

**UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
ANNUAL REPORT 2005-2006**

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 has two key subcommittees with independent memberships that are charged with monitoring developments and reporting to the parent committee – the Task Force on Investment and Retirement (TFIR) and the Health Care Task Force (HCTF). UCFW held eight meetings during the 2005-2006 academic year. Highlights of the committee’s activities and accomplishments are noted in this report.

UC Compensation. UCFW was actively engaged in UC’s senior management compensation issues this year. Beginning in October, UCFW submitted a strong critique of the Mercer Human Resource Consulting Report on UC total remuneration, including an analysis prepared by TFIR Chair Robert Anderson. UCFW continued to submit comments throughout the year to the Academic Council on specific compensation items, including: recommendations against private fundraising for senior management salaries; recommendations on how senior managers’ pay should be calculated, how it should be compared to equivalent senior managers at UC’s comparator institutions, and general considerations for The Regents’ proposed system for slotting of senior managers’ pay; UCFW’s general endorsement of the Report of the Task Force on UC Compensation, Accountability, and Transparency; and finally, recommendations on benchmarking of salaries for senior managers.

UCFW also voiced strong shared governance concerns to the Academic Council regarding UCOP and The Regents’ pattern of consulting UCFW and other Senate committees far too late in the decision-making process, and recommended that all appropriate Senate committees should be consulted early and often about all possible changes in UC compensation.

Retirement. In addition to the proposals sent forward to UCFW by its Health Care Task Force and Task Force on Investment and Retirement (detailed on the following pages), the committee made significant progress this year in ensuring a robust and responsible retirement plan for UC faculty. UCFW received regular reports from UCOP-HR&B and the UC Treasurer’s Office on the funded status of the University of California Retirement Plan (UCRP) and UCRP investment returns, and closely monitored the impact of the Los Alamos National Laboratory – Los Alamos National Security LLC transition on UCRP.

UCFW played a key consultative role with UCOP administrators in strategy and policy development for implementation of The Regents’ plan, announced in March 2006, to resume contributions to UCRP in July 2007. UCFW has remained steadfast in its support for the need to resume contributions in order to maintain viability of the retirement plan, while strongly advising UCOP that the amount of any resumption of UC employees’ contributions to UCRP be matched by an equal or greater increase in salaries. More information may be found in a [memorandum](#) to all Academic Senate members, drafted by UCFW and distributed under cover of Academic Council Chair John Oakley in May 2006. UCFW is also engaged in a project concerning the impact of UC retirement programs on workforce behavior, looking specifically at the impact on the recruitment, retention and productivity of UC employees in order to broaden UCOP’s current approach to retirement issues. UCFW will continue this project in 2006-07.

Family Friendly Initiatives – Childcare and Adoption Benefits. UCFW members spent a considerable amount of time exploring and developing a package of family friendly initiatives for consideration and adoption by UCOP-HR&B. UCFW members collected information from their respective campuses and consensus was reached on the following list of priorities: expansion of childcare facilities at every campus; adoption benefits for UC employees as outlined by the Sloan Foundation; and continued requests for UCOP to provide tuition assistance for children of UC faculty. UCOP has responded with a renewed effort to encourage campuses to utilize its matching funds program for campus childcare facilities, and in July 2006, UCOP-HR&B presented an adoption benefits analysis to UCFW, which will be discussed in-depth next year.

Parking Principles. UCFW continued discussions with UCOP administrators in order to close the gap between the 2002 Academic Senate Parking Principles, and the 2002 UCOP Parking Principles. In preparation for negotiations with Senior Vice President Mullinix in March 2006, UCFW Chair Russell detailed the issues outstanding between the two documents, and offered a set of principles that take into account the following UCFW parking priorities: credit for existing parking structures that can be applied toward replacement parking; replacement costs for non-state funded projects; all or a portion of the replacement costs from yet to be identified sources for state-funded projects; and responsible use of parking fees. Parking negotiations were stalled, however, with the departure of Senior Vice President Mullinix from UC at the end of March 2006. UCFW will continue to negotiate with UCOP administrators, including Associate Vice President Boyette and Vice President Hershman, next year.

UCFW Health Care Task Force (HCTF). The HCTF, under leadership of Chair Harold Simon, has continued its important work on maintaining affordable health care premiums and comprehensive benefit plans, investigating options for affordable prescription drug plans and efficient prescription refill plans, and exploring a possible long term care insurance option for UC employees. The task force was successful in moving forward with its health maintenance proposal, as UCOP-HR&B has developed a Wellness Project Pilot intended to begin implementation at the campuses in fall 2006. The task force also completed a report on health savings accounts and health care reimbursement accounts, which was approved by UCFW and the Academic Council as a reference piece for UC faculty. Chair Simon led multiple discussion sessions with task force members and its UCOP-HR&B consultants on pressing issues facing UC, including the development of priorities for UC total remuneration, HR&B's long-range strategic planning initiative, and continued monitoring of future Regental actions on UC health and welfare benefits and retiree health plans.

