

Committee on Faculty Welfare
Report on Faculty Concerns About Shifts In Benefits Policies

To: The Academic Senate, Santa Cruz Division:

In recent months the Committee on Faculty Welfare (CFW) has received numerous expressions of concern from individual faculty members about changes in various benefits that are being planned or contemplated. As these issues fall squarely within the mandate of CFW, we discussed them at some length and concluded that it is only prudent to bring them to your attention.

UCSC faculty salaries are now at least 15% below the "comparison 8" benchmarks where they are supposed to be (further below that if the cost of living, especially housing, is taken into account). Faculty have voiced rising concern about this in the past, particularly about how such relatively low salaries make it increasingly difficult to recruit and retain top people in every field. UC Office of the President (UCOP) and the Regents have worked conscientiously with Governors and state legislators to increase faculty salary ranges in the difficult context of fiscal crisis. However, two small recent range adjustments notwithstanding, the gap between existing salaries and the benchmarks remains and may well be growing.

In discussions of these issues, we are often told that our benefits package is better than most other universities and thus makes up for much of the shortfall in salaries. Yet recent developments in benefits have left many faculty concerned that this is less and less true. The business sections of all major newspapers in recent years have reported that more and more large employers are reducing benefits as part of "restructuring" or "cost containment" strategies designed to make them more competitive and profitable. UC now appears headed down a similar path:

-The cover story of the January 2006 *Human Resources and Benefits Briefing* noted that the UCRS surplus is rapidly disappearing and that UCRS contributions will soon be deducted from faculty paychecks. Returns on UCRS investments declined when the so-called "tech bubble" burst in 2001. Moreover, prior to that UC used some of the UCRS surplus to fund three early retirement (VERIP) programs as a means of easing earlier budget woes by replacing expensive senior faculty with less expensive junior faculty. Now the consequences of that strategy, as well as the reduced returns, appear to be falling on us. The *Briefing* article reports that we will again have to contribute to UCRS, beginning in July 2007, with the percentage of faculty contribution rising in subsequent years. Each such increase in employee contribution will be, in effect, a salary reduction.¹

-Many new faculty will join UCSC in future years as the campus grows and as retiring faculty are replaced. There is now talk of a two-tiered pension system in which

¹ For further information, see the new "Future of the UC Retirement Plan" web page at <http://www.universityofcalifornia.edu/news/ucrpfuture/welcome.html>.

new hires will *not* be offered the defined benefit pensions held by existing faculty but rather a 401k-style contributory plan. Further, just as private sector employers increasingly use “flexible” or temporary workers who get reduced or no pensions, UC increasingly hires part-time, non-senate instructors, many of whom do not earn pensions.

-Rising health care costs have necessitated increased health insurance premiums for most employers. While UC has borne much of this increase, faculty also have had to pay more for health insurance in recent years. In many cases, coverage has been reduced and co-payments increased as well.

-CFW has heard reports from numerous faculty who were hired about 30 years ago (now nearing retirement) that they were advised by UCSC Benefits staff to opt out of Social Security because it might not be solvent by the time they retired. Those who did so are now discovering to their dismay that they may not be eligible for Medicare. There are also rumors that UC group health insurance programs that currently cover faculty who retire before age 65, as well as insurance plans that supplement Medicare for retired faculty over 65, may require larger contributions or be unavailable to us in the future.

Taken together, these developments suggest that the traditional social contract between UC and its faculty is being eroded. This shift appears to be coming to us one piece at a time as a slow-motion *fait accompli*; we are asked to brainstorm about *how* to cut benefits, but not *whether* to do so. As the Committee on Faculty Welfare, we felt it would be irresponsible if we did not call these developments to your attention. We have three specific **recommendations** in this regard:

1. The systemwide committee, UCFW, has recently produced a detailed report describing the principles they believe should be used in designing such benefit changes. This is available in the “Retirement” folder on the UCFW web page (<http://www.universityofcalifornia.edu/senate/committees/ucfw/>). We recommend that all faculty read it to get a sense of the type and magnitude of the changes contemplated.
2. We further recommend that the UCSC Senate Executive Committee, in consultation with CPB and any other Senate committees they deem relevant, prepare a brief report to members of the Senate detailing all existing benefits and all planned or contemplated changes in those benefits.
3. Finally, we recommend that the Santa Cruz Division of the Academic Senate create Spring quarter forums for the full discussion of these matters, with the goal of producing a consensus statement of our concerns to be shared with other Divisions and, if deemed appropriate after due deliberation, be put in the form of a “Memorial to the Regents”² expressing our concerns and preferences.

² This is a formal declaration or petition on a matter of Universitywide concern that is addressed to the President for transmission to The Regents, as provided for in Standing Order of the Regents 105.2.e. For details, see Bylaw 90: <http://www.universityofcalifornia.edu/senate/manual/blpart1.html> - bl90.

Respectfully submitted,

COMMITTEE ON FACULTY WELFARE

Greta Gibson

Margo Hendricks

Ted Holman

David Marriott

Craig Reinerman

Manfred Warmuth (W&S)

Slawek Tulaczyk (W&S)

Paul Ortiz, Chair
