

UNIVERSITY OF CALIFORNIA

ACADEMIC SENATE

UNIVERSITY COMMITTEE ON FACULTY WELFARE

APPROVED MINUTES OF MEETING

FRIDAY, NOVEMBER 17, 2006

UCOP ROOM 5320

**I. Chair's Announcements**

- **Susan French, UCFW Chair**

UCFW Chair French reported on the October 25, 2006 Academic Council meeting, where she presented UCFW's analysis of the total remuneration calculation, including UCFW's conclusion that a seven to ten percent COLA will be necessary just to stay even with UC's competitors. The Academic Council adopted UCFW's analysis, which was also introduced to the senior managers present at the meeting. Chair French understands that the UCFW analysis was also circulated to the Regents at their November meeting. Other issues discussed at the Academic Council meeting include: the faculty salary scale, and the formation of a President's Task Force to address the issue (including Chair French); diversity issues, including the ten-year impact of Proposition 209; UC funding issues, including a Regental Task Force charged to look at alternative funding sources; and the reorganization of the UC Office of the President (UCOP), and maintaining the academic nature of certain offices at UCOP.

Chair French also announced that she has requested a report from the UCOP Budget Office that details exactly how the salary and benefit money in the 2006-07 UC budget was spent, including base amounts and increases over 2005-06, and who made the decisions. She has requested the same information for the 2007-08 UC budget as well.

**DISCUSSION:** Director Jill Slocum mentioned that the UCFW request should be available in time for its January meeting, but that coordination of the report could be delayed due to certain response times from the ten campuses. She also mentioned that Regent Hopkinson has requested the same information as UCFW from the UCOP Budget Office. Executive Director Randy Scott noted that the benefits information could easily be retrieved from his office because it is centralized data, unlike the salary information. One UCFW member requested the committee's future consideration of how UCFW could encourage coordination with campus and UCOP planning and budget offices in order to make budget information more readily available.

**II. Consent Calendar**

- Minutes of the October 13, 2006 UCFW meeting

**ACTION: UCFW approved the October 13, 2006 minutes with amendments.**

**III. Executive Session**

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

**A. Budget Allocations for Salary and Benefits**

**B. Mercer Presentation to January Regents' Meeting**

**ACTION: UCFW Chair French will draft a report of UCFW's Recommendations on the Mercer Presentation to the Regents, for committee approval via email following the meeting and eventual submission to Executive Director Randy Scott.**

#### IV. Consultation with UCOP – Budget Office

- Larry Hershman, Vice President, Budget

**REPORT:** Vice President Hershman reported on the UC budget as presented at the November Regents' meeting. The 2007-08 budget currently assumes an additional \$71 million, which must be funded either from the state or from student fee increases. President Dynes and Vice President Hershman will be at budget hearings on January 30 to address such issues as how the state will honor the Compact, how to get additional state funding, how to approach UCRS funding needs, and whether the state will support new UC research initiatives. Outside of the Regents' budget as approved this month, UCOP has listed an extra \$500 million in funding that would be adequate for UC to recapture its per-student funding from the state, including funding for the student-faculty ratio, salaries, academic support, and non-salary budgets (i.e., utilities and student services).

**DISCUSSION:** Regarding UCRP contributions, Vice President Hershman reported that historically UC was treated like PERS, with an eleven percent employer contribution, and five percent employee contribution split, adjusted year-to-year. These contributions were reduced to zero because UCRP became so over-funded and the Legislature became displeased. One UCFW member noted that in 1990 and 1991, UCFW strongly advocated for not eliminating all contributions.