The HCTF was instrumental in formulating the following positions on behalf of UCFW, for transmission to the Academic Council:

- Proposed Meeting of Academic Senate and Administration Health Care Representatives on Medical Center and UC Faculty Health Care Provider Issues, December 7, 2005, and resubmitted April 6, 2006
- UCFW Recommendations on a UC Comprehensive Health Maintenance Program, January 30, 2006
- UCFW and UCFW Health Care Task Force Comments on Total Compensation and Changes in Salary and Benefits, July 7, 2006

UCFW Task Force on Investment and Retirement (TFIR). TFIR Chair Robert Anderson provided UCFW with regular updates on TFIR's work this year, including its inquiries into how to prospectively fund UC's retiree health benefits liability. TFIR members were the principal contributors to UCFW's Principles Regarding Proposed Benefit Changes and Position on Proposed Changes to Retiree Health Plans, as well as a discussion paper considering a possible change to employee and annuitant health benefits. TFIR also actively engaged with its UCOP-HR&B consultants in questioning the assumptions on UC total remuneration contained in the October 2005 Mercer Human Resource Consulting Report to The Regents, and prepared an analytical report on behalf of UCFW identifying misleading assumptions contained in the Mercer Report regarding the tax treatment of employee-funded contributions to retirement accounts.

UCFW Initiatives. In addition to UCFW's proposals and recommendations mentioned above, following is a list of all committee correspondence submitted to the Academic Council, and other UCOP Administrators as noted:

- UCFW's Discussion of the Mercer Report, October 17, 2005
- UCFW Recommendations on Top Management Consultation, October 17, 2005
- Proposed Meeting of Academic Senate and Administration Health Care Representatives on Medical Center and UC Faculty Health Care Provider Issues, December 7, 2005, and resubmitted April 6, 2006
- Los Alamos National Security LLC Board of Directors and the UCPB Letter of January 12, 2006, January 17, 2006
- UCFW Principles Regarding Proposed Benefit Changes, January 18, 2006
- UCFW Recommendations on a UC Comprehensive Health Maintenance Program, January 30, 2006
- System of Slotting of Senior Managers' Pay Provisionally Adopted by The Regents, February 13, 2006
- Proposals for Resumption of Contributions to UCRP Presented to UCFW February 10, 2006, February 14, 2006 (letter to Randy Scott, Executive Director, HR&B)
- Evaluation of Senate and UCOP Parking Principles, March 2, 2006 (letter to Joseph Mullinix, (former) Senior Vice President, Business and Finance)
- UCFW Recommendations on Family Friendly Policies, March 10, 2006 (letter to Randy Scott, Executive Director, HR&B)
- Additional Recommendations on Senior Management Pay, March 21, 2006
- UCFW Request for Information Concerning Effects of Proposed Benefit Changes on Decisions About When to Retire, May 1, 2006 (letter to Randy Scott, Executive Director, HR&B)
- Consultation with the Academic Senate on UC Compensation Issues, May 15, 2006
- Report of the Task Force on UC Compensation, Accountability and Transparency, May 22, 2006
- UCFW Memorandum to Members of the Academic Senate on the Resumption of Contributions to the University of California Retirement Plan, May 23, 2006
- UCFW and UCFW Health Care Task Force Comments on Total Compensation and Changes in Salary and Benefits, July 7, 2006
- UCFW Recommendations on Benchmarking for Senior Managers, July 14, 2006
- UCSC Chancellor Denice Denton, July 14, 2006

Requests for Review. In response to requests from the Academic Council for review and comment, UCFW considered and submitted its views on the following proposals and reports:

- University Committee on Affirmative Action and Diversity (UCAAD) Proposal for a Systemwide Statement on Diversity, November 29, 2006
- Academic Council Special Committee on Scholarly Communication (SCSC) Draft White Papers – Responding to the Challenges Facing Scholarly Communication, February 13, 2006
- Formal Review of APM 220-18.b(4): Criteria for Advancement to Professor VI and to Professor Above-Scale Salary Levels, February 13, 2006
- Proposed Principles on Private Funding for Senior Leadership Salaries, April 4, 2006
- Proposed Revisions to APM 700, 710, 711 and 080: Constructive Resignation, Medical Separation, June 12, 2006
- University Committee on Library (UCOL) Proposed Amendment to Senate Bylaw 185, June 12, 2006
- University Committee on Academic Freedom (UCAF) Proposed Student Freedom of Scholarly Inquiry Principles, June 12, 2006

Acknowledgements. UCFW wishes to acknowledge and thank the following members of the systemwide administration for their willingness to consult regularly with the committee: Lawrence Hershman, Vice President-Budget; Judy Boyette, Associate Vice President-HR&B; Randy Scott, Executive Director-HR&B; Marie Berggren, Acting University Treasurer; and Jill Slocum, Director-Academic Advancement.

The committee wants to acknowledge and thank Joseph Mullinix, Senior Vice President-Business and Finance, for his valuable service at UCOP. UCFW wishes Mr. Mullinix well in his new capacity as deputy president for administration for National University of Singapore as of March 2006.

The committee also expresses its gratitude to Ellen Switkes, Assistant Vice President of Academic Advancement, for her invaluable consultation and contributions to UCFW over recent years. UCFW wishes Ms. Switkes the very best in her well-deserved retirement.

Respectfully submitted,

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Harold Simon (UCSD; Member-at-Large; Chair, HCTF)	
Robert Anderson (UCB; Representative of UCRS Advisory Board; Chair, TFIR)	
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