

## MINUTES

### Regular Meeting of the Santa Cruz Division October 20, 2010

#### **Meeting**

A regular meeting of the Santa Cruz Division of the Academic Senate was held Wednesday, October 20, 2010 at the Stevenson Event Center. With Parliamentarian Donald Potts present, Chair Susan Gillman called the meeting to order at 2:30 p.m.

#### **1. Approval of Draft Minutes**

Chair Gillman asked if there were any additional changes to the minutes of April 23, 2010, other than those submitted in writing. An additional change to strike paragraph 1 on page 8 was submitted from the floor. With these two changes, the Minutes of April 23, 2010 were approved.

Two conflicting amendments to the minutes of the May 21, 2010 meeting were proposed. After discussion, a vote on the first amendment submitted passed by voice vote. The minutes were then approved as amended. Later in the meeting, Professor Joel Yellin rose to suggest that the second amendment had not been considered appropriately. Because of the possibility of a procedural error and because the facts were in dispute, a motion to table reconsideration of the May 21, 2010 minutes until the next meeting, was seconded and approved by voice vote.

#### **2. Announcements**

##### **a. Chair Susan Gillman**

Chair Gillman presented two large problems affecting the entire UCSC community – health care insurance plans and costs, and post-employment benefits.

*Health Care:* UCOP has created a new “Blue and Gold” health plan intended to keep the cost of health care low. It has a much smaller provider list, and the principle network used by UCSC employees covered by Health Net, the Sutter/Palo Alto Medical Foundation, is not a provider under Blue and Gold. This change affects UC Berkeley and UCSC to a greater degree than other campuses, because they have fewer alternative providers available. At UCSC, 80% of employees currently covered by Health Net/Sutter (4600 individuals, including dependents) will face either a 60% increase (for those in the highest pay bands) to 163% increase in premiums (for those in the lowest pay bands) or the disruption of finding new providers. The lowest cost option for UCSC is the Physicians Medical Group (PMG), but it is unclear whether PMG has the capacity to accommodate those who change providers, or whether PMG can provide the same level of service. Negotiations are under way with UCOP and providers to gain equal access and cost for all UC employees.

The Academic Senate is actively seeking solutions. UCSC’s CFW Chair Suresh Lodha and UCFW are working to make UCOP aware of the inequality caused by these changes, and UCB and UCSC are coordinating letters from the administration and Senate to Vice President Dwaine Duckett and Vice Provost Larry Pitts asserting the principle of equal access and equal cost for all UC employees.

One reason for failure to recognize that UCSC and UCB are underserved by the Blue and Gold options, and for the late notice given to the effected campuses, appears to be lack of representation on the Health Care Task Force (HCTF), a system-wide task force that is consulted on university health care policy. UCSC’s Committee on Committees has confirmed that UCSC Professor Barry Bowman has agreed to serve on the HCTF, and UCB is working to place its own member on the task force.

Other suggestions for resolving these inequities are that UC should return to an earlier policy of statewide averaging of rates to spread costs over the whole system, and that UCOP should provide an offset to affected campuses.

*Post Employment Benefits (PEB):* CFW Chair Suresh Lodha will give a short version of the presentation from the Senate forum convened earlier in the quarter, and then present the CFW resolutions for discussion and a vote. UCSC is now in the campus consultation phase of decision making, a time when communication often breaks down and creates a homogenized and sub-par end product. Chair Gillman stated that she and Chair Lodha have been working internally and across UC to develop unified faculty comments that make better, more active use of Senate chairs to gauge faculty opinion through surveys and polls, and to exchange more information among campuses in real time about possible outcomes of the PEB proposals. The UCFW released a letter today that opposes the adoption of any integrated plan.

Chair Gillman stated cross-campus organizing is very important because several UCOP initiatives offer either great potential or great danger. One is “rebenching,” a mild redistribution of income among campuses. Chancellor Blumenthal was instrumental in changing the allocation of education fees, so that more of the education fees are returned to the campus that generated them. His arguments initiated a review by UCOP of the funding methodology of the university, particularly for state funding. Because many old decisions had unforeseen outcomes, there are large inequities in the distribution of state funds, and UCSC’s portion is particularly low, this initiative could correct arbitrary historical inequities.

