COMMITTEE ON FACULTY WELFARE
Annual Report 2008-2009

To the Academic Senate, Santa Cruz Division:

The Committee on Faculty Welfare (CFW) met every other week throughout the academic year. Representatives from CFW sat on the Transportation Advisory Committee (TAC), the Child Care Advisory Committee (CCAC), and the Campus Welfare Committee (CWC). Together with chairs and representatives of the Committees on Planning and Budget, Academic Personnel, and Privilege and Tenure, the CFW chair also sat on a subcommittee of the Senate Executive Committee (SEC) charged with analyzing faculty salary data and recommending an approach to redressing the lag in UCSC ladder faculty salaries.

Academic year 2008-09 began with the meltdown of the financial markets, and the ripple effects have touched many of CFW's traditional concerns, including benefits, salary, housing, and childcare. CFW will have a great deal to do in the coming year to monitor, comment on, and intervene in the many changes that have already taken place and are certain to continue. In particular, in the coming year CFW expects to be particularly active in helping develop a more robust advisory structure to oversee the future of child care for faculty and staff families; to renew planning for a child care program supported by an academic program; and to attend very closely to the highly fluid situation of the UC Retirement Program (UCRP) and retiree health benefits, which have been buffeted by the statewide budget crisis and legislative reluctance to shore up these programs. Finally, in light of salary losses due to furloughs and the anticipated effects on take-home pay of mandatory contributions to the UCRP, CFW is already involved in reviewing the assumptions the campus employs about "affordability" when it determines prices for re-sales of campus housing.

Retirement Benefits

Recent losses in the UCRP emerged as one of the most urgent concerns of CFW this year. The ratio of UCRP assets to liabilities gradually decreased over several years in spite of solid economic growth between 2002-2007. This ratio is expected to plunge far below healthy levels—defined as above .95—by 2013. Concerned about the transparency and accessibility of information about the retirement programs—much information is available but relevant information has not been gathered into a single, easily accessible location—CFW worked diligently to gather all the facts from disparate sources to produce a comprehensive report on UCRP that set our concerns about the program into the larger context of UC plans for restructuring. (See http://senate.ucsc.edu/cfw/UCRPreport041709.pdf.)

Some of the key concerns related to retirement include whether current, retired, and newly hired UC employees will receive the financial and health benefits our retirement programs have promised when they retire. Additional concerns include the return of member contributions in the next five years regardless of salary increases, freezes, or even cuts, and whether these contributions will be sufficient to bring UCRP back to sustainable levels. Although the UC Presidential Steering Committee and UC Presidential Task Force have begun to look into these questions, CFW believes the key data related to these questions should be made available to

UCRP members in an easily accessible, transparent, and timely manner so that members can meaningfully make individual decisions such as whether to take a lump sum cash-out upon retirement or not. CFW believes that UC employees will have a better understanding of the decisions the UC Presidential committees and the UC Regents will make, and will engage more effectively in decisions about their retirements, if they have appropriate data easily available.

These concerns about transparency and accessibility of information spurred CFW to co-sponsor, with the Campus Welfare Committee, a very well attended forum on the status of the UCRP (April 22, 2009) led by UCOP representative Gary Schlimgen. CFW circulated its report in advance of the forum, and presented it formally at the May 2009 Academic Senate meeting.

These concerns also caused CFW to propose, at the May meeting, a resolution designed to make UCRP investment information more accessible by gathering the information together on the UC Treasurer's website. With minor revisions, the Senate adopted the resolution (see http://senate.ucsc.edu/cfw/CFWUCRPResSCP1610.pdf), which was endorsed by at least one other UC campus. Subsequently UCFW endorsed a number of the recommendations. As of June 2009, UCFW planned to submit a request to the UC Treasurer to post specific UCRP investment information online according to a suggested timetable. CFW will continue to monitor the accessibility of this information and will consider renewing the recommendations not adopted by UCFW.

Together with significant uncertainty over the status of UCRP given the reluctance of the legislature to provide funds to support it, CFW anticipates that potential changes to post-retirement health benefits will also become a matter of urgency this year. Through our representation on the systemwide committee, UCFW, we will continue to monitor and participate in these and other matters related to faculty welfare systemwide.

Finally, following the practice of the past several years, CFW continued to co-sponsor a series of brown bag retirement forums during the academic year for faculty and staff.

