COMMITTEE ON FACULTY WELFARE
Annual Report 2010-11

To the Academic Senate, Santa Cruz Division:

The Committee on Faculty Welfare (CFW) met twice per month throughout the academic year; members also represented CFW on a several other Senate and campus committees—the Transportation Advisory Committee (TAC), Campus Welfare Committee (CWC), Senate Executive Committee (SEC), Child Care Task Force (CCTF), local Health Care Task Force (HCTF) and the University Committee on Faculty Welfare (UCFW).

CFW's work in 2010-11 was impacted throughout by the University of California fiscal crisis. This crisis has dramatically affected UCSC, and the CFW has diligently worked to understand, explain, and, where possible, influence decisions made that affect faculty. 2010-11 was a highly eventful year for CFW with major decisions impacting the post-employment benefits, hefty increases in health care premiums, and a comprehensive Child Care Task Force Report. CFW took important preliminary steps towards reviewing faculty salary data to understand and assess the impact of the 3-year merit boost plan. CFW also expressed concerns about the risk of increasing interest rates and its implications on MOP loans and the housing repricing program.

Post-Retirement Benefits (PEB)

CFW provided a leadership role in analyzing various options of PEB (post-employment benefits) and played a pivotal role in mobilizing various constituencies to advocate against pension plans integrated with Social Security. CFW opposed the integrated pension plan options (Options A and B) because in contrast to either the current pension plan or Option C, these new options A and B were complex; rarely used at other universities; inequitable; difficult to understand, plan, or implement; and led to automatic progressive deterioration of pension with time.

CFW was faced with an uphill task due to a very tight timeline for decision making by the UC Regents. Although a formal vote was not expected until December 2010, a communication from the Academic Senate to the UC administration moved up the deadline to early November requiring the UCSC Academic Senate to convey its recommendation by late October. This left CFW less than one month of Fall quarter to respond to such an important long term employee benefit issue.

CFW called a pre-Fall meeting in early September to understand and analyze the full implications of the three proposed pension plan options (A, B, and C) that were communicated to UC employees in August. CFW developed a consensus to voice its opposition to Integrated Plan Options A and B at a time when they were poorly understood and seemed to have much support within the administration. CFW crafted a PowerPoint presentation and in collaboration with the UCSC Academic Senate, called for a UCSC faculty forum on Post-Employment Benefits in early October -- within a few weeks of the beginning of the Fall quarter. Informed by this debate and discussion, CFW crafted and unanimously voted for a PEB resolution in an emergency session during the first week of October. This resolution was further vetted by the UCSC Senate leadership and was then put to a vote at the UCSC Academic Senate October 20, 2010 meeting, where the resolution was adopted. The key resolution was that the "Santa Cruz Division of the

Academic Senate calls on President Yudof to reject any variant of an integrated pension plan and retain the existing flat/uniform plan structure of the current UC pension plan."

Simultaneous with these efforts at the UCSC Campus, CFW circulated its analysis and findings to UCFW (system-wide University Committee on Faculty Welfare) and partnered with the UCSC Academic Senate leadership to sensitize the Senate leadership of other UC campuses. We believe that these efforts were critical in persuading the UCFW and the system-wide Senate leadership to firmly oppose the integrated pension plan Options A and B. This change in perspective was reflected in the UCFW resolutions, voicing stronger concerns against integrated plan options A and B in contrast to their earlier resolutions that did not oppose these options. These deliberations within UCFW then formed the basis for the system-wide Academic Council resolution dated October 29: "The Academic Council recommends against adoption of any pension design integrated with Social Security, despite the theoretical merit of such plans in providing level income replacement, because the complexity of the plans and the uncertainty about the future evolution of Social Security prevents employees from making informed choices in their retirement planning; thus, the Council recommends against Options A and B".

Although acquiring support from UCSC Academic Senate and the system-wide Academic Senate was no small feat, this support was still not enough because the final recommendations on the Post-Employment Benefits were to be crafted in the best interest of all UC employees, including faculty and staff. Therefore, the UC administration held a series of open PEB forums at all the UC campuses. Due to the complexity of the options proposed and higher contributions by employees in Option C, Options A and B were being presented as potentially being more favorable to staff than to faculty. To alleviate these concerns and also to inform the faculty at large, a presentation on the PEB options and their impact by the CFW chair was videotaped and hosted by the SCFA (Santa Cruz Faculty Association). Finally, the CFW chair participated in the PEB open forum on the UCSC campus to voice its concerns regarding Options A and B. Eventually, the system-wide UC staff association also expressed their support for Option C.