When these initiatives conclude, UCSC can focus for the rest of the year on its own priorities of retention and diversity including admissions, an honors program initiative, faculty salaries and how to make academic and support structures work better.

#### **b. Chancellor George Blumenthal**

The Chancellor thanked the Senate Chair for working closely with the administration on the issues of health insurance and PEB. After welcoming Alison Galloway as our new Campus Provost/EVC, he then covered the following topics: state budget, post retirement benefits, Committee on the Future, NRC rankings and diversity of the freshman class.

Chancellor Blumenthal stated that diversity in the student body is a priority for our campus and that this year’s freshman admissions are very diverse, including 28% Asian Americans, 29% under-represented minorities and 44% who will be the first in their family to graduate from college.

Chancellor Blumenthal reported that the state passed a 2010-11 budget that included restoration of \$199 million in permanent funds, \$51 million for enrollment funding, \$106 million one time federal recovery money, and full funding of Cal Grants. The legislature also removed language forbidding the state to fund University of California Retirement (UCR) contributions, but no UCR funding was provided by the state.

Students are paying a total of 32% in fee increases. The Chancellor stated he was shocked to learn that only 67% of student fees returned to our campus, and that he believed our students should benefit directly from all fees they pay. Following his representations to UCOP, UCSC should get back 90% of the fee increases this year; but this is only a partial victory because he has argued to get 100% back. There is now a commitment that any future fee increases will be returned to the campuses.

Chancellor Blumenthal emphasized the importance of rebenching. Each year UCOP adds to the base budget of each campus, but UCSC’s base budget is too low, reflecting a series of UCOP decisions made over time using criteria that may no longer be relevant. The university needs to rethink how the

campuses are funded, on the level of basic principles and in terms of fairness and transparency. The Chancellor acknowledged the strong faculty support on campus for this action. This year the system-wide Senate is looking at this issue, UCPB has provided a very good report, and a system-wide task force has been set up. However long it takes to “rebench,” it will be too long, but at least this process of consideration is happening.

It is likely the university will seriously consider Cost of Living increases for staff and faculty for this year. This isn't a promise but is especially important to offset rising costs of employment benefits.

The post employment benefit forums were well attended with good engagement by the campus community. The draft report by the Committee on the Future is not yet publicly available but will come out soon and be presented to the Regents, possibly on their January agenda. It contains a number of recommendations on enrollment, transfer issues, strategic sourcing and various financial issues. An Academic Council special committee on academic planning will follow up on the report findings.

The NRC Rankings are still being analyzed and understood by the campus. VPAA Lee is holding two campus forums for faculty to better understand NRC rankings.

Chancellor Blumenthal drew attention to this week's Founders Day celebration during which the campus will honor: Faculty Research Lecturer Paul Whitworth; Alum Richard Harris from NPR; Jean-Michelle Cousteau; and the Cowell Foundation, without which this campus would not exist. The comprehensive fundraising campaign is ramping up and needs faculty participation. Fundraising workshops have been very well received by faculty who have taken them.

### **c. Campus Provost/Executive Vice Chancellor Galloway**

Executive Vice Chancellor Galloway noted that the campus administration heard rumors of health care changes in September and contacted UCOP but did not understand the scale of the changes until the week before they were publically released. Attempts to reopen the negotiations may not be possible, because time is running out, and open enrollment begins on Monday. The campus is providing a number of workshops to assist people through the selection process and open enrollment. Staff Human Resources is looking at the capacity of the PMG. While changing providers may be inconvenient for individuals who only get an annual check-up, knowing how to transfer providers is critical for people receiving on-going care, or imminent births.

To provide some predictability for the year, UCSC will not be changing its budget for this year, 2010-11, and will not allocate further cuts. There are a lot of uncertainties for the 2011-12 year, especially about the priorities of the incoming governor. Also, next year will see a lot of mandated cuts and increased costs, such as salary increases for faculty and staff, pension benefits, and required infrastructure replacements. A rapid escalation of employer contributions to the post employment benefits will start ramping up soon. UCSC has already implemented many administrative efficiencies so the UCOP expectation of additional savings in this area may not be realistic for our campus.