Faculty Salaries

CFW itself did not participate directly in faculty salary discussions in academic year 2008-09, though the CFW chair served on a Senate Executive Committee (SEC) subcommittee charged with analyzing comparative salary data and recommending an approach to a one-time salary infusion. We summarize this information on salary here for the sake of general interest, as UCSC salary lag, especially in light of the cost of living in the Santa Cruz area, the imposition of furloughs, and the anticipated return of mandatory employee contributions to the UCRP, is an area of critical concern for faculty.

UC faculty salaries generally lag comparison eight institutions by approximately 20 percent. Furloughs representing 4-10 percent cuts for 2009-10 will compound the effect of salary lag, as will the long-delayed start of employee and employer contributions to the UC Retirement Plan (UCRP) in April 2010. Employee contributions are projected to begin at 2 percent annually and ramp up to 5 percent over five years.

Efforts to increase UC faculty salaries generally and UCSC faculty salaries specifically have been delayed indefinitely as a result of the statewide financial crisis. A four-year COLA rolled out with some fanfare in 2007 to bring ladder faculty salaries up to par with those at other institutions has not progressed beyond the first year—the remaining three years have been postponed.

UCSC ladder faculty salaries are, as a group, the lowest in the ten-campus system. An effort to bring UCSC faculty compensation up has also been delayed. In 2008, a Joint Senate/Administration Task Force on Faculty Salary recommended a two-stage effort to bring UCSC faculty salaries to parity first with the next-lowest paid campus (UC Davis), and then with the nine-campus median (excluding the newest, UC Merced). (See http://senate.ucsc.edu/JointTaskForce/SECFacSalSCP1607.pdf.) Noticing significant gaps in off-scale amounts between UCSC faculty and those at other UCs, the Task Force recommended focusing on high performers by increasing median off-scale salary as a solution to the salary lag.

In 2008-09, an SEC subcommittee further analyzed the faculty salary data reviewed by the Task Force and presented a report, together with a recommended methodology for reaching the first goal, salary parity with UC Davis. This methodology rewards high performers but defines them somewhat differently by focusing on faculty with one or more recent accelerations who are at the 75th percentile for rank and step. The report also recommends a small across-the-board increase to all UCSC faculty. SEC presented this report to the administration and Senate as SEC's recommended approach to a one-time salary infusion (see http://senate.ucsc.edu/JointTaskForce/SECFacSalSCP1607.pdf). Acknowledging UCSC's budget crisis, SEC also recommended delaying implementation, but annually reviewing the proposal, monitoring salary data changes, and reviving the plan when the budget crisis resolves sufficiently to do so. Together with SEC as a whole, CFW will make it its business to ensure that this annual review of data and reconsideration of the plan takes place.

Housing

In housing, the big news was the roll-out of 45 homes in Phase 1 of the Ranch View Terrace (RVT) development, the sale of older campus housing by faculty moving to RVT, and the subsequent campus purchase, renovation and resale of many of those older units—a significant movement in campus housing sales and a considerable achievement in the wake of lawsuits, increased construction costs, and other challenges. Nevertheless, the financial downturn, among other forces, has slowed housing sales. To prevent the builder from exercising the right to sell outside the campus community, as of September 30, 2009, UCSC has purchased 13 RVT homes and resold 5. UCSC is holding 7 RVT homes for future sale; an eighth home has been "assigned" to an employee, meaning that a buyer has signed an agreement to purchase and earnest money is being held in an escrow account. None of these homes are currently being rented as new homes not previously occupied provide a handsome tax incentive to purchasers, at least into November 2009, a program that may extend.

Under its re-pricing and re-purchasing program, UCSC has also purchased 11 homes at Hagar Court, Hagar Meadows, Cardiff Place, and Laureate Court. Three homes in those locations have been assigned to buyers; the remainder are, presumably, undergoing renovations in advance of resale. The total cost to campus of these re-purchased homes is (other than RVT) is a little over $3M. CFW will continue to monitor the sale of homes in these campus developments.

In our housing report to the Senate (March 2009) and in subsequent reviews for Senate leadership of the various UC and UCSC programs to assist in home ownership, CFW has indicated that the re-pricing/re-indexing of UCSC housing stock is generally working as planned: making home ownership possible for more starting faculty by generating funds for the "LIO-SHLP" (Low-Interest Option-Supplemental Home Loan Program), for renovation of existing campus housing, and for planning further housing. Per agreement made with the administration, CFW reviewed recommendations for the 2009-10 re-pricing program, including the "campus affordability value" central to the proposal. We found the recommendation to be sound, based on the methodology outlined in the report and the aim of keeping campus housing affordable to faculty.

