Meeting Minutes
COMMITTEE ON FACULTY WELFARE
Meeting of November 3, 2016

Present: Vilashini Cooppan, Melissa Gwyn, Ted Holman, Grant McGuire, Stefano Profumo (Chair), Shelly Errington (*ex officio*), Jaden Silva-Espinoza (ASO)

Absent with Notice: Ricardo Sanfelice

Chair Announcements and Committee Business

Chair Profumo reported that he had a one-on-one meeting with the Vice Chancellor of Business and Administrative Services (VCBAS) Sarah Latham. VCBAS Latham expressed that she is happy to hear that the Committee on Faculty Welfare (CFW) representative on the Advisory Committee for Campus Transportation and Parking (ACCTP) will continue to represent CFW during the fall quarter 2016.

With regards to the possible building of Ranch View Terrace Phase II (RVT2) homes on campus, VCBAS Latham suggested that the current plans for the homes may have to be redesigned if they are to built under the new "P3" building funding model. Members discussed the debt from the building of the first phase of Ranch View Terrace homes (RVT1), and agreed that the burden should not be placed on the purchasers of future Ranch View Terrace Phase II (RVT2) homes. The committed noted that much of the debt is due to lawsuits that followed the building of the Phase I homes. A suggestion was made that this part of the debt should be written off by the Chancellor. Members expect that there will be new lawsuits following a possible redesign and building of Phase II homes.

Promoting Family Friendly Scheduling Practices

The committee discussed a concern raised by a fellow faculty member regarding a need for family friendly scheduling practices in campus departments including department meetings, recruitment meetings, etc. Members reviewed a set of best practices for deans and department chairs from Brown University suggesting that accommodations should be made for those in need of family friendly schedules. Members shared anecdotal stories from their departments. In some departments, there are no late afternoon or evening classes. Yet, some faculty prefer to teach in the late afternoon and/or evenings. Members noted that late classes, which can be particularly difficult for lecturers who are frequently asked to cover these late classes, may be necessary due to the lack of classroom space on campus.

The committee determined that best practices may act as a way to acknowledge faculty needs, however the committee could not determine a need for UCSC to establish its own set of best practices with regards to family friendly scheduling at this time.

UCSC Exit Surveys – VPAA Inquiry

CFW will move forward with its request for information on the exit surveys that are being conducted on campus with faculty who chose to leave campus. The committee would like to know what questions are being asked, where the data is being stored and how it is being used, and would like to have the opportunity to review the data. Members are hopeful that such data may provide some insight into the cause of failed retentions and/or recruitments, and further direct the committee's pro-active agenda.

Proposal for a Senate Faculty Survey on "Top-Five Faculty Welfare Priorities"
In order to assist the Senate, the Senate Executive Committee (SEC), and the campus in determining campus priorities, CFW discussed the possibility of conducting a simple survey of Senate faculty on faculty welfare priorities. Members are hopeful that the data from such a survey might help to motivate the administration to take action on faculty welfare issues and demonstrate that CFW priorities are shared priorities. When Chair Profumo mentioned the potential survey at a recent SEC meeting, the committee was supportive. Chair Greenburg of the Committee on Affirmative Action and Diversity (CAAD) suggested that the survey also include a voluntary question on rank, step, and gender. CFW members noted that data on gender would be helpful and agreed that instead of saying that the question was "voluntary", the survey program would allow faculty to continue with the survey if the question was left blank.

The survey will inquire as to what topics faculty believe should be top priorities for the campus. Members considered a list of topics including: onsite childcare, financial assistance for childcare, additional on-campus housing, parking and transportation, faculty salary/compensation, research resources, retirement, healthcare, housing assistance, and spousal/partner hire resources.

A final list of topics will be sent to members for review.

Open Enrollment 2017 - UC Care Annual Out of Pocket Maximums
The CFW Committee Analyst recently noted that the 2017 out of pocket maximums for UC Care listed in the Open Enrollment materials have changed significantly. The maximums for UC Select providers was $1,500 per individual last year and will be going up to $5,100, which is more than 3 times the 2016 amount. Members questioned the reasoning behind the increase in cost and raised concerns about the increase and the lack of attention drawn to the increase. Chair Profumo stated that when the University Committee on Faculty Welfare (UCFW) met with the Health Care Task Force (HCTF) to discuss Open Enrollment 2017, the message was that the premiums for the plan were going down and that participants would be saving money. Although not intentional, CFW members noted that in light of the increase in maximum out of pocket limits, the HCTF report was misleading. CFW was informed that the UC Care plan made money last year. If costs are going up, members would like to have an explanation as to why the cost increase is necessary. Chair Profumo has brought the issue to UCFW, that will research the topic further. Chair Profumo will write to the Senate Chair to request that an announcement regarding the increases be made at the upcoming fall quarter Senate meeting.

