

UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW) 2012-13 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 and one teleconference during the 2012-13 academic year, and the major actions and discussions of ongoing issues are highlighted in this report.

UCFW has two key task forces 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 task forces monitor developments and carry out detailed analyses of questions and issues in their respective areas and report back to, UCFW, for further action. UCFW is indebted to the extraordinary commitment and skills of our task force leadership, Shane White (TFIR) and Robert May (HCTF). These two task forces spend a great deal of time in consultation with systemwide Human Resources (HR). Many of these consultants, along with others from Academic Personnel and the Office of the Budget 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:

In December 2010, the Regents approved a new tier for UCRP, and UCFW and TFIR have closely monitored the development of its planning documents and its implementation. UCFW discussed the algorithm used for "grandfathering" employees in the 1974 Tier, and as a result, an additional 700 employees were included.

UCRP funding levels and employee and employer contribution rates were frequently discussed during 2012-13. Employer contribution rates went to 12% and employee rates went to 6.5% on July 1, 2013. The expectation remains that the employer rate will reach 18% in three more years, and employee rates will top out at 8% next year. UCFW reiterated its position that raising employee contributions absent off-setting salary increases was a hardship on many, noting again that UCRP contributions and other mandatory increases have exceeded recent pay increases. President Yudof decided that faculty and non-represented academic employees would receive a 2% increase to their salary scales; non-represented staff employees would receive a 3% increase. However, some stakeholder groups argue those rates would hinder the ability of the University to address the growing student-faculty ratio, recruit and retain qualified employees, and react in a timely fashion to emerging crises. The target funding level of 90% has also come under scrutiny as some feel that 80% is adequate. UCFW remains committed to meeting Modified ARC (Normal Cost plus interest on the unfunded liability) until 2018

and Full ARC thereafter according to the Regents' timeline, and shared with Council its advice, including various proposals to invest excess liquidity to achieve those goals.

The HCTF developed a primer for Medicare eligible faculty designed to help educate them on their choices they face and the differences in claims procedures that Medicare imposes. As Medicare rates are tied to income level, some faculty may see additional premium costs.

HEALTH AND WELFARE BENEFITS:

Following the work of the Health Care Benefits Working Group (HCBWG) last year, the administration decided to undertake a complete rebid of University health and welfare coverage. HCTF was informed of the process and participated in the re-bid process for the selection of the health care administrators starting in 2014. A significant change in UC's offerings will include a new self-insured option. The development of this program, its network, and its funding received much discussion, and UCFW issued a memorandum to HR calling for expanded "Tier 1" coverage for UC locations without proximate medical centers. The decision-making deadline for these programs overlapped with the start of the new academic year, so we do not yet know the impact Senate feedback had. The final changes will be made public during Open Enrollment, and HR is expected to conduct campus-based "Town Halls" to educate employees. It is estimated that a substantial portion (30% or more) of UC employees will need to change their health care plans during the 2013 Open Enrollment period.

UCFW also lobbied in defense of the Health Care Facilitators (HCFs), a program the committee helped to create over a decade ago. Due to new budget approval processes, the HCFs were defunded. HCTF and UCFW compiled data and anecdotes to illustrate the importance of the program, and persuaded the administration to reinstate funding. Out-year funding remains a concern, however, especially as many locations move to centralized or shared services. The Office of the President has centralized its Retirement Administration Service Center (RASC), but questions remain regarding Divisional access to records and the center's knowledge of local resources.

Also as a result of the new budget processes, a new method of assessing benefits costs to contracts and grants was explored, the "Composite Benefits Rate". With the goal of simplifying the process, it was proposed to create a limited number of categories for benefits cost assessment, rather than identifying a specific rate for each individual employee. Senate members identified a cross-subsidy that significantly disadvantaged summer salary recipients by assessing UCRP costs even though that salary is not UCRP-eligible. UCOP initially led negotiations with the federal government's Department of Costing Analysis, but the Senate encouraged local action when that process seemed to stall. Direct negotiations between UCB and the government were successful: Both UCB and UCD now charge only "limited" benefits on summer salary, a rate that excludes UCRP, and other campuses are expected to follow. UCFW will continue to monitor the situation closely, as negotiations remain fluid between UCOP, the campuses, and the government.

UCFW endorsed a recommendation from the Riverside division to expand the types of events that would allow employees to take advantage of the Family Medical Leave Act (FMLA) and would "Stop the Clock" for tenure calculations during those events. Academic Personnel are drafting language for evaluation in the fall.