UCSC is making some progress on faculty salaries. The plan to enhance faculty salaries begun two years ago has made assistant professor salaries comparable to those on other UC campuses (excluding UCB and UCLA), and salaries of incoming faculty are increasing. Associates are now doing better in relation to other UC campus (again excluding UCB and UCLA). Because only about two-thirds of Professors step I – IV have gone through the personnel cycle, we will have to wait to see how they align with other campuses. Professors V and above appear to be roughly comparable to the non-UCB and UCLA comparison campuses. This program will continue for another year and then we will assess what to do in

the future.

Heroic efforts of departments and instructors have enabled us to meet the enrollment capacity required this quarter. This is “incredible,” given the cuts in Temporary Academic Staffing, changing General Education requirements and streamlining the majors. CEP has studied GE capacity and found some redundancies that will enable departments to divert resources to help their students through the majors.

NRC rankings are available on the website. UCSC did well in the NRC rankings in those areas where the NRC could distinguish traditional fields and subfields, but since our scholarship is transformational, and often defines new fields, we may not be recognized by NRC for ten or twenty years after we have changed the direction of a given field.

The floor was then opened for questions and the following points were raised

Several questions concerned the campus allocation of student fees from UCOP, especially why UCSC only receives 90% of our student fees. Chancellor Blumenthal responded that the remainder probably goes to UCSF, which has a very large budget and relatively few students. He further explained that previously we only received 67%, now part of our base budget, that we receive in perpetuity. He emphasized how important it is to get UCSC’s return of student fees up to 100%, and that the system-wide “rebenching” project must go forward, so that the distributions are more equitable.

Asked which groups are included in the 29% defined as underrepresented minorities and the percentages of UCSC’s frosh yield, Chancellor Blumenthal responded that he would make that information available.

Several comments about health care emphasized that impacts to UCSC are disproportionate to the rest of the system, and suggested that decisions made at UCOP amounted to throwing UCSC “under the train”. It was pointed out that the Blue and Gold plan is the same service that we are getting already, and that employees will be paying more to get the same service. The UCSC administration was commended for coming to the Senate as soon as it was notified of the problem.

EVC Galloway responded that the stand-off between UCOP (which does not want to include Sutter for the entire UC system), and Sutter (who does not want regional contracts) seems unlikely to be resolved for this enrollment period, and there is no information about future years. The Santa Cruz area has a limited number of providers, but UCOP looks to large regional providers like Kaiser to provide low cost options, although these are not available in our area.

### **3. Report of the Representative to the Assembly (none)**

### **4. Special Orders: Annual Reports (none)**

### **5. Reports of Special Committees (none)**

### **6. Reports of Standing Committees**

#### **a. Committee on Faculty Welfare**

##### **i. Resolutions on Post Employment Benefits (AS/SCP/1646)**

Senate Chair Gillman prefaced the CFW’s presentation by stating that the resolutions were crafted to avoid endorsing any specific plan in favor of supporting or opposing characteristics or features of the plan. CFW aims for a statement of principle that supersedes any particular plan to avoid a sudden swerve

by the administration to a new, unanticipated option that would render our response moot. CFW worked on language that was broad enough to avoid that, and also broad enough for other campuses to sign on.

CFW Chair Suresh Lodha explained that the timeline for response to the President has been accelerated to this week, so the process is really rushed. The Senate forum on Post Employment Benefits was well attended by faculty, and funding issues were discussed – especially whether any of the proposed options would fill the unfunded liability gap. CFW would like to refer such discussions to the Committee on Planning and Budget and has focused on the faculty welfare issues of the proposed options.

There are three sets of resolutions. The first two relate to the pension plan for new employees who will join the University after July 1, 2013. Current employees may be able to switch into this plan. Options A and B (proposed by the PEB Task Force) are integrated plans, meaning they are integrated with Social Security. Option C (proposed by dissenting opinion) has a flat age factor. The first resolution focuses on these three options. Some of the percentages associated with the various factors, (age factor, employee and employer contribution) may change, which is why CFW is focusing on the principles.

