

**UNIVERSITY COMMITTEE ON FACULTY WELFARE (UCFW)
ANNUAL REPORT 2006-2007**

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 nine meetings during the 2006-2007 academic year. Highlights of the committee’s activities and accomplishments are noted in this report.

UC Total Remuneration. UCFW devoted a significant amount of its effort in 2006-2007 to understanding the methodology and data Mercer used in preparing the total remuneration report presented to The Regents in the fall of 2005. The full committee met with Mercer representatives at six of its meetings, and UCFW members Robert Anderson (TFIR chair), Jim Chalfant, and Larry Pitts (HCTF chair) met with Mercer representatives numerous times. As a result of this effort, UCFW was able to point out a number of ways in which Mercer’s methodology did not accurately capture the value of UC’s faculty salaries and benefits. Mercer responded by making several changes, and it is hoped that the next update of the report will use methodology and be presented in a format that meets UCFW’s objections.

Because the methodology used to determine the value of faculty compensation is so important in assessing UC’s comparative position, in April 2007, UCFW presented a proposal to the Academic Council that it establish a Senate Task Force on Faculty Compensation Determinations & Comparisons. The Council adopted UCFW’s proposal in June, 2007.

Faculty Salaries. An analysis of UCOP’s 2007-2008 budget proposal to The Regents prepared for UCFW by TFIR Chair, Robert Anderson showed that the proposed faculty salary increases would result in a significant loss of competitive position. UCFW adopted that analysis and transmitted it to the Academic Council in October, 2006, urging that significantly higher salary increases be proposed. The Council adopted UCFW’s position and transmitted UCFW’s analysis and recommendation to President Dynes.

UCFW also responded to the University Committee on Academic Personnel (UCAP) proposals to “fix” the broken salary scales, agreeing that something needed to be done to reduce the number of faculty whose salaries are off-scale and preserve the rank and step system with peer review. Responding to these same concerns, President Dynes appointed a working group, chaired by Provost Hume, to address the issue. Chair French was appointed to the working group, as were John Oakley, Chair of the Academic Senate, Mary Croughan, Chair of UCAP, and Chris Newfield, Chair of UCPB. In the spring, the charge of the work group was increased to include developing a plan to increase faculty salaries to competitive levels faster than the 10-year plan The Regents adopted in 2005. The work group developed a plan to bring salaries to market levels within 4 years, using a combination of COLAs and market adjustments to salary scales. It also proposed amending APM 620 to provide that salaries between steps be treated as within a range and not off-scale. UCFW members had significant differences of opinion on the merits of the proposed changes, but a majority favored the changes. A letter was sent to the Council setting forth the various views within UCFW.

Retirement. UCFW continues to support the restart of contributions to UCRP to maintain its long-term viability. It also remains strongly committed to the position that the restart of contributions must not reduce total faculty remuneration.

During the 2005-2006 year, UCFW became very concerned that proposals for changes in retirement, retiree health, and other benefits were being floated without serious consideration of the likely impacts on workforce behavior. HR&B agreed to ask Mercer to do a study that would address these concerns. In October, Mercer presented a very preliminary outline of the study it proposed to make. UCFW appointed a subcommittee to work with Mercer in developing the study. However, after an additional presentation by Mercer, UCFW concluded that the study would not produce useful results, in part because by that time HR&B said that it did not have any proposals for benefit design changes. In April, UCFW voted to disband the subcommittee and ask that the study be discontinued. HR&B Executive Director Scott has requested that the subcommittee be reconvened when benefit design change proposals are put forward for consideration in 2007-08.

In April, UCFW communicated to the Academic Council its approval of UCOP plans to establish a trust to facilitate reporting retiree health obligations as newly required by the Governmental Accounting Standards Board. UCFW will follow-up in 2007-08 with HR&B regarding the possible prefunding of UC's retiree health care liability.