EDUCATIONAL DELIVERY MODES:

Online education has been in development for a number of years, and UC's foray into the medium has been fitful. Campus-based online programs have been successful, but the current effort to expand online education to non-matriculated students and to allow for greater cross-campus enrollment has not yet met similar success. Concerns about cost, delivery platforms, and the underlying pedagogy have not been resolved. UCFW questions the assessment of learning outcomes as well as the calculation of instruction hours. UCFW also questions how these courses will factor into academic reviews, and whether high profile attention to this area will come at the expense of other areas of teaching and research. Lastly, UCFW raised concerns about copyright protections for materials developed for use in the classroom; these issues are still unresolved.

UCFW endorsed a proposal for a Universitywide Open Access policy. Initial concerns regarding copyright protections, ease of document deposition, and out-year use of materials were adequately addressed by the initiative's sponsor, Chris Kelty, Chair of the University Committee on Library and Scholarly Communication. UCFW will monitor implementation of the program next year.

UCFW received multiple updates on revised guidelines for lab safety. The Office of Risk Services worked closely with the Office of General Counsel to develop the new guidelines in order to meet the terms of a settlement into which the Regents have entered. UCFW sought to ensure that the level of training and enforcement was appropriate to the level of risk for each type of lab and each type of lab user. UCFW also encouraged the administration to provide personal protective equipment (PPE) and appropriate laundering services at no cost to instructors and PIs.

CASH COMPENSATION ISSUES:

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. This year, the Negotiated Salary Trial Program was approved for testing at 3 campuses: Irvine, San Diego, and UCLA. Although the NSTP started July 1, 2013, final subscription rates were not available in time for UCFW's June meeting; similarly, impacts to the net income of individuals, to net income of departments, and to the morale of participants and non-participants is not yet known.

Salary Equity Plans: The University Committee on Affirmative Action and Diversity continued its work to illustrate and address the salary equity gaps at UC. UCFW reviewed the campus responses to the plans and found room for improvement. UCFW will monitor action in this area.

Total Remuneration: UCFW argued vigorously for an update to the 2009 Total Remuneration Study, noting that UCRP contributions have increased from 0% to 6.5%

since the 2009 study was concluded, that cash compensation increases have not kept pace with competitors, and that decreases to retiree health premiums have all eroded UC's competitiveness, but to an unknown degree. Not all in the administration were persuaded that a new study was needed, especially given the expense and time required to replicate the detailed benefits analysis. An additional complication arose when the Legislative Analyst's Office (LAO) released a report on faculty salaries that UCFW felt misrepresented UC compensation practices. In response, UCFW was directed by the Academic Council to prepare and post a rebuttal on its website. In light of these dubious views, UCFW agreed to a compromise: a ladder-rank faculty only study for the general campus, but with the same methodology. It is hoped that the results of the study will prompt the administration to update the staff study, and that the health sciences can be assessed, too. UCFW anticipates working closely with Academic Affairs, Academic Personnel, and Human Resources as the study progresses next year.

OTHER POLICY ISSUES AND SYSTEMWIDE REVIEWS:

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:

- 015 (Faculty Code of Conduct)
- 025 (Conflict of Commitment and Outside Activities of Faculty Members) (management review, only)
- 241 (Faculty Administrators (Positions less than 100%))
- 430 (Visiting Scholars)
- 600 series (Salary Administration)
- 700 series (Leaves of Absence, Presumptive Resignation)

Senate Membership: Discussion continues at the medical centers and in other arenas regarding granting the rights and duties of Senate membership to new subpopulations. The San Diego division proposed an amendment to Senate By-Law 55 (Departmental Voting Rights) that would allow limited voting on merit and promotion cases in impacted departments. UCFW opined that the proposal might be broadened to include groups beyond medical centers, such as those in Agriculture and Natural Resources. The proposal will receive systemwide evaluation next year, and UCFW will follow closely the discussion and any changes.

CORRESPONDENCE:

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

- Chief Investment Officer recruitment criteria

ACKNOWLEDGEMENTS:

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Academic Personnel: Susan Carlson, Nancy Tanaka, and Janet Lockwood;

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Finance: Peter Taylor and Maria Anguiano;
Human Resources: Dwaine Duckett, Gary Schlimgen, Michael Baptista, Mark Esteban, and Dennis Larsen;
Treasurer's Office: Marie Berggren and Jesse Phillips;
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Finally, we are particularly grateful for the involvement, support and guidance from the Senate leadership, Chair Robert Powell and Vice Chair Bill Jacob, as well as the advice and perspective provided by Senate Executive Director Martha Winnacker and the analytic and technical support provided by Senate Principal Analyst Kenneth Feer.

Respectfully yours, UCFW 2012-13

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