

Minutes
COMMITTEE ON FACULTY WELFARE
Meeting of February 18, 2016

Present: Shelly Grabe, Ted Holman, Andrew Mathews, Grant McGuire, Ricardo Sanfelice, Nina Treadwell, James Zachos (Chair), Jaden Silva-Espinoza (ASO)

Absent with Notice: Melissa Gwyn, Shelly Errington (*ex officio*)

Chair Announcements and Committee Business

Consideration of the draft minutes from the meetings of January 21, 2016

The minutes in question were approved by the committee.

Update from the UCFW meeting of February 12, 2016

Chair Zachos provided the Committee on Faculty Welfare (CFW) with a report from the University Committee on Faculty Welfare (UCFW) meeting on February 12, 2016. UCFW met with the Health Care Task Force (HCTF) and was informed that since the two year agreement with Blue Shield is coming to a close, the University is going out for bids for a third party administrator for the UC Care PPO health plan. One requirement for the bids is that “Tier One” coverage must remain the same.

CFW members noted that employee access to the local Palo Alto Medical Foundation (PAMF) is due to the foundation’s association with Blue Shield and raised concerns that access to PAMF may be lost if Blue Shield does not continue as the plan’s administrator.

The HCTF reported that UC Care has an estimated \$8 million surplus after losing 800 enrollees during the last open enrollment. The Task Force also discussed the possibility of prefunding retirement health care. Chair Zachos noted that this is not currently a benefit, but that there may be a move to make it guaranteed.

UCFW consulted with Rachel Nova from the UC President’s office. Nova noted that President Napolitano will present a retirement recommendation to the Regents on March 11, 2016. The recommendation could be based on task force recommendations and/or feedback, or be something completely different.

CFW noted that there could be repercussions if President Napolitano denies the one time funds from the State and the creation of a third tier of retirement. The legislature could pull back all contributions to the retirement fund’s unfunded liability and the money will then have to come out of UC’s budget. Members noted that Governor Brown wants the same cap on UC employees as there is on other state employees. CFW members questioned whether the Governor is aware of what the UC system provides for the state.

Report from the Senate Executive Committee (SEC) SEC meeting of February 9, 2016

Chair Zachos reported that SEC discussed cyber security and the spyware that was installed systemwide to prevent attacks and stolen data. Breaches of cyber security pose a financial risk for UC. A campus representative at the meeting noted that there are attacks on UCSC’s security every 4 seconds. Concerns were raised about the spyware being installed without Senate consultation.

SEC also discussed the departure of the current Campus Provost and Executive Vice Chancellor (CP/EVC) and considered what members would like to see in the next CP/EVC.

Update from the Academic Senate meeting of February 12, 2016

CFW was provided with an update from the recent Academic Senate meeting, where CFW provided a presentation on child care, partner hire resources, faculty salaries, and retirement. Following the presentations, CFW presenters received positive feedback, particularly with regards to the childcare presentation. Members who were in attendance at the meeting agreed that comments made by the CP/EVC appeared to confirm that childcare is not a priority for the campus, and raised concerns about the lack of investment by the administration. Members noted that CFW has been working to secure employee childcare for 15 years and the campus has not yet moved forward. Additionally, members noted that there may not be enough money to launch a childcare program, even if UCSC takes advantage of the UCOP matching grant that is available for childcare facilities.

A suggestion was made to once again recommend that the current money set aside for childcare be used for vouchers before it is re-appropriated for another use. The committee reached a consensus that CFW should keep pushing the issue of child care. CFW will invite CP/EVC Galloway in for a casual consultation to see how she would recommend moving forward on the issue and may re-open the conversation regarding child care vouchers. In addition, members considered adding childcare to the planned survey of Senate faculty inquiring about transportation and parking priorities. Concerns were raised that with the current senior faculty cohort, a child care survey may not represent the priorities and needs of the expected new faculty cohort of junior faculty in the next 7-10 years. As such, the committee determined that it might make more sense to use the demographic information provided by Bright Horizons in the Staff and Faculty Child Care Analysis Team report and to make assumptions regarding need and access.

A CFW member reported that he spoke with the CP/EVC after the Senate meeting and was informed that there is no staff time or support for CFW's recommendation to have APO manage a website containing a partner hire contact list and an annual call for participants. The member volunteered to take on the task himself if IT assistance was provided. CP/EVC Galloway recommended that the CFW representative contact Associate Vice Chancellor (AVC) Pamela Peterson to discuss including the contact list on the APO website. CFW members noted their approval of this plan to move forward.

During the Senate meeting, former CFW Chair, Barry Bowman, made a recommendation from the floor that CFW consider medians when looking at faculty salaries instead of means. Chair Zachos noted that there are differences between means and medians due to outliers, however, for the purposes of the recent report on faculty salaries, CFW was focused on the median as the goal of the 2008 Merit Boost Plan was to increase UCSC faculty salaries to the UC median. CFW will continue their analysis of faculty salaries this year and will include both means and medians in

their next report in order to increase the case for the need to continue to boost salaries. Members agree that the next faculty salary report will also note that medians may present a skewed distribution.

