

**Minutes of Meeting**  
**June 12, 2009**

**I. Chair's Announcements**

*Helen Henry, Chair*

**UPDATE:** Chair Henry updated the committee on several items of interest, including:

- It is expected that the July meeting will end at three o'clock.
- The Academic Council has approved UCFW-endorsed and TFIR-drafted letter calling for full funding for UCRP. The letter will be presented to the Academic Assembly at their meeting next week. The letter is available online and may be shared:  
<http://www.universityofcalifornia.edu/senate/reports/mctoyudof.ucrpfunding.june09.pdf>
- Similarly, the letter calling for strategic long-term planning has been endorsed by the Academic Council and transmitted to the president.
- No task force has yet been appointed to examine such strategic long-term planning. It is expected to be a joint administration-Senate task force.
- So far, the campus responses to the proposed Standing Order of the Regents 100.4 echo the same themes as UCFW has identified: separating fiscal and physical emergency procedures, including sunset clauses, etc.
- Recent legislator-proposed potential California constitutional amendments to rescind UC's autonomy are the subject of significant UC advocacy efforts in Sacramento. As their fates remain unclear at this time, members, acting as concerned citizens, are encouraged to contact their state legislators to express their views concerning the measures.

**II. Consent Calendar**

1. Minutes of Meeting of May 8, 2009
2. UCFW elects not to opine on APM 240 (Deans)

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

**III. Consultation with the Office of the President – Budget Office**

*Patrick Lenz, Vice President (via phone)*

*Debbie Obley, Associate Vice President*

**UPDATE:** Vice President Lenz updated the committee on recent budget news from Sacramento, where debate continues as each day present new issues and challenges. For example, while it is realized that reducing UC's state support could jeopardize the institution's ability to secure external funding, it is argued that each of the state's higher education segments should see parity in their cuts. Nonetheless, some good news has emerged: funding for the Hastings School of Law has been restored, as has most Cal Grant funding. The budget deadline is June 30, and there is much still to negotiate. It is possible that the governor may allow the state to lapse into insolvency in order to avoid any tax increases. Distribution 1 summarizes the current status of UC funding from the state.

Vice President Lenz also noted that the president will present to The Regents a furlough or salary cut plan for action in July. It is important not to delay the decision-making as smoothing the cuts over as long a period as possible is preferred.

**DISCUSSION:** Many members questioned the efficacy of various other cost saving moves rumored to be under consideration, such as increasing the teaching loads of tenure-track faculty. AVP Obley noted that any course load and hiring decisions would be made in the campus-specific context of current filled hires, etc. Members inquired if any systemwide teaching-related efforts were being discussed, and AVP Obley indicated that other than the enrollment reductions already finalized and the prospective pay cuts, possible program consolidations are being examined. Members also inquired whether the prospective pay cuts really would be uniform across campuses; AVP Obley observed that uniform application is still the preferred method of realizing savings, but all opinions received will be evaluated carefully. Members then asked about banding salary cuts, as has been done with health care premiums. VP Lenz noted that various proposals covering differing salary ranges are under consideration, but that no decisions have been made.

Members asked whether externally funded salaries could be cut without violating the contracts with the funders and encouraged OP leaders to issue statements proactively so as to preempt unfounded rumors and clarify existing misconceptions and uncertainties. Other members noted that the lack of information on this aspect of the potential pay cuts has only exacerbated already low morale on the campuses. AVP Obley stated that this process is new to the University and that going through this process will answer many of these questions. Finally, members noted the differences between the present atmosphere surrounding pay cuts and that of the early 1990s: The existence of a capital accumulation project (CAP) and higher funding levels for UCRP allowed for more straightforward, across the board cuts; today's reality is more nuanced and requires a different solution (see also Item IV.2. below).

#### **IV. Campus Issues**

##### 1. "Compliance Creep"

*Athan Shaka, UCI Representative (via phone)*

**ISSUE:** Faculty at the Irvine division again raise the issue of the many compliance requirements, both internal and external, to which UC faculty are subject; concerns focus on questionable uses of limited faculty time and the expense of creating and monitoring the compliance reports. Additionally, faculty are unclear whether they are obligated to "blow the whistle" and request further guidance.

