

UCFW Report to the Assembly of the Academic Senate

May 12, 2004

Introduction

Good afternoon. I'm Ross Starr, professor of economics at UC San Diego, and this year's chair of the University Committee on Faculty Welfare.

There's good news and bad news. You already know the bad news: budgets are tight and medical costs are going up. The good news is that we're working on two new programs: A structured plan for recall to teaching in retirement and an additional tax shelter, the 457(b) plan.

Retirement-Recall Plan

There has been a two-year effort in UCFW to arrange a phased retirement plan for UC faculty. We now have agreement in principle, between the Council of Vice-Chancellors and UCFW. It provides for a standard form agreement for recall to teaching after retirement. We hope to move shortly to Academic Council and Provost's approval. The plan would allow faculty, before they retire, to agree with campus administration for recall to teaching. The term of recall is a set period following retirement, renewable after the initial period. Recall compensation is proportional to salary prior to retirement. This plan is intended to smooth the transition from full time faculty appointment to retirement. This effort started last year at the direction of UCFW chair Mark Traugott. Thanks are due to Vice-Chancellor Michael Gottfredson, chair of the Council of Vice-Chancellors and Assistant Vice President Ellen Switkes for pursuing these discussions to an agreement.

Educational Fee Waiver

Waiver of the educational fee, for children of UC faculty enrolled at UC, is a long-standing recommendation of the Senate. This year, the Senate's Academic Council, on UCFW advice, renewed that recommendation. President Dynes has responded. First, agreeing that it's a good idea. Then noting that there is no money to support the educational fee waiver at this time. Nevertheless, the educational fee waiver is a high priority, as budgets eventually return to normal.

Task Forces

The heavy lifting of UCFW is performed by two task forces. Robert Anderson of Berkeley heads the Task Force on Investment and Retirement (TFIR). Harold Simon of San Diego and Robert May of Irvine jointly head the Health Care Task Force (HCTF).

HCTF

The Health Care Task Force faces shrinking university budgets and rising medical costs. HCTF and UCOP have worked effectively together making UC's health care plans among the most attractive available.

HCTF reviews premiums, coverage, and quality of health plans. HCTF and UCFW reviewed and recommended the salary-banded premium structure introduced this year. The banded structure means that high-salaried employees (including faculty) pay higher premiums for any particular policy than lower-salaried employees. However,

high-salaried employees typically choose more expensive policies. Bottom line: despite the banding, the employer contribution to health care costs is higher for high-salaried employees.

Current health cost trends mean that premiums will be going up for the foreseeable future. UCFW and HCTF's responsibility is to see that we get the most attractive possible array of plans. HCTF and UCFW plan to review the revised banded premiums for 2005, when premium projections become available. The focus will be on fairness and on sustaining the array of available choices.

Associate Vice President Judy Boyette, co-chairs Harold Simon and Robert May, and staff support Kimberly Peterson, contribute to the successful operation of the task force.

TFIR

TFIR's focus is the UCRS retirement plans: the basic defined benefit plan, UCRP, the voluntary 403(b) plan, and the upcoming voluntary 457(b) plan.

Contributions to the UCRS basic defined benefit plan have not been required for over a decade, and the plan remains over funded. TFIR maintains oversight of UCRS with regard to plan changes, and to foresee eventual resumption of UCRP contributions.

TFIR consults regularly with the Office of the President and the Treasurer on restructuring the voluntary 403(b) plan offerings.

We expect the University to introduce a voluntary 457(b) defined contribution plan in the fall of 2004. The 457(b) plan is very similar to the currently available 403(b) plan. Introducing 457(b) will double the amount of salary employees can save tax-deferred. UCOP and the Treasurer in cooperation with TFIR and UCFW are developing the plan. We hope to be able to introduce the 457(b) plan in time for the November paycheck --- to allow tax deferral this year.

TFIR operates under Prof. Robert Anderson's direction. We all owe him thanks for a vigorous job. In advising UCOP on the 457(b) plan and the restructuring of 403(b), there has been excellent co-operation with Treasurer David Russ, Vice President Joseph Mullinix, Associate Vice President Judy Boyette, and Executive Director Michele French.

Vice President Larry Hershman keeps the committee up to date on budget news; even when the news is bad we thank him for sharing it with us. The Senate staff, Maria Bertero-Barcelo and the committee's analyst Betty Marton, keep UCFW going, organized, and on track.