

Meeting Minutes
COMMITTEE ON FACULTY WELFARE
Meeting of October 23, 2014

Present: Noriko Aso, Adrian Brasoveanu, David Cuthbert, Ted Holmen, Andrew Mathews, Nina Treadwell, Manfred Warmuth, James Zachos (Chair), Jaden Silva-Espinoza (ASO)

Absent: none

Chair Announcements and Committee Business

CFW welcomed new member, Nina Treadwell, Music Department.

Report from the 10/10/14 University Committee on Faculty Welfare Meeting (UCFW)

Chair Zachos reported on the recent UCFW meeting where the UC 2014 Update of Total Remuneration Study for General Campus Ladder Rank Faculty was discussed. The report will be a major agenda item for UCFW this year. Provost Aimee Dorr consulted with UCFW regarding the report which shows that total UC compensation is 10% below the comparison campuses. It is now clear, UC retirement benefits no longer compensate for the large differences in salary with the comparison group of 8. Options for addressing the salary issues were discussed. The Office of the President would like to have a plan to address the issues raised by the study in place by next March. Data for individual campuses will be shared with divisional committee chairs in the near future. Divisional committees will respond to UCFW by January 1st, so that UCFW may make recommendations to the Academic Council. Chair Zachos noted that the UCSC CFW will assess how UCSC fared relative to other campuses in the study.

UCFW received a brief overview of UC health benefits and the UC Care health plan from former Health Care Task Force Chair, Bill Parker, who commented on UC Care and Retiree coverage. Parker noted that UC employee healthcare costs \$1.6 billion/year, of which the University contributes a substantial portion, about \$1.3 billion. Preliminary data analysis from a recently completed, yet to be released, satisfaction survey of UC employees was discussed, and while overall satisfaction is good for all plans, the lowest level of satisfaction for UC Care was at UCSC. The relatively lower ratings may be attributed to the fact, of all campuses, UCSC had the greatest % enrolled in UC Care, the only PPO option available to employees. He noted that when switching plans, satisfaction tends to drop as participants adjust to the new plan and providers.

Dwaine Duckett, Vice President of Human Resources, consulted with UCFW on UC Health benefits. No major changes in benefit options are anticipated for the coming year. Premiums for Health Net B&G are expected to increase by no more than \$25, whereas the premiums for UC Care are expected to increase by 16%. The large increase in premiums is partly a consequence of greater than estimated expenditures for care under this program.

CFW noted that the increases in UC Care, on balance, will have a disproportionately greater impact on UCSC with a large percentage of employees on the plan as it is the only plan that provides access to the Palo Alto Medical Foundation (PAMF). Further, as the UCSC campus has one of

the lowest faculty salary averages and one of the highest costs of living, an increase in average employee premiums will cut further into compensation and impact total remuneration.

If Kaiser Permanente was to move to the area, there would be more healthcare options and premiums could possibly be kept down. However, at the UCFW meeting, members were informed that Kaiser is not interested in moving to Santa Cruz as the market is too small.

Jim Chalfant, Chair of the UCFW Task Force on Investment and Retirement (TFIR) reported on the state of the University Retirement Plan (UCRP) and liquidity. Chair Zachos believes that the unfunded liability is about 6 billion, so liability is roughly 86% funded, a significant improvement from the past when it was 60% funded. Last year, the UCRP rate of return was 17%, so these numbers are likely to fluctuate. Last year \$700 million was borrowed from short term investment funds (STIP), a good step, but an additional \$500 million is still needed to meet payments for the next year.

CFW members questioned whether the funding model and expected return percentage of 7.5 based on historic returns are appropriate. Last year CFW looked closely at UCRP and the funding model. The committee received feedback from unions who suggested that some of the assumptions with regards to expected return were overly conservative and that the retirement program was not in as desperate a state as perceived. However, this opinion may be largely based on where one is in terms of retiring. If a faculty member is retiring soon, he/she may want a more conservative approach. If not, there may be more room for cost/risk. CFW noted that risks that were taken years ago when, with exceptionally high returns, employees and UC were not contributing enough to retirement, which helped create the current deficit. CFW will discuss UCRP in greater detail later this quarter.

Report from the 10/14/14 Senate Executive Committee Meeting

Chair Zachos reported that the SEC meeting focused largely on graduate growth. The campus is making a commitment to increase the number of graduate students to 12% of the student population. SEC believes that there needs to be a set of guiding principles in order to accomplish this goal. The committee has drafted a document titled “Guiding Principles for Graduate Growth” in which they recommend that a joint administrative-Senate task force be established in order to create a plan for campus graduate growth. SEC is asking for recommendations and feedback from committees at the November 7th Senate meeting.