**DISCUSSION:** Council Vice Chair Powell noted that many of the requirements are governmentally mandated, and thus cannot be avoided. Nonetheless, improved modules are being developed that should ease the fulfillment of compliance measures. Vice Chair Powell added that "whistle blowing" is not optional, and is one reason why enhanced protections have just been issued.

One member noted that state laws on sexual harassment prevention training, for example, do not specify "faculty" but merely "supervisors" and that UC's compliance is based merely on one interpretation of the law. Another added that compliance recordkeeping is inadequate and that compliance officers' guidance is often contradictory: labs subject to campus, state, and funding

requirements frequently receive inconsistent instructions on safety, making compliance impossible. Finally, it was noted that the goal of many compliance training modules has shifted from education to merely fulfilling bureaucratic requirements, a move thought to have undermined many compliance-related activities.

**ACTION:** Members should submit specific examples of weaknesses in compliance procedures so that a comprehensive list can be submitted to the appropriate agents.

2. Capital Accumulation Project (CAP)

*Elizabeth Abrams, UCSC Alternate*

**ISSUE:** The Santa Cruz divisional committee on faculty welfare inquires whether the CAP option has been vetted in the context of the present budget crisis. UCSC is not advocating for a CAP, as it seems to negate any actual cost savings, but wants to ensure that it will not be presented as an eleventh-hour solution.

**DISCUSSION:** TFIR Chair Anderson noted that in the 1990s, a CAP was workable due to the then surplus of UCRP funding. As UCRP is now underfunded, a CAP is not a workable option. Members inquired, though, how a “hold harmless” clause would differ from a CAP. TFIR Chair Anderson clarified: all cuts have two potential impacts—on net income and pension valuation. While furloughs would not impact an employee’s highest average plan contribution (HAPC) for UCRP calculations, they do impact UCRP service credit (fewer compensable days worked), thereby reducing everyone’s pensions by the same small degree. Pay cuts disproportionately disadvantage employees nearer retirement by decreasing, usually, their HAPC. A CAP would compensate for the immediate reduction in net income, but generates no cost savings to the institution as a higher level of contributions would be required to off-set the loss of HAPC-income. Chair Henry suggested that, given the current difficulties in persuading the state to contribute normal costs, asking for CAP allowances, too, would not benefit UC.

3. UCRP Information

*Elizabeth Abrams, UCSC Alternate*

*Bob Anderson, TFIR Chair*

**ISSUE:** The Santa Cruz divisional committee on faculty welfare renews calls for greater communications and transparency regarding UCRP investment performance.

**DISCUSSION:** *NOTE: Discussion occurred in executive session; other than action items, no notes were taken. (See Distributions 2 and 3.)*

**ACTION:** UCFW will submit a request to the Treasurer asking for specific UCRP investment information to be posted online according to a suggested time-table.

4. Identity Theft Protection Programs

*Harry Powell, Academic Council Vice Chair*

**ISSUE:** In light of new and increasing concerns regarding cyber-security, Council Vice Chair Powell proposes the investigation of a new, optional benefit for UC employees that would include cost-neutral identity-theft protection programs.

**ACTION:** UCFW will request that HR&B investigate the options for such a program and report back at a future meeting.

## **V. Consultation with the Office of the President – Office of the Provost**

*Larry Pitts, Interim Provost*

**ISSUE:** Interim Provost Pitts outlined UC's budget situation, noting that specific scenarios for implementing pay cuts and/or furloughs should be ready for circulation next week. In addition to legalistic questions, issues of fairness, progressiveness, and ripple-effects must be considered.

