

## **UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW) 2011-12 ANNUAL REPORT**

### **TO THE ASSEMBLY OF THE ACADEMIC SENATE:**

Under [Senate Bylaw 175](#), the University Committee on Faculty Welfare (UCFW) considers and reports on matters concerning the economic welfare of the faculty, including salaries, benefits, insurance, retirement, housing, and conditions of employment. UCFW held nine in-person meetings during the 2011-12 academic year, and the major actions and discussions of ongoing issues are highlighted in this report.

UCFW has two key subcommittees with memberships independent of UCFW and with particular expertise in: (1) the University of California Retirement System (UCRS) including its policies and its investments (the Task Force on Investment and Retirement, TFIR); and (2) the University's health plans for employees and retirees (the Health Care Task Force, HCTF). These committees monitor developments and carry out detailed analyses of questions and issues in their respective areas and report back to the parent committee, UCFW, for further action. UCFW is indebted to the extraordinary commitment and skills of our subcommittee leadership, Helen Henry (TFIR), Shane White (TFIR Interim Chair) and Robert May (HCTF).

It is important to recognize that although this is the report of UCFW, the work done by the two subcommittees forms the basis of much of what is reported here. These subcommittees spend a great deal of time in consultation with systemwide Human Resources (HR). Many of these consultants also regularly attend UCFW meetings and lend their expertise to our discussions. We are indebted to these consultants, and they are individually acknowledged at the end of this Report.

**POST-EMPLOYMENT BENEFITS:** The 2009-10 academic year was dominated by an investigation into redesigning post-employment benefits (PEBs) in order to lower costs and enhance their long-term fiscal stability. This discussion and debate lasted well into the 2010-11 academic year. That December, The Regents adopted formally the Senate's preferred option of the final choices made available to them. That option leaves incumbent employees members of a largely unchanged UCRP, while new hires (after July 1, 2013) will be members of a "new tier" of UCRP whose plan documents are still being drafted. 2011-12 discussion focused on UCRP funding levels and employee and employer contribution rates. Because of the "contribution holiday" combined with the economic downturn of 2009, UCRP's funding ratio fell below federal requirements. The plan to fully fund UCRP required an immediate influx of cash as well as steep increases in employer contributions, which are expected to plateau at 18% of covered compensation – a rate higher than the plan's Normal Cost. Developing finance plans that would lower the rate and the duration of higher-than-Normal-Cost contributions continues to be a priority. Recent significant media and political attention to pension liabilities make this issue both high profile and highly contentious.

Also still to be finalized are long-term disability provisions. The PEB process identified UC's long-term disability provisions as ripe for revision. Human Resources

has begun mapping UC's different disability programs, and will bring possible revision scenarios to UCFW when they are ready.

The Division of Health Sciences and Services (HSS) proposed the creation of a defined contribution (DC) plan to augment recruitment and retention efforts for health sciences faculty, and perhaps general campus faculty in related biological sciences. TFIR requested additional modeling be done to more clearly illustrate the impact on UCRS, internal funding mechanisms and trade-offs, and to what degree UC competitiveness would be enhanced. The absence of a health sciences total remuneration study was again noted and decried (see below).

**HEALTH AND WELFARE BENEFITS:** As insurance costs continue to rise and as the University budget continues to shrink, lowering or slowing the growth of UC expenditures on health and welfare benefits has become a higher administration priority. Previously, the University worked with its insurance providers to devise a UC-only plan, HealthNet Blue and Gold, which now serves as the benchmark by which other plan contributions are determined. The first year of the Blue and Gold insurance program saw significant shifts in enrollment, and in some geographic areas, significant disparate impact. The second year has seen an expansion of the coverage areas and of the participating providers.

In 2011-12, UCFW and HCTF members were invited to participate in the Health Care Benefits Working Group (HBCWG), a body convened by the Office of the President to discuss other possible options to curtail University outlays in health and welfare expenditures going forward, including changing the subsidy rates to part time employees or for family coverage, reopening discussions of pay bands for employee premium tiers, and an investigation into self-insuring. Discussion on these issues will continue.

**COMPLIANCE CONCERNS AND RISK ABATEMENT EFFORTS:** Previously, UCFW welcomed Senior Vice President Sheryl Vacca, Office of Ethics, Compliance, and Audit Services, and her message that compliance should be user-friendly. As a result, UCFW recommended, and the Academic Council endorsed, the creation of a joint task force to help see these initiatives to completion. The joint working group was empanelled in the spring of 2011, and undertook a systemwide audit of mandatory training courses and their development with the goal of simplifying the record keeping associated with various trainings, combining trainings where possible, and clarifying the responsible parties and units for each training. The work group also developed processes for amending trainings, and piloted them on a limited basis with the revised Conflict of Interest – Researcher training deck. The final report was submitted to the President and Provost in August 2012; it will be circulated for wide review after further administration vetting.