Vice President Hershman explained UCOP's reasons for supporting the Compact, and reported that an extra \$500 million increase in UC's base budget will be requested from the state only when the timing is appropriate. He acknowledged some arguments that the current budget proposal is inadequate to keep UC employees even in total remuneration, but said that the Regents' budget proposal only requests a five percent increase in compensation as a package deal, with details as to how it will be distributed to be determined at a later date. One UCFW member voiced additional concerns about the Compact, and how it seems like a different deal than the one originally agreed to concerning UC's ability to increase student fees, and the Compact acting as "a floor, and not a ceiling." Vice President Hershman responded that student fees levels are set by careful negotiations between the Regents and the state, and the Compact's boundaries depend wholly on the state's willingness to increase UC's base funding.

Regarding salary increases, UCFW members discussed how to adjust the merit and COLA percentages allotted among the five percent general salary increase package. UCOP does not have a set policy on this issue, and UCFW members expressed interest in addressing this issue in the future. Concerning funding for salaries, Vice President Hershman noted a conflict among budget priorities from the Academic Council, which include graduate student support as a first priority, and UCFW's priority for faculty salaries. He suggested that perhaps the Senate could work on developing a consistent budget priority list for UCOP to advance with the Regents and the state. Upon further discussion, UCFW learned that non-resident tuition money does indeed pay for faculty salaries, and other support for non-resident students. UCFW then discussed the declining state share of UC revenue, and how UCOP could better represent its value to the state. Vice President Hershman reported that a major hurdle is changing public perception that higher education does not have a funding problem, and gathering support for education outside of K-12 programs.

**V. Consultation with UCOP – Human Resources and Benefits (HR&B)**

- **Judy Boyette, Associate Vice President, HR&B**
- **Randy Scott, Executive Director, Policy and Program Design, HR&B**
- **Judy Ackerhalt, Deputy to Assoc. Vice President Boyette, HR&B**

**REPORT:** Associate Vice President Boyette provided UCFW members with an update on discussions regarding UCRS and the resumption of contributions by UC and its employees. Following, Deputy Ackerhalt reported on the Los Alamos National Laboratory (LANL) transition and asset transfer, including that in September, the Regents granted permission to modify the asset transfer from UCRP for an initial amount of \$10 million, which may also go up to \$50 million if necessary. So far, no funds have been transferred. UC's main issue currently is work out remaining details of the transition with the Department of Energy (DOE). Finally, Deputy Ackerhalt reported that they hope to present a proposal to the Regents in January, and pending many outstanding issues, to receive approval from the Regents in March for a significant transfer of funds.

**DISCUSSION:** UCFW members discussed the UCRS contribution plans, including how UC might be treated similar to PERS in the employee/employer percentage contribution split. Members also discussed the LANL transition, and questions regarding potential conflict of interest issues, the management fee structure, and the potential neutral impact of the transfer on UCRS should a funds transfer occur.

**ACTION:** UCFW will receive updates on the LANL transition from TFIR in the future.

**ACTION:** UCFW will participate in an informal review process of a draft Consensual Relations Policy (applying to the entire UC community), and discuss this issue at a future meeting.

**ACTION:** An update from HR&B regarding the Mercer Workforce Analysis should be available in January.

**VI. Howard Hughes Medical Institute (HHMI) Investigators – Ludwig Foundation Proposal**

- **Gary Schlimgen, Director, Retirement Planning, HR&B**
- **Jill Slocum, Director, Academic Advancement**

**REPORT:** Director Slocum reported on the proposal, which would address equity issues for retirement benefits for UC ladder rank faculty who are both on leave without pay and employed at the HHMI or Ludwig Institutes. The proposal seeks to increase the salary level used to determine retirement, survivor, and disability benefits, allowing HHMI/Ludwig service to count toward vesting, and possible changes to service-credit buyback rules. Director Slocum then provided a brief introduction to the appointment process for the faculty affiliates, whose salaries are paid by the Institutes, who also fund their research and research facilities. They do not receive UCRP service credit, but do receive a defined contributed retirement plan at HHMI/Ludwig. Some HHMI/Ludwig faculty affiliates have argued that under the current benefit arrangement, they would not receive an equitable retirement package. It is possible that the campuses could cover the pension liability, estimated at \$14 million, should the proposal go forward. Director Schlimgen noted that pending the results of today's consultation, and a decision by the Academic Council in November, the proposal could go to the Regents in January.

