

**UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
ANNUAL REPORT 2003-2004**

TO THE ASSEMBLY OF THE ACADEMIC SENATE:

The University Committee on Faculty Welfare (UCFW) met eight times during the 2003-2004 academic year. Three of the meetings were held by videoconference with sites at UCOP, Santa Barbara, Los Angeles and San Diego. Videoconferencing saves travel expense (to the Senate) and travel time (of committee members). A major focus of UCFW has been to protect the integrity of existing benefits including retirement systems. This year's committee pursued initiatives from 2002-03 and developed new proposals.

UCFW has two focused working groups: TFIR (Task Force on Investment and Retirement) and HCTF (Health Care Task Force). Retirement benefits and health care benefits are by far the largest --- in dollar terms and in personal importance --- of all UC non-salary benefits. These focused task forces are essential to the successful function of UCFW, doing the time-consuming homework needed to keep in touch with developments in these areas.

UCFW Task Force on Investment and Retirement (TFIR). Under the chairmanship of Robert Anderson (UCB), TFIR drafted two resolutions that were endorsed by the full committee. The first opposes any change to UCRP that would reduce benefits --- including projected benefits --- for current UC employees and annuitants, and the second recommends the retention/inclusion of private equity investments in UC-managed funds available within the 403(b) Plan and projected 457(b) Plan. The first resolution was introduced to Academic Council for information only without a request for a Council resolution. The second resolution received the endorsement of the Academic Council and was forwarded to the Office of the President (UCOP). TFIR continues to monitor the financial effect on UCRP of possible separation of the National Laboratories. TFIR has also consulted closely with UCOP on the development of the 457(b) Plan tax-deferred savings plan, to be introduced toward the end of 2004.

UCFW Health Care Task Force (HCTF). The Health Care Task Force consults with UCOP on the rapidly changing health care marketplace and on health care coverage for UC faculty and staff. This year the task force, co-chaired by Harold Simon (UCSD) and Robert May (UCI), has continued this important work with a focus on maintaining affordable health care premiums and investigating possible cost saving options for prescription drug plans. HCTF consults regularly with UCOP on health insurance premiums and the structure and availability of health care programs. In 2002-03 HCTF and UCFW recommended graduating health insurance premiums by salary beginning in calendar year 2004. On the recommendation of HCTF and UCFW, the Academic Council agreed to post an explanation of the tiered health care premium structure on the Systemwide Senate website.

Educational Fee Waiver Program. UCFW continued to pursue the implementation of an educational fee waiver for qualified children, spouses, and domestic partners of all UC faculty, and eligible employees. The committee has recommended the fee waiver since 1999, and the Academic Council recommended it to the President in 2000 and in 2002. In light of the current budgetary situation, UCFW proposed a resolution this year recommending gradual implementation to keep initial costs low. The resolution received the unanimous support of the Academic Council and it was forwarded to President Dynes. UCFW regards a fee waiver benefit as an important element in the recruitment and retention of faculty, a prevailing standard of faculty compensation at leading American research universities, and a means of partially mitigating the lack of salary increases for both faculty and staff. In his letter of response, the President endorsed the concept of the fee waiver while noting that the University was not in a position to implement a fee waiver program at this time. It is the committee's belief that this is a dimension in which the University of California can and should be competitive with its peers.

Model Plan for Faculty Recalled for Post-Retirement Teaching. UCFW has long sought a phased retirement option for UC faculty. Discussions on this subject with the UC Council of Vice-Chancellors (COVC) were a principal focus of the committee in 2002-03 under the direction of chair Mark Traugott. This year, 2003-04, the COVC and UCFW agreed on a model retirement recall plan. UCFW's Resolution on a Model Recall Plan, was unanimously adopted by the Academic Council and sent to Administration in May with a recommendation for immediate implementation. The Model Plan states a norm, but includes flexible language allowing actual recall agreements to differ. The plan provides for a pre-retirement recall agreement of several years duration with compensation proportional to salary prior to retirement and with continuing range adjustment. The introduction of this plan is made possible by the change in UCRP's "Normal Retirement Age" to age 60. This allows campus administrations and faculty 60 years of age or older to agree to binding recall arrangements in advance of retirement. It is anticipated that the Model Recall Plan will become recommended University policy before the end of this year.