#### **CASH COMPENSATION ISSUES:**

**Salary Scales:** In anticipation of a 3% salary augmentation pool for faculty, discussion focused on how to allot the increase. UCFW, in keeping with its stated position of support for the salary scales, recommended that only the base salary be eligible for the 3% augmentation, and that off-scale and above-scale portions not be augmented. Various voices in the administration indicated that any increase, regardless

of the salary scales, had to be tied to demonstrated meritorious performance reviews. In order to find a path forward that all could agree to, a Faculty Salary Task Force was convened. Its report and recommendations called on the University to set new minimums for each rank and step, based on the average of each across campuses; that is, a campus that is below the new baseline will be required to meet the average, which those above it, will retain discretion. Over time, the average will rise, and the range of disparity at each step will shrink. Many remain concerned about off-scale salaries, though, linking them to prestige, not just competitive remuneration.

**Health Sciences Compensation Plan (HSCP):** Previous efforts to redraft the policy regulating the HSCP, Academic Personnel Manual (APM) section 670, were not endorsed by various administration officials, and so redrafting began anew. UCFW continued its negotiations with the administration, and a revised version was circulated for systemwide review. The revised HSCP was issued for implementation July 1, 2012.

UCFW renewed its call for a total remuneration study for health sciences faculty and staff, since their considerable portion of the University population was not included in the 2009 general campus total remuneration study. Securing data from competitors that is comparable in a meaningful way to UC, though, has proven difficult. Both the uniqueness of UC's HSCP and the complexity of its component parts, as well as similar obstacles among competitors, have made securing data or adequate proxies either impossible to devise or too expensive.

**Alternate Compensation Plans:** In 2009-10, the Office of Academic Personnel was charged to investigate compensation plans for general campus faculty, similar to HSCP for other disciplines, in such disciplines as business, engineering, and the biological sciences. A draft APM was circulated for management review, but it did not receive widespread support. As a result, a Negotiated Salary Plan Task Force was convened, and a three-year pilot plan was proposed for three campuses. The pilot goals are to gather and analyze data regarding graduate student and post-doctoral scholar funding impacts as well as the impact to off-scale salaries and covered compensation ratios.

#### **OTHER POLICY ISSUES AND SYSTEMWIDE REVIEWS:**

**Task Force on Senate Membership:** In 2010-11 UCFW reviewed the report and recommendations of the Task Force on Senate Membership. UCFW, like many respondents, was split in its reception of them. Some agreed with the findings that no significant changes to membership parameters should be made after all faculty are properly coded and assigned to the appropriate title. Others asserted that the Task Force did not deal with the underlying issue: that a significant portion of the faculty – namely in the health sciences, but also in specialists in Agriculture and Natural Resources – have insufficient voice, representation, and redress in the current system.

This year, the San Francisco division proposed to unilaterally expand its Senate membership by local fiat, asserting that standard procedures were unable to bring about a lasting and widespread solution. In response, the Academic Council established the Senate Membership Work Group to investigate and propose solutions to stated grievances that do not involve by-law amendments or Assembly action.

**WORKING SMARTER INITIATIVE:** In 2010, spurred partly by external financial considerations and partly by concern that UC was not following current business best

practices, the administration launched a Working Smarter Initiative designed to update out-of-date practices and to leverage system economies of scale, with the stated goal of saving the University \$500M over five years by lowering recurring expenses. UCFW suggested, and the Academic Council concurred, that Senate participation through Shared Governance processes was needed to help inform the development of new practices and policies with an eye to user-friendliness and consequences to faculty that may not be apparent to administration project leads.

This year, UCFW consulted with Office of the President administrators to identify and propose redress for faculty concerns with shared service centers and preferred providers. Specifically, the Connexus travel program and the UCPATH center were highlighted as having unintended consequences regarding faculty welfare. New best practices are being developed.

**ACADEMIC PERSONNEL MANUAL REVISIONS:** Several sections of the APM were up for review, and some new sections were proposed. UCFW opined on each of the following drafts:

- 010 (Academic Freedom), 015 (Faculty Code of Conduct), and 016 (University Policy on Faculty Conduct and the Administration of Discipline)
- 035 (Affirmative Action and Non-discrimination in Employment)
- 133 (Limitation on Total Period of Service with Certain Academic Titles)
- 190 (Whistleblower)
- 430 (Visiting Scholars)
- 668 (Alternate Compensation Plans)
- 670 (Health Sciences Compensation Plan)
- 700 series (Leaves of Absence, Presumptive Resignation)

**CORRESPONDENCE:** Beyond submitting opinions and recommendations on the topics above, UCFW opined on the following matters of systemwide import:

- Proposed Open Access Guidelines
- Faculty Diversity
- Phased Retirement (Staff)
- Salary Equity
- UCRiverside School of Medicine Development and Administration

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Treasurer's Office: Marie Berggren;

External consultants from Mercer, Deloitte, and Segal.

Finally, we are particularly grateful for the involvement, support and guidance from the Senate leadership, Chair Robert Anderson and Vice Chair Robert Powell.

Respectfully yours, UCFW 2010-11

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