

**UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
ANNUAL REPORT 2002-2003**

TO THE ASSEMBLY OF THE ACADEMIC SENATE:

The University Committee on Faculty Welfare (UCFW) met eight times, and its Task Forces on the Future of UC Health Plans and on Investing and Retirement met five and three times respectively during the 2002-2003 academic year. As might be expected in a time of fiscal constraint, the preoccupations of UCFW have to some degree turned in a defensive direction, aimed at protecting the integrity of the existing benefits and retirement systems. However, the Committee has continued to pursue important initiatives it inherited from its predecessors as well as to develop new proposals. Highlights of the Committee's activities and accomplishments are noted in this report.

RETIREMENT ISSUES

Two retirement-related issues occupied much of the UCFW's agenda time during this past year: a proposal for a phased employment-phased retirement program, and recommendations for improving the retirement benefits for the UC health sciences faculty. In anticipation of these and other retirement-related issues, the UCFW Chair reconstituted the Task Force on Investment and Retirement (TFIR), which was inactive during 2001-2002 because of the Senate's budgetary constraints. UCFW is grateful to the Associate Vice President-HR&B and to the Treasurer/Vice President-Investments who agreed to fund the work of this important group.

Phased Employment/Phased Retirement Proposal (PE/PR). A proposal for a Phased Employment/Phased Retirement (PE/PR) program was initiated by UCFW and discussed with the Administration over the past several years in various forms. It is a program that would allow Senate members to make the transition from full-time employment to part-time and then to full retirement through a reduction in the load of teaching and service commitments. From the beginning, the Executive Vice Chancellors (EVCs) were unenthusiastic about the proposal for a variety of reasons, including the potentially large take rate by ladder rank faculty. In light of their concerns, this past fall UCFW undertook to revise the proposal by adjusting its specific terms and making it a more flexible policy. The explicit premise of this modified proposal was that the program should result in no reduction in the average age of faculty retirements (presently 63 years) and that it should have no adverse impact on the University's retirement plan (UCRP). UCFW's revised proposal was presented and discussed during a joint session of the Academic Council and the Council of Vice Chancellors in March. The EVCs voiced concerns about space allocation, equity issues, and teaching load, but the most critical issue appeared to be the impact PE/PR would have on the relatively

attractive terms (for the campus administrations, that is) on which they are currently able to recall faculty. A formal response from the EVCs was promised, but was not received until July, after UCFW had already held its final meeting of the year. It raised six objections, four of which seemed unresponsive to the PE/PR document, perhaps intended to close off discussion rather than to resolve outstanding issues. The EVCs did express a willingness to discuss a new Recall Program that “would include the option of negotiating recall arrangements prior to the faculty member’s retirement.” They were apparently unaware that a recent change has already made this possible. (Please see the paragraph on “normal retirement age,” immediately below.) UCFW had already concluded that if the EVCs continued to express concerns with a PE/PR program, and its implementation appeared unlikely, the committee would undertake a review and analysis of the terms and frequency of use of faculty recalls at the several campuses with a view toward making the application of such programs more consistent as well as more rewarding for faculty. The PE/PR concept will remain on the long-term agenda of UCFW in the expectation that the changing circumstances of the University will create more favorable circumstances for its adoption at a future date.

At the urging of UCFW, the Office of the President sought approval to lower (from 70 to 60 years) the “normal retirement age” that is reported to the IRS. This adjustment was formally approved in July. This change has no impact on the age or conditions under which UC employees retire. Its sole practical effect has been to remove the past restriction on negotiating recall arrangements in advance of retirement for employees sixty years of age or older. UCFW’s assumption in advocating this change (which is also a necessary prerequisite for any future PE/PR program) is that it would improve faculty members’ negotiating position to establish the terms of recall before having to make the irrevocable decision to retire.

