenda. Council members agreed that the off-scale salary system is a huge problem and will require many future discussions, including strategies and suggestions from the committee level. Chair Russell noted that this will be a great opportunity for UCFW to weigh-in and be proactive in suggesting solutions from a faculty welfare perspective.

Academic Assembly Update: Vice Chair French participated in the April 12, 2006 Assembly teleconference in Chair Russell's stead. She reported that the meeting consisted mainly of committee updates, and the election of Council Vice Chair Pro Tem Michael Brown to official Council Vice Chair for the remainder of this academic year and next. Vice Chair French reported to the Assembly UCFW's recent endeavors, including the committee's principles on retirement and health benefits, and work to advance UC's family friendly policies.

II. Consent Calendar

- **Minutes of the March 17, 2006 UCFW meeting**

DISCUSSION: UCFW held a brief procedural discussion on amendments to the meeting minutes. Members agreed to amend the substance of the minutes only if they do not accurately reflect the meeting proceedings, however, if the committee decides in the following meeting to change or add to a prior meeting's discussion, such amendments could be reflected in the latter meeting's minutes.

ACTION: The minutes of the March 17, 2006 UCFW meeting were approved with amendments.

III. Academic Senate Formal Review of Proposed Revisions to APMs Related to Sick Leave, Reasonable Accommodation, Medical Separation and Constructive Resignation: APMs 700, 710, 711 and 080

- **Rusty Russell, UCFW Chair**
- **Ellen Switkes, Asst. Vice President, Academic Advancement**
- **Jill Slocum, Director, Academic Advancement**

ISSUE: Systemwide Senate committees and divisions are conducting a formal review of proposed revisions to APMs 700, 710, 711 and 080. A subcommittee of present and former UCFW members (Bob Anderson, Jim Chalfant, and Sally Ness) has actively worked with Assistant Vice President Switkes and Director Slocum in reviewing these policies over the past year.

DISCUSSION: Assistant Vice President Switkes and Director Slocum provided a brief introduction to the proposed policies and noted their belief that UCFW should reserve additional time on its May 19, 2006 agenda to allow for a full discussion of the proposed APM revisions, to which committee members agreed. Members then discussed the proposed sick leave policy for faculty, in which faculty do not accrue sick leave but instead are provided a reasonable amount of sick leave while still allowing for flexibility. Members also briefly discussed the new policies on reasonable accommodation, medical separation, and constructive resignation. One UCFW member commented on specific details of the proposed policies, while other committee members felt that the formal review process was not the appropriate time to perform extensive re-writing but rather the committee should reiterate the policies it disapproves, if any, and provide a simple up or down decision. Lastly, Council Chair Oakley discussed the purpose of the current faculty sick leave policy, which he feels is of critical importance.

ACTION: UCFW members agreed to continue the discussion and formulate an official response to the formal review of proposed revisions to APMs 700, 710, 711 and 080 at its May 19, 2006 meeting, for eventual submission to the Academic Council at its May 24, 2006 meeting.

IV. Report of the UCFW Health Care Task Force (HCTF)

- **Harold Simon, HCTF Chair**

REPORT: HCTF Chair Simon provided a report of the April 5, 2006 HCTF meeting. Please see Appendix A of these minutes for more information.

DISCUSSION: UCFW members held a brief discussion of the HCTF's conclusions regarding the prioritization of total remuneration components as presented by Mercer Consulting at the April 5, 2006 HCTF meeting. Most agreed that priority levels depend on each individual's personal and professional circumstances, and generalizations across any employee group are unworkable. One member inquired into the plan to make prescriptions available at non-medical center campus locations. Director Esteban noted that HR&B is requesting the health plans in this year's RFRs to detail their current relationships with local pharmacies in order to develop an acceptable plan in the future. Lastly, a UCFW member suggested that HR&B should advertise to its employees the benefits of prescription mail order services as a substantial cost saving measure for both employee and employer.

V. Consultation with UCOP – Human Resources & Benefits

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

REPORT: Executive Director Scott expanded upon the Health Risk Assessment (HRA) portion of HCTF Chair Simon's report. He believes that the HRA pilot program at Berkeley and Los Angeles will lead to a long term framework for disease prevention, robust follow-up protocols

for UC employees, analysis and trending reports, and health care providers working closely with individual employees. HR&B also looks forward to learning, through the pilot program, how providers' services will interface with services that already exist at the campuses. The next step in this process, as laid out by the UCFW HCTF, is to focus on chronic care and management, and catastrophic disease care and management – both issues that UC is dedicated to for the long term. Lastly, follow-up with the pilot program will occur in two to three years to allow adequate time for tracking, trending, conclusions, and further discussion of expanding the pilot to other campuses. HCTF members will be closely involved with HR&B in reviewing the health plans' interview responses to the HRA pilot program in this year's RFPs.