Housing Consultation
CFW invited Director of Capital Planning and Employee Housing Steve Houser, and Staff and Faculty Housing Manager John Thompson to consult with the committee and provide a general overview of campus employee housing.

Following introductions, Director Houser informed the committee that per an Office of the President (UCOP) mandate to increase student beds, he is now working on increasing the number of student beds on campus. Houser reports to Housing and works with financial cohorts to manage Housing's funding in terms of new beds.

With regards to Ranch View Terrace employee housing on campus, Houser noted that RVT1 was delivered via a third party construction company and it was not a smooth process. The project built 45 units as well as the infrastructure for the proposed RVT2 project. Originally Ranch View Terrace was designed to be an 81 home project in one phase. However, in 2006, in response to the Regents, the Environmental Impact Report was amended while the Long Range Development Plan (LDRP) was being vetted, which resulted in the project being redesigned to be built in two phases. This change resulted in a lawsuit. The campus won the lawsuit and had to pay $43k to attorneys, but lost 9 months of planning and construction time when construction inflation was increasing monthly. As a result, and to save money, the quality of the homes went down and there was no granite, tile, or fences installed as originally planned. Houser reported that there was $26 million in sales revenue from a roughly $30 million project, which posed the question of how the differential would be paid off, leaving roughly $10 million in debt before RVT2 is even built. Right now, RVT@ can carry a maximum of 39 homes on 6.2 acres pursuant to the approved environmental Impact Report. Houser noted CFW's interest in building more units on campus, but pointed out that affordability would be an issue. Houser suggested that the campus could build at market rate, but market rate implies a certain lot size, which would not be available on campus.

Houser suggested that working under the new P3 building funding model, a third party contractor may be able to bring the cost down. If the density can be increased, or the area enlarged, the houses might be more affordable. It is expected that changes to the plan may create issues with blocking views for current owners in RVT1, or may change the type of home to townhouses, which may meet objections. Houser suggested that CFW will be asked to weigh in at some point if RVT2 moves forward. CFW noted that even if homes are sold at market price, over time, they will be cheaper than the market and should be built. One member suggested that CFW would need to be the cheerleader for such an endeavor and encourage campus cohorts to think long term.

Houser shared that the Resale Repricing program was created to encourage turnover of existing housing inventory and create a standard of quality for easy transitions. Director Houser noted that CFW has expressed concerns in the past about the pricing of this inventory, but Houser believes that it is working well. The current fundamental question that Director Houser would like to consider with CFW, is whether or not the program should be generating income for certain purposes.

CFW members noted that the original intention of the Repricing program was to generate seed money for the next housing project. Houser commented that unlike student housing, there are so few units in the Repricing program, that the current seed money is not substantive enough to plan the next employee housing project. To design a project, Houser suggested that money would need to be borrowed and interest would be lost. However, under the new P3 program, the seed money would come from a developer.

Director Houser reported that there are currently 177 units in the sale inventory, including Ranch View Terrace and Laureate Court, however neither of the two are included in the Repricing program as they were purchased at market rate. Houser stated that he is trying to get Laureate Court in the Repricing program, where all but 3 units are currently sold, but is not quite there yet. Apparently the project is primarily a rental facility with 13 "for sale" units and 51 rentals. Houser noted that there is a problem selling the units to buyers with no Mortgage Origination Program (MOP) loan as lenders deem it high risk to loan money in a condo/townhome where less than 80% are owner occupied. Apparently faculty with MOP loans have been trickling in, but Laureate Court is the lowest desired housing of all campus units selling for $325k for a small 2-bedroom unit.

There are 2 additional in the campus inventory that are currently unsold. The owner of a unit at Hagar Meadow just bought a custom home, and the Repricing Program purchased the home from him so that he could get his equity back quickly in order to make the new purchase. This unit will be resold soon. A second unit at Hagar Court is in escrow and the campus is buying it back now. Houser noted that there will always be a few units in transition but insisted that employee housing is basically “sold out.”

Director Houser reported that the wait list for employee housing is getting longer. When employees are offered a unit, they almost always make a purchase. There are currently 95 Senate Faculty, 17 non-Senate faculty, and 186 staff members on the list. Houser added that the message for staff is grim, as all the sales got to faculty as they have priority on the list. Further, Houser emphasized that it is difficulty to sell Laureate Court units to staff, even if faculty don’t want them, as they do not have MOP loans and are unable to get other loans.

