

## **UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW) 2015-16 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 eight in-person meetings and two teleconferences during the 2015-16 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, Avaniidhar Subrahmanyam (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.

### **CASH COMPENSATION ISSUES:**

**Salary Administration:** The ladder-rank faculty received a 3% increase in cash compensation, but President Napolitano decreed that it would not be administered across-the-board. Instead, she directed that 1.5% could be allocated equally to all, but that the second 1.5% was to be targeted to addressing one of four areas: equity, inversion, compression, and exceptional merit. The campuses were given discretion on determining the needs in the second group. UCFW has noted that even if the full 3% had been made available to all ladder-rank faculty, the compensation gap would still continue to grow. The success of the targeted redress efforts in reducing identified shortfalls is unclear, despite the reporting required. It is expected that a similar program with less reporting will be implemented next year. It seems unlikely, given internal and external political pressures, that UC will be able to solve its cash compensation problem with traditional means.

The Negotiated Salary Trial Program (NSTP), in which some general campus faculty are eligible to solicit external salary support similar to that in the Health Sciences Compensation Plan (HSCP), is entering its final year. Data so far show that no differences in teaching load have resulted from the pilot. If the program is to end, exit strategies must be developed and deployed in the fall. If the program is to continue, similar planning is needed.

**Total Remuneration:** In response, UCFW began investigation into other means of increasing remuneration, such as through tax advantaged child care, housing assistance, identity theft protection, etc. Arguing that recruitment and retention of junior and mid-career faculty need the most attention, alternative forms of compensation that would most benefit these groups were discussed. While many of the options would impact only a limited number of faculty, each is considered quite valuable – if not monetarily, then psychologically. UCFW discussed in detail with Academic Personnel the status of child care facilities at UC and at its competitors. While the need is universal, the ability to meet that need is dependent on local factors like physical capacity and community services that render systemwide guidance of questionable use, especially regarding facilities. Improved housing assistance could also benefit these populations, but funds are stretched and changes to policy are cumbersome in this area particularly since the programs are Regents-authorized. UCFW endorsed a proposal to improve support for adoption services, and considered ways to improve the coverage of infertility treatments. Tuition remission was again posited as an effective means of encouraging young and mid-career faculty to join and remain at UC.

#### **POST-EMPLOYMENT BENEFITS:**

As part of the budget negotiations conducted last year, President Napolitano and the Regents agreed to the governor's terms, including creation and launch of a new pension "option" by July 1, 2016. The new option would cap benefits at the PEPRA cap, but some employee groups may also have access to a supplemental defined contribution (DC) plan. The design of the new pension option was the product of a Retirement Options Task Force that was charged to deliver a plan design by January 1, 2016. The Senate had four participants on the task force, some with experience in the 2010 Post-Employment Benefits investigation and all with UCFW backgrounds. The new pension tier offers to qualifying employees the option to supplement the defined benefit (DB) plan with a DC plan, and faculty can begin deposits to the supplemental plan starting with the "first day and first dollar" where other employees can only begin deposits once their compensation level passes the PEPRA threshold. Employees can also change their election at the 5-year (or tenure review) mark, should they choose to do so. UCFW noted that the new tier is mostly competitive with the 2013 Tier for most faculty groups. UCFW also worked closely with Human Resources and External Relations/Communications to develop educational materials regarding the new tier and its impacts. How the new tier will impact recruitment and retention will be closely monitored moving forward.

#### **HEALTH AND WELFARE BENEFITS:**

UCFW continued to monitor the operations of UC Care. While from the consumer perspective, many basic care and basic business operations were improved, previously identified strategic issues, such as long-term adverse selection, remain a concern. UC Care re-bid its third-party administrator (TPA) this year, and again, HCTF representatives were invited to join the process. UC decided to change the UC Care TPA for 2017, and expects improved service and billing. Disruption from the TPA change is expected to be small, but careful communications are being prepared and reviewed.

HCTF lobbied UC Care Executive Vice President Stobo to investigate more options for improving mental and behavioral health delivery and outcomes. Having previously made significant changes to the student mental health services on the campuses, Dr. Stobo was receptive. A work group with stakeholders from industry and providers, including HCTF representation, was convened. UCFW and HCTF will continue to monitor the work of this group closely.

Last year, Human Resources began a review of UC's disability insurance and plan design. UC's benefits were found to be significantly out of line with similar benefits from the state, and in this case, UC is the laggard. A working group investigated how UC's benefit can become more competitive while remaining cost effective. A simplified plan was unveiled this spring for implementation on January 1, 2017. The new program has a "one-size fits all" approach for short-term disability, and a simplified approach for long-term disability. The new design should encourage return-to-work when possible, and encourage participation as it is both easier to understand and cheaper to the employee.