Third Tier Retirement Options and Total Remuneration

CFW reviewed a Mercer report on the effect of third tier retirement options on UC faculty total remuneration. As expected, the report notes that total remuneration for full Professors drops with both the DB/DC supplemental and full DC plan, however the analysis indicated that the total remuneration for Assistant and Associate Professors with the DC plans would slightly increase, suggesting that a DC plan would be extremely portable. Further, the report analysis assumes a discount rate of 7.5%, an inflation and Public Employee's Pension Reform Act (PEPRA) cap increase of 2.5%, a salary increase of 4%, and an expected investment return of 7.5%.

On February 10, 2016, the Assembly of the Academic Senate adopted a resolution rejecting the imposition of the PEPRA cap in the absence of a plan to provide compensating increases in total remuneration.

Chair Zachos reported that UCFW discussed the report during its recent meeting and expressed concerns regarding the speed at which the analysis was done and the short evaluation period's effect on the overall comprehensiveness of the analysis. UCFW determined that the analysis of the report was not done properly and is not very useful in determining how a possible third tier will affect faculty total remuneration. The systemwide committee is waiting to see what President Napolitano recommends to the Regents during the March regential meeting.

Chair Zachos noted that the proposed DC plan is similar to what is offered at other campuses across the country and suggested that without competitive salaries, the current DB plan is what currently attracts and retains faculty at the University of California. In addition, Chair Zachos commented that the DC plan appears to carry the promise that it will be a better option for UC, but it reduces total remuneration and individualizes risk, and the last 30 years of changes to U.S. pension plans suggests that in the long run a DC plan will not be better for the employer or the employee. Chair Zachos further suggested that it might be time for the University to consider what it would take to have a sustainable pension fund that does not incur unfunded liability like the current plan. Such a conversation may include recommendations to increase employee/employer contributions as the current program might not be sustainable with the current level of contributions. The assumed rate of return would also need to be reassessed as the current rate is unrealistic. Chair Zachos suggested that UC should be innovative in coming up with possible options and could propose a sustainable solution that could be a model for companies and governments outside of the UC system.

CFW members noted that this is a political discussion as faculty protested when the employee contributions to retirement were raised in the past. A suggestion was made that if UC will have to increase salaries to improve total remuneration, this additional salary could be put into a 403 plan.

Members agree to revisit the issue later in the year, and perhaps make a recommendation for the Senate to consider what it would take to maintain a healthy DB plan by first pointing out that the current retirement program is not sustainable and why. Chair Zachos will speak with UCFW and the Retirement Task Force to see if creating a sustainable DB program has been thoroughly considered.

Parking and Transportation

CFW received an update from the February 9, 2016 meeting of the Advisory Committee on Transportation and Parking (ACCTP) from a committee ACCTP representative. The representative reported that the ACCTP has been looking at budget spreadsheets. ACCTP meetings have focused on clarifying the logic of such spreadsheets, which the CFW representative noted is a vast improvement in terms of transparency from the previous academic year.

Apparently Transportation and Parking Services (TAPS) has been reducing its FTE to reduce costs, however there has been a 5% increase in staff salary costs as the remaining staff have been reclassified due to taking on more responsibilities. The committee is looking at large expenses such as the Metro bus program and the Van Pool program and is trying to reduce costs and keep the balance of campus costs and user fees roughly the same. Major increases in costs appear to be due to new construction and the refinancing of payments, particularly for the Core West parking structure. The CFW representative plans to ask the ACCTP what proportion of parking permit fees go towards paying the debt of new structures. The representative noted that TAPS plans on including a breakdown of how much of a parking permit sale goes towards supporting individual sustainability programs on the receipt. The CFW representative suggested that the amount going to pay the debt or building costs of new structures and parking lots (new capital) should also be included. The ACCTP has been informed that a proposal to increase "A" parking permit fees by 5% per year until 2025 is on its way.

Members reviewed the proposed TAPS guidelines and re-confirmed that all of the guidelines are based on cost and not at all on service. The CFW ACCTP representative noted that TAPS has been mandated to run transportation and parking without incurring costs, and this is their primary job and focus.

Chair Zachos noted that accessibility is a major concern for faculty. He has received several email reports in recent weeks during the rainy season reporting that faculty could not find parking. A planned CFW survey on transportation and parking on campus will make faculty priorities in this regard clear. A suggestion was made that if a phone app was available which noted the time that buses would arrive at stops, more people might take the bus and open up parking spaces on campus. Members considered this option in the past and were informed by the CP/EVC in consultation that the Santa Cruz Metro unions would not allow such tracking of buses for fear that information could be used against an employee in performance evaluations. Chair Zachos

suggested that CFW could pursue this further. The CFW ACCTP representative will also speak to TAPS Director, Larry Pageler, on the topic and report back to the committee.

Members expressed concerns regarding the number of pay station/meter parking in lots compared to the number of permit parking spots. The committee determined that since ACCTP documents are being explained in meeting and transparency of the budget has improved, CFW will focus its planned correspondence to Vice Chancellor of Administrative Services (VCBAS) and TAPS Director Pageler on parking access concerns and the recent faculty reports that CFW has received in this regard.