After taking input from the Chancellors, system wide Senate leaders, and UC staff, President Yudof finally made a recommendation to UC Regents in favor of Option C, which was then adopted by the UC Regents in a formal vote. We believe that the untiring role of UCSC's CFW has been critical in enabling this outcome, which preserves most of the PEB benefits available to current employees.

Although Option C is similar in structure to the pension plan available to current employees, it takes away some of the features available to current employees, for example, full benefits of retirement will be available at a later age of 60 rather than the current retirement age of 55. Due to dilution of some of the benefits, there may be a slight difference in pension contributions by new employees joining after July 1, 2013 and the pension contributions by current employees or those joining before July 1, 2013. Employee UCRP contributions resumed in April 2010 at 2.0% and have been revised upwards to 3.5% effective July 1, 2011. UC Regents have already voted to increase the contributions to be 5% effective July 1, 2012. Required contributions starting July 1, 2013 have not yet been decided, but expectations range from 7-8% for both new and current employees.

Faculty Salary

Fall 2010 marked the beginning of the third and the final year of the 3-year merit boost plan instituted at the UCSC campus. In spite of being engaged and overwhelmed with the PEB developments, CFW discussed the 3-year merit boost plan early in its deliberations in Fall. One of the outcomes of this discussion was the frequently expressed sentiment that many faculty or perhaps even the departments may not be aware of the plan and may not be implementing the plan equitably across the board. CFW (through SEC and the Senate Chair) advocated more effective communication on the 3-year merit boost plan to the faculty. In response, the EVC sent out a campus-wide email to all faculty informing them directly of the 3-year merit boost plan. CFW is pleased that this practice of direct communication with the entire faculty was again practiced recently when the EVC announced in late Spring the continuation of the 3-year merit boost plan for an additional period of 3 years to make it a 6-year merit boost plan.

CFW also expressed concerns whether (i) the 3-year merit boost plan is consistent with the objectives of the Joint Senate-Administrative Task Force report recommendations formulated three years ago, and (ii) whether the 3-year merit boost plan is adequate in addressing the sagging faculty salary in view of the erosion of salaries due to increased UCRP contributions, increased healthcare premiums, and zero COLA for the past few years. To asses this impact, CFW requested data related to faculty salaries from the Academic Personnel Office. APO redirected CFW to engage with CAP on these issues and the data request. The CAP chair was concerned with the release of data to CFW for reasons of confidentiality and expressed support for the continuation of the 3-year merit boost plan. A subcommittee consisting of the Senate Chair, CAP Chair, CPB Chair, and CFW chair was formed to address faculty salary policy issues. There was a discussion of whether it was best to wait for a data request until the end of the 3 years of the boost plan period or whether it was best to ask for most of the data during the year and then request the final piece of data after July 1, 2011. In Winter 2011, the subcommittee decided to formulate a faculty salary data request for the APO. Eventually, CFW forwarded a faculty salary data request to the APO in late Winter and the first part of the data was provided to CFW in Spring. While CFW was engaged in the analysis of these data, the EVC announced, in late spring, the continuation of the 3-year merit boost plan for an additional period of 3 years.

CFW received the final part of the data in first week of July and held a mid-summer meeting in late July to analyze these data. Preliminary findings from the analysis suggest the following:

1. The current metric of off-scale salary as the key comparator is inadequate and perhaps inappropriate for salary comparisons within and between UC campuses. New metrics that take into account the salary growth and promotion through ranks provide new insights on faculty salary and should be vetted for further consideration on our campus and perhaps adopted for all multiple campus comparisons.

2. Although the 3-year merit boost plan seems to have been effective for some faculty, this intervention has not helped many faculty with long-term meritorious track records whose salaries remain lagged behind considerably. In other words, although short-term productivity of some faculty is being rewarded with permanent salary boosts, long-term productivity of many faculty has not been rewarded.

3. Further, there is a cohort of faculty with lower than normal progression in promotion **and** lower than normal progression in salary growth. Although some may label this group as "non-meritorious" and therefore, non-deserving of any salary increases, there are concerns that this group of faculty may be facing either hostile departments or worse, being treated unfairly in spite of highly meritorious contributions to teaching and/or service, which do not get rewarded at the same level as research and grants.

4. The committee expressed support in favor of revising the faculty salary scales upward since they have been frozen since 2007 without any COLA (cost-of-living-adjustment) increases. In spite of purported political opposition to any "COLA" increases on the grounds that "non-meritorious" faculty need to be denied any salary increases, there is not enough evidence to support that this group of faculty is non-meritorious. This recommendation is also consistent with the original proposal by the Joint Senate-Administration Task Force report. Now that we are completing the third year of the plan, with it extended for an additional three years by the EVC, it is CFW's opinion that the across-the-board increase should be reconsidered as a component of the newly extended plan.