UCFW learned this year that the benefit afforded to unmarried domestic partners, especially in instances of survivorship, were unclear and subject to abuse. HCTF worked closely with HR to identify the problems and the number of individuals impacted; how to fix the problem remains under discussion. Improved communications are one step, but educating current employees that they may need to audit their coverage and take additional steps to ensure family members are adequately covered is a second struggle. It is hoped that a streamlined process can eliminate inconsistencies and unfair documentary requirements.

HCTF and UCFW were both concerned over the long-term strategic direction of UC Health. The Senate gratefully accepted an advisory seat on the newly restructured Regent's Committee on Health, but many worry that shared governance in this area is not as strong as it should be.

Finally, UCFW continued to lobby HR and others to increase support for the Health Care Facilitator program. Facilitators report being overworked, understaffed, and given non-facilitator duties; despite these obstacles, the facilitators continue to receive excellent reviews.

## **INVESTMENT**

In addition to helping craft the 2016 pension tier, UCFW and TFIR received updates on asset allocation changes to better meet UC's needs in the ever-changing market. TFIR encouraged the Office of the Chief Investment Officer to explore annuity options, and UCFW and TFIR will continue work in this area.

## **FACULTY WELFARE**

The Vice Provost for Academic Personnel entered an agreement with the Collaborative on Academic Careers in Higher Education (COACHE), a Harvard think tank to develop faculty exit surveys. This year, the survey was piloted, and in June, a debriefing session was held in Irvine. Although the data are still slim, indications are that faculty who leave do not do so for large cash compensation increases. Administration of subsequent surveys will require identification of a permanent fund source, but the benefits and knowledge learned should easily justify such costs. In addition to the

survey, the new UC Recruit tool can be used to triangulate further the reasons for faculty departures.

This year, faculty discipline was also under scrutiny, following several high-profile cases of malfeasance and apparent mishandling. At the president's request, a joint administration-Senate working group was appointed to assess how the processes involved could be better aligned, streamlined, and expedited. Different procedures, standards, and charges for different groups (faculty versus students, for example) complicate the handling of cases that cross groups. Different goals at resolution (punish a perpetrator versus support a victim) also hampered progress. Nevertheless, improved guidance for investigating claims and supporting those implicated were generated, and clarifications on the different, but parallel and sometimes intersecting, processes were issued.

Also in response to high-profile data hacks, cybersecurity became an increasingly pressing topic at UCFW. Hacks from external parties highlighted the need for greater firewalls with patient health records and student and staff employment records. An RFP was issued, and a new cybersecurity vendor was hired. Internally, too, cybersecurity protocols were revisited to clarify under what circumstances UC is allowed to request records from employees.

#### **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 or discussed each of the following:

- 278, 210.6, 279, 112 and new APM 350 (Clinicians)
- 360 and 210.4 (Librarians and Review Committees, respectively)
- 133, 715, 760, etc ("Active Service-Modified Duty)

#### **Additional Items:**

UCFW was pleased to receive updates on the following items, and will continue to monitor developments in these areas:

- Changes to Mortgage Origination Program
- Innovation Council
- UC Ventures
- UCPath Center and Operations

#### **CORRESPONDENCE:**

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

- Search Waivers
- President's Policy on Sexual Violence and Sexual Harassment
- Senior Management Group Policy on Outside Professional Activities
- UC Health governance at the Regents

#### **ACKNOWLEDGEMENTS:**

UCFW is indebted to its consultants and guests, without whom the committee's work could not be done:

Academic Affairs: Provost Aimée Dorr;

Academic Personnel: Vice Provost Susan Carlson and Director Janet Lockwood;

Finance: Executive Vice President Nathan Brostrom;

State Governmental Relations: Senior Vice President Nelson Peacock;

UC Health: Senior Vice President Jack Stobo;

Human Resources: Vice President Dwaine Duckett, Executive Director of Retirement Programs and Services Gary Schlimgen, Executive Director of Benefits Programs and Strategy Michael Baptista, Director of Benefits Programs Mark Esteban, and Executive Director for Compensation Programs and Strategy Dennis Larsen;

Office of the Chief Investment Officer: CIO Jagdeep Bachher, Associate CIO Arthur Guimaraes;

External consultants from Mercer, Deloitte, and Segal.

We are particularly grateful for the involvement, support and guidance from the Senate leadership, Chair Dan Hare and Vice Chair Jim Chalfant, as well as the advice and perspective provided by Senate Executive Director Hillary Baxter. Finally, the committee is indebted to Kenneth Feer who has provided superb staff support.

Respectfully yours, UCFW 2015-16

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