The first principle is to reject any integrated plan. Integrated plans are very complex and very rarely used. They have a high degree of uncertainty and make it difficult to predict or plan for retirement because they depend on Social Security Covered Compensation (SSCC) which changes with time. Integrated plans are inequitable since the age factor depends upon salary. So the lower income employees earn less in benefits than those with higher incomes, in terms of the replacement of income from UCRP. As salaries lag with SSCC, pension incomes will begin to slip. This is why Options A and B should be rejected.

The current UCRP structure has been working pretty well and should be retained. But other options are being considered due to the unfunded liability. The resolution requests that the employer contribution should be at least 9%. This is within the range that was deemed acceptable in the PEB Task Force Report. The employee contribution is left open for negotiation.

The floor was then open for discussion of the first Resolution on New Tier Post Employment Benefits

Speakers in favor of the resolution:  
Onuttom Narayan  
Faye Crosby  
Joel Yellin

Speakers against the resolution:  
(none)

Commenting on the resolution:  
Ethan Miller

**Points made in favor of the resolution:**

One feature of integrated plans is inequity. Low wage workers will be asked to contribute disproportionately in both Options A and B. This is not part of the resolution, but it should be recognized from the President's office down that a pension plan subsidized by janitors is both politically indefensible and morally bankrupt. If the university decides on an integrated pension plan then, at the bare minimum, it should decrease the contribution of low wage employees to a level commensurate to the benefits they receive. This means a greater contribution by higher paid employees, possibly as high as 11%. Option C, in which employees contribute 6.1%, has been agreed to by staff unions and negates the need for an integrated plan.

Option C has been embraced by a fragile coalition of staff who are barely able to pay 6.1% and faculty

who want a 2.5% benefit. If the university reduces its contribution from 9% to 8% this coalition may split. The Task Force report refers to employer contributions as high as 20%, so it seems that the university can come up with the additional 1% which would make Option C viable.

The resolution does not address the issue of the unfunded liability.

Why can't there be graduated employee contributions based on income with those earning above \$60k paying a greater contribution? It seems that this was never considered by the PEB Task Force. The resolution does not preclude a later suggestion that this graduated scale be recommended.

Putting two systems together, UCRP and Social Security, which are managed by two completely different entities and expecting to achieve a dynamic equilibrium over a period of decades is a "fantastic proposal". There are no examples of institutions which have successfully done this.

It is difficult to get information relevant to the pension plan to engage in informed discussion with UCOP.

**Comments about the resolution:**

The theoretical rationale for an integrated plan with contributions based on income is that benefits from the pension plan plus Social Security will equal the same percentage replacement income for all employee groups. But, that objective has not been met. Twenty five years from now, Social Security may not exist, and this is a concern if our pension income is dependent up on it.

The Resolution on New Tier Post Employment Benefits passed by voice vote.

Turning to the Resolution on Current Employees' Contribution to Continue with the Current Employment Benefits, CFW Chair Lodha explained that the resolution requests that the contributions of continuing employees in the current UCRP plan should not rise above 7%. The university will then be contributing 10.6%, which will be slightly higher than for new employees. If the current employee contribution goes higher than 7%, then compensation for current employees quickly becomes uncompetitive.

Commenting on the Resolution:

Sue Carter  
Gina Langhout  
John Faulkner  
Megan Thomas  
Onuttom Narayan

**Comments about the resolution:**

If current employees choose the new plan they would contribute 6.1%, but if a current employee stays with the current plan then they will pay 7%, so employees would switch, which would create a hole in funding the retirement plan. Assuming that current employees have a choice, if they go to a new plan, they will give up the features contained in the old plan. None of these plans address the unfunded liability gap, so whether or not current employees choose to go into the new plan, liability would not be affected.

Some senators view this resolution as rather greedy because it favors current employees who are paying 7% while the university is paying for the unfunded liability.