**DISCUSSION:** Members noted that the forthcoming proposals must include specific data so that meaningful evaluation can occur. One area requiring a detailed explication of impacts is how salaries dependent on non-state funding sources will be affected and how those effects will be portrayed as equitable. This question is especially complicated for those in the health sciences compensation plan. Members asked whether unused salary monies from external funds would have to be returned to the funder. Council Chair Croughan indicated that OP is examining these questions, but it is expected that UC will be able to retain the funds for use in other aspects of the grants; precedent exists from the University of Maryland, and major funders such as the NIH and NSF have already indicated their understanding and willingness to cooperate in this difficult time.

Members also asked why a plan combining furloughs and salary cuts would be offered, as the administrative complexities and costs of such an option would seem to make it unworkable. Interim Provost Pitts noted that the sheer number of furlough days required to meet the level of required savings is problematic, especially for employees in health and safety units. Anticipating that increased funding in 2010-11 is unlikely, members then asked what facets of remuneration were being preserved, singling out merit increases among others. Interim Provost Pitts indicated that there are three options for merits: to fund them, to suspended them for one year, or to stop the process entirely for a year and then restart it. Council Chair Croughan noted that a cycle freeze, as opposed to a full stop and then restart, requires complex processes and carries vastly different impacts on faculty welfare. TFIR Chair Anderson added that nothing could be done regarding this year's merits as the new fiscal year begins before any cut proposal would take effect. Chair Henry observed that clearer messaging from OP was needed as previous statements have indicated that merits were "off the table", though that seems to have been only for the short term. This latest communication gaffe is only made worse by documented inconsistencies in messaging both within a single campus and between the divisions.

Finally, members renewed their calls for a comprehensive reevaluation of UC's long-term strategic vision, especially in terms of quality and access. Interim Provost Pitts noted that The Regents may develop a high level panel, similar to the diversity task forces, to explore this issue.

## **VI. Consultation with the Office of the President – Human Resources and Benefits**

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

*Randy Scott, Executive Director, Strategic Planning and Workforce Development*

**ISSUE:** Executive Director Scott provided an overview of the structure, charge, and membership of the Task Force (see Distributions 4 and 5 (NOTE: pre-decisional information – confidential and not subject to disclosure; in preparation

for collective bargaining)). The specific charges of the working groups are being finalized and may be available for distribution at the next UCFW meeting.

**DISCUSSION:** TFIR Chair Anderson inquired whether the finance work group had been given the previous total remuneration study. ED Scott replied that Mercer generated a summary document for distribution to task force members, but that it is only for historical value; members will receive the 2009 total remuneration study.

2. Lawrence Livermore National Laboratory (LLNL) Health Benefits

*Randy Scott, Executive Director, Strategic Planning and Workforce Development*

**ISSUE:** Several rumors have been circulating regarding the payment of the health benefit premiums at LLNL. ED Scott denied that the rumors had any basis in fact. He noted that the misunderstanding may have arisen from some of the circumstances particular to last year's management transition, a one-time only occurrence.

3. 2010 Health and Welfare Benefits Premiums

*Randy Scott, Executive Director, Strategic Planning and Workforce Development*

**ISSUE:** ED Scott reported that while specific figures are still unavailable, it is expected that employee portions of health premiums will rise.

**DISCUSSION:** Members noted that many campus officials have, in fact, given specific numbers for the amount of the increase, and repeated their call for better systemwide messaging. Members also asked whether discussions on taxing current pre-tax benefits had gained traction. ED Scott responded that no plan has been formally submitted, despite the many rumors.

4. Flexible Spending Account Update

*Mike Baptista, Executive Director, Quality Assurance and Compliance*

*Lily Pang, Director, Vendor Management*

**ISSUE:** UC changed its flexible spending account (FSA) manager at the beginning of the 2009 calendar year to Conexis; this update covers outstanding issues from the previous vendor, SHPS, as they are still the agent of record for previous transactions. As of May 2009, several UC employees had unresolved expenditures, averaging \$164/person, ranging from mere cents to some in the thousands of dollars. If 2007 claims remain unresolved, the expenses will be reported to the IRS as imputed income and may impact tax refunds and such; unresolved 2008 claims will appear on next year's returns. ED Baptista added that there was no de minimus amount for forgiveness; all transaction amounts must be resolved directly.