ACTION: Upon consensus of UCFW members, the remainder of the consultation period with HR&B was held in Executive Session.

Executive Session

Note: Minutes, aside from action items, are not prepared for this portion of the meeting.

ACTION: Executive Director Scott will provide UCFW and the UCFW-HCTF with the Mercer Workforce Report when it is available, most likely in June or July 2006.

VI. Consultation with UCOP – Budget Office

- **Larry Hershman, Vice President for Budget**

REPORT:

UC Budget Update: Vice President Hershman reported that he and President Dynes have attended and testified at the latest round of budget overview hearings in Sacramento, which went very well since UC was able to offer a large number of positive accomplishments and an excellent yearly report card. At the hearings Vice President Hershman highlighted the following: UC enrollment numbers and projections for next year, admissions, student fees and use of the student fee buyout money, the need to increase staff and faculty salaries, and the need for continued support of student academic preparation programs and the Science Mathematics Initiative. The capital outlay hearings are scheduled for next week, where Vice President Hershman expects to discuss the cost of UC projects and how research facilities are funded.

UC Compensation: At the budget hearings, the Legislature seemed pleased and receptive to President Dynes' testimony on UC's accomplishments, and no mention was made of the UC compensation issues. However, former Regent Hertzberg attended to present the findings of the Kozberg-Hertzberg Task Force Report, which was well-received by the Legislature. Vice President Hershman reported that legislators are willing to work with UC on certain legislative proposals that could threaten University autonomy. More budget hearings will be held in the next few weeks, and the upcoming audit reports will be presented to the Budget committees before the May Regents meeting.

State Bonds: UC needs new bond money, and there are reports that the Legislature is close to agreeing on a new bond package deal including less funding than originally proposed by the Governor. The package is likely to be in the \$30-\$34 billion range with a two or four year lifespan, and will fund education, transportation, and repairs to the state levee system. UC's bond package remains the same, with core funding under the Compact and \$200 million for expansion of the UC Medical Centers and funding for additional medical students. The bond hearings will be held in the next few weeks.

DISCUSSION: UCFW members discussed the recommendations of the Kozberg-Hertzberg Task Force Report, including expected costs for implementation. Vice President Hershman noted that costs are unclear since projections have not been performed and UC has not yet committed itself to specific recommendations. Some UCFW members then held a brief discussion regarding the impact that public reporting of base salaries might have on faculty recruitment and retention efforts.

Council Chair Oakley then distributed a letter from HR&B, dated April 4, 2006, which provides advice to campus benefits managers on University policy related to retirement counseling as it pertains to the Inactive Cost of Living Adjustment (Inactive COLA). Chair Oakley was prompted to inquire into this policy upon learning that most people choose to retire from UC at the end of June in order to receive a 2 percent inactive COLA increase on July 1. Chair Oakley implored UCFW members to disseminate information on this UC policy to their campus colleagues. Director Slocum noted that this policy, part of UC's Highest Average Plan Compensation (HAPC) plan, has been in place for two decades and is accounted for.

ACTION: UCFW members will provide advice to Vice President Hershman in July 2006, assuming the state budget is enacted, concerning an October 1 employee COLA.

ACTION: Upon consensus of UCFW members, the remainder of the consultation period with Vice President Hershman was held in Executive Session.

Executive Session

Note: Minutes, aside from action items, are not prepared for this portion of the meeting.

VII. Board of Regents April 13, 2006 Special Meeting – Report of the Task Force on UC Compensation, Accountability and Transparency

- Rusty Russell, UCFW Chair

Executive Session – UCFW Members Only

Note: Minutes, aside from action items, are not prepared for this portion of the meeting.

ACTION: UCFW Chair Russell will send a letter to Executive Director Randy Scott reminding him of requests from UCFW and the UCFW-HCTF for a UC workforce report, and of the remaining committee meeting dates for this academic year.