CFW must follow up on several concerns. First, the annual review of the re-pricing plan must consider not just changing market conditions but also changing employment conditions such as those that faculty are now facing. The new campus programs are based on a definition of "affordability" that allows homes that are 95 percent financed, debt-to-income ratios of 50 percent, and 40-year adjustable-rate mortgages. Faculty who purchased homes with MOP and LIO loans based on actual base salary are feeling the effect of take-home salary reduction now as a result of furloughs. The start of employee contributions to the UCRP will also affect take-home pay. CFW is already starting to review these assumptions about affordability and will recommend changes as warranted by market and employment conditions.

Second, in our March 2009 report on housing, CFW raised the concern that as the re-pricing program had been conceived and initiated at the tail end of the housing bubble, pricing per square foot may be inflated vis-à-vis comparable local housing costs. Given the multiple goals of the re-pricing program, which is intended, among other things, to fund LIOs, CFW will follow up with a request for a robust analysis establishing how much "profit" is needed to make the re-pricing program run effectively and meet its multiple goals. If the current assumptions of the program mean that campus home-buyers are paying more than is needed to run the program, the assumptions will need to be adjusted.

Early Education Services (EES)

In summer 2009, Campus Provost, Executive Vice Chancellor (CP/EVC) Kliger announced to a small group of faculty and staff leaders that EES would close to the children of faculty and staff at the end of December 2009, and that remaining child care services, for children of students alone, would be concentrated in the Faculty Student Housing, leaving the recently renovated Granary empty. Cost-cutting measures also included dispensing with the summer child care program. The rationale for the decision was that while the program for children of students is largely self-supporting through student registration fees and grants and subsidies available through the Title V program, the unsubsidized children of faculty and staff made the program prohibitively expensive, a budget shortfall that could not be addressed via a tuition hike. (According to the budget analysis, tuition would have to approximately double in order to approach the budget gap.)

Senate and Child Care Advisory Committee (CCAC) members who attended the meeting advised the CP/EVC that this move would make UCSC the only UC campus without child care services for faculty and staff, and would disproportionately affect women and likely underrepresented minorities, and would adversely affect students needing summer care to continue their research or their classes. Attendees were enjoined from consulting with their committees on grounds of confidentiality, as teachers' jobs would be at stake—hence the announcement of the impending closure, when it came, proved explosive.

This announcement precipitated an effort by faculty and staff parents and EES teachers to plan an alternative child care center. Planners solicited UCSC support featuring in-kind and cash donations, possible use of the Granary, and an extension of EES services to faculty and staff children to make the transition possible in exchange for preferential admission of faculty and staff children and sufficient relationship between UCSC and the new center to soften UCSC's divorce from child care for faculty and staff. This effort has hardened into a formal proposal and business plan currently under consideration by the CP/EVC. Because of contractual obligations, layoff notices have been sent to EES teachers, but may be rescinded if the proposal is approved by the CP/EVC.

Should the proposal be adopted, it will, we expect, provide a bridge to the recommendations of CFW's 2008 Academic Vision Plan for Child Care Education Services at UCSC (http://senate.ucsc.edu/cfw/), which called for a new administrative structure tied to the academic mission of the University and apart from the governance of Student Affairs. Together with the Child Care Advisory Committee, which CFW intends to help redefine in the wake of the recent changes in EES, CFW intends to make planning for the future of child care a central part of its mission in 2009-10.

Though the summer announcement overshadowed all that preceded it, CFW did spend a fair amount of time and energy in 2008-09 investigating EES. We concentrated on three main issues:

(1) The program's operating status in 2008-09, and especially its progress in reorganizing under a new director in the wake of serious violations that jeopardized EES's licenses and led to a lengthy period of probation. This was a considerable success, with an initial rocky period swiftly settling down into an outstanding program with significant parent satisfaction. Though enrollments were kept artificially low in order to ease the program back to operational viability and in anticipation of a long-awaited "toddler/2s" room, which opened in winter quarter 2009, they were robust enough to indicate the clear success of the programs after several years of considerable change.