5. CFW has also expressed concerns that the cohort of faculty not advancing through promotion or salary growth may represent higher proportions of minorities, women, or older faculty. If so, this means that although equally meritorious, this group is perceived to be less meritorious at various stages of personnel evaluation. Yet, CFW has been unable to carry out this analysis due to (legal) challenges in obtaining the data related to gender, ethnicity, and age. CFW will be looking for ways to obtain aggregate data in 2011-12 to investigate whether these concerns are well founded.

Moving on to the next year, these preliminary findings will be the basis for ongoing discussions within CFW, the UCSC faculty, and beyond to build a recommendation on ways to augment or restructure the 6-year merit boost plan that is currently in place and re-examine the appropriate metrics to evaluate and compare faculty salaries across campuses.

Health Care

In Fall 2010, UCOP unveiled a new two-tier HMO Healthnet plan – a Blue and Gold plan with access to PMG (Physicians Medical Group) and a full network plan with hefty premium increases with access to PMG and PAMF (Palo Alto Medical Foundation). Since a significant majority of UCSC employees were enrolled in PAMF, they were faced with a difficult limited choice. Although similar plans were offered at other UC campuses, UCSC, UCB, and UCD were most adversely affected because the most popular medical providers were not available with the less expensive Blue and Gold plan. UCSC was probably the most adversely affected due to limited choice. Some concerns regarding PMG were raised including their capacity to absorb increased enrollment and access to urgent care on weekends.

CFW engaged with the system-wide Health Care Task Force (HCTF) to solicit their support for allowing a UCSC representative to be appointed as a member of HCTF for future deliberations and negotiations. CFW also advocated to COC to appoint a UCSC representative to the local HCTF and succeeded in its effort.

Simultaneously, CFW suggested that a local HCTF (health care task force) be set up to engage with local PAMF and system-wide representatives to sensitize them to the unique situation of UCSC employees and work toward providing affordable accessible health care. Subsequently meetings took place between the UCSC representative and PAMF representatives, which has resulted in an improved understanding and relationship.

In spite of these developments, there is little hope of any premium reduction the coming year particularly because the University will only be seeking to make slight revisions to the existing policies rather than inviting fresh bids. It is unclear whether there will or will not be further hefty increases in health premiums. CFW is continuing to monitor the developments and work toward advocacy of affordable and accessible health care.

Child Care

The CFW is very concerned that UCSC is the only UC campus with no child care support for its faculty and staff; some campuses have several child care options. A recent article in the NY Times (6/6/11 interview of prominent women scientists) addressed the importance of child care for young women faculty:

> "At institutions where there is child care on site, where it is subsidized, where there are enough places for assistant professors to have their children, women do well. And at institutions where it is assumed that you will make your own arrangements, women do less well. There is good data on this."

We emphasize that affordable child care is important for maintaining productive and successful employees, both faculty and staff, male and female.

The CFW met with the Child Care Task Force (CCTF) several times during the year, provided intermittent input and assessed its draft report. Overall, the report is clear and – crucially – points to action. It lays out several options of location (renovating vs. building on- and off-campus) and third party vendors, with estimated costs based on assumptions of construction/renovation, labor, UC and UCSC support, and a range in the numbers of enrolled children.

In response to the final draft report from the CCTF, the CFW requested additional clarification and information that would allow better evaluations of the options that are addressed in the report and ensure that this document will be more transparent as well as informing (and forestalling additional questions from) future readers. Specifically, CFW requested more information about: which buildings on campus were considered for renovation and reasons they were rejected; whether child care would be affordable; whether a third party vendor could provide services at affordable rates; what resources the campus needs to commit (one-time and recurring); and more specific information about child care options and costs at other campuses.

The CFW suggests the EVC's office augments the CCTF report with the requested information and re-engages to craft long-term solutions for affordable child care on our campus. The CFW is concerned that costs may escalate and be ultimately unaffordable for young faculty and staff. Finally, CFW urges the EVC to develop and implement an interim voucher-based solution for providing child care to its employees starting in Fall 2011.

Housing

During the year, campus housing related issues were relatively stable. CFW continued to monitor the employee housing re-pricing program and the campus loan program (LIO-SHLP). The CFW recommended against an increase in the employee housing home prices, due to reasons described below.