After several friendly amendments from the floor were accepted, the resolution read:

**Resolution on Contributions from Current Employees Who Continue with the Current UCRP Plan**

***Whereas;* raising employee contributions above 7% fundamentally alters the terms of the current UCRP pension plan and has the effect of making the total remuneration highly uncompetitive for current employees;**

**THEREFORE BE IT RESOLVED that the Santa Cruz Division of the Academic Senate calls on President Yudof to recommend that the employee contributions not exceed 7% for employees who continue in the current UCRP plan.**

The resolution as amended passed by voice vote.

CFW Chair Lodha explained the Resolution on Retiree Health. This affects all retirees. The university has decided to decrease its contribution for retiree health care from roughly 90% down to roughly 70% in graduated steps of 3% every year for the next seven years or so. Over the next 10 years, even with 0% inflation, the contribution for two Medicare retirees will be \$250 per month, but that is “reduced to dust” in view of the health care premium increases introduced this year. There solution requests that at the very least, information about the size of the increased premiums projected for the next seven to ten years should be provided by UCOP. Even though the enrollment period opens in just a few days, retirees have not yet been provided this information for this year, despite many requests. This resolution highlights a process issue - that retirees should have this information before a decision is made at the UCOP level.

The floor was then open for discussion on the Resolution on Retiree Health.

Commenting on the Resolution:

Joel Yellin

Roger Anderson

**Comments on the resolution:**

To what extent are these percentages of the employee or employer contributions set in stone? How do you do a projection if you don't know what the percentages will be in the future due to the internal financial situation of the university?

It is difficult to draw conclusions from very little information. There is little guidance in the Task Force report about what the implications are for retirees. The PEB report estimates for next year, assuming no increases in the premiums, are that a retired couple with Health Net and Medicare would pay an additional \$36 per month. We now know that increases in premiums are likely, and that is the first 3% increment; if there is no inflation, there should be an additional \$36 per month for each year after that. At the end of 7 years the cumulative increase would approximate an additional \$300 per month. If inflation is included, that same couple would be paying about \$600 per month for their health premiums. At an inflation rate of 15% which is not unreasonable, the premium would be \$800 per month. This means that a large part of retiree incomes will go toward health care premiums. The resolution calls for information that will allow for a coherent and comprehensive way to discuss this problem.

The university is thinking in terms of percentages rather than gross dollars. There is no stated ceiling on the amount that the university will pay for retiree health care, but there are constraints on the increases that

enrollees can pay. So if this treatment of employee premiums is combined with the uncertainties of an integrated retirement plan, there is no way to estimate what people will face in the future.

The resolution on Retiree Health Benefits passed by voice vote.

Onuttom Narayan moved a resolution on the unfunded liability of the UCRP, stating that none of the Options A, B, or C ultimately makes a difference to the maximum contribution that will be required of the university to fund the liability. For all options, the maximum rises to 20-22%, and the only difference is how long that 20% will continue. The PEB Task Force report does not seriously consider closing the gap, and the university has not presented a credible plan for how it will cover that level of university contribution in seven years. The PEB Task Force suggests selling property or privatization but ultimately leaves it to the campuses. A problem of this magnitude needs better substantiation. The resolution requests that Committee on Planning and Budget work with UCPB and talk to the administration to see what the cost savings could possibly be. For the state to pay 10% of the cost would be about \$800 million per year, which is comparable to the enormous cuts we have taken in recent years. It does not seem plausible that the state will pay this.

The motion was seconded.

The floor was then opened for discussion on the Resolution on Addressing the Unfunded Liability of UCRP.

Speaking in favor of the resolution:  
Shelley Errington  
Roger Anderson  
Brent Haddad

Commenting on the resolution:  
Joel Yellin

**Comments in favor of the resolution**

None of the Options address the issue that prompted the reconsideration of Post Employment Benefit contributions in the first place, namely the unfunded liability. A huge amount of intellectual power at UCOP has been focused on creating PEB Options that are inequitable, untried and uncertain. UCOP needs to figure out how to fund this liability. The resolution is mild in its wording but does register the fact that the efforts to date do not address the issue.