CFW discussed the impacts of graduate growth on faculty welfare. Members noted that mentoring more students provides less time for other responsibilities such as teaching, research and service, however, the strain may be alleviated by using Rebenching money to hire more faculty. Members raised concerns about the acceptance standards potentially being lowered in order to increase the number of graduate students on campus, and hope to see an increase in the number of qualified applicants in the near future. Members discussed a recent report by the Council of Graduate Schools¹, which showed a slow upward climb of graduate student applicants that is uneven by field. Health services, computer science/math, and engineering appear to have increased from 4 to 11 percent over a decade, whereas all other disciplines appear to be losing applicants from 1 to

¹ Graduate Enrollment and Degrees: 2003 to 2013, Council of Graduate Schools, September 2014.

6 percent. The committee recognized the importance of resources to support students who come to campus and competitive multi-year packages to encourage applicants to come, and noted that the quality of graduate student Teaching Assistants (TAs) and researchers makes a huge difference in the quality of instruction for undergraduates.

CFW questioned where allotted resources for graduate growth are going and whether or not the campus has a targeted plan and will look to the new graduate growth task force to address the issues and gain a better sense of how the UCSC campus may move forward.

VPAA Lee is looking for Senate representatives to sit on a committee that will review online education course proposals. Last year, CFW considered online education with regards to intellectual property and faculty welfare.

Consideration of the draft minutes from the CFW meeting of October 9, 2014
The October 9, 2014 meeting minutes were approved.

Committee Consultation Procedures

The Senate Executive Committee (SEC) has determined a set of consultation procedures that will be used for all Senate committees. CFW reviewed and agreed to the procedures.

UCSC Faculty Salary Analysis

In October 2013, CFW sent an email to Senate Faculty containing the committee's analysis of UC salary data from 2011, including charts of average salaries across campuses as well as a table showing the rate of advancement system-wide. The committee recommended that salary data be sent to faculty each year at the beginning of the fall quarter when departments are conducting merit and promotion reviews. In February 2014, CFW did a similar analysis on data from 2012. Members agreed that the CFW will draft a new email to UCSC faculty containing the latest salary analysis.

The analysis from last year showed that the special salary Merit Boost Program which began in 2008, brought UCSC salary levels up to the level of UC Davis and Riverside. However the former CFW committee determined that UCSC should be more in line with UC San Diego and UC Irvine as both are coastline communities with similar cost of living to UCSC. The committee recommended that the Merit Boost Plan should continue. It was extended for another year but is scheduled to sunset at the end of the 2014-15 academic year. Members agreed that the program is helping and should not be changed unless there is a compelling reason and evidence that something else will work better.

Members noted that the personnel review process prior to the Merit Boost Program was generally unknown to faculty. The Merit Boost Program provided clear metrics for the scaling of acceleration, advancement, and increases in off-scale salary with accomplishments. If the Merit Boost Plan ends, what will be basis for the personnel review process that the campus will revert to? The old plan clearly wasn't working. Members recognized that such information often does not trickle down from department chairs and divisional deans to faculty. CFW plans to consult with CP/EVC Alison Galloway about the Merit Boost Program to gain a sense of what is working, what is not, and what the CP/EVC envisions moving forward.

One aspect of last year's analysis was the disparity at the higher ranks in terms of off-scale salary. Members assumed that when the Merit Boost Plan began, it helped junior faculty, but it may have left behind senior faculty. This may have contributed to differences in average salary between campuses. Further, the rate of advancement is different at UCSC than other campuses. Members noted that different departments and divisions on campus have different practices. For the upper ranks, there are key points where UCSC is distinctive in its practices and assumptions, particularly with regards to Step 6, which other campuses use, but UCSC has shied away from. CFW will be sending a request for updated data on faculty salaries in the near future and plans on looking at data on rate of advancement this year.

2014 Total Remuneration Study

In 2009, a study was conducted to evaluate UC's current competitive position for total remuneration for UC ladder rank faculty compared to market. A total remuneration update concluded in August 2014 and includes cash compensation, health and welfare benefits, and retirement benefits, with the added objective of evaluating the effect of new tier benefits. The study, which considers, salary, health benefits, and retirement, showed that UC is roughly 10% below the total remuneration of the UC comparison eight institutions, which includes Harvard, Stanford, Yale, SUNY Buffalo, and University of Virginia, among others.

Although not presented in the report, CFW would like to see the campus specific data in order to provide an analysis of how UCSC fares relative to the other UC campuses. UCFW has stated that the campus by campus data is coming. Members note that UCSC is unique in that a majority of employees subscribe to UC Care with higher premiums. The high cost of living in Santa Cruz is also a unique factor. In terms of salary, last year's CFW committee determined that UCSC was in the bottom tier along with UC Davis and UC Merced. However, UC Davis is proposing a new Step Plus Program to boost its faculty salaries, which will leave UCSC further behind.

The committee noted that there was no remuneration for staff in the report and questioned whether the unions are concerned about remuneration for employees. There was also no comparison of total remuneration in comparison to the relative cost of tuition included. Members noted the lack of faculty tuition support although the topic is brought up every few years.

CFW will continue to discuss the remuneration report this quarter and plans on providing comment to both SEC and UCFW.