Employee housing re-pricing program and Ranch View Terrace (RVT): In the re-pricing program, the campus purchases homes located on campus, and renovates and resells them to faculty and staff. The homes in the program include Hagar Court (50 units), Laureate Court (13 units), Cardiff Terrace/Hagar Meadows (69 units). RVT (45 units) is not included in the program. The program is helpful to campus homeowners because the sale of their campus homes can be coordinated with the purchase of their new homes, and many of them can obtain a low interest campus/UC sponsored loan, which can be used for the down payment for their new homes. Since the start of the program in 2007, the campus has purchased 49 units (30 of them from Hagar Court). This is a turnover rate of 37%. Yet, as of the end of May 2011, 10 units remain unsold. Together with the 3 unsold units at Ranch View Terrace, the total carry cost for the campus is currently close to $4 million. The situation may improve if new assistant professors start to arrive at UCSC, however, this may be challenging in the current fiscal environment. Overall, the current housing re-pricing program has not been solvent in the last five years and may still take several years before reaching solvency.

Low-Interest-Option Supplemental Housing Loan Program (LIO-SHLP): The UCSC campus offers a 10 year 3% loan to eligible faculty members, which can be used for a down payment. So far, 72 faculty have used this loan and the campus provided $3.35 million in total. The re-pricing program was originally designed to provide funds to LIO-SHLP and eventually make it self-sustaining, but the process has taken longer than anticipated to reach solvency, with a current LIO-SHLP program balance of $3.2 million in the red. When the program started, the low 3% interest rate seemed very attractive. Yet, in summer 2010, the MOP interest rate hit its historic low rate of 3%, and it has remained at 3% as of May 2011. The LIO-SHLP loan now seems less attractive compared with a MOP loan, which can be spread over 40 years. This can further contribute to the slow sale of available campus homes.

The Campus Affordability Value: After the completion of campus homes renovations, they are offered to faculty and staff at a price determined by "campus affordability value," which is updated every year. This number represents the cost of homes per square foot ($297 for 2010-2011) and is determined by several factors including (i) the median salary of incoming assistant professors, (ii) the MOP loan rate, and (iii) the cap of 60% of the cost per square foot of the comparable housing market (here, deemed to be the west side of Santa Cruz). CFW reviewed the proposal to increase the campus affordability value to $302 (1.7% increase) for 2011-2012, and decided not to recommend the increase for the following reasons. First, faculty salaries have been stagnant, and we are facing decreases in take-home pay (increased health insurance premiums and a rapid increase of retirement contributions). Second, since the start of the re-pricing program in 2007, the affordability value has increased rapidly (in a relatively short time-frame) at almost 15% overall. Lastly, CFW is concerned with the methodology to determine the campus affordability value in view of the stagnant and declining off-campus housing market (especially in the exclusive use of the west side of Santa Cruz as the comparable area, and homes

being included when valuing on-campus condominiums), and a possible risk of rising modular MOP interest rates in the near future. As was already noted, these rates are currently at a historic low.

Transportation and Parking

This year, CFW provided the only faculty representative to the Transportation Advisory Committee (TAC). Main issues have been related to costs associated with increasing fuel costs and event parking, as well as projected loss of service from the Santa Cruz Metro District. With the input of CFW, Transportation and Parking Services (TAPS) raised vanpool fees by 5% given the increasing cost of fuel. This solution was arrived at rather than an across-the-board dollar increase for most van pool riders, which would have raised fees by approximately 10% for those living in Watsonville. With respect to event parking, TAPS came to TAC with a plan to increase event parking fees to $5-6 a car (it is currently $3 a car). The CFW opposed this increase, as we felt it was inconsistent with the University's mission to be a resource to the broader community. TAPS is currently working on a proposal to split costs among drivers and event hosts so that fee increases are nominal for all parties. Finally, in consultation with CFW, TAPS has been working to develop a plan to address the cuts in Metro services to campus. These cuts affect nighttime bus services seven days a week. TAPS has proposed cutting the day core route in order divert those monies into running night shuttle service off campus 2-7 days a week (either Friday and Saturdays only, or all seven days a week).

Acknowledgments

CFW has also benefited a great deal from the prompt and professional assistance of a number of UCSC staff. We thank AVC Academic Personnel Pamela Peterson and her staff for providing key data, which has allowed CFW to analyze the current status of faculty salaries and specifically, the efficacy of the 3-year merit boost plan; VC Student Affairs McGinty and Capital Planning and Construction Director (CUHS) Steve Houser for information about faculty housing, re-pricing, and re-sale.

Respectfully submitted,

COMMITTEE ON FACULTY WELFARE

Roger Anderson
Shaowei Chen (F)
Maria Elena Diaz
Laurel Fox (W,S)
Gina Langhout
Helene Moglen *ex officio*
Cynthia Polecritti
Abel Rodriguez
Hirotaka Tamanoi
Suresh Lodha, Chair

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