The state-funded employees represent only about one third of the UCRP liability. The remainder comes from enterprise operations like medical schools, and from sponsored research endeavors. We will be better off if we can move to get similar contributions from all three of these segments. Grants would be assessed an additional 10%, which will outrage some, but we need to move toward this to backfill the liability hole.

UCPB needs to take this up. The Senate has raised the issue of the unfunded liability for years, and this resolution is consistent with previous system-wide Senate work, reports and resolutions directed at the administration.

**Comments on the resolution:**

Can the question of the unfunded liability for the retirement system be separated from general question of the university's budget gap? The numbers are huge. Should the problem be dealt with in its entirety? The resolution only speaks to part of the problem.



Professor Narayan responded to this comment by saying that a resolution on the entire budget would not be appropriate but this resolution does not distort the question of the overall budget problem.

**Resolution on Addressing the Unfunded Liability of UCRP**

***Whereas; a credible plan that provides the long-term funding necessary for the University of California Retirement Program is essential for the general welfare of the University, and***

***Whereas; all the proposals for pension plan reform (Options A, B and C) anticipate that the employer contribution to the pension plan will have to be 20% of covered payroll in less than a decade, which is described in the Post-Employment Benefits Task Force Report as a “frightening challenge”;***

**THEREFORE BE IT RESOLVED that the Santa Cruz Division of the Academic Senate requests that the Committee on Planning and Budget work with its university wide counterpart to have the employer contribution to the pension plan be increased as rapidly as possible without endangering the critical functioning of the University, so as to reduce the huge employer contributions that will otherwise be needed in the next decade. CPB is requested to report on the results of their efforts at the first meeting of the Academic Senate in Spring 2011.**

The Resolution on addressing the Unfunded Liability of UCRP passed by voice vote.

**7. Report of Student Union Assembly Chair**

The report of the SUA chair was read by the Commissioner for Affairs Alma de Castro.

The SUA has recruited representatives for Academic Senate committees. The United States Student Association hosted an electoral action training on campus to help train our students in how to do electoral campaigns and how to recruit students to vote, and UCSC successfully registered 2,600 students. The UCSC Executive Vice Chair was elected President of the UC Student Association, so Santa Cruz is still heading the student body for UC. UCSC also has four student representatives on the Board of Directors for the United States Student Association congress, and are working on new outreach tactics to communicate with more students across on campus.

Continuing from last year, SUA will work on the budget facts survey so that it can be taken by students system-wide and then take the results to the Regents meeting in the spring, as well as using it for future lobbying efforts with congress. Students are not discouraged but are getting tired from the expected additional fee increase, no institutional support for undocumented students, crowded classes, leaving UC with \$26,000 to \$27,000 debt, and few faculty of color, yet they continue to support the student organizations and better the climate and leadership on campus.

**8. Report of the Graduate Student Association President**

GSA President Jeff Sanceri updated the assembly on union negotiations.

Funding for graduate students are drying up, with fewer funds available for conference travel and research, fewer completion-year fellowships and 1-quarter TA sabbaticals, and fewer faculty to mentor them. The TA union is negotiating for a new contract with UC, which continues to refuse recognition for

TA work. The union is currently negotiating on appointment notification, child care reimbursement, wages and health care. UC is unwilling to increase the child care reimbursements. The cost of these improvements is \$75,000, a number dwarfed by the recent awards of executive compensation.

**9. Petitions of Students (none)**

**10. Unfinished Business (none)**

**11. New Business**

Professor Barbara Rogoff (Psychology) and Deanna Shemek (Literature) presented an information item. They were not able to present their Enhanced Grading Proposal at the May Senate meeting due to a lack of quorum, and are now working with the Committee on Educational Policy on their proposal. The aim of the Shemek/Rogoff proposal is to clarify for the public, alumni, students and faculty that UCSC still offers evaluations as a campus system that expands on simple letter grades, with the instructor option that the Senate adopted last year. This proposal may be handled through the revision of the CEP Guidelines for writing evaluations and through efforts to publicize the value of our system.

Adjournment: 5:10 p.m.

ATTEST:

Donald Potts

Secretary