**DISCUSSION:** Members inquired as to the penalties for any unresolved claims. HR&B Vice President Duckett responded that his office and the Office of General Counsel are investigating that question and will prepare an information sheet for distribution to impacted employees. Members also noted that delayed vendor processing makes accurate employee budgeting difficult; Director Pang encouraged members to submit specific inquiries to her office.

## **VII. Consultation with the Office of the President – Academic Personnel**

*Pat Price, Acting Executive Director*

*Janet Lockwood, Associate Director*

**UPDATE:** AD Lockwood updated the committee on several items of interest:

- Academic Personnel Restructuring: Two new analysts have been selected, but positions for a labor relations specialist, another staff analyst, the permanent executive director, and the vice provost remain open.
- It is anticipated that the revised APM 240 (Deans) will go to The Regents in September for action.
- The definition of “domestic partner” was not clarified by the state Supreme Court’s recent ruling; internal analyses continue.
- The revisions of APM 670 (Health Sciences Compensation Plan) and APM 025 (Conflict of Interest) have been temporarily tabled pending appointment of a full-time provost.

**DISCUSSION:** Members asked how the Office of Academic Personnel was participating in the furlough/salary cut discussions. AD Lockwood replied that her office was investigating the parallels with and lessons from the 1990s cuts, as well as other potential precedents, including adaptations of the START program. Members also asked what work was being done regarding the suspension or freezing of merits, noting that scholarly careers are time-sensitive. AD Lockwood noted that discussions on merits in particular had not yet occurred to her knowledge.

### **VIII. Systemwide Review Items**

- UC Seminar Network

**ISSUE:** UCFW resumed its discussion of the proposed UC Seminar Network. Previously voiced concerns include intellectual property issues, data storage capacity, and mandated participation.

**DISCUSSION:** Members also asserted that teaching styles could be severely delimited, and that a compelling case for prioritizing this program vis-à-vis other programs and limited resources had not been made. Other members noted that previous attempts at similar programs had underestimated costs. Council Vice Chair Powell, however, observed that UC’s California Digital Library is an existing resource looking to expand, which might allay questions of both cost and complexity. Members again suggested that changing the default to opt-in might make the proposal more appealing.

**ACTION:** Analyst Feer and Chair Henry will draft a response and submit it to the Academic Council.

- Principles for Non-Resident Enrollment

**ISSUE:** Chair Henry summarized the proposed principles and their genesis, noting that they are designed as principles, not action statements.

**DISCUSSION:** Members wondered whether proscribing non-resident enrollment would further disadvantage California in terms of attracting top talent, but they also noted that at the University of Michigan, which has very high levels of non-resident enrollment, there is no hiring freeze. Other members argued that increasing non-resident enrollment might only benefit the higher profile campuses. It was further posited that using non-resident enrollment as a means of revenue generation should be eschewed on the grounds of Californians’ priority-access. However, it was also noted that non-residents often become residents, thereby adding to the state’s human capital and enhancing its diversity.

**ACTION:** UCFW will communicate to Council the committee's belief that further discussions on this topic should occur in a broad and robust forum, perhaps as part of a larger strategic vision discussion.

**IX. Campus Issue (continued)**

See Item IV above.

**X. Consultation with Academic Senate Leadership**

*Harry Powell, Academic Council Vice Chair*

*\*\*NOTE: Item occurred in executive session; other than action items, no notes were taken.\*\**

**XI. New Issues for Discussion and Future Agenda Items**

None.

Adjournment: 4:05 p.m.

Distributions:

1. UC 2009-10 Budget: Fiscal Impact of Governor's May 26 Proposals
2. TFIR counterproposals to UCSC resolution
3. Comparison of Administrative and Other Expenses of TRS & PERS Retirement Systems
4. Post-Employment Task Force Summary and Fact Sheet
5. Post-Employment Task Force PowerPoint slides
6. Updated (May 09) HR&B Org Charts

Minutes prepared by Kenneth Feer, Senior Policy Analyst

Attest: Helen Henry, UCFW Chair