(2) The program's future under the Academic Vision Plan presented by the previous year's CFW, and especially how EES might transition from a services-oriented child care under Student Affairs into a lab school arm of the Social Sciences division. On this front, CFW decided that an appropriate first step would be to initiate something analogous to an external review for an academic unit, beginning with what we thought of as a kind of self-study. Though we did not conclude this effort, we spent considerable energy requesting and

analyzing operations, organizational, and budgetary data about EES, and tracking the rising costs of the facilities in the wake of various changes to the funding structure, including loss of some grant monies, the effects of the new Child Care Access Policy on use of student fees, and new costs such as salary for a director.

(3) The increasing size of the EES budget over the course of the year, which underwrote and, finally, overshadowed both of the other elements.

Transportation and parking

The CFW goal for the Transportation Advisory Committee (TAC) in the 2008-09 academic year was sustainability. Transportation and Parking Services (TAPS) leadership embraced this goal, making it one of their priorities for the year. CFW has also closely reviewed the TAPS budget and student interest in increasing their authority over the use of student transportation fees.

While TAPS has had some notable successes in recent years, especially in sustainability programs, there continues to be a significant mismatch between the TAPS budget and demands on it. Successes include the ZIP car program, which has been popular enough to merit additional car purchases, and other sustainability efforts: bicycle shuttle use and requests for bus passes went up, while total demand for on-campus parking went down (a reduction concentrated in the number of [R] permits). Indeed, the past three years have seen a 20 percent decrease in the number of cars on campus.

However, TAPS has also maintained a significant budget deficit—close to $1.9M as of November 2008—that indicates a business model that is not working. (Its nearly $1.3M in reserve funds as of the same date, meant to cover new infrastructure and capital projects such as new parking lots or structures, cannot be tapped to cover deficits.) Prospective revenue increases from increased parking fees, decreased subsidies for such programs as vanpools, grant funding, and so on, cannot be expected to cover the budget gap. Some TAPS successes may potentially contribute to the budget trouble. One example: Decreasing the number of cars on campus—good for sustainability—means decreasing parking revenues, which themselves help subsidize the bus pass program.

TAPS has also come under some pressure by students interested in how student transportation fees subsidize alternative modes of transportation. Student representatives to TAC indicated that they did not want student fees used to subsidize programs, such as carpools, that did not significantly benefit students. Student representatives also indicated they wanted a stronger voice in how fees are used to support Metro bus passes, and that they would like to limit Metro stops on campus to a single location in order to prevent use of Metro buses in lieu of campus loop shuttles. CFW will monitor this closely, as Metro service to multiple campus locations is important to faculty bus riders. Finally, the recent cancellation of the shuttle to the Long Marine Lab—a costly service with a small ridership—may cause some faculty to schedule classes on the main campus.

Responding to the TAPS Budget Advisory Group report of June 2009, CFW strongly recommended that expenditures more closely align with the TAPS core mission: to accommodate and manage physical access to the UCSC campus. Insofar as the current funding model employs Student Transit Fees, expenditures such as funding of shuttle buses and their periodic replacement, and transportation services for disabled riders, among other things, are a good fit for this mission. Other activities and expenses are not a good fit, including some that might be described as mission critical for the campus but secondary to the core mission of TAPS itself. These include the cost of compliance with state and federal regulations, the cost of new parking lots for state-funded buildings, the extension of parking programs to off-campus sites. CFW recommends that such activities be split off and supported from central funding rather than from Student Transit Fees.

CFW has stated that with reduced parking demand, and, hence, reduced parking revenues, TAPS must reduce its operating costs by focusing on its central mission, pursuing cost-cutting measures such as automation in parking services, and aggressively pursuing revision of the budget model for state-funded campus buildings so that building budgets include funding for new or replacement parking spaces.

In response to concerns brought to CFW by campus members, CFW raised several safety issues with the Campus Welfare Committee: recent car burglaries in campus lots, inadequate lighting during power outages, and a dangerous intersection of car, bicycle, and pedestrian traffic at the access road to Ranch View Terrace. Analysis (from campus police and other sources) indicated that effective installation of security cameras would be prohibitively expensive, as would back-up lighting during outages, but that additional safety measures might be effective in warning cars and pedestrians of bicycle traffic crossing the RVT access road. CFW should review action taken on this item.

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Respectfully submitted,

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