**DISCUSSION:** One UCFW member noted similar situations at campuses with corporate affiliates other than Ludwig and HHMI, raising additional benefits questions for faculty. TFIR Chair Anderson reported that TFIR approved this proposal, but did not think it was appropriate to charge contributions; rather that the costs should be born by UCRP both for equitable and pragmatic reasons. Certain arguments against the proposal were presented, including that the proposal is unfairly retroactive, that UC faculty knew what they were agreeing to when they signed onto the HHMI/Ludwig deals, that this proposal would allow the affiliated faculty to “double-dip,” and that any agreement should be cost neutral to UCRP.

**ACTION:** UCFW members approved the following action, which will be presented to the Academic Council at its November 29, 2006 meeting:

UCFW supports the proposals for increasing the salary level used to determine retirement, survivor and disability benefits, and for allowing HHMI/Ludwig service to count toward vesting, *but only on the condition that implementation be cost neutral to UCRP*. UCFW does not support the proposed buyback provisions at this time and recommends further study in this area.

## VII. Adoption Benefits

- Christopher Simon, Director, Policy and Program Design, HR&B
- UCFW Members

**REPORT:** Director Simon provided a brief introduction to the potential adoption benefits proposal, and requested UCFW’s input on how/whether to go forward. The proposal includes increasing funding available for the adoption process, and adjusting leave benefits for staff.

**DISCUSSION:** Some UCFW members asked about the impact of implementing the potential benefit, including projected costs and timing of the benefit given tight UC budget realities. In support of the proposal, many members raised fairness and equity issues for employees who wish to adopt. A few UCFW members wished to compare the pros and cons of providing a potential adoption benefit or an infertility benefit, or both. Some members questioned whether other UCFW budget priorities, such as salaries, should take precedence over implementing this additional benefit at this time. Other members, however, noted that the overarching equity issues trump any current salary considerations.

**ACTION:** UCFW approved in principle a potential adoption benefit, and is in favor of the development of related policy language for review, which, if approved, would be included as part of the health and welfare benefits package in the 2008 budget.

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

- Larry Pitts, HCTF Chair

**REPORT:** HCTF Chair Pitts provided a brief report on the October 30, 2006 HCTF teleconference, where members discussed the Mercer methodology for health and welfare benefits contained in the Mercer total remuneration report. The task force plans to meet via teleconference in early December in order to coordinate with HR&B prior to the January Regents’ meeting. HCTF Chair Pitts is also continuing his meetings with the UC Medical Center Directors.

**DISCUSSION:** UCFW members discussed how policy could be developed regarding UC contributions to the health care package, currently at five percent per year, as part of the budget process in the future. Executive Director Scott noted that plans are being developed, possibly to

be included in the 2008 health and welfare request for proposals. HR&B will continue to consult with the HCTF concerning this process. UCFW Chair French repeated the committee's concern for the need to increase cash compensation in order to help cover inevitable increases in health care costs.

**ACTION: none**

## **IX. UCFW Business and Campus Reports**

**DISCUSSION:** UCFW members identified the following issues for future discussion:

- **Childcare:** creating a transparent and open assignment process for children at campus childcare facilities; daycare and emergency sick care programs; and reimbursement for certain childcare expenses.
- **Parking:** only two campuses have submitted parking reports – an update will be provided at the January UCFW meeting.
- **Faculty Salaries/COL/Housing:** discuss more effective solution for faculty COL through a housing-driven solution instead of salary-driven solution; receive a UCOP report on Mortgage Origination Program (MOP) loans; and discuss UC endowment strategy – moving bond investments to faculty/staff housing loans.
- **Faculty Retention:** concerns about decisions being made by deans and department chairs, and the need for additional review.