Revision to APM 120 – Emeritus Titles. A new initiative rectifies an anomaly in the APM governing the conferral of the emeritus title. Current rules are that faculty members who retire at the Associate and Professor levels are automatically conferred the title *Professor Emeritus*. Those who separate from the University on UCRP disability status do not qualify because, at the time of their separation, they are not officially retired. These faculty are not currently automatically accorded the title when they actually retire. The Academic Council unanimously endorsed UCFW's proposed amendment to APM 120-Emeritus Title. It would automatically grant the title *Professor Emeritus* to faculty members who retire from the University while on UCRP disability status. The Administration is in the process of amending the APM to incorporate this change.

Faculty Home Loan Programs/Faculty Housing. At the request of Academic Council, UCFW reviewed and submitted a report on the adequacy of UC's Faculty Home Loan Programs. The committee found that the Mortgage Origination Program (MOP), funded by the Regents and administered by UCOP is working well. It provides floating rate first mortgage loans limited by 90% loan-to-value and 40% mortgage payment-to-income restrictions. Campuses reported that the availability of MOP loans is very helpful in faculty recruitment and retention. Nevertheless, in high housing cost markets (most UC locations), the loan-to-value and mortgage payment-to-income restrictions may make the size of the MOP loans inadequate to purchase suitable housing, especially for junior faculty appointees. UCFW found that funding for the Supplemental Home Loan Program (SHLP) --- funded by the campuses --- is severely limited and the committee recommended that the campuses and UCOP consider ways to increase the available funding for this program. Since the committee filed its report, the UC Office of Home Loans has introduced several new loan programs: forty-year MOP loans, SHLP loans (subject to funding) at interest rates keyed to some of the lowest prevailing market rates, and graduated payment MOP loans. UCFW recommended that information on these options be made widely available. In a follow-up to its report to Council, the committee held an in-depth discussion on affordable faculty housing at its July meeting. Housing continues to be a major problem in faculty recruitment for most UC campuses (at some campuses a critical problem).

Suggestions for Future UC Budget Allocations. Academic Council asked Senate committees to submit budget priorities for coming years. UCFW's chief recommendation is restoring and maintaining competitive faculty salaries. Competitive salaries go to the quality of the faculty and hence sustaining the role of the University of California as a leading research university. The committee also made a number of additional recommendations: educational fee waiver for dependents of UC employees, University funding of health care premiums, University funding of UCRP contributions (when contributions resume), child care for children of UC faculty, pre-funding of retiree health care benefits, and expanded programs for faculty home ownership. The committee made it clear that none of these additional

recommendations should distract from the singular importance of restoring and maintaining competitive faculty salaries.

In response to requests for comment from the Academic Council, UCFW submitted its views on:

- Universitywide Task Force on Faculty Instructional Activities
- Senate Bylaw 355 to comply with Whistleblower Policies
- Policy on Conflicts of Interest Resulting from Consensual Relations
- Sexual Harassment Policy
- Health Sciences Faculty Retirement Proposal
- Revised APM-Family Friendly Policies
- University Committee on Affirmative Action and Diversity (UCAAD)'s Proposed Revisions to APM 210, 240 and 245
- Proposed and New APM Policies for the Clinical Professor Series and the Community Health Professor Series
- Step VI Task Force Report
- Nomination to UCRS Advisory Board

Acknowledgment. UCFW wishes to acknowledge and thank the following members of the Administration for their willingness to consult regularly with the committee: Joseph Mullinix, Senior Vice President-Business and Finance; Lawrence Hershman, Vice President-Budget; Judy Boyette, Associate Vice President-HR&B; David Russ, University Treasurer; Ellen Switkes, Assistant Vice President-Academic Advancement; Michele French, Executive Director-HR&B Policy and Program Design; Jill Slocum, Coordinator- Health Science Compensation. In addition we thank the Systemwide Senate staff for meticulous intensive administration and assistance: Maria Bertero-Barcelo (Academic Senate Director), Betty Marton (UCFW Analyst), Kimberly Peterson (HCTF Analyst).

Respectfully submitted,

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