In response to alarming stories in the news and positions asserted by various unions and the faculty association, claiming that resumption of contributions to UCRP was made necessary by mismanagement and various forms of misfeasance in handling UCRP funds, UCFW adopted a [Statement on UCRP](#), to reassure concerned members of the University community about the management and investment performance of UCRP. The statement also explains why contributions to UCRP are necessary even though the funds have been well-managed and the returns have been within reasonable limits. The Statement was authored by UCFW's Task Force on Investment and Retirement (TFIR), with significant contributions from TFIR Chair Anderson, UCFW Chair French, UCFW Vice Chair Chalfant, and Council Chair Oakley. The Academic Council later endorsed the Statement and distributed it to President Dynes and the general public.

Family Friendly Initiatives – Childcare and Adoption Benefits. UCFW members collected information from their respective campuses this year on campus childcare needs and priorities. UCFW worked with HR&B to establish a Back-up Childcare Task Force, which met in June 2007 to discuss next steps in developing programs to better support faculty childcare needs. The Task Force will be reconvened by HR&B in fall 2007. UCFW Chair French presented an item on childcare needs at the joint Academic Council-Executive Vice Chancellors (EVC) meeting in April as well, reminding the EVCs of President Dynes' matching funds program to build on-campus childcare facilities. In addition, UCFW made significant progress in 2006-07 on a potential UC adoption assistance program for UC employees. HR&B developed a draft policy, which UCFW considered in the spring and will continue to follow in 2007-08 pending additional consultation on the specifics of the proposal.

Housing. In spring 2007, UCFW approved UCOP-proposed modifications to the Mortgage Origination Program (MOP), which offers reduced interest rate mortgages to Senate members and others. UCFW will continue work next year, however, on proposed changes to the Supplemental Home Loan Program (SHLP). The committee is working with UCOP staff and Provost Hume to reconvene the New Financial Programs Subcommittee of the UC Housing Task Force, which will include significant Senate representation in its work to modify SHLP programs and policies.

Parking Principles. Discussions stalled this year on UCFW's work to close the gap between the 2002 Academic Senate Parking Principles, and the 2002 UCOP Parking Principles. Katherine

Lapp, Executive Vice President-Business Operations, who joined UC in May, has agreed to take up this issue with UCFW next year, however.

UCFW Health Care Task Force (HCTF). The HCTF, under leadership of Chair Larry Pitts, continued its work to ensure the availability of affordable health care premiums and comprehensive health benefit plans, and exploring a possible long term care insurance option for UC employees. The task force was proud to see the successful launch of the HCTF and UCFW-inspired Wellness Project as a pilot program in fall 2006, only to see it grow into a systemwide UC program by the end of the year. UCFW expresses its utmost appreciation to Lester Breslow (UCLA), former HCTF member, and Harold Simon (UCSD), for their many years of dedication to this project.

The task force spent numerous hours working with HR&B staff, reviewing plans for a major alteration of UC's medical plans in 2008. The HCTF's long term care initiative is progressing, however slowly due to a turnover in HR&B's consultants. This issue will be tracked on the 2007-08 HCTF agenda. The HCTF also made progress on its work with the UC Medical Center Directors, a project that began in 2006. HCTF Chair Pitts met with the UC Medical Center directors and other administrators multiple times this year, to begin to build relationships with the Senate. In addition, the HCTF began work with HR&B staff to identify several projects that faculty volunteers can assist HR&B with, in lieu of hiring outside consultants. Lastly, the HCTF continued to monitor the retiree health benefits valuation methodology used by Mercer in its Report on UC Total Remuneration. UCFW notes its appreciation of the HCTF and HCTF Chair Pitts especially, for their tireless work on behalf of the committee and the Senate.

