

Dear SCFA Colleagues,

We send this letter to you to report on our recent elections, bargaining results and budget issues.

Elections: The SCFA is required to hold annual elections to the Executive Board. An Election Notice was sent to the membership on May 15, 2015 with the names of the candidates. No opposition to these nominations was registered prior to the May 29, 2015 election close, and we now accept this slate of nominees as the Board elect for Academic Year 2015-16.

Many thanks are due to outgoing board member Elizabeth Stephens, for her service to the UCSC Academic Senate through her work with SCFA. Her term is complete as of the end of September, 2015.

Hunter Bivens, Deborah Gould, and Vanita Seth will continue their current terms on the Executive Board. Ben Carson, Chris Conner, Cynthia Cruz and Ronnie Lipschutz have been reelected for a term beginning fall 2016. We welcome Karen Bassi, who has now been elected as a member of our Board and will take office October 1, 2015. We thank you for your willingness to contribute your time and energy to our Association. The Board will be deciding on a new Chair and Treasurer for the coming year.

On-line contracts: We are pleased to announce that, following two years of negotiations with the UCSC administration, we have reached an agreement regarding on-line course contracts. The first is the Online Course Hosting and Services Agreement between Coursera and the University, the second a [Pilot UCSC Online Education Course Agreement for Coursera Courses to be used between the University and future Course Creators](#). These negotiations got off to a rocky start when the university signed a contract with Coursera without first consulting with the SCFA, but substantial progress was made subsequently and the bargaining committee of the SCFA wants to thank the administration for their good faith efforts in reaching a resolution on this matter. The agreements will be revisited at the end of two years to gauge their effectiveness and decide whether any changes in the contracts are needed.

Pilot agreement: One of SCFA's goals in these negotiations was to create a model contract between the "Course Creator" and the university that could be used by everyone, including lecturers and graduate students. We discovered no lawyer willing to create such a template, out of concern that no such contract could protect everyone. The pilot agreement is based on legal advice and our efforts to ensure that it will protect the rights of course creators, whether faculty, lecturer or student (you may wish to look <http://ucbfa.org/2014/05/ideal-online-ip-provisions/>).

The Online Course Hosting and Services Agreement between Coursera and the University was effective upon the date of the last signing parties signature, here May 19, 2015. From this point forward, all online courses created by a Course Creator to be used on the Coursera platform will be subject to the attached agreements until the agreed upon time for review. Note that these do not apply to UC's Innovative Learning Technology Initiative (ILTE) for on-line courses within the UC system. We hope to negotiate a separate agreement about Course Creator rights for that initiative

UC budget revision: Finally, Joe Kiskis of the UC Davis Physics Department has provided the following overview of the contents and implications of the UC budget revision released in May. We reprint his overview in its entirety as an appendix to this letter. Some of these issues are likely to be the focus of future negotiations with the campus administration.

Best and have an excellent summer!

Ronnie Lipschutz, Chair 2014-15, Santa Cruz Faculty Association

This note contains comments on some aspects of the May revise to the Governor's proposed budget for UC. The May revise budget summary is available at

<http://www.ebudget.ca.gov/2015-16/pdf/Revised/BudgetSummary/FullBudgetSummary.pdf>

The UC part begins on page 28. Chris Newfield has previously commented at

<http://utotherescue.blogspot.co.uk/2015/05/the-may-budget-revision-uc-budget-goes.html>.

Many aspects of the May revise as they relate to UC are contained in the agreement of the "Committee of Two"

<http://budget.universityofcalifornia.edu/>

now endorsed by the Regents

<http://regents.universityofcalifornia.edu/regmeet/may15/j2.pdf>.

1) Systemwide tuition and fees for California resident students are to remain constant for two more years. Following that, modest increases comparable to the rate of inflation are allowed. On the other hand for non-resident students, tuition will increase by 8% in each of the next two years.

2) Increases in the UC base budget are to be the same as the Governor originally proposed, i.e. 4% per year (\$119.5 for 2015-16) but are now continued through 2018-2019. This is much less than what the State should contribute to replace cuts since 2007 and is also substantially less than the needs identified in the UC proposed budget for 2015-2016. <http://regents.universityofcalifornia.edu/regmeet/nov14/f1.pdf>
<http://regents.universityofcalifornia.edu/regmeet/nov14/f1attach1.pdf>

The May revise also proposes one time funds of \$25M for deferred maintenance and \$25M for energy efficiency projects.

3) The May revise contains a tepid and ambiguous recognition of a State obligation to UC pensions. One-time funds of \$436M spread over three years (with \$96M for 2015-16) are proposed. However, this is Proposition 2 money, which can be used only to reduce the UCRP unfunded liability (about \$7.6B in the last annual report). The one-time payment is only modestly significant in the long run and has negligible impact on the University's operating budget in the near term. This is because the University has not planned to increase the UCRP contribution rate above 8% for most employees and 14% for the employer. Contributions at this rate cover only the current year additional liability and some of the interest on the unfunded liability. I.e. at this point, the regular employer and employee payments are making no contribution to retiring the unfunded liability. Thus in near term years, the Proposition 2 money does not reduce the large negative impact on the UC operating budget from regular UCRP contributions. The Proposition 2 money could be framed as a replacement for or enhancement to UC's own occasional ad hoc payments to reduce the unfunded liability, but these have been very controversial, and UC has not revealed any plans to make another such payment.

Unfortunately this modest one time contribution from the State comes with permanent strings. In return

UC is required to introduce yet another tier to UCRP that would apply to new employees. In the new tier, UCRP eligible salary will be capped at \$117k consistent with state law for other state employees and with the Social Security limit rather than with the IRS limit of \$265k currently used in UCRP. Employees in the new tier will have the option of either a defined benefit plan with the new cap and an add-on defined contribution plan to supplement the defined benefits or a fully defined contribution plan. It is this second option that is particularly troubling.

The relative merits of defined contribution and defined benefit plans were thoroughly evaluated and debated during the extended review that led to the 2010 reforms of the UCRP. The conclusion was that a defined benefit plan is the more advantageous option for both the University as an employer and for its employees.

The main concern is not so much that UC has cut a deal on this issue but rather that it has made such a poor deal. For very modest one-time money, it has agreed to make permanent changes to UCRP including offering a completely defined contribution option that will put at risk the whole of the defined benefit plan. (Chris Newfield has previously made similar comments in the link above.)

4) UCOP has stated that the Governor agreed not to veto additional appropriations for UC that come out of the legislative process. The University is asking legislators for additional funds to increase California resident enrollment.

5) There are several areas in which UC has agreed to implement efficiencies. These include transfers, time-to-degree, advising, and use of technology. If you read this part of the May revise, you will find that the President had made commitments that are squarely within the authority of the Academic Senate.