ACTION: UCFW Chair Russell will draft a letter reflecting today's committee discussion on the Report of the Task Force on UC Compensation, Accountability and Transparency, and President Dynes' recommendations in response to the Report, for inclusion in the May 19, 2006 UCFW agenda and eventual submission to the Academic Council at its May 24, 2006 meeting.

VIII. Faculty Off-Scale Salaries

- Rusty Russell, UCFW Chair
- Ellen Switkes, Asst. Vice President, Academic Advancement
- UCFW Members

ISSUE: UCFW received a number of reports enclosed in today's agenda that detail the number and percentage of on-scale, off-scale, and above-scale faculty salaries, also broken down by ladder rank and campus. Members wished to explore the root of the off-scale salary structure and begin a discussion of how to address the problems therein.

DISCUSSION: Chair Russell noted some general sources of the off-scale salary structure, including different campus practices and variances among certain higher-paid disciplines. Assistant Vice President Switkes reported that at many, but not all, campuses, Committees on Academic Personnel (CAP) are involved in setting individual faculty salaries. Further, that the high percentage of off-scale salaries across all campuses is a result of serious recruitment and retention issues at UC, and the widespread need for higher salaries. She reported that it would be financially impossible for UC to increase all salary scales to a level which captures-back all faculty who are currently off-scale. UCFW members then reported their respective campus practices. Some members reported no oversight at all for those faculty who are off-scale, and even an unwillingness to address off-scale salaries, yet one campus reported complete oversight from their CAP. Another member reported that a major retention problem exists at his campus because of the disconnect between those hired at off-scale salaries, for example, three years ago compared to those hired last month – the longer one stays at the campus, the further behind their salary falls. UCFW members generally felt that they would like to see the Senate address the collapse of the faculty salary system, the impact on recruitment and retention, and also the role the "secret" system plays in resentment among colleagues. [Assistant President Switkes noted after the meeting that the actual percentage of above/off-scale faculty is 72 percent; removing the above-scales yields 69 percent off-scale across the system.]

Council Chair Oakley affirmed UCFW's sentiment that the Senate needs to address these problems proactively and develop a transparent and accountable salary system, noting the parallel problems at the moment with UC's senior management compensation system. The real issue, many noted, is that the high percentage of above- and off-scale salaries is a result of market conditions and is a band-aid measure for campuses to maintain their competitive edge, UC excellence, and high quality of instruction.

ACTION: UCFW will continue the discussion of faculty off-scale salaries at its May 19, 2006 meeting.

IX. Consultation with UCOP – Senior Management

- **Rory Hume, Acting Provost and Senior Vice President, Academic Affairs**
- **Bruce Darling, Senior Vice President, University Affairs**
- **Larry Hershman, Vice President for Budget**

REPORTS:

Acting Provost Hume: UCFW is encouraged to submit comments and support, if possible, for the possible realignment of UCOP. Acting Provost Hume noted that the Regents are determined to improve UCOP's reporting processes to the Regents especially concerning exceptions to UC policy. Part of this will involve strengthening those positions closest to the President, details of which McKinsey Consulting is charged with exploring and presenting recommendations to the Regents in the near future. In his meeting with McKinsey, Acting Provost Hume highlighted the academic nature of UC and his concerns with an extra layer of administration under the guise of a chief operating officer, when academic leadership within a university is crucial, and directly

impacts shared governance with the Senate. Acting Provost Hume has heard the same sentiments expressed by the Council of Vice Chancellors, and many other supporters. Overall, he views this as an opportunity to reflect on how UCOP can best support the campuses in this new proposed structure.

Senior Vice President Darling: Reiterating the above points, Senior Vice President Darling also reminded McKinsey that UC is not a company nor a standard non-profit organization, but a unique non-profit whose structure must be representative as such. His preference for a UCOP “reorganization” would call for more auditing and reporting instead of additional senior managers.

Vice President Hershman: Also reported the same sentiments as above on the proposed UCOP reorganization plan. Vice President Hershman was able to share with McKinsey his forty years of experience with UCOP, and his views of what was successful and unsuccessful over numerous UC presidencies. He also emphasized the need to avoid any structure that would create conflict between the campuses and UCOP, and/or the faculty and UCOP.