**ACTION: UCFW Member Yahr will send to UCFW Chair French additional information on UC Irvine faculty rank and step changes, for possible consideration by the Joint Work Group on Faculty Salaries.**

**ACTION: UCFW Member Reinerman will send to UCFW Chair French and Executive Director Randy Scott questions and figures concerning faculty who have opted out of Social Security.**

**Meeting adjourned at 4:00p.m.**

Attest: Susan French, UCFW Chair

Prepared by: Michelle Ruskofsky, UCFW Analyst

**Attachment:** UCFW 2006-07 Attendance

UCFW Minutes – November 17, 2006

<b>UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW): ATTENDANCE 2006-07</b>										
Key: X = In attendance; Abs = Absent; Alt = Alternate attended; T = by teleconference										
		10/13	11/17	1/12	2/9	3/16	4/13	5/10	June	July
<b>MEMBERS:</b>										
Susan French, Chair	Los Angeles (Law)	X	X							
James Chalfant, V.Chair	Davis (A&R Economics)	X	X							
Kyriakos Komvopoulos	Berkeley (Mech Engin.)	X	X							
Brenda Bryant	Davis (Hum&Comm Develop.)	X	X							
Pauline Yahr	Irvine (Neuro & Behavior)	X	X							
Shane White	Los Angeles (Den-Endo)	X	X							
Gregg Herken	Merced (Social Sciences)	Abs	Abs							
Helen Henry	Riverside (Biochemistry)	X	X							
Marjorie Flavin (Fall)	San Diego (Economics)	X	X							
Carlos Waisman (W, Sp)	San Diego (Sociology)									
Candy Tsourounis	San Francisco (Clinical Pharm)	X	X							
Douglas Morgan	Santa Barbara (Economics)	X	X							
Craig Reinerman (Fall)	Santa Cruz (Sociology)	X	X							
Paul Ortiz (W, Sp)	Santa Cruz (Community Studies)									
Larry Pitts	Member At-Large,UCFW-TF Chair	X	X							
Harold Simon	Member At-Large (San Diego)	X	X							
Bob Anderson	UCRS Board Member, TFIR Chair	X	X							
<b>EX-OFFICIO MEMBERS:</b>										
John Oakley	Chair, Academic Council	X	X							
Michael T. Brown	Vice Chair, Academic Council	T								
Louise Taylor	CUCEA Chair	X	X							
<b>GUESTS:</b>										
Bob Miller	Mercer HR Consulting	X								
Richard McEvoy	Mercer HR Consulting	X								
Amol Mhatre	Mercer HR Consulting	X								
Tim O'Beirne	Deloitte Consulting	X								
William Gurtner	Vice President, Clinical Services	X								
Santiago Munoz	Exec.Dir., Clinical Services Dev.	X								
<b>ALTERNATES:</b>										
Ross Starr	UCFW-TFIR Vice Chair	X								
<b>CONSULTANTS:</b>										
Maria Bertero-Barceló	Exec. Dir., Academic Council	X								
Larry Hershman	Vice President, Budget	X	X							
Marie Berggren	Interim University Treasurer									
Judith Boyette	Asc. Vice Pres, HR&B	X	X							
Judy Ackerhalt	Deputy to Asc VP, HR&B	X	X							
Randy Scott	Exec. Dir., HR&B Policy Prg Des.	X	X							
Mark Esteban	Dir., HR&B Policy Prg Des,H&W	X	X							
Gary Schlimgen	Dir., HR&B Retirement PIng	X	X							
Stan Kowalski	Dir., HR&B, Const & Leg Coord.									
Howard Pripas	Exec. Dir., HR&B Labor Rel.									
Eleanor Skarakis	Mgr., HR&B Policy Prg Design	X	X							
Jill Slocum	Dir., Academic Advancement	X	X							
Sheila O'Rourke	Acting Asst. Vice Pres, Acad. Adv.	X	X							
<b>STAFF:</b>										
Michelle Ruskofsky	UCFW Analyst	X								