Houser suggested that the real driving force is demand in inventory, which he noted, was problematic and lacking when RVT1 was built. So far in 2016-17, 21 Senate faculty have joined the wait list. In 2015-16, 35 Senate additions were made to the list. In 2014-15, 24 names were added to the list and 16 of those names purchased units on campus. Director Houser indicated that when pricing is at a certain level, it encourages tenured faculty with higher salaries from wanting to buy on-campus as the return isn’t there and they chose to buy in the open market. Currently, the cost per square foot of units in the Repricing Program is at an inverted level with the open market. Last year, program pricing was recommended at $327/square foot, where as it was $543/square foot off campus. Houser suggested that when campus inventory is at 60-70% of the market price, wait lists are not too long, and the program works nicely. When units are lower than 60% of market, the wait list is too long.

In February 2016, during the last Repricing increase proposal review, the campus was at 59.5% of the market and the wait list is getting longer. Under the Repricing Program, the campus now buys units from the seller so that they can get their cash and get into the market quickly. Housing has argued that the Repricing costs are affordable, but there is concern about the possibility of the MOP loan going up and salaries not increasing. Houser suggested that campus units are now affordable for faculty and added anecdotally that he does not see faculty turning down the offer to buy on campus, and there is no trouble getting loans. When there is high demand and the campus is not carrying units and/or costs, the program works better.

Prior to the consultation, CFW noted its desire to hear how the comparable market is determined for campus units. Director Houser commented that he oversees the office that works with MOP financing and suggested that he has his thumb on the pulse of what faculty are interested in buying. Houser suggested that faculty prefer to live with a short commute to campus, mainly in Westside

Santa Cruz, from the main entrance to Ocean Street. Therefore, for campus comparisons, the 95060 zip code has been used, which includes properties down to Ocean Street, and also part of Bonny Doon up to Highway 17 and the 1. The average cost per square foot of all units sold is determined, which is where the $534/square foot figure came from.

Last year, CFW suggested that a 5-10 mile radius be used for comparison. Director Houser suggested that it would take significant research on all sales and transactions in the county in order to determine if particular units were within this radius. In addition, Houser suggested that if the range was expanded and used in a broader context, it would bring the pricing down. The Repricing Program increase recommendation would not be as high, however, this may affect the amount of seed money set aside, and additionally effect whether or not people are willing to buy campus units. When asked what bank lenders use for comparisons, Houser responded that there is a plot map for Santa Cruz that is used. Banks look at some units that are close, and some that are further away and adjust due to lot size, etc. The campus is doing something broader than what a bank would do.

In the past few years, CFW has requested that the annual Repricing Program proposal packets include a spreadsheet of issues that influenced the calculation of the proposed price/increase. Houser said that the explanation is now a footer in the text. He further added that the calculation is an art and not a science, based mostly on human behavior, such as the 60-70% of market target and its effect on the wait list and purchases. However, Houser indicated that this could be articulated in the next proposal. CFW members recognized that there are costs to the program that must be covered, but would like to know more about the "art form" and a dialogue about the calculation so that the committee and Houser are not always having to "reinvent the wheel" and revisit the same questions each year. Houser noted that he is in support of a smoother process.

Director Houser once again raised the question about the seed money from the Repricing Program. In past meetings, CFW members have questioned why the money is there when it is not being used. John Thompson noted that the money looks as if it is just sitting there, but is used to buy units back. The program works when there is high demand and no carrying costs, but when there is no seed money, and no demand, the campus pays interest and the program loses money. Houser commented that in 2009-2010 when the campus was carrying 20 some odd units, CFW said that the program was a failure. The program is technically in the red right now, but if all units were sold, there would be roughly $1 million in reserves. The existing program goes into deficit when the campus buys a home and there is no seed money. Chair Profumo noted that due to the fluctuating market costs, success of the program comes in waves, and indicated that CFW would like to look towards the future. The committee would like to know the reasoning for future proposed increases, come up with a compromise, and move forward in order to increase inventory on campus.

Housing Post Consultation
CFW debriefed from the consultation. Members discussed the debt incurred by RVT1 and noted that the debt is currently growing due to interest. Members agreed that building more housing would be best for the long term health of the campus. In order to prevent paying Short Term Investment Pool (STIP) on $9 million in debt, members agreed that the debt associated with

attorney fees should be written off, and the campus should move forward with building RVT2. The committee recognized that building would not recoup the whole debt amount, but will help, and will prevent more interest from accruing.

A representative on the CFW Subcommittee offered to work with Director Houser regarding the narrative around the calculation of the Repricing program for the next annual proposal and report back to the committee. A request was made to capture all changes to process, and/or agreements made, in formal committee correspondence.