

## UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW) 2010-11 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 eleven in-person meetings during the 2010-11 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's 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 two subcommittee chairs, Helen Henry (TFIR) 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. After the Post Employment Benefits Task Force issued its recommendations, a public education campaign ensued. Helping to educate UC faculty and staff at town hall discussions throughout the system afforded Senate representatives the opportunity to articulate the Senate's position directly to our constituents. This direct communication was important as UCFW disagreed with many of the PEB Task Force's official recommendations. Instead, UCFW argued in favor of maintaining the current practice of offering an annuity whose rates are not determined in consideration with Social Security; this recommendation was subsequently embraced in concept by President Yudof in his final recommendations). UCFW also challenged several of the economic and performance assumptions underlying the Task Force's recommendations, most especially what was required to incentivize career-length employment at UC. As a result, a compromise position emerged that preserved the best elements of UCRP while making concessions to lower normal costs and a different age factor structure.

In 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. Still to be finalized are disability provisions as well as the long-term employee contribution rates for existing tier members.

The federal economic uncertainty, state budget concerns and, in some quarters, a challenging attitude toward public workers and public sector pensions also continue to challenge UCRP. UCFW and its task forces will continue to work with CFO Taylor to monitor the plan’s funding status and to develop plans and alternatives for maintaining the plan’s health.

**HEALTH AND WELFARE BENEFITS:** As insurance costs continue to rise and as the University budget continues to shrink, lowering expenditures on health and welfare benefits has become a higher administration priority. One effort to lower on-going costs was the development of the Blue and Gold plan within HealthNet. Although the plan affords some employees a lower premium rate for comparable coverage, other employees were forced into the higher premium option due to lack of local providers. This outcome was concentrated in certain northern California markets, and many employees reacted negatively to the forced change in premiums and health care providers– an outcome exacerbated by perceived poor communications surrounding the new option. UCFW and its HCTF continue to monitor changes to the Blue and Gold program, such as the participation of more, but not all, providers in the differentially impacted areas.

UCFW and/or HCTF participated in discussions about 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, which are still under investigation and consideration for out-year implementation.

These diminutions follow previously approved cuts to retiree premiums as agreed upon in the PEB process.

**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 is undertaking 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 recommendations are expected in the winter of 2012. The UCFW representatives on this joint task force have been challenged to find a common framework and language for productive discussions with the administrative representatives and as a consequence progress has been steady but slow.

**“FAMILY FRIENDLY” POLICIES:**

**Fee Waivers for Dependents:** UCFW continues to recognize the value of fee waivers for enrollment at UC of dependents of employees, but still could not recommend funding them over other considerations; nonetheless, UCFW will continue to monitor this issue and will support viable options.

**Dependent Care:** The Berkeley campus completed a pilot program on emergency back-up dependent care, and expanded eligibility for campus participation. The program allows participants to secure last-minute professional babysitting, elder care, or even care during professional travel. The Systemwide Advisory Committee on the Status of Women worked with Human Resources to develop a systemwide RFP to offer this benefit at each UC location to both faculty and staff. A final report is expected in the fall of 2011. In the meantime, other individual UC locations are independently exploring this program.

#### **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. But given the state's dire fiscal situation, any increases would also have to be defended cogently and consistently. This augmentation is still expected in the 2011 calendar year, but precisely how it will be implemented is yet to be finalized.

**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 was not swayed by the arguments presented by the administration in declining to adopt the Senate's recommendations, however, and negotiations continue.

UCFW has also called 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. UCFW will continue to lobby for this study as it believes that recruitment and retention efforts will be strengthened with the additional transparency that such data will provide.

**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. This year, proposed new APM 668 was circulated for management review, and UCFW as well as several other Senate bodies opined. A revised version for formal review is expected in 2011-12.

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

**Task Force on Senate Membership:** UCFW reviewed the report and recommendations of the Task Force on Senate Membership. UCFW 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, ~~not~~ representation, and redress in the current system. To many, however, it was unclear how Senate membership would alter the situation. It is likely that this will be a recurring topic for discussion in both UCFW and the Academic Council.

**WORKING SMARTER INITIATIVE:** 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 was concerned that some of the projects would compromise educational quality or not generate the anticipated savings due to unanticipated structural problems at the implementation phase. As a result, 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.

**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:

- 200 and 205 (Recalls)
- 510 (Internal Recruitment)
- 530 (Non-residents)
- 668 (Alternate Compensation Plans)
- 670 (Health Sciences Compensation Plan)
- 700 series (Leaves of Absence)

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

- Insurance coverage for faculty traveling abroad on sabbatical or for other extended business;
- Self-Supporting Part-Time Graduate Professional Degree Programs;
- Changes to messaging around and implementation of the Mortgage Origination Program;
- New effort reporting guidelines.

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

Academic Affairs: Provost Lawrence Pitts;

Academic Personnel: Susan Carlson, Pat Price, and Janet Lockwood;

Budget: Patrick Lenz and Debbie Obley;

Finance: Peter Taylor and Maria Anguiano;

Human Resources: Dwaine Duckett, Randy Scott, Gary Schlimgen, Michael Baptista, Mark Esteban, and Dennis Larsen;

Office of Loan Programs: Ruth Assily and Dan Sampson;

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 Daniel Simmons and Vice Chair Robert Anderson.

Respectfully yours, UCFW 2010-11

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