UCFW Task Force on Investment and Retirement (TFIR). TFIR Chair Robert Anderson provided UCFW with regular updates on TFIR's work this year. TFIR members were the principal contributors to UCFW's position on a proposal for UC faculty with appointments to the Howard Hughes Medical Institute and the Ludwig Institute for Cancer Research, as well as UCFW's position on UCOP's plans to establish a trust to support new Governmental Accounting Standards Board reporting of annuitant health benefit obligations. TFIR was also instrumental in developing the Statement on UCRP (discussed earlier in this report), an important document that was the outgrowth of UCFW's and TFIR's concerns that the faculty were not receiving accurate, comprehensive information on UCRP investment returns and the health of the retirement plan. UCFW expresses deep gratitude to TFIR members and TFIR Chair Anderson especially, for their tireless work on behalf of the committee and the Senate.

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:

- Total Remuneration and the 2007-08 Budget: A UCFW Analysis and Recommendation (with addendum: Calculation of COLA Required to Maintain UC's Current Competitive Position in Faculty Salaries in 2007-2008), October 18, 2006
- UCFW Subcommittee for Mercer Workforce Impact Study – Response to Request for Feedback on Oct. 13, 2006 Presentation to UCFW, October 31, 2006 (letter to Randy Scott, Executive Director, HR&B)
- UCFW Position on Proposal for UC Faculty With Appointments to the Howard Hughes Medical Institute (HHMI) and the Ludwig Institute for Cancer Research (Ludwig), November 21, 2006
- UCFW Recommendations for January Update of Mercer Total Remuneration Report to The Regents, December 4, 2006 (memorandum to Randy Scott, Executive Director, HR&B)
- UCFW Recommendation on Plans to Establish a Trust for Funds Used to Pay For Retiree Health Benefits, February 20, 2007

- UCFW-TFIR Analysis and Recommendation to Support the Draft “Agreement on Terms for Transfer of Assets from UCRP to LANS Plan and Continued Administration and Obligation Related to LANL Portion of UCRP” dated January 24, 2007, February 21, 2007
- UCFW Recommendations on Child Care, February 25, 2007 (memorandum presented to the joint Academic Council – Executive Vice Chancellors’ meeting of February 27, 2007)
- UCFW Approval of Plans to Establish a Trust to Support New Governmental Accounting Standards Board (GASB) Reporting of Annuitant Health Benefit Obligations, April 17, 2007
- UCFW Recommendations for Appointment of Senate Representative to CPEC Discussions and Creation of a Task Force on Faculty Compensation Determinations & Comparisons, April 16, 2007
- UCFW Approval of Proposed Revisions and Modifications of Program Parameters for University of California Mortgage Origination Program, April 17, 2007
- UCFW Endorsement of the University of California Retirement Plan Benefit Proposal for UC Ladder Rank Faculty on Leave Without Pay at the Howard Hughes Medical Institute (HHMI) and the Ludwig Institute for Cancer Research, Regents’ March 15, 2007, Discussion Item C7 for the Committee on Compensation, April 24, 2007
- UCFW Nomination of John Oakley to University of California Retirement System (UCRS) Advisory Board, June 16, 2007
- UCFW Request for Second Review of APMs 710, 711, and 080: Paid Sick Leave, Reasonable Accommodation, and Medical Separation, July 16, 2007
- UCFW Proposed Academic Council Statement on UCRP, July 16, 2007

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 Academic Personnel (UCAP) Report: “Synopsis of the Present Status of the UC Merit and Promotion System and Principles of and Policy Recommendations for UC Faculty Compensation,” January 19, 2007
- Review of RE-89, The Regents’ Proposed Policy Restricting University Acceptance of Funding from the Tobacco Industry, April 13, 2007
- UC Office of the President Draft Proposal on Relationships Between (Pharmaceutical) Vendors and Clinicians, June 8, 2007
- Proposed Amendments to APM 620, Policy on Off-Scale Salaries, June 20, 2007
- UC Office of the President Policy Review Project – Draft Guiding Principles for Policy Setting and Compensation Governance, July 16, 2007

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Respectfully submitted,

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