Retirement Compensation for the Health Sciences Faculty. UCFW was asked to serve as the lead Committee for the Senate’s review of the UC Health Sciences Task Force report, “Recommendations for Improving Retirement Benefits for UC Health Sciences Faculty.” UCFW asked its Task Force on Investment and Retirement (TFIR) to provide an analysis of the report’s recommended options and their potential impact on UCRP. In its report back to UCFW, TFIR provided both an analysis of the report’s options and a new alternative of its own. In UCFW’s discussions, members were unanimous in their agreement that the existing pension coverage for health sciences faculty is inadequate because it applies only to a portion of the individual’s total compensation. The Committee believed that an appropriate form of coverage for additional income should be provided, consistent with the premise that any new arrangement should not materially weaken UCRS, should not encourage pension spiking, and should not result in double retirement coverage of the same salary. The Committee strongly

avored the TFIR alternative, which matches defined benefit coverage to relatively fixed “X compensation” and relies on defined contribution coverage for individually negotiated and potentially variable “Y and Z income”. Of the options proposed in the administrative Task Force report, UCFW opposed #3 and #5 and found option #4 acceptable, though distinctly less appropriate than the TFIR alternative.

After preliminary discussion within the Academic Council --- and at its specific request --- UCFW participated in a process intended to arrive at a compromise solution. At the beginning of July, a meeting of two representatives from UCFW and two members of the Academic Council arrived at a proposal that would retain the current form of defined benefit coverage in the health sciences and add defined contribution coverage at the 7% level for any income not covered by UCRP, the latter to be paid for by the funding source. At its July meeting, Academic Council endorsed the compromise solution by a vote of 16 to 1.

UCRP. The Committee heard reports on the state of the University of California Retirement Plan (UCRP). Since 1990, neither UC nor its employees have been required to make contributions to UCRP, but because of the negative stock market returns, contributions now appear likely to resume within the next five years. The UCFW Chair has officially asked TFIR to consider strategies for the resumption of employer and employee contributions. TFIR will also be monitoring events at the National Laboratories in case any changes in UC’s contractual relationship should have potential impacts on UCRP.

UPDATE ON UCFW INITIATIVES

Educational Fee Waiver for Dependents of UC Employees. In May 2001, the Academic Council unanimously approved UCFW’s recommendation that the funding of an educational fee waiver program be taken “off the top” of the University’s budget before OP allocates budget dollars to each campus. Though the chancellors deferred implementation of the program because of budgetary concerns, President Atkinson assured UCFW that the proposed fee waiver program remained a high priority and would be revisited in 2001-02. Last September, the President wrote a letter to the Academic Council Chair to inform her that because of the State’s continuing fiscal crises and the University’s need to be restrained in making financial commitments, it is unlikely that funding for this program could be found over the next few years. In spite of this setback, UCFW voted to continue to pursue the implementation of an educational fee waiver program and formed a workgroup to explore various strategies for identifying funding sources and for keeping the educational fee waiver issue alive.

Parking Policy Principles. In June 2002, the Academic Council unanimously adopted UCFW’s proposed Parking Policy Principles. This year, the Committee

began to explore ways to advance some or all of the provisions included in the principles. For the coming year, UCFW has established a Task Force on Parking to help campus representatives work with their respective Administrations on parking issues. There have been indications that headway has been made with some campus administrators to consider submitting the cost of replacement parking as a line item in construction contracts. The Task Force will vigorously pursue this and other provisions during the coming year.

In addition to the Fee Waiver and Parking Policy Initiatives, UCFW continued to monitor the University's progress in the areas of childcare, domestic partner benefits, and faculty housing programs.

WORK OF THE UCFW TASK FORCE ON THE FUTURE OF UC HEALTH PLANS

The major focus of the UCFW Task Force on the Future of UC Health Plans was to work with Administration in exploring ways the University might address the continuing rise in the cost of health care premiums. The Task Force developed a set of principles intended to provide a framework for managing employer and employee contributions to health insurance. The principles, as listed below, were endorsed by UCFW members at their June meeting.

- Contributions should be structured to allow UC to attract and retain high quality workers (both faculty and staff.)
- Contributions should be structured to facilitate access to high quality health care for all members of the UC community.
- Contributions should be structured to provide UC employees with a choice of plans through the use of risk-adjusted contributions.
- Health care premiums should not be so costly that employees, especially the less highly compensated, elect to opt out of health insurance.
- Providing access to high quality health care is a value to the University community quite different than access to other benefits (such as transportation or life insurance). As a result of these differences, UCFW supports pay-based contributions for health care (but not for other benefits.)
- The contribution methodology should be adjusted from year-to-year depending on premium costs and the availability of State funding.

UCFW and its Task Force will continue to work with the Administration in the coming months to explore multiple strategies for the implementation of these policies. The Task Force will also continue its work on the development of a set of preventive health guidelines for UC employees, and to explore the pros and cons of a "carve-out plan" for pharmaceutical benefits.

UNIVERSITYWIDE POLICIES AND ISSUES

UCFW was asked to comment or take action on a series of proposals and policies during this academic year:

APM 390-Postdoctoral Scholars. This proposal would establish two new title codes for Postdoctoral Scholars – one to cover employees and one for non-employees. The main features of the proposal were a minimum salary rate, requirement for 100% employment, a health insurance provision, and a national limitation of five years of cumulative service. UCFW had no objections to the policy as proposed, though the Committee observed that the practical effect of the changes could be a reduction in the number of available postdocs.

APM 740-Sabbatical Leave Policy. The major proposed revisions were: A faculty member would be allowed to substitute significant University service for some or all of the teaching requirement for a sabbatical in residence; recipients of a sabbatical leave at less than full salary would be allowed to receive additional compensation for research at another university; and a faculty member who holds a full-time administrative position for five years or more would be allowed to take a sabbatical immediately after that service based on the administrative pay rate. UCFW approved the revision with a minor amendment, but noted that the provision to allow additional compensation should also be expanded to include teaching activities at another university.

CRECNO Initiative (Classification by Race, Ethnicity, Color and National Origin). This initiative, which has qualified for the October 2003 ballot, would forbid state-funded agencies from classifying individuals by race or ethnicity. The discussion was intended to help assess the impact of this Initiative on faculty and the University and to help shape the Senate's position. Many of the comments had to do with the ambiguity of what constitutes the "state" and whether individual faculty members would be seen by this Initiative as constituting the state. A major issue for UCFW was the impact this Initiative might have on the availability of the state's databases, which are critical to much of the longitudinal research conducted in areas of public policy.

Sexual Liaison Policy. This proposed policy would revise the Faculty Code of Conduct, making it inappropriate for a faculty member who has the responsibility for the academic supervision of a student, or is likely to have in the future, to have a romantic or sexual relationship with that student. While UCFW agreed with the general tone of the statement, it had concerns about the lack of specificity in the phrase, "or is likely to have in the future," and recommended that it be clarified. The provision was ultimately amended by Council to read: "Engaging in a romantic or sexual relationship with any student for whom a faculty member has, or should expect to have in the future, academic instructional, evaluative, or supervisory responsibility."

APM 010-Statement on Academic Freedom. UCFW endorsed the new language on academic freedom and noted that it would also be important for the

University to be on record as supporting the academic freedom rights of students, as reflected in the new proposed APM 015 language.

UCFW continues to enjoy a dynamic and productive relationship with Universitywide Administration, an indication of a healthy system of shared governance. Though UCFW's mission is to protect and augment faculty interests, the benefits derived from its work frequently extends to and are enjoyed by all constituencies within the University of California.

Respectfully submitted:

Mark Traugott, Chair (SC)

Ross Starr, Vice Chair (SD)

S. Katharine Hammond, (B)

John Oakley (D)

Marvin Alkin (LA)

Mark Petracca (I)

Health Plans

Raymond Russell (R)

Health Plan

Doug Magde (SD)

Steven Gross (SB)

Faye Crosby (SC)

George Gregory (SF)

Dan Mitchell, At-Large Member(LA)

Lawrence Waldron, CUCEA Chair

Carl Zytowski, CUCEA Vice Chair

Robert Anderson, UCRS Board Member

Robert May, Co-Chair, Task Force on UC

Harold Simon, Co-Chair, Task Force on UC

Betty Marton, Committee Analyst