DISCUSSION: UCFW members held a general discussion regarding the proposed changes to UC health and welfare benefits, retiree health, and the resumption of contributions to UCRP, stressing most of the points made in the committee’s position papers and principles on these topics. Committee members noted their serious problems with the Mercer reports and conclusions, and the need to analyze all of these issues from an academic planning perspective. One member noted that progress has been made with HR&B in getting their points across, but that much more is needed from higher-level communications with the Regents. Another member expressed concern with the retiree health proposals, the yet-unknown methodology behind them, and UC’s need to look out for its vulnerable retiree population. The senior managers reported that the Regents are receptive the faculty’s concerns, have slowed down their proposals and are now moving forward more carefully. They noted, however, that UC shares a common goal of competitive remuneration and that faculty should be prepared to address the prioritization questions inherent in these decisions. UCFW members again referred the senior managers to its position papers, and reminded them of the committee’s yet-unfulfilled requests for more data from UC consultants on UC workforce behavior and retirement planning projections and data. Also, members stressed their abundant expertise in these areas and willingness to assist UCOP in such important decision-making.

UCFW members offered their preferences for the type of person to fill the vacant Senior Vice President for Business and Finance position. Some members noted that a separate Senior Vice President for Human Resources position could address UC’s need to strike a balance between academic interests in human resources, and general human resources decision-making that is not sensitive to shared governance concerns.

Lastly, some UCFW members shared their concern about the public perception of UC generated since the senior management compensation issues came to light. They noted the need to rebuild the public trust, and develop a systemwide statement telling UC’s commitment to the public good. Vice President Hershman noted the difficulties inherent in reporting positive stories to the media, and the expense in accomplishing such a publicity campaign if UC were to undertake this effort on its own.

X. Report of the UCFW Task Force on Investment and Retirement [none]

- **Bob Anderson, TFIR Chair**

XI. Discussion Draft: A Possible Change in Employee and Annuitant Health Benefits

- **Bob Anderson, TFIR Chair**
- **UCFW Members**

ISSUE: TFIR Chair Anderson has submitted a discussion paper for UCFW's consideration which contemplates a possible change in employee and annuitant health benefits.

DISCUSSION: TFIR Chair Anderson again emphasized that the discussion paper is not a proposal, but is only intended as a starting point for discussion. He noted that the discussion paper simply lays out the scenario that Mercer and Deloitte have been calling for in their respective reports this academic year. Precise numbers still need to be added to complete the discussion paper, which can only be done by Mercer and the UC actuaries. Once the numbers are added and the scenario is fully fleshed out, then Mercer, the Regents and UCFW can evaluate the discussion paper and determine if this path is one that UC should follow. UCFW members expressed general interest in the paper, and agreed that they would like to further discuss the issues raised once the actual numbers are added. Members stressed, however, that the committee is not committing itself to the discussion paper at this time.

ACTION: Executive Director Randy Scott will work with Mercer and the appropriate actuaries, in consultation with TFIR Chair Anderson, to fill in the numbers and data to the discussion paper as requested by UCFW. The work should be completed in time for the June 16 or July 14 UCFW meeting.

Meeting adjourned at 4:00p.m.

Attest: Raymond Russell, UCFW Chair

Prepared by: Michelle Ruskofsky, UCFW Analyst

Attachment:

1. UCFW 2005-06 Attendance

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| UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW): ATTENDANCE 2005-06 | | | | | | | | | |
|--|----------------------------------|---------|---------|---------|---------|---------|---------|---------|--------------|
| Key: X = In attendance; Abs = Absent; Alt = Alternate attended; T = by teleconference | | | | | | | | | |
| | | 10/7/05 | 11/4/05 | 1/13/06 | 2/10/06 | 3/17/06 | 4/21/06 | 5/19/06 | 6/16 or 7/14 |
| MEMBERS: | | | | | | | | | |
| Raymond Russell, Chair | Riverside (Sociology) | X | X | X | X | X | X | | |
| Susan French, Vice Chair | Los Angeles (Law) | T | X | X | X | X | X | | |
| Shannon Jackson | Berkeley (Theater, Dance & Arts) | X | X | X | Abs | X | X | | |
| James Chalfant | Davis (A&R Economics) | X | X | X | X | X | X | | |
| Julian Feldman | Irvine (Computer Science) | X | X | X | X | X | X | | |
| Shane White | Los Angeles (Den-Endo) | X | X | X | Alt | X | X | | |
| Tom Harmon | Merced (Engineering) | Abs | Abs | Abs | Abs | Abs | | | |
| Helen Henry | Riverside (Biochemistry) | X | Abs | X | X | X | X | | |
| Morton Printz | San Diego (Pharmacology) | X | X | X | X | X | X | | |
| Robert Newcomer | San Francisco (Soc&Behav Sci) | X | X | X | X | X | Alt | | |
| Douglas Morgan | Santa Barbara (Economics) | X | X | X | X | X | X | | |
| Greta Gibson (Fall) | Santa Cruz (Chemistry) | Alt | Alt | | | | | | |
| Paul Ortiz (Win, Sum) | Santa Cruz (Community Studies) | | | Abs | X | X | Alt | | |
| Harold Simon | Member At-Large,UCFW-TF Chair | X | X | X | X | X | X | | |
| Robert Anderson | UCRS Board Member | T | X | X | X | X | X | | |
| EX-OFFICIO MEMBERS: | | | | | | | | | |
| Cliff Brunk | Chair, Academic Council | X | X | Abs | X | | | | |
| John Oakley | Chair (3/06) , Academic Council | X | Abs | Abs | X | Abs | X | | |
| Dericksen Brinkerhoff | CUCEA Chair | Abs | Alt | X | X | Alt | Alt | | |
| GUESTS: | | | | | | | | | |
| Steve Mathews | Dep. Asst. VP & Dir.Off.LoanPrgs | | X | | | | | | |
| Lester Breslow | UCFW-TF Member (UCLA) | | X | | | | | | |
| Dan Bikle | UCFW-TF Member (UCSF) | | X | | | | | | |
| Bob Miller | Mercer HR Consulting | | | X | X | X | | | |
| Richard McEvoy | Mercer HR Consulting | | | X | X | | | | |
| Gary Jerome | Mercer HR Consulting | | | X | | | | | |
| Tim O'Beirne | Deloitte Consulting | | | X | X | X | | | |
| ALTERNATES: | | | | | | | | | |
| Richard Robertson | Irvine (Medicine) | | | | | | | | |
| William Shadish | Merced (Social Sciences) | | | | | | | | |
| Roger Anderson | Santa Cruz | X | | | | | | | |
| Ted Holman | Santa Cruz | | X | | | | | | |
| Louise Taylor | CUCEA Alternate (UCB) | | | | | X | X | | |
| Shantanu Sinha | Los Angeles | | | | X | | | | |
| Barbara Epstein | Santa Cruz | | | | | | X | | |
| Kenneth Drasner | San Francisco | | | | | | X | | |
| CONSULTANTS: | | | | | | | | | |
| Maria Bertero-Barceló | Exec. Dir., Academic Council | X | | | | | | | |
| Larry Hershman | Vice President, Budget | | X | | | | X | | |
| Joseph Mullinix | Sr. Vice Pres, Bus & Finance | X | | | X | | | | |
| Marie Berggren | Interim University Treasurer | | X | | | | | | |
| Judith Boyette | Asc. Vice Pres, HR&B | X | | | X | X | X | | |
| Judy Ackerhalt | Deputy to Asc VP, HR&B | X | X | X | X | X | X | | |
| Randy Scott | Exec. Dir., HR&B Policy Prg Des. | | X | X | X | X | X | | |
| Mark Esteban | Dir., HR&B Policy Prg Des,H&W | | X | X | X | X | X | | |
| Gary Schlimgen | Dir., HR&B Retirement Plng | | | X | | X | | | |
| Nancy Partovi | Asc. Dir., HR&B Policy, Ret Pl | | | | | | | | |
| Stan Kowalski | Dir., HR&B, Const & Leg Coord. | | | | | | | | |
| Howard Pripas | Exec. Dir., HR&B Labor Rel. | | | | | | | | |
| Eva Devincenzi | Dir., HR&B Policy Prg Design | | | | | | | | |
| Eleanor Skarakis | Mgr., HR&B Policy Prg Design | | | | | | X | | |
| Ellen Switkes | Asst. Vice Pres. Acad. Adv. | X | X | X | X | X | X | | |

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|--------------------|----------------------------|---|---|---|---|---|---|--|--|
| Jill Slocum | Dir., Academic Advancement | X | X | X | X | X | X | | |
| Kristine Hafner | Asc. Vice Pres, IR&C | X | | | | | | | |
| Jacqueline Craig | Dir., IR&C Policy | X | | | | | | | |
| STAFF: | | | | | | | | | |
| Michelle Ruskofsky | UCFW Analyst | X